

Cowra Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2013

*“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 2013

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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 detailed in Paragraph 8 of the LGA and includes giving Council;

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

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

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

(iv) These financial statements were authorised for issue by the Council on 29 October 2013. Council has the power to amend and reissue these financial statements.

Cowra Shire Council

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

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

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

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

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

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

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

Signed in accordance with a resolution of Council made on 22 July 2013.



Cr W.J. West
MAYOR



Cr J.A. Smith
COUNCILLOR



Mr P. Devery
GENERAL MANAGER



Mr G. Apthorpe
RESPONSIBLE ACCOUNTING OFFICER

Cowra Shire Council

Income Statement

for the financial year ended 30 June 2013

Budget ⁽¹⁾ 2013	\$ '000	Notes	Actual 2013	Actual 2012
Income from Continuing Operations				
Revenue:				
10,297	Rates & Annual Charges	3a	9,920	9,469
10,078	User Charges & Fees	3b	12,382	9,922
890	Interest & Investment Revenue	3c	836	1,110
682	Other Revenues	3d	730	711
5,216	Grants & Contributions provided for Operating Purposes	3e,f	5,610	6,657
2,275	Grants & Contributions provided for Capital Purposes	3e,f	1,390	2,902
Other Income:				
-	Net gains from the disposal of assets	5	171	122
-	Net Share of interests in Joint Ventures & Associated Entities using the equity method	19	-	-
29,438	Total Income from Continuing Operations		31,039	30,893
Expenses from Continuing Operations				
10,723	Employee Benefits & On-Costs	4a	11,620	10,825
1,583	Borrowing Costs	4b	1,437	1,522
7,619	Materials & Contracts	4c	8,033	8,024
7,313	Depreciation & Amortisation	4d	7,358	7,186
-	Impairment	4d	-	-
2,703	Other Expenses	4e	2,877	2,369
-	Net Losses from the Disposal of Assets	5	-	-
29,941	Total Expenses from Continuing Operations		31,325	29,926
(503)	Operating Result from Continuing Operations		(286)	967
Discontinued Operations				
-	Net Profit/(Loss) from Discontinued Operations	24	-	-
(503)	Net Operating Result for the Year		(286)	967
(503)	Net Operating Result attributable to Council		(286)	967
-	Net Operating Result attributable to Non-controlling Interests		-	-
(2,778)	Net Operating Result for the year before Grants and Contributions provided for Capital Purposes		(1,676)	(1,935)

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

Cowra Shire Council

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

\$ '000	Notes	Actual 2013	Actual 2012
Net Operating Result for the year (as per Income statement)		(286)	967
Other Comprehensive Income:			
Amounts which will not be reclassified subsequently to the Operating Result			
Gain (loss) on revaluation of I,PP&E	20b (ii)	7,506	14,025
Total Items which will not be reclassified subsequently to the Operating Result		7,506	14,025
Amounts which will be reclassified subsequently to the Operating Result when specific conditions are met			
Nil			
Total Other Comprehensive Income for the year		7,506	14,025
Total Comprehensive Income for the Year		7,220	14,992
Total Comprehensive Income attributable to Council		7,220	14,992
Total Comprehensive Income attributable to Non-controlling Interests		-	-

Cowra Shire Council

Statement of Financial Position

as at 30 June 2013

\$ '000	Notes	Actual 2013	Actual 2012
ASSETS			
Current Assets			
Cash & Cash Equivalents	6a	15,025	16,789
Investments	6b	-	-
Receivables	7	5,235	6,377
Inventories	8	1,232	1,296
Other	8	175	154
Non-current assets classified as "held for sale"	22	-	-
Total Current Assets		21,667	24,616
Non-Current Assets			
Investments	6b	-	-
Receivables	7	-	-
Inventories	8	-	-
Infrastructure, Property, Plant & Equipment	9	598,355	592,050
Investments accounted for using the equity method	19	-	-
Investment Property	14	-	-
Intangible Assets	25	-	-
Total Non-Current Assets		598,355	592,050
TOTAL ASSETS		620,022	616,666
LIABILITIES			
Current Liabilities			
Payables	10	2,419	2,587
Borrowings	10	1,246	4,426
Provisions	10	3,476	3,573
Total Current Liabilities		7,141	10,586
Non-Current Liabilities			
Payables	10	-	-
Borrowings	10	15,329	15,746
Provisions	10	538	540
Total Non-Current Liabilities		15,867	16,286
TOTAL LIABILITIES		23,008	26,872
Net Assets		597,014	589,794
EQUITY			
Retained Earnings	20	174,275	174,561
Revaluation Reserves	20	422,739	415,233
Council Equity Interest		597,014	589,794
Non-controlling Interests		-	-
Total Equity		597,014	589,794

Cowra Shire Council

Statement of Changes in Equity
for the financial year ended 30 June 2013

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non- controlling Interest	Total Equity
2013						
Opening Balance (as per Last Year's Audited Accounts)		174,561	415,233	589,794	-	589,794
a. Correction of Prior Period Errors	20 (c)	-	-	-	-	-
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
Revised Opening Balance (as at 1/7/12)		174,561	415,233	589,794	-	589,794
c. Net Operating Result for the Year		(286)	-	(286)	-	(286)
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	7,506	7,506	-	7,506
- Revaluations: Other Reserves	20b (ii)	-	-	-	-	-
- Transfers to Income Statement	20b (ii)	-	-	-	-	-
- Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	-	-	-	-
- Other Movements	20b (ii)	-	-	-	-	-
Other Comprehensive Income		-	7,506	7,506	-	7,506
Total Comprehensive Income (c&d)		(286)	7,506	7,220	-	7,220
e. Distributions to/(Contributions from) Non-controlling Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
Equity - Balance at end of the reporting period		174,275	422,739	597,014	-	597,014

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non- controlling Interest	Total Equity
2012						
Opening Balance (as per Last Year's Audited Accounts)		173,594	401,208	574,802	-	574,802
a. Correction of Prior Period Errors	20 (c)	-	-	-	-	-
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
Revised Opening Balance (as at 1/7/11)		173,594	401,208	574,802	-	574,802
c. Net Operating Result for the Year		967	-	967	-	967
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	14,025	14,025	-	14,025
- Revaluations: Other Reserves	20b (ii)	-	-	-	-	-
- Transfers to Income Statement	20b (ii)	-	-	-	-	-
- Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	-	-	-	-
- Other Movements	20b (ii)	-	-	-	-	-
Other Comprehensive Income		-	14,025	14,025	-	14,025
Total Comprehensive Income (c&d)		967	14,025	14,992	-	14,992
e. Distributions to/(Contributions from) Non-controlling Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
Equity - Balance at end of the reporting period		174,561	415,233	589,794	-	589,794

Cowra Shire Council

Statement of Cash Flows

for the financial year ended 30 June 2013

Budget 2013	\$ '000	Notes	Actual 2013	Actual 2012
Cash Flows from Operating Activities				
Receipts:				
9,948	Rates & Annual Charges		9,867	10,048
9,779	User Charges & Fees		12,467	9,752
743	Investment & Interest Revenue Received		813	1,088
6,809	Grants & Contributions		8,521	7,238
-	Bonds, Deposits & Retention amounts received		20	91
677	Other		1,887	2,613
Payments:				
(10,534)	Employee Benefits & On-Costs		(11,791)	(10,090)
(7,159)	Materials & Contracts		(8,952)	(9,194)
(1,571)	Borrowing Costs		(1,419)	(1,508)
(2,392)	Other		(3,628)	(2,825)
6,300	Net Cash provided (or used in) Operating Activities	11b	7,785	7,213
Cash Flows from Investing Activities				
Receipts:				
-	Sale of Infrastructure, Property, Plant & Equipment		361	306
33	Deferred Debtors Receipts		34	34
Payments:				
-	Purchase of Investment Securities		-	1,000
(7,918)	Purchase of Infrastructure, Property, Plant & Equipment		(6,347)	(6,134)
(7,885)	Net Cash provided (or used in) Investing Activities		(5,952)	(4,794)
Cash Flows from Financing Activities				
Receipts:				
1,706	Proceeds from Borrowings & Advances		250	-
Payments:				
(754)	Repayment of Borrowings & Advances		(3,847)	(734)
952	Net Cash Flow provided (used in) Financing Activities		(3,597)	(734)
(633)	Net Increase/(Decrease) in Cash & Cash Equivalents		(1,764)	1,685
16,104	plus: Cash & Cash Equivalents - beginning of year	11a	16,789	15,104
15,471	Cash & Cash Equivalents - end of the year	11a	15,025	16,789
Additional Information:				
	plus: Investments on hand - end of year	6b	-	-
Total Cash, Cash Equivalents & Investments			15,025	16,789

Please refer to Note 11 for information on the following:

- Non Cash Financing & Investing Activities.
- Financing Arrangements.
- Net cash flow disclosures relating to any Discontinued Operations

Cowra Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

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n/a - not applicable

Cowra Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 1. Summary of Significant Accounting Policies

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

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

(a) Basis of preparation

(i) Background

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

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

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

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

Because AASBs are sector neutral, some standards either:

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

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

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

(iii) New and amended standards adopted by Council

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2013 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

(iv) Early adoption of Accounting Standards

Council has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2013.

(v) Basis of Accounting

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

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

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

(vi) Changes in Accounting Policies

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

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

Cowra Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 1. Summary of Significant Accounting Policies

(vii) Critical Accounting Estimates

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

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

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

(b) Revenue recognition

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

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

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

Revenue is measured on major income categories as follows:

Rates, Annual Charges, Grants and Contributions

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

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

A provision for the impairment on rates receivables has been established as although unpaid rates represent a charge against the rateable property that

will be recovered when the property is next sold there may be a shortfall in recovery.

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 fines) are recognised as revenue when the service

Cowra Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 1. Summary of Significant Accounting Policies

has been provided, the payment is received, or when the penalty has been applied, whichever first occurs.

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

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

Sale of Infrastructure, Property, Plant and Equipment

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

Interest and Rents

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

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

(c) Principles of Consolidation

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

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 also been included in these statements.

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

(iii) Joint Ventures

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

(iv) County Councils

Council is not a member of any County Councils.

(d) Leases

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

Cowra Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 1. Summary of Significant Accounting Policies

Operating Leases

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

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

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

(e) Cash and Cash Equivalents

Cash and cash equivalents includes;

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

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

(f) Investments and Other Financial Assets

Council does not hold any deposits with a maturity date of greater than 3 months.

(g) 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.

(h) Inventories

Raw Materials and Stores, Work in Progress and Finished Goods

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

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

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

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

Land Held for Resale/Capitalisation of Borrowing Costs

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

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

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

Cowra Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 1. Summary of Significant Accounting Policies

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.

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

Acquisition of assets

Council's non current assets are continually revalued (over a 5 year period) in accordance with the fair valuation policy as mandated by the Division of Local Government.

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

- **Water and Sewerage Networks**
(External Valuation)
- **Operational Land** (External Valuation)
- **Buildings – Specialised/Non Specialised**
(External Valuation)
- **Plant and Equipment**
(as approximated by depreciated historical cost)
- **Roads Assets incl. roads, bridges & footpaths**
(Internal Valuation)
- **Drainage Assets** (Internal Valuation)
- **Bulk Earthworks** (Internal Valuation)
- **Community Land** (Internal Valuation)
- **Other Assets**
(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.

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

Asset Revaluations (including Indexation)

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

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

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

Cowra Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 1. Summary of Significant Accounting Policies

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

Capitalisation Thresholds

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

Land

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

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

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 Equipmen	4 years
- Office furniture	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	100 years
- Culverts	50 to 75 years
- Flood Structures	80 to 100 years

Transportation Assets

- Sealed Roads : Surface	33 years
- Sealed Roads : Structure	100 years
- Unsealed roads	20 years
- Bridge : Concrete	100 years

Water & Sewer Assets

- Dams and reservoirs	100 years
- Reticulation pipes : PVC	100 years
- Reticulation pipes : Other	25 to 100 years
- Pumps and telemetry	10 to 15 years

Other Infrastructure Assets

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

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

Disposal and De-recognition

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

Cowra Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 1. Summary of Significant Accounting Policies

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.

(j) 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).

(k) Land under roads

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

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

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

(l) Intangible Assets

Council has not classified any assets as Intangible.

(m) Provisions for close down, restoration and for environmental clean up costs – including Quarries

Council has an obligation to restore and remediate its quarries following closure. Provision has been made in accordance standards.

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

(n) 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.

Where an asset is not held principally for cash generating purposes (for example Infrastructure Assets) and would be replaced if the Council was deprived of it then depreciated replacement cost is used as value in use, otherwise value in use is estimated by using a discounted cash flow model.

Non-financial assets (other than goodwill) that suffered a prior period impairment are reviewed for possible reversal of the impairment at each reporting date.

Goodwill & other Intangible Assets that have an indefinite useful life and are not subject to amortisation are tested annually for impairment.

(o) Payables

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

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

(p) Borrowing costs

Borrowing costs are expensed.

(q) Provisions

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

Cowra Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 1. Summary of Significant Accounting Policies

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

Provisions are not recognised for future operating losses.

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

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

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

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

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

(r) 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 and annual leave are all classified as Current Liabilities.

(ii) Other Long Term Obligations

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

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

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

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

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

(iii) Retirement benefit obligations

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

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

Defined Benefit Plans

A liability or asset in respect of defined benefit superannuation plans would ordinarily be recognised

Cowra Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 1. Summary of Significant Accounting Policies

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.

The amount of employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense and disclosed as part of Superannuation Expenses at Note 4(a) for the year ending 30 June 2013 was \$330,103

The last valuation of the Scheme was performed by Mr Martin Stevenson BSc, FIA, FIAA on 20 February 2013 and covers the period ended 30 June 2013.

However the position is monitored annually and the Actuary has estimated that as at 30 June 2013 a deficit still exists.

Effective from 1 July 2009, employers are required to contribute additional contributions to assist in extinguishing this deficit.

The amount of additional contributions included in the total employer contribution advised above is \$123,508

The share of this deficit that can be broadly attributed to Council is estimated to be in the order of \$ 574,230 as at 30 June 2013.

No liability for the deficiency has been recognised in these financial statements.

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

Defined Contribution Plans

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

(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 30/6/13.

(s) Self insurance

Council does not self insure.

(t) 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.

Cowra Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 1. Summary of Significant Accounting Policies

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.

(u) 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.

(v) New accounting standards and UIG interpretations

Certain new (or amended) accounting standards and interpretations have been published that are not mandatory for reporting periods ending 30 June 2013.

Council has not adopted any of these standards early.

(w) Rounding of amounts

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

(x) 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.

(y) 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 2013

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

Functions/Activities	Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 2(b).												
	Income from Continuing Operations			Expenses from Continuing Operations			Operating Result from Continuing Operations			Grants included in Income from Continuing Operations		Total Assets held (Current & Non-current)	
	Original Budget	Actual	Actual	Original Budget	Actual	Actual	Original Budget	Actual	Actual	Actual	Actual	Actual	Actual
	2013	2013	2012	2013	2013	2012	2013	2013	2012	2013	2012	2013	2012
Governance	-	-	-	436	391	691	(436)	(391)	(691)	-	232	138	14,426
Administration	289	250	497	4,152	4,550	4,075	(3,863)	(4,300)	(3,578)	9	20	17,055	13,956
Public Order & Safety	613	579	305	439	714	672	174	(135)	(367)	472	226	1,922	-
Health	9	8	8	2	2	-	7	6	8	-	-	-	-
Environment	2,656	2,532	3,237	3,059	3,558	3,101	(403)	(1,026)	136	182	739	2,511	296
Community Services & Education	2	86	45	134	258	82	(132)	(172)	(37)	42	39	764	607
Housing & Community Amenities	386	486	605	1,425	1,454	1,516	(1,039)	(968)	(911)	66	87	25,995	29,685
Water Supplies	5,184	5,905	4,897	5,465	5,562	4,249	(281)	343	648	265	378	55,422	53,759
Sewerage Services	3,006	3,090	4,410	2,715	2,682	2,680	291	408	1,730	94	1,383	40,773	43,576
Recreation & Culture	220	710	622	3,252	3,150	2,747	(3,032)	(2,440)	(2,125)	436	391	40,393	29,365
Mining, Manufacturing & Construction	151	97	1	140	70	47	11	27	(46)	-	-	553	429
Transport & Communication	1,036	1,179	3,733	4,685	4,880	9,257	(3,649)	(3,701)	(5,524)	651	113	426,535	424,523
Economic Affairs	5,174	5,689	948	4,037	4,054	809	1,137	1,635	139	-	3	7,961	6,044
Total Functions & Activities	18,726	20,611	19,308	29,941	31,325	29,926	(11,215)	(10,714)	(10,618)	2,217	3,611	620,022	616,666
Share of gains/(losses) in Associates & Joint Ventures (using the Equity Method)	-	-	-	-	-	-	-	-	-	-	-	-	-
General Purpose Income ¹	10,712	10,428	11,585	-	-	-	10,712	10,428	11,585	4,153	5,220	-	-
Operating Result from Continuing Operations	29,438	31,039	30,893	29,941	31,325	29,926	(503)	(286)	967	6,370	8,831	620,022	616,666

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 2013

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

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

GOVERNANCE

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

ADMINISTRATION

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

PUBLIC ORDER & SAFETY

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

HEALTH

Inspection, food control.

ENVIRONMENT

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

COMMUNITY SERVICES & EDUCATION

Youth services, aged and disabled.

HOUSING & COMMUNITY AMENITIES

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

WATER SUPPLIES

SEWERAGE SERVICES

RECREATION & CULTURE

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

MINING, MANUFACTURING & CONSTRUCTION

Building control, quarries & pits.

TRANSPORT & COMMUNICATION

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

ECONOMIC AFFAIRS

Caravan parks, tourism and area promotion, industrial development promotion, saleyards, real estate development, other business undertakings.

Cowra Shire Council

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

Note 3. Income from Continuing Operations

\$ '000	Notes	Actual 2013	Actual 2012
(a) Rates & Annual Charges			
Ordinary Rates			
Residential		1,879	1,805
Farmland		2,545	2,439
Mining		76	73
Business		1,083	1,061
Total Ordinary Rates		5,583	5,378
Special Rates			
Nil			
Annual Charges (pursuant to s.496, s.496A, s.496B, s.501 & s.611)			
Domestic Waste Management Services		1,944	1,861
Water Supply Services		164	125
Sewerage Services		2,229	2,105
Total Annual Charges		4,337	4,091
TOTAL RATES & ANNUAL CHARGES		9,920	9,469

Council has used 2011 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 2013

Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2013	Actual 2012
(b) User Charges & Fees			
Specific User Charges (per s.502 - Specific "actual use" charges)			
Water Supply Services		5,260	4,119
Sewerage Services		625	532
Total User Charges		5,885	4,651
Other User Charges & Fees			
(i) Fees & Charges - Statutory & Regulatory Functions (per s.608)			
Planning & Building Regulation		215	165
Private Works - Section 67		537	297
Total Fees & Charges - Statutory/Regulatory		752	462
(ii) Fees & Charges - Other (incl. General User Charges) (per s.608)			
Aerodrome		20	18
Caravan Park		112	98
Cemeteries		199	205
RMS (formerly RTA) Charges (State Roads not controlled by Council)		4,367	3,586
Saleyards		402	420
Swimming Centres		194	141
Waste Disposal Tipping Fees		289	248
Other		162	93
Total Fees & Charges - Other		5,745	4,809
TOTAL USER CHARGES & FEES		12,382	9,922

Cowra Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2013	Actual 2012
(c) Interest & Investment Revenue (incl. losses)			
Interest & Dividends			
- Interest on Overdue Rates & Annual Charges (incl. Special Purpose Rates)		136	123
- Interest earned on Investments (interest & coupon payment income)		677	965
Amortisation of Premiums & Discounts			
- Interest Free (& Interest Reduced) Loans provided		23	22
<u>TOTAL INTEREST & INVESTMENT REVENUE</u>		<u>836</u>	<u>1,110</u>
Interest Revenue is attributable to:			
Unrestricted Investments/Financial Assets:			
Overdue Rates & Annual Charges (General Fund)		136	123
General Council Cash & Investments		556	841
Restricted Investments/Funds - External:			
Development Contributions			
- Section 94		26	29
- Section 64		29	28
Water Fund Operations		41	36
Sewerage Fund Operations		29	33
Domestic Waste Management operations		19	20
<u>Total Interest & Investment Revenue Recognised</u>		<u>836</u>	<u>1,110</u>
(d) Other Revenues			
Rental Income - Other Council Properties		192	187
Fines		84	70
Legal Fees Recovery - Rates & Charges (Extra Charges)		22	10
Cultural and Community Activities		72	40
Diesel Rebate		68	64
Insurance Rebates		68	14
Recycling Income (non domestic)		117	184
Lease Back Contributions		69	75
Other		38	67
<u>TOTAL OTHER REVENUE</u>		<u>730</u>	<u>711</u>

Cowra Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 3. Income from Continuing Operations (continued)

\$ '000	2013 Operating	2012 Operating	2013 Capital	2012 Capital
(e) Grants				
General Purpose (Untied)				
Financial Assistance - General Component	2,768	3,488	-	-
Financial Assistance - Local Roads Component	1,281	1,629	-	-
Pensioners' Rates Subsidies - General Component	104	103	-	-
Total General Purpose	4,153	5,220	-	-
Specific Purpose				
Pensioners' Rates Subsidies:				
- Water	64	64	-	-
- Sewerage	44	43	-	-
- Domestic Waste Management	85	82	-	-
Water Supplies	-	-	201	314
Sewerage Services	50	-	-	1,340
Bushfire & Emergency Services	66	57	406	169
Community Care	42	36	-	-
Environmental Protection	97	116	-	545
Heritage & Cultural	6	51	332	297
Library	46	46	-	-
Street Lighting	66	65	-	-
Transport (Roads to Recovery)	336	345	-	-
Transport (Other Roads & Bridges Funding)	-	-	315	-
Other	61	41	-	-
Total Specific Purpose	963	946	1,254	2,665
Total Grants	5,116	6,166	1,254	2,665
Grant Revenue is attributable to:				
- Commonwealth Funding	4,435	515	332	2,199
- State Funding	673	5,419	886	297
- Other Funding	8	232	36	169
	5,116	6,166	1,254	2,665

Cowra Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 3. Income from Continuing Operations (continued)

\$ '000	2013 Operating	2012 Operating	2013 Capital	2012 Capital
(f) Contributions				
Developer Contributions:				
(s93 & s94 - EP&A Act, s64 of the LGA):				
S 94 - Contributions towards amenities/services	-	-	50	31
S 94A - Fixed Development Consent Levies	-	-	9	53
S 64 - Water Supply Contributions	-	-	55	48
S 64 - Sewerage Service Contributions	-	-	5	71
Total Developer Contributions	17 -	-	119	203
Other Contributions:				
Heritage/Cultural	15	22	-	-
Kerb & Gutter	-	-	-	24
RMS Contributions (Regional Roads, Block Grant)	479	459	-	-
Sewerage (excl. Section 64 contributions)	-	-	17	4
Other	-	10	-	6
Total Other Contributions	494	491	17	34
Total Contributions	494	491	136	237
TOTAL GRANTS & CONTRIBUTIONS	5,610	6,657	1,390	2,902

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

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

Unexpended at the Close of the Previous Reporting Period	1,768	1,768
add: Grants & contributions recognised in the current period but not yet spent:	1,287	-
less: Grants & contributions recognised in a previous reporting period now spent:	(333)	-
Net Increase (Decrease) in Restricted Assets during the Period	954	-
Unexpended and held as Restricted Assets	2,722	1,768
Comprising:		
- Specific Purpose Unexpended Grants	1,011	88
- Developer Contributions	1,711	1,680
	2,722	1,768

Cowra Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 4. Expenses from Continuing Operations

\$ '000	Notes	Actual 2013	Actual 2012
(a) Employee Benefits & On-Costs			
Salaries and Wages		8,952	8,523
Travelling		183	138
Employee Leave Entitlements (ELE)		1,546	1,554
Superannuation - Defined Contribution Plans		761	793
Superannuation - Defined Benefit Plans		318	332
Workers' Compensation Insurance		422	680
Fringe Benefit Tax (FBT)		32	22
Training Costs (other than Salaries & Wages)		120	131
Total Employee Costs		12,334	12,173
less: Capitalised Costs		(714)	(1,348)
TOTAL EMPLOYEE COSTS EXPENSED		11,620	10,825
Number of "Equivalent Full Time" Employees at year end		162	157
Number of "Equivalent Full Time" Employees at year end (incl. vacancies)		170	170
(b) Borrowing Costs			
(i) Interest Bearing Liability Costs			
Interest on Loans		1,419	1,508
Total Interest Bearing Liability Costs Expensed		1,419	1,508
(ii) Other Borrowing Costs			
Discount adjustments relating to movements in Provisions (other than ELE)			
- Remediation Liabilities	26	18	14
Total Other Borrowing Costs		18	14
TOTAL BORROWING COSTS EXPENSED		1,437	1,522

Cowra Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2013	Actual 2012
(c) Materials & Contracts			
Raw Materials & Consumables		5,344	6,719
Contractor & Consultancy Costs		2,382	1,068
Auditors Remuneration ⁽¹⁾		33	39
Legal Expenses:			
- Legal Expenses: Planning & Development		60	44
- Legal Expenses: Other		31	71
Operating Leases:			
- Operating Lease Rentals: Minimum Lease Payments ⁽²⁾		183	83
<u>TOTAL MATERIALS & CONTRACTS</u>		<u>8,033</u>	<u>8,024</u>
1. Auditor Remuneration			
During the year, the following fees were incurred for services provided by the Council's Auditor (& the Auditors of other Consolidated Entities):			
(i) Audit and Other Assurance Services			
- Audit & review of financial statements: Council's Auditor		24	37
- Other audit & assurance services		9	2
Remuneration for audit and other assurance services		<u>33</u>	<u>39</u>
Total Auditor Remuneration		<u>33</u>	<u>39</u>
2. Operating Lease Payments are attributable to:			
Computers		183	83
		<u>183</u>	<u>83</u>

Cowra Shire Council

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

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Impairment Costs		Depreciation/Amortisation	
		Actual 2013	Actual 2012	Actual 2013	Actual 2012
(d) Depreciation, Amortisation & Impairment					
Plant and Equipment		-	-	1,268	1,287
Office Equipment		-	-	3	3
Furniture & Fittings		-	-	35	36
Buildings - Specialised		-	-	329	359
Infrastructure:					
- Roads, Bridges & Footpaths		-	-	2,488	2,433
- Stormwater Drainage		-	-	354	354
- Water Supply Network		-	-	1,475	1,434
- Sewerage Network		-	-	499	757
Other Assets					
- Other		-	-	902	523
Asset Reinstatement Costs	9 & 26	-	-	5	-
<u>TOTAL DEPRECIATION & IMPAIRMENT COSTS EXPENSED</u>		-	-	7,358	7,186

Cowra Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2013	Actual 2012
(e) Other Expenses			
Other Expenses for the year include the following:			
Advertising		145	101
Bad & Doubtful Debts		-	7
Bank Charges		1	-
Contributions/Levies to Other Levels of Government		839	633
Councillor Expenses - Mayoral Fee		22	26
Councillor Expenses - Councillors' Fees		86	86
Councillors' Expenses (incl. Mayor) - Other (excluding fees above)		37	57
Electricity & Heating		932	764
Insurance		437	402
Street Lighting		240	194
Telephone & Communications		138	99
<u>TOTAL OTHER EXPENSES</u>		<u>2,877</u>	<u>2,369</u>

Note 5. Gains or Losses from the Disposal of Assets

Plant & Equipment			
Proceeds from Disposal - Plant & Equipment		361	306
less: Carrying Amount of P&E Assets Sold / Written Off		(190)	(184)
Net Gain/(Loss) on Disposal		<u>171</u>	<u>122</u>
<u>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</u>		<u>171</u>	<u>122</u>

Cowra Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000	Notes	2013 Actual Current	2013 Actual Non Current	2012 Actual Current	2012 Actual Non Current
Cash & Cash Equivalents (Note 6a)					
Cash on Hand and at Bank		2,775	-	1,539	-
Cash-Equivalent Assets ¹					
- Short Term Deposits		12,250	-	15,250	-
Total Cash & Cash Equivalents		15,025	-	16,789	-
Investments (Note 6b)					
Nil					
TOTAL CASH ASSETS, CASH EQUIVALENTS & INVESTMENTS		15,025	-	16,789	-

¹ Those Investments where time to maturity (from date of purchase) is < 3 mths.

**Cash, Cash Equivalents & Investments were
classified at year end in accordance with
AASB 139 as follows:**

Cash & Cash Equivalents					
a. "At Fair Value through the Profit & Loss"		15,025	-	16,789	-

Investments

Nil

Note 6(b-i)

**Reconciliation of Investments
classified as "Loans & Receivables"**

Balance at the Beginning of the Year	-	-	1,000	-
Disposals (sales & redemptions)	-	-	(1,000)	-
Balance at End of Year	-	-	-	-

Cowra Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000	2013	2013	2012	2012
	Actual Current	Actual Non Current	Actual Current	Actual Non Current
Total Cash, Cash Equivalents and Investments	15,025	-	16,789	-
attributable to:				
External Restrictions (refer below)	8,894	-	11,077	-
Internal Restrictions (refer below)	4,246	-	5,033	-
Unrestricted	1,885	-	679	-
	15,025	-	16,789	-

2013 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
-----------------	--------------------	------------------------------	--------------------------------	--------------------

Details of Restrictions

External Restrictions - Included in Liabilities

Specific Purpose Unexpended Loans-General (A)	7	-	-	7
---	---	---	---	---

External Restrictions - Included in Liabilities	7	-	-	7
--	----------	----------	----------	----------

External Restrictions - Other

Developer Contributions - General (D)	634	85	(143)	576
Developer Contributions - Water Fund (D)	515	71	-	586
Developer Contributions - Sewer Fund (D)	531	18	-	549
Specific Purpose Unexpended Grants (F)	88	1,113	(190)	1,011
Water Supplies (G)	1,475	-	(687)	788
Sewerage Services (G)	7,285	-	(2,445)	4,840
Domestic Waste Management (G)	342	-	-	342
Capital Contributions	200	-	(5)	195
External Restrictions - Other	11,070	1,287	(3,470)	8,887
Total External Restrictions	11,077	1,287	(3,470)	8,894

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 2013

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

2013 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
Internal Restrictions				
Plant & Vehicle Replacement	1,026	711	(1,095)	642
Employees Leave Entitlement	397	56	(441)	12
Carry Over Works	883	838	(883)	838
Aerodrome	38	-	-	38
Art Gallery	18	-	(7)	11
Bad Debts	33	-	-	33
Business Assistance	50	215	(58)	207
Caravan Parks	179	59	(25)	213
Depot Redevelopment	200	-	-	200
Election	70	15	(79)	6
Environmental Projects	8	-	-	8
Fire Mitigation	14	2	(6)	10
Futures 30	12	-	-	12
Gravel Rehabilitation	278	135	(101)	312
IT Equipment	30	10	-	40
Main St Improvements	216	-	-	216
POW Maintenance	3	-	-	3
Risk Management	135	42	(50)	127
Warranty	132	63	(29)	166
Saleyards	154	-	(42)	112
Unexpended RMS Funds	223	-	(223)	-
Waste	802	3	(3)	802
Works	32	82	-	114
Workers Compensation	100	-	-	100
Community Strategic Plan	-	24	-	24
Total Internal Restrictions	5,033	2,255	(3,042)	4,246
TOTAL RESTRICTIONS	16,110	3,542	(6,512)	13,140

Cowra Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 7. Receivables

\$ '000	Notes	2013		2012	
		Current	Non Current	Current	Non Current
Purpose					
Rates & Annual Charges		1,147	-	1,094	-
User Charges & Fees		2,883	-	2,318	-
Accrued Revenues					
- Other Income Accruals		68	-	450	-
Government Grants & Subsidies		744	-	2,113	-
Deferred Debtors		45	-	56	-
Net GST Receivable		361	-	359	-
Total		5,248	-	6,390	-
less: Provision for Impairment					
Rates & Annual Charges		(13)	-	(13)	-
Total Provision for Impairment - Receivables		(13)	-	(13)	-
TOTAL NET RECEIVABLES		5,235	-	6,377	-
Externally Restricted Receivables					
Water Supply					
- Specific Purpose Grants		63	-	62	-
- Rates & Availability Charges		133	-	475	-
- Other		1,873	-	1,370	-
Sewerage Services					
- Specific Purpose Grants		627	-	1,409	-
- Rates & Availability Charges		370	-	356	-
- Other		134	-	-	-
Domestic Waste Management		381	-	308	-
Total External Restrictions		3,581	-	3,980	-
Internally Restricted Receivables					
Nil					
Unrestricted Receivables		1,654	-	2,397	-
TOTAL NET RECEIVABLES		5,235	-	6,377	-

Notes on Debtors above:

- (i) Rates & Annual Charges Outstanding are secured against the property.
- (ii) Doubtful Rates Debtors are provided for where the value of the property is less than the debt outstanding.
An allowance for other doubtful debts is made when there is objective evidence that a receivable is impaired.
- (iii) Interest was charged on overdue rates & charges at 10.00% (2012 11.00%).
Generally all other receivables are non interest bearing.
- (iv) Please refer to Note 15 for issues concerning Credit Risk and Fair Value disclosures.

Cowra Shire Council

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

Note 8. Inventories & Other Assets

\$ '000	Notes	2013		2012	
		Current	Non Current	Current	Non Current
Inventories					
Real Estate for resale (refer below)		195	-	195	-
Stores & Materials		1,037	-	1,101	-
Total Inventories		1,232	-	1,296	-
Other Assets					
Prepayments		1	-	1	-
Shares in Unlisted Companies - StateCover		174	-	153	-
Total Other Assets		175	-	154	-
TOTAL INVENTORIES / OTHER ASSETS		1,407	-	1,450	-
Externally Restricted Assets					
Water					
Stores & Materials		4	-	4	-
Total Water		4	-	4	-
Sewerage					
Nil					
Domestic Waste Management					
Nil					
Other					
Nil					
Total Externally Restricted Assets		4	-	4	-
Total Internally Restricted Assets		-	-	-	-
Total Unrestricted Assets		1,403	-	1,446	-
TOTAL INVENTORIES & OTHER ASSETS		1,407	-	1,450	-

Cowra Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 8. Inventories & Other Assets (continued)

\$ '000	2013		2012	
	Current	Non Current	Current	Non Current
(i) Other Disclosures				
(a) Details for Real Estate Development				
Residential	195	-	195	-
Total Real Estate for Resale	195	-	195	-
(Valued at the lower of cost and net realisable value)				
Represented by:				
Acquisition Costs	165	-	165	-
Development Costs	30	-	30	-
Total Costs	195	-	195	-
Total Real Estate for Resale	195	-	195	-
Movements:				
Real Estate assets at beginning of the year	195	-	195	-
Total Real Estate for Resale	195	-	195	-

(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;

	2013	2012
Real Estate for Resale	195	195
	195	195

(c) Inventory Write Downs

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

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

Note 9a. Infrastructure, Property, Plant & Equipment

\$ '000	as at 30/6/2012					Asset Movements during the Reporting Period					as at 30/6/2013				
	At Cost	At Fair Value	Accumulated		Carrying Value	Asset Additions	WDV of Asset Disposals	Depreciation Expense	Adjustments & Transfers	Revaluation Increments to Equity (ARR)	At Cost	At Fair Value	Accumulated		Carrying Value
			Dep'n	Impairment									Dep'n	Impairment	
Plant & Equipment	-	20,781	15,181	-	5,600	1,455	(190)	(1,268)	-	-	-	21,454	15,857	-	5,597
Office Equipment	-	520	475	-	45	-	-	(3)	-	-	-	520	478	-	42
Furniture & Fittings	-	713	519	-	194	-	-	(35)	-	-	-	714	555	-	159
Land:															
- Operational Land	-	7,597	-	-	7,597	-	-	-	-	1,227	-	8,824	-	-	8,824
- Community Land	-	25,644	-	-	25,644	-	-	-	-	-	-	25,644	-	-	25,644
Buildings - Specialised	-	25,894	9,098	-	16,796	346	-	(329)	710	4,289	-	33,781	11,969	-	21,812
Infrastructure:															
- Roads, Bridges, Footpaths	-	167,306	28,964	-	138,342	2,256	-	(2,488)	-	-	-	169,562	31,452	-	138,110
- Bulk Earthworks (non-depreciable)	-	280,625	-	-	280,625	-	-	-	-	-	-	280,625	-	-	280,625
- Stormwater Drainage	-	35,422	10,339	-	25,083	117	-	(354)	-	-	-	35,539	10,693	-	24,846
- Water Supply Network	-	112,855	64,557	-	48,298	1,565	-	(1,475)	-	1,207	-	117,241	67,646	-	49,595
- Sewerage Network	-	44,072	12,761	-	31,311	89	-	(499)	-	783	-	45,262	13,578	-	31,684
Other Assets:															
- Other	-	18,204	5,819	-	12,385	519	-	(902)	(710)	-	-	17,661	6,369	-	11,292
Reinstatement, Rehabilitation & Restoration Assets (refer Note 26)															
- Quarry Asset	-	174	44	-	130	-	-	(5)	-	-	-	174	49	-	125
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIP.	-	739,807	147,757	-	592,050	6,347	(190)	(7,358)	-	7,506	-	757,001	158,646	-	598,355

Additions to Depreciable Land Improvements, Buildings, Other Structures & Infrastructure Assets are made up of Asset Renewals (\$2,667,000) and New Assets (\$1,706,000). Renewals are defined as the replacement of existing assets (as opposed to the acquisition of new assets).

Cowra Shire Council

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

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

\$ '000 Class of Asset	Actual 2013				Actual 2012			
	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value
Water Supply								
Plant & Equipment	-	626	461	165	-	663	450	213
Office Equipment	-	3	3	-	-	3	3	-
Land								
- Operational Land	-	927	-	927	-	817	-	817
Buildings	-	2,473	1,218	1,255	-	1,376	846	530
Infrastructure	-	117,241	67,646	49,595	-	112,855	64,557	48,298
Total Water Supply	-	121,270	69,328	51,942	-	115,714	65,856	49,858
Sewerage Services								
Plant & Equipment	-	44	34	10	-	44	30	14
Land								
- Operational Land	-	2,013	-	2,013	-	2,101	-	2,101
Buildings	-	941	403	538	-	1,206	638	568
Infrastructure	-	45,262	13,578	31,684	-	44,072	12,761	31,311
Total Sewerage Services	-	48,260	14,015	34,245	-	47,423	13,429	33,994
Domestic Waste Management								
Plant & Equipment	-	2,733	1,568	1,165	-	2,406	1,388	1,018
Land								
- Operational Land'	-	312	-	312	-	540	-	540
Buildings	-	866	354	512	-	623	218	405
Other Assets	-	966	460	506	-	961	190	771
Total DWM	-	4,877	2,382	2,495	-	4,530	1,796	2,734
TOTAL RESTRICTED I,PP&E	-	174,407	85,725	88,682	-	167,667	81,081	86,586

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

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

Cowra Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 10a. Payables, Borrowings & Provisions

\$ '000	Notes	2013		2012	
		Current	Non Current	Current	Non Current
Payables					
Goods & Services - operating expenditure		1,543	-	1,723	-
Accrued Expenses:					
- Other Expenditure Accruals		251	-	259	-
Security Bonds, Deposits & Retentions		625	-	605	-
Total Payables		2,419	-	2,587	-
Borrowings					
Loans - Secured ¹		1,246	15,329	4,426	15,746
Total Borrowings		1,246	15,329	4,426	15,746
Provisions					
Employee Benefits;					
Annual Leave		1,250	-	1,179	-
Long Service Leave		2,226	247	2,394	267
Sub Total - Aggregate Employee Benefits		3,476	247	3,573	267
Asset Remediation/Restoration (Future Works) ²⁶		-	291	-	273
Total Provisions		3,476	538	3,573	540
Total Payables, Borrowings & Provisions		7,141	15,867	10,586	16,286
(i) Liabilities relating to Restricted Assets					
		2013		2012	
		Current	Non Current	Current	Non Current
Externally Restricted Assets					
Water		163	3,223	167	3,272
Sewer		828	7,190	3,916	7,379
Domestic Waste Management		99	560	-	358
Liabilities relating to externally restricted assets		1,090	10,973	4,083	11,009
Internally Restricted Assets					
Nil					
Total Liabilities relating to restricted assets		1,090	10,973	4,083	11,009
Total Liabilities relating to Unrestricted Assets		6,051	4,894	6,503	5,277
TOTAL PAYABLES, BORROWINGS & PROVISIONS		7,141	15,867	10,586	16,286

¹ Loans are secured over the General Rating Income of Council

Disclosures on Liability Interest Rate Risk Exposures, Fair Value Disclosures & Security can be found in Note 15.

Cowra Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000	Actual 2013	Actual 2012
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(ii) Current Liabilities not anticipated to be settled within the next 12 months

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

Provisions - Employees Benefits	2,804	2,803
	<u>2,804</u>	<u>2,803</u>

Note 10b. Description of and movements in Provisions

Class of Provision	2012		2013			Closing Balance as at 30/6/13
	Opening Balance as at 1/7/12	Additional Provisions	Decrease due to Payments	Remeasurement effects due to Discounting	Unused amounts reversed	
Annual Leave	1,179	695	(624)	-	-	1,250
Long Service Leave	2,661	260	(448)	-	-	2,473
Asset Remediation	273	18	-	-	-	291
TOTAL	4,113	973	(1,072)	-	-	4,014

- 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 2013

Note 11. Statement of Cash Flows - Additional Information

\$ '000	Notes	Actual 2013	Actual 2012
(a) Reconciliation of Cash Assets			
Total Cash & Cash Equivalent Assets	6a	15,025	16,789
Less Bank Overdraft	10	-	-
BALANCE as per the STATEMENT of CASH FLOWS		15,025	16,789
(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities			
Net Operating Result from Income Statement		(286)	967
Adjust for non cash items:			
Depreciation & Amortisation		7,358	7,186
Net Losses/(Gains) on Disposal of Assets		(171)	(122)
Non Cash Capital Grants and Contributions		-	(169)
Amortisation of Premiums, Discounts & Prior Period Fair Valuations			
- Interest on all fair value adjusted Interest Free Advances made by Council		(23)	(22)
Unwinding of Discount Rates on Reinstatement Provisions		18	14
+/- Movement in Operating Assets and Liabilities & Other Cash Items:			
Decrease/(Increase) in Receivables		1,131	(1,858)
Decrease/(Increase) in Inventories		64	(70)
Decrease/(Increase) in Other Assets		(21)	(21)
Increase/(Decrease) in Payables		(180)	285
Increase/(Decrease) in other accrued Expenses Payable		(8)	129
Increase/(Decrease) in Other Liabilities		20	91
Increase/(Decrease) in Employee Leave Entitlements		(117)	803
NET CASH PROVIDED FROM/(USED IN) OPERATING ACTIVITIES from the STATEMENT of CASH FLOWS		7,785	7,213

Cowra Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000	Notes	Actual 2013	Actual 2012
(c) Non-Cash Investing & Financing Activities			
Bushfire Grants		-	169
Total Non-Cash Investing & Financing Activities		-	169
(d) Financing Arrangements			
(i) Unrestricted access was available at balance date to the following lines of credit:			
Bank Overdraft Facilities ⁽¹⁾		900	900
Credit Cards / Purchase Cards		29	29
Total Financing Arrangements		929	929
Amounts utilised as at Balance Date:			
- Credit Cards / Purchase Cards		11	11
Total Financing Arrangements Utilised		11	11

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 2013

Note 12. Commitments for Expenditure

\$ '000	Notes	Actual 2013	Actual 2012
(a) Capital Commitments (exclusive of GST)			
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
Property, Plant & Equipment			
Darbys Falls Water Filtration Plant		217	-
Total Commitments		217	-
These expenditures are payable as follows:			
Within the next year		217	-
Total Payable		217	-
Sources for Funding of Capital Commitments:			
Future Grants & Contributions		108	-
Externally Restricted Reserves		109	-
Total Sources of Funding		217	-

(b) Finance Lease Commitments

Nil

(c) Operating Lease Commitments (Non Cancellable)

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

Within the next year	94	149
Later than one year and not later than 5 years	187	-
Later than 5 years	-	-
Total Non Cancellable Operating Lease Commitments	281	149

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.

(d) Investment Property Commitments

Nil

(e) Investment in Associates / Joint Ventures - Commitments

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

Cowra Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000	Amounts	Indicator	Prior Periods	
	2013	2013	2012	2011
Local Government Industry Indicators - Consolidated				
1. Unrestricted Current Ratio				
Current Assets less all External Restrictions ⁽¹⁾	<u>8,993</u>	2.77 : 1	2.60	4.05
Current Liabilities less Specific Purpose Liabilities ^(2,3)	<u>3,247</u>			
2. Debt Service Ratio				
Debt Service Cost	<u>5,266</u>	18.68%	8.13%	7.75%
Income from Continuing Operations (excl. Capital Items & Specific Purpose Grants/Contributions)	<u>28,192</u>			
3. Rates & Annual Charges Coverage Ratio				
Rates & Annual Charges	<u>9,920</u>	31.96%	31.45%	29.16%
Income from Continuing Operations	<u>31,039</u>			
4. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage				
Rates, Annual & Extra Charges Outstanding	<u>1,134</u>	10.16%	9.60%	11.15%
Rates, Annual & Extra Charges Collectible	<u>11,159</u>			
5. Building & Infrastructure Renewals Ratio				
Asset Renewals ⁽⁴⁾	<u>2,667</u>	51.84%	62.56%	53.29%
Depreciation, Amortisation & Impairment	<u>5,145</u>			

Notes

⁽¹⁾ Refer Notes 6-8 inclusive.

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

⁽²⁾ Refer to Note 10(a).

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

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

Cowra Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000	Water 2013	Sewer 2013	General ¹ 2013
Local Government Industry Indicators - by Fund			
1. Unrestricted Current Ratio			
Current Assets less all External Restrictions ⁽¹⁾	17.55 : 1	7.21 : 1	2.77 : 1
Current Liabilities less Specific Purpose Liabilities ^(2,3)			
prior period:	20.28 : 1	2.31 : 1	2.60 : 1
2. Debt Service Ratio			
Debt Service Cost	4.22%	126.25%	4.95%
Income from Continuing Operations (excl. Capital Items & Specific Purpose Grants/Contributions)			
prior period:	6.02%	35.01%	4.56%
3. Rates & Annual Charges Coverage Ratio			
Rates & Annual Charges	27.67%	69.05%	27.65%
Income from Continuing Operations			
prior period:	37.41%	50.29%	26.37%
4. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage			
Rates, Annual & Extra Charges Outstanding	6.56%	14.15%	9.68%
Rates, Annual & Extra Charges Collectible			
prior period:	7.10%	15.82%	8.29%
5. Building & Infrastructure Renewals Ratio			
Asset Renewals (Building & Infrastructure assets)	15.93%	17.84%	73.89%
Depreciation, Amortisation & Impairment			
prior period:	20.01%	0.00%	97.01%

Notes

⁽¹⁾ General Fund refers to all of Council's activities except for its Water & Sewer activities which are listed separately.

Cowra Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 14. Investment Properties

\$ '000

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

Note 15. Financial Risk Management

Risk Management

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

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

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

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

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

	Carrying Value		Fair Value	
	2013	2012	2013	2012
Financial Assets				
Cash and Cash Equivalents	15,025	16,789	15,025	16,789
Receivables	5,235	6,377	5,235	6,217
Other Financial Assets	174	153	174	153
Total Financial Assets	20,434	23,319	20,434	23,159
Financial Liabilities				
Payables	2,419	2,587	2,179	2,427
Loans / Advances	16,575	20,172	16,575	20,172
Total Financial Liabilities	18,994	22,759	18,754	22,599

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 2013

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 it's staff and an Investment Report is tabled before Council on a monthly basis setting out the portfolio breakup and its performance.

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

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

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

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

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

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

	Increase of Values/Rates		Decrease of Values/Rates	
	Profit	Equity	Profit	Equity
2013				
Possible impact of a 1% movement in Interest Rates	28	28	(28)	(28)
2012				
Possible impact of a 1% movement in Interest Rates	16	16	(16)	(16)

Cowra Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

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.

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

Council makes suitable provision for doubtful receivables as required.

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

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

	2013	2013	2012	2012
	Rates & Annual Charges	Other Receivables	Rates & Annual Charges	Other Receivables
(i) Ageing of Receivables				
Current (not yet overdue)	-	4,041	-	3,843
Past due	1,147	60	1,094	1,453
	<u>1,147</u>	<u>4,101</u>	<u>1,094</u>	<u>5,296</u>
(ii) Movement in Provision for Impairment of Receivables			2013	2012
Balance at the beginning of the year			13	13
Balance at the end of the year			<u>13</u>	<u>13</u>

Cowra Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

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		
2013									
Trade/Other Payables	625	1,794	-	-	-	-	-	2,419	2,419
Loans & Advances	-	2,540	1,950	1,836	1,754	1,743	25,350	35,173	16,575
Total Financial Liabilities	625	4,334	1,950	1,836	1,754	1,743	25,350	37,592	18,994
2012									
Trade/Other Payables	605	1,982	-	-	-	-	-	2,587	2,587
Loans & Advances	-	4,404	698	712	672	579	13,191	20,256	20,172
Total Financial Liabilities	605	6,386	698	712	672	579	13,191	22,843	22,759

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

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

	2013		2012	
	Carrying Value	Average Interest Rate	Carrying Value	Average Interest Rate
Trade/Other Payables	2,419	0.0%	2,587	0.0%
Loans & Advances - Fixed Interest Rate	16,020	7.0%	16,507	7.0%
Loans & Advances - Variable Interest Rate	555	6.8%	3,665	6.8%
	<u>18,994</u>		<u>22,759</u>	

Cowra Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 16. Material Budget Variations

\$ '000

Council's Original Financial Budget for 12/13 was adopted by the Council on 25 June 2012.

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

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

Note that for Variations* of Budget to Actual :

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

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

\$ '000	2013 Budget	2013 Actual	2013 ----- Variance* -----	
REVENUES				
User Charges & Fees	10,078	12,382	2,304	23% F
Council completed additional contract works on State Roads for Roads and Maritime Services \$2,034 million There was additional revenue from water sales \$333,000..				
Capital Grants & Contributions	2,275	1,390	(885)	(39%) U
Council budgeted for \$980,000 grants from Roads to Recovery however an number of projects did not commence and actual income was only \$336,000.				

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 17. Statement of Developer Contributions

\$ '000

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

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

SUMMARY OF CONTRIBUTIONS & LEVIES

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage	64	8	-	3	-	-	75	-	(75)	-	-
Roads	260	16	-	9	(110)	-	175	-	(175)	-	-
Parking	86	-	-	4	-	-	90	-	(90)	-	-
Open Space	18	2	-	1	-	-	21	-	(21)	-	-
Community Facilities	64	4	-	2	(33)	-	37	-	(37)	-	-
Other	19	20	-	1	-	-	40	-	(40)	-	-
S94 Contributions - under a Plan	511	50	-	20	(143)	-	438	-	(438)	-	-
S94A Levies - under a Plan	123	9	-	6	-	-	138				-
Total S94 Revenue Under Plans	634	59	-	26	(143)	-	576				-
S64 Contributions	1,046	60	-	29	-	-	1,135				
Total Contributions	1,680	119	-	55	(143)	-	1,711	-	(438)	-	-

Cowra Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 17. Statement of Developer Contributions (continued)

\$ '000

S94 CONTRIBUTIONS - UNDER A PLAN

CONTRIBUTION PLAN NUMBER - 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	64	8	-	3	-	-	75	-	(75)	-	-
Roads	260	16	-	9	(110)	-	175	-	(175)	-	-
Parking	86	-	-	4	-	-	90	-	(90)	-	-
Open Space	18	2	-	1	-	-	21	-	(21)	-	-
Community Facilities	64	4	-	2	(33)	-	37	-	(37)	-	-
Other	19	20	-	1	-	-	40	-	(40)	-	-
Total	511	50	-	20	(143)	-	438	-	(438)	-	-

S94A LEVIES - UNDER A PLAN

CONTRIBUTION PLAN NUMBER - COWRA SHIRE COUNCIL

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Other	123	9	-	6	-	-	138	-	-	-	-
Total	123	9	-	6	-	-	138	-	-	-	-

Cowra Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 18. Contingencies & Other Assets/Liabilities Not Recognised

\$ '000

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

LIABILITIES NOT RECOGNISED:

1. Guarantees

(i) Defined Benefit Superannuation Contribution Plans

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

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

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

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

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

(ii) Statewide Limited

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

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

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

(iii) StateCover Limited

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

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

Council has a contingent liability to contribute further equity in the event of the erosion of the Company's capital base as a result of the company's past performance and/or claims experience or as a result of any increased prudential requirements 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 2013

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 Councils intention to spend funds in the manner and timing set out in those Plans.

ASSETS NOT RECOGNISED:

(i) Land Under Roads

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

(ii) Infringement Notices/Fines

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

Councils Revenue Recognition policy for such income is to account for it as revenue on receipt.

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

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

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

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

Cowra Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 20. Equity - Retained Earnings and Revaluation Reserves

\$ '000	Notes	Actual 2013	Actual 2012
(a) Retained Earnings			
Movements in Retained Earnings were as follows:			
Balance at beginning of Year (from previous years audited accounts)		174,561	173,594
a. Net Operating Result for the Year		(286)	967
Balance at End of the Reporting Period		174,275	174,561
(b) Reserves			
(i) Reserves are represented by:			
- Infrastructure, Property, Plant & Equipment Revaluation Reserve		422,739	415,233
Total		422,739	415,233
(ii) Reconciliation of movements in Reserves:			
Infrastructure, Property, Plant & Equipment Revaluation Reserve			
- Opening Balance		415,233	401,208
- Revaluations for the year	9(a)	7,506	14,025
- Balance at End of Year		422,739	415,233
TOTAL VALUE OF RESERVES		422,739	415,233

(iii) Nature & Purpose of Reserves**Infrastructure, Property, Plant & Equipment Revaluation Reserve**

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

Cowra Shire Council

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

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

\$ '000	Notes	Actual 2013	Actual 2012
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(c) Correction of Error/s relating to a Previous Reporting Period

Correction of errors as disclosed in last year's financial statements:

Council revalued the following asset classes for the 11/12 Year End:

- Other Assets

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 30/6/11 (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 30/6/11 to reflect the correct value of accumulated depreciation;

- | | |
|--|-------|
| - Other Assets - Other (increase)/decrease to accumulated depreciation | 2,548 |
|--|-------|

This adjustment resulted in a net increase / (decrease) in Council's Accumulated Surplus as at 30/6/11.

(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 2013

Note 21. Financial Result & Financial Position by Fund

Income Statement by Fund \$ '000	Actual 2013	Actual 2013	Actual 2013
<u>Continuing Operations</u>	<u>Water</u>	<u>Sewer</u>	<u>General¹</u>
Income from Continuing Operations			
Rates & Annual Charges	1,855	2,229	5,836
User Charges & Fees	3,618	625	8,139
Interest & Investment Revenue	56	43	737
Other Revenues	846	215	605
Grants & Contributions provided for Operating Purposes	64	94	5,452
Grants & Contributions provided for Capital Purposes	256	22	1,112
Other Income			
Net Gains from Disposal of Assets	8	-	163
Share of interests in Joint Ventures & Associates using the Equity Method	-	-	-
Total Income from Continuing Operations	6,703	3,228	22,044
Expenses from Continuing Operations			
Employee Benefits & on-costs	928	317	10,375
Borrowing Costs	207	761	469
Materials & Contracts	3,228	1,009	4,732
Depreciation & Amortisation	1,539	508	5,311
Impairment	-	-	-
Other Expenses	458	225	2,194
Interest & Investment Losses	-	-	-
Net Losses from the Disposal of Assets	-	-	-
Total Expenses from Continuing Operations	6,360	2,820	23,081
Operating Result from Continuing Operations	343	408	(1,037)
Discontinued Operations			
Net Profit/(Loss) from Discontinued Operations	-	-	-
Net Operating Result for the Year	343	408	(1,037)
Net Operating Result attributable to each Council Fund	343	408	(1,037)
Net Operating Result attributable to Non-controlling Interests	-	-	-
Net Operating Result for the year before Grants and Contributions provided for Capital Purposes	87	386	(2,149)

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

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

Cowra Shire Council

Notes to the Financial Statements

as at 30 June 2013

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

Statement of Financial Position by Fund \$ '000	Actual 2013	Actual 2013	Actual 2013
ASSETS	Water	Sewer	General¹
Current Assets			
Cash & Cash Equivalents	1,374	5,389	8,262
Investments	-	-	-
Receivables	2,069	1,131	2,035
Inventories	4	-	1,228
Other	-	-	175
Non-current assets classified as 'held for sale'	-	-	-
Total Current Assets	3,447	6,520	11,700
Non-Current Assets			
Investments	-	-	-
Receivables	-	-	-
Inventories	-	-	-
Infrastructure, Property, Plant & Equipment	51,942	34,245	512,168
Investments Accounted for using the equity method	-	-	-
Investment Property	-	-	-
Intangible Assets	-	-	-
Other	-	-	-
Total Non-Current Assets	51,942	34,245	512,168
TOTAL ASSETS	55,389	40,765	523,868
LIABILITIES			
Current Liabilities			
Payables	29	42	2,348
Borrowings	69	742	435
Provisions	65	43	3,368
Total Current Liabilities	163	827	6,151
Non-Current Liabilities			
Payables	-	-	-
Borrowings	3,116	7,160	5,053
Provisions	107	31	400
Total Non-Current Liabilities	3,223	7,191	5,453
TOTAL LIABILITIES	3,386	8,018	11,604
Net Assets	52,003	32,747	512,264
EQUITY			
Retained Earnings	18,086	18,293	137,896
Revaluation Reserves	33,917	14,454	374,368
Total Equity	52,003	32,747	512,264

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

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

Cowra Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000

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

Note 23. Events occurring after the Reporting Period

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

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

Accordingly, the "authorised for issue" date is 29/10/13.

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

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

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

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

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

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

Note 24. Discontinued Operations

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

Note 25. Intangible Assets

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.

Cowra Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 26. Reinstatement, Rehabilitation & Restoration Liabilities

\$ '000

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

Asset/Operation	Estimated year of restoration	NPV of Provision	
		2013	2012
Quarries	2044	291	273
Balance at End of the Reporting Period		291	273

10(a)

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	273	259
Amounts capitalised to new or existing assets:		
Amortisation of discount (expensed to borrowing costs)	18	14
Total - Reinstatement, rehabilitation and restoration provision	291	273

Cowra Shire Council

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

Note 27. Council Information & Contact Details

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::30 pm
Detail Opening Hours here

Telephone: 02 6340 2000

Facsimile: 02 6340 2011

Internet: www.cowra.nsw.gov.au

Email: council@cowra.nsw.gov.au

Officers

GENERAL MANAGER

Mr P. Devery

RESPONSIBLE ACCOUNTING OFFICER

Mr G.Apthorpe

PUBLIC OFFICER

Mr G. Apthorpe

AUDITORS

Intentus Chartered Accountants
PO Box 885
Orange NSW 2800

Elected Members

MAYOR

Cr W.J West

COUNCILLORS

Cr J.A. Smith - Deputy Mayor
Cr I.M.Brown
Cr R. A Fagan
Cr R.J. Walsh
Cr J.N.Mallon
Cr B.E. Miller
Cr P.B. Wright
Cr K. Wright

Other Information

ABN: 26 739 454 579

**INDEPENDENT AUDITOR'S REPORT TO COUNCIL
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 2013. The financial statements comprise the Statement by Councillors and Management, Income Statement, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows and accompanying Notes to the Financial Statements.

Councils' Responsibility for the Financial Statements

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

Auditors Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. Our audit responsibility does not extend to the original budget figures included in the Income Statement and Statement of Cash Flows, the original budget disclosures in Notes 2(a) and 16, the projected revenue and expenditure of developer contributions reported in Note 17, nor the Infrastructure Backlog and Asset Maintenance ratios included in Notes 13a (i) and 13b and accordingly, we express no opinion on them. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

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

Independence

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

Matters Relating to the Electronic Presentation of the Audited Financial Statements

This auditor's report relates to the general purpose financial statements of Cowra Shire Council for the year ended 30 June 2013 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.



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237 Lords Place
Orange
Dated: 29 October 2013



JD O'Malley
Partner

JO'M:CSC002

29 October 2013

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 2013**

We have audited the financial statements of Cowra Shire Council (Council) for the financial year ended 30 June 2013. Our audit resulted in the issuing of an unmodified audit report on both the general purpose and special purpose financial statements of Council.

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 2013. Our audit reports on the general purpose financial statements of Council and the special purpose financial statements on Council's business units outline the 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.

Review of Financial Results

(a) Operating Result

As disclosed in Council's Income Statement the year's operations resulted in a net operating deficit of (\$286,000) (2012 - surplus \$967,000). Selected items of note in the operating statement include:

- The operating result from ordinary activities *before* capital amounts was a deficit of \$1,676,000 (2012 deficit – \$1,935,000).

Revenue

- User Charges and Fee income increased \$2,460,000 (25%) to \$12,382,000 (2012 - \$9,922,000) mainly through increased consumption for water and additional work completed on state roads on behalf of Roads and Maritime Services (RMS).
- Interest and Investment revenue fell in line with the decline in the value of funds invested and the prevailing interest rates on offer for maturing investments.
- Income from operating grants and contributions decreased \$1,047,000 to \$5,610,000 (2012 - \$6,657,000) the decrease mainly attributable to the early payment (and recognition as revenue in 2012) of the first 2013 instalments of the Federal financial assistance grant (FAG).
- Income from capital grants and contributions also decreased by \$1,512,000 to \$1,390,000 (2012 – \$2,902,000) returning to trend levels following significant grants in 2011 and 2012 for a sewer treatment plant project and emergency water supply.

Expenses

- Employee costs were 7% higher than 2012 at \$11,620,000 (2012 - \$10,825,000) though the increase is mainly due to less labour being applied to capital works projects. The growth in salaries and wages was 5%.

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

(b) Financial Position

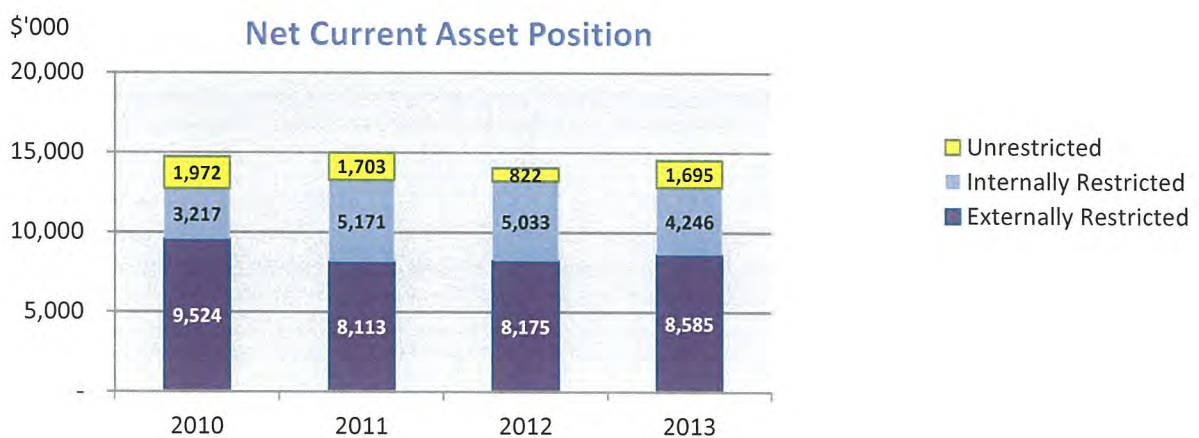
The Balance Sheet discloses that for the year ended 30 June 2013 Council's net assets stood at \$597,014,000 (2012 - \$589,794,000), which represents an increase of \$7,220,000. The increase represents the net operating deficit after capital amounts of (\$286,000) and the net revaluation increment resulting from the revaluation operational land, buildings and the indexed revaluation of water and sewerage infrastructure assets totaling \$7,506,000.

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.

	2013 \$'000	2012 \$'000
Net Current Assets	14,526	14,030
Less: Amounts externally restricted for special purposes (refer Notes 6; 7; & 8 of financial statements)	(12,479)	(15,061)
Less: Council internally imposed restrictions (refer Note 6 of financial statements)	(4,246)	(5,033)
Add: Applicable current liabilities refer Note 10		
- Water	163	167
- Sewerage	828	3,916
- Domestic Waste Management	99	-
Add: Employee Leave Entitlements to be paid > 12 months	2,804	2,803
Unrestricted net current asset surplus/(deficit)	1,695	822
Unrestricted net current assets comprise: -		
Assets		
Cash	1,885	679
Receivables	1,654	2,237
Land held for resale	195	195
Inventories	1,033	1,097
Other	175	154
Less: General Purpose Liabilities	(6,051)	(6,343)
Add: Employee Leave Entitlements to be paid > 12 months	2,804	2,803
Unrestricted net current asset surplus/(deficit)	1,695	822

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

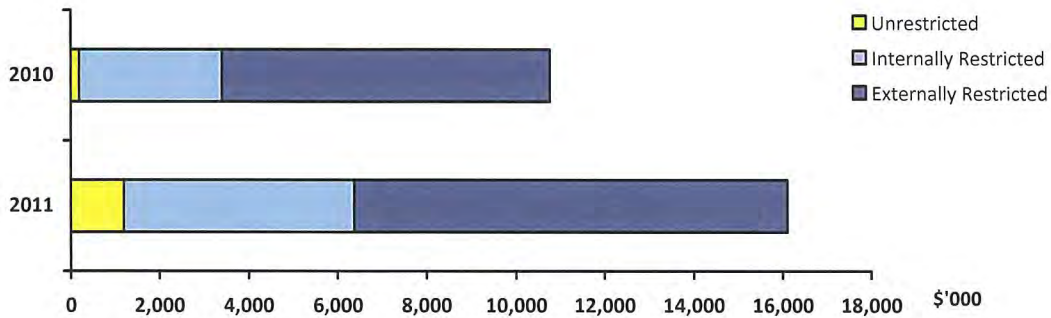
The following table shows the Council's calculated net current asset position over the past four years:



Cash & Investments

Note 6 to the accounts discloses total cash and investments of \$15,025,000 (2012 - \$16,789,000), of this amount \$8,894,000 (2012 - \$11,077,000) is subject to external restrictions requiring Council to commit those funds to the purposes for which they were provided and \$4,246,000 (2012 - \$5,033,000) 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 \$1,885,000 (2012 - \$679,000) represents funds available to cover non-budgeted discretionary expenditure and short-term cash flow requirements and reflects Council's sound financial position.



Whilst the consolidated financial 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 2.77:1 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 18.68% (2012 – 8.13%) Cowra Shire Council's ratio is within these industry benchmarks. The high ratio this year reflects the repayment of debt that council had funded in the expectation of grant funding. Upon receipt of the grant, the debt was repaid hence the high ratio this year.

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 31.96% (2012 – 31.45%) is consistent with the prior period and 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 10.16% (2012 – 9.60%) has deteriorated slightly compared with the prior period.

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. The fact that this ratio is at 51.84% and has ranged between 53% and 63% over a three year period superficially suggests that council's infrastructure spending is inadequate.

(d) Cash Flow Statement

The Statement of Cash Flows reports a net increase in cash assets held of \$1,685,000 (2012 increase - \$4,340,000) as follows:

	2013 \$'000	2012 \$'000	Movement \$'000
Cash flow provided by / (used in)			
Operating activities	7,785	7,213	572
Investing activities	(5,952)	(4,794)	(1,158)
Financing activities	(3,597)	(734)	(2,863)
Net increase / (decrease) in cash held	<u>(1,764)</u>	<u>1,685</u>	<u>(3,449)</u>

Cash flows from operating activities

The cashflows provided by operating activities have increased against the prior financial year, the main reason being the increase in user charges and fees. 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 flow used in financing activities was \$3,597,000 which was considerably higher than 2012 due to repayment of the variable portion of the loan for the sewer treatment plant that has been met by grant funding. One new loan of \$250,000 for drainage work was drawn down in the 2013 year.

(e) Comparison of Actual and Budgeted Performance

Council's operating deficit from ordinary activities after capital amounts of (\$286,000) was above Council's original estimate of a deficit of (\$503,000).

It is not the intent of this report to provide detailed analysis of individual budget variations. Note 16 of Council's financial statements addresses the contributing factors to budget variations in detail.

(f) Other Matters

National Competition Policy

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

Management Letters

Our most recent management letter was issued on 2 August 2013. 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 and that 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 2013 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.

intentus

237 Lords Place
Orange
Dated: 29 October 2013


JD O Malley
Partner

Cowra Shire Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2013

*“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 2013

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Income Statement - Sewerage Business Activity	4
Income Statement - Other Business Activities	n/a
Statement of Financial Position - Water Supply Business Activity	5
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Statement of Financial Position - Other Business Activities	n/a
3. Notes to the Special Purpose Financial Statements	7
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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).

Cowra Shire Council

Special Purpose Financial Statements

for the financial year ended 30 June 2013

Statement by Councillors and Management

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

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

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

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

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

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

Signed in accordance with a resolution of Council made on 22 July 2013.



Cr W.J. West
MAYOR



Cr J.A. Smith
COUNCILLOR



Mr P. Devery
GENERAL MANAGER



Mr G. Apthorpe
RESPONSIBLE ACCOUNTING OFFICER

Cowra Shire Council

Income Statement of Council's Water Supply Business Activity

for the financial year ended 30 June 2013

\$ '000	Actual 2013	Actual 2012
Income from continuing operations		
Access charges	1,855	1,758
User charges	3,568	2,537
Fees	50	44
Interest	56	50
Grants and contributions provided for non capital purposes	64	64
Profit from the sale of assets	8	12
Other income	846	779
Total income from continuing operations	6,447	5,244
Expenses from continuing operations		
Employee benefits and on-costs	928	837
Borrowing costs	207	212
Materials and contracts	2,774	2,496
Depreciation and impairment	1,539	1,489
Water purchase charges	454	246
Loss on sale of assets	-	-
Calculated taxation equivalents	14	14
Debt guarantee fee (if applicable)	-	-
Other expenses	458	387
Total expenses from continuing operations	6,374	5,681
Surplus (deficit) from Continuing Operations before capital amounts	73	(437)
Grants and contributions provided for capital purposes	256	362
Surplus (deficit) from Continuing Operations after capital amounts	329	(75)
Surplus (deficit) from discontinued operations	-	-
Surplus (deficit) from ALL Operations before tax	329	(75)
less: Corporate Taxation Equivalent (30%) [based on result before capita]	(22)	-
SURPLUS (DEFICIT) AFTER TAX	307	(75)
plus Opening Retained Profits	17,743	17,804
plus/less: Prior Period Adjustments	-	-
plus Adjustments for amounts unpaid:		
- Taxation equivalent payments	14	14
- Debt guarantee fees	-	-
- Corporate taxation equivalent	22	-
less:		
- Tax Equivalent Dividend paid	-	-
- Surplus dividend paid	-	-
Closing Retained Profits	18,086	17,743
Return on Capital %	0.5%	-0.5%
Subsidy from Council	1,678	1,033
Calculation of dividend payable:		
Surplus (deficit) after tax	307	(75)
less: Capital grants and contributions (excluding developer contributions)	(201)	(314)
Surplus for dividend calculation purposes	106	-
Potential Dividend calculated from surplus	53	-

Cowra Shire Council

Income Statement of Council's Sewerage Business Activity

for the financial year ended 30 June 2013

\$ '000	Actual 2013	Actual 2012
Income from continuing operations		
Access charges	2,229	2,139
User charges	566	532
Liquid Trade Waste charges	59	-
Fees	-	1
Interest	43	47
Grants and contributions provided for non capital purposes	94	103
Profit from the sale of assets	-	-
Other income	215	156
Total income from continuing operations	3,206	2,978
Expenses from continuing operations		
Employee benefits and on-costs	317	367
Borrowing costs	761	855
Materials and contracts	1,009	1,179
Depreciation and impairment	508	779
Loss on sale of assets	-	-
Calculated taxation equivalents	24	24
Debt guarantee fee (if applicable)	-	-
Other expenses	225	177
Total expenses from continuing operations	2,844	3,381
Surplus (deficit) from Continuing Operations before capital amounts	362	(403)
Grants and contributions provided for capital purposes	22	1,354
Surplus (deficit) from Continuing Operations after capital amounts	384	951
Surplus (deficit) from discontinued operations	-	-
Surplus (deficit) from ALL Operations before tax	384	951
less: Corporate Taxation Equivalent (30%) [based on result before capita]	(109)	-
SURPLUS (DEFICIT) AFTER TAX	275	951
plus Opening Retained Profits	17,885	16,910
plus/less: Prior Period Adjustments	-	-
plus Adjustments for amounts unpaid:		
- Taxation equivalent payments	24	24
- Debt guarantee fees	-	-
- Corporate taxation equivalent	109	-
less:		
- Tax Equivalent Dividend paid	-	-
- Surplus dividend paid	-	-
Closing Retained Profits	18,293	17,885
Return on Capital %	3.3%	1.3%
Subsidy from Council	168	-
Calculation of dividend payable:		
Surplus (deficit) after tax	275	951
less: Capital grants and contributions (excluding developer contributions)	(17)	(1,279)
Surplus for dividend calculation purposes	258	-
Potential Dividend calculated from surplus	129	-

Cowra Shire Council

Statement of Financial Position - Council's Water Supply Business Activity

as at 30 June 2013

\$ '000	Actual 2013	Actual 2012
ASSETS		
Current Assets		
Cash and cash equivalents	1,374	1,284
Investments	-	-
Receivables	2,069	1,907
Inventories	4	4
Other	-	-
Non-current assets classified as held for sale	-	-
Total Current Assets	3,447	3,195
Non-Current Assets		
Investments	-	-
Receivables	-	-
Inventories	-	-
Infrastructure, property, plant and equipment	51,942	49,858
Investments accounted for using equity method	-	-
Investment property	-	-
Other	-	-
Total non-Current Assets	51,942	49,858
TOTAL ASSETS	55,389	53,053
LIABILITIES		
Current Liabilities		
Bank Overdraft	-	-
Payables	29	54
Interest bearing liabilities	69	65
Provisions	65	64
Total Current Liabilities	163	183
Non-Current Liabilities		
Payables	-	-
Interest bearing liabilities	3,116	3,185
Provisions	107	88
Total Non-Current Liabilities	3,223	3,273
TOTAL LIABILITIES	3,386	3,456
NET ASSETS	52,003	49,597
EQUITY		
Retained earnings	18,086	17,743
Revaluation reserves	33,917	31,854
Council equity interest	52,003	49,597
Non-controlling interest	-	-
TOTAL EQUITY	52,003	49,597

Cowra Shire Council

Statement of Financial Position - Council's Sewerage Business Activity

as at 30 June 2013

\$ '000	Actual 2013	Actual 2012
ASSETS		
Current Assets		
Cash and cash equivalents	5,389	7,230
Investments	-	-
Receivables	1,131	1,765
Inventories	-	-
Other	-	-
Non-current assets classified as held for sale	-	-
Total Current Assets	6,520	8,995
Non-Current Assets		
Investments	-	-
Receivables	-	-
Inventories	-	-
Infrastructure, property, plant and equipment	34,245	33,994
Investments accounted for using equity method	-	-
Investment property	-	-
Other	-	-
Total non-Current Assets	34,245	33,994
TOTAL ASSETS	40,765	42,989
LIABILITIES		
Current Liabilities		
Bank Overdraft	-	-
Payables	42	45
Interest bearing liabilities	742	3,856
Provisions	43	39
Total Current Liabilities	827	3,940
Non-Current Liabilities		
Payables	-	-
Interest bearing liabilities	7,160	7,347
Provisions	31	32
Total Non-Current Liabilities	7,191	7,379
TOTAL LIABILITIES	8,018	11,319
NET ASSETS	32,747	31,670
EQUITY		
Retained earnings	18,293	17,885
Revaluation reserves	14,454	13,785
Council equity interest	32,747	31,670
Non-controlling equity interest	-	-
TOTAL EQUITY	32,747	31,670

Cowra Shire Council

Special Purpose Financial Statements

for the financial year ended 30 June 2013

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Cowra Shire Council

Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2013

Note 1. Significant Accounting Policies

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

For the purposes of these statements, the Council is not a reporting not-for-profit entity.

The figures presented in these special purpose financial statements, unless otherwise stated, have been prepared in accordance with:

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

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

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

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

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

National Competition Policy

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

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

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

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

Declared Business Activities

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

Category 1

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

a. Cowra Shire Council Water Supply

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

b. Cowra Shire Sewerage Service

Sewerage reticulation & treatment activities servicing the town of Cowra.

Category 2

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

NIL

Monetary Amounts

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

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

(i) Taxation Equivalent Charges

Council is liable to pay various taxes and financial duties in undertaking its business activities. Where this is the case, they are disclosed in these

Cowra Shire Council

Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2013

Note 1. Significant Accounting Policies

statements as a cost of operations just like all other costs.

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

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

Notional Rate Applied %

Corporate Income Tax Rate – 30%

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

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

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

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

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

Income Tax

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

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

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

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

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

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

Local Government Rates & Charges

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

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 2013

Note 1. Significant Accounting Policies

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

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

The overall effect of subsidies is contained within the Income Statement of each reported Business Activity.

(iii) Return on Investments (Rate of Return)

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

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

The Rate of Return on Capital is calculated as follows:

Operating Result before Capital Income + Interest Expense

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

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

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

(iv) Dividends

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

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

The dividend, calculated and approved in accordance with the Best Practice Management Guidelines, must not exceed either:

- (i) 50% of this surplus in any one year, or
- (ii) the number of water supply or sewerage assessments at 30 June 2013 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

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

Cowra Shire Council

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

Note 2. Water Supply Business Best Practice Management disclosure requirements

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

2013

1. Calculation and Payment of Tax-Equivalents

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

(i)	Calculated Tax Equivalents	14,000
(ii)	No of assessments multiplied by \$3/assessment	16,938
(iii)	Amounts payable for Tax Equivalents [lesser of (i) and (ii)]	14,000
(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]	53,050
(ii)	No. of assessments multiplied by \$30/assessment, less tax equivalent charges/assessment	155,380
(iii)	Cumulative surplus before Dividends for the 3 years to 30 June 2013, less the cumulative dividends paid for the 2 years to 30 June 2012 & 30 June 2011	(1,094,900)

2013 Surplus	106,100	2012 Surplus	(389,000)	2011 Surplus	(812,000)
		2012 Dividend	-	2011 Dividend	-

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

3. Required outcomes for 6 Criteria

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

(i)	Completion of Strategic Business Plan (including Financial Plan)	YES
(ii)	Full Cost Recovery, without significant cross subsidies [Refer Item 2(a) in Table 1 on page 22 of the Best Practice Guidelines]	YES
	- Complying charges [Item 2(b) in Table 1]	YES
	- DSP with Commercial Developer Charges [Item 2(e) in Table 1]	YES
	- If Dual Water Supplies, Complying Charges [Item 2(g) in Table 1]	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 2013

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

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated) 2013

National Water Initiative (NWI) Financial Performance Indicators

NWI F1	Total Revenue (Water) Total Income (w13) - Grants for the Acquisition of Assets (w11a) - Interest Income (w9) - Aboriginal Communities W&S Program Income (w10a)	\$'000	6,479
NWI F4	Revenue from Residential Usage Charges (Water) Income from Residential Usage Charges (w6b) x 100 divided by the sum of [Income from Residential Usage Charges (w6a) + Income from Residential Access Charges (w6b)]	%	61.83%
NWI F9	Written Down Replacement Cost of Fixed Assets (Water) Written down current cost of system assets (w47)	\$'000	49,595
NWI F11	Operating Cost (OMA) (Water) Management Expenses (w1) + Operational & Maintenance Expenses (w2)	\$'000	3,629
NWI F14	Capital Expenditure (Water) Acquisition of fixed assets (w16)	\$'000	1,564
NWI F17	Economic Real Rate of Return (Water) [Total Income (w13) - Interest Income (w9) - Grants for acquisition of assets (w11a) - Operating Costs (NWI F11) - Current Cost Depreciation (w3)] x 100 divided by [Written Down Current Cost of System Assets (w47) + Plant & Equipment (w33b)]	%	2.52%
NWI F26	Capital Works Grants (Water) Grants for the Acquisition of Assets (w11a)	\$'000	201

- 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 2013Note 3. Sewerage Business
Best Practice Management disclosure requirements

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

2013

1. Calculation and Payment of Tax-Equivalents

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

(i)	Calculated Tax Equivalents	24,000
(ii)	No of assessments multiplied by \$3/assessment	10,791
(iii)	Amounts payable for Tax Equivalents [lesser of (i) and (ii)]	10,791
(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]	129,200
(ii)	No. of assessments x (\$30 less tax equivalent charges per assessment)	97,119
(iii)	Cumulative surplus before dividends for the 3 years to 30 June 2013, less the cumulative dividends paid for the 2 years to 30 June 2012 & 30 June 2011	8,700

2013 Surplus	258,400	2012 Surplus	(328,000)	2011 Surplus	78,300
		2012 Dividend	-	2011 Dividend	-

(iv)	Maximum dividend from surplus [least of (i), (ii) and (iii) above]	8,700
(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 2013Note 3. Sewerage Business
Best Practice Management disclosure requirements (continued)

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated) 2013

National Water Initiative (NWI) Financial Performance Indicators

NWI F2	Total Revenue (Sewerage) Total Income (s14) - Grants for Acquisition of Assets (s12a) - Interest Income (s10) - Aboriginal Communities W&S Program Income (w10a)	\$'000	3,214
NWI F10	Written Down Replacement Cost of Fixed Assets (Sewerage) Written down current cost of system assets (s48)	\$'000	31,684
NWI F12	Operating Cost (Sewerage) Management Expenses (s1) + Operational & Maintenance Expenses (s2)	\$'000	1,494
NWI F15	Capital Expenditure (Sewerage) Acquisition of Fixed Assets (s17)	\$'000	89
NWI F18	Economic Real Rate of Return (Sewerage) [Total Income (s14) - Interest Income (s10) - Grants for acquisition of Assets (s12a) - Operating cost (NWI F12) - Current cost depreciation (s3)] x 100 divided by [Written down current cost (ie. WDCC) of System Assets (s48) + Plant & Equipment (s34b)]	%	3.54%
NWI F27	Capital Works Grants (Sewerage) Grants for the Acquisition of Assets (12a)	\$'000	-

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

NWI F3	Total Income (Water & Sewerage) Total Income (w13 + s14) + Gain/Loss on disposal of assets (w14 + s15) minus Grants for acquisition of assets (w11a + s12a) - Interest Income (w9 + s10)	\$'000	9,701
NWI F8	Revenue from Community Service Obligations (Water & Sewerage) Community Service Obligations (NWI F25) x 100 divided by Total Income (NWI F3)	%	1.11%
NWI F16	Capital Expenditure (Water & Sewerage) Acquisition of Fixed Assets (w16 + s17)	\$'000	1,653
NWI F19	Economic Real Rate of Return (Water & Sewerage) [Total Income (w13 + s14) - Interest Income (w9 + s10) - Grants for acquisition of assets (w11a + s12a) - Operating Cost (NWI F11 + NWI F12) - Current cost depreciation (w3 + s3)] x 100 divided by [Written down replacement cost of fixed assets (NWI F9 + NWI F10) + Plant & equipment (w33b + s34b)]	%	2.93%
NWI F20	Dividend (Water & Sewerage) Dividend paid from surplus (2(v) of Note 2 + 2(v) of Note 3)	\$'000	-
NWI F21	Dividend Payout Ratio (Water & Sewerage) Dividend (NWI F20) x 100 divided by Net Profit after tax (NWI F24)	%	0.00%

Cowra Shire Council

Notes to the Special Purpose Financial Statements
for the financial year ended 30 June 2013Note 3. Sewerage Business
Best Practice Management disclosure requirements (continued)

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated) 2013

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

NWI F22	Net Debt to Equity (Water & Sewerage) Overdraft (w36 + s37) + Borrowings (w38 + s39) - Cash & Investments (w30 + s31) x 100 divided by [Total Assets (w35 + s36) - Total Liabilities (w40 + s41)]	%	5.10%
NWI F23	Interest Cover (Water & Sewerage) Earnings before Interest & Tax (EBIT) divided by Net Interest Earnings before Interest & Tax (EBIT): 2,523 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: 946 Interest Expense (w4a + s4a) - Interest Income (w9 + s10)		3
NWI F24	Net Profit After Tax (Water & Sewerage) Surplus before dividends (w15a + s16a) - Tax equivalents paid (Note 2-1(iv) + Note 3-1(iv))	\$'000	550
NWI F25	Community Service Obligations (Water & Sewerage) Grants for Pensioner Rebates (w11b + s12b)	\$'000	108

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

**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 2013, comprising the Statement by Council, Income Statement by Business Activities, Balance Sheet by Business Activities, and accompanying Notes to the Financial Statements. Our audit responsibility does not extend to the best practice management disclosures in Notes 2 and 3 and accordingly we express no opinion on them.

Councils' Responsibility for the Financial Statements

The Council are responsible for the preparation and fair presentation of the financial statements and have determined that the accounting policies described in Note 1 to the financial statements 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 special purpose financial statements of Cowra Shire Council for the year ended 30 June 2013 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.

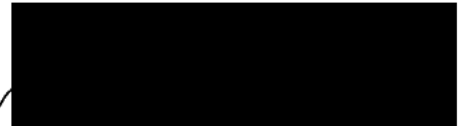
Basis of Accounting

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.



intentus

237 Lords Place
Orange
Dated: 29 October 2013



JD O'Malley
Partner

A handwritten signature in black ink, appearing to be 'JD O'Malley', written over the printed name and partially overlapping the redacted area.

Cowra Shire Council

SPECIAL SCHEDULES
for the year ended 30 June 2013

*“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 2013

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¹ Special Purpose Schedules are not audited.

Background

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

Cowra Shire Council

Special Schedule No. 1 - Net Cost of Services
for the financial year ended 30 June 2013

\$'000

Function or Activity	Expenses from. Continuing. Operations.	Income from continuing operations		Net Cost. of Services.
		Non Capital.	Capital.	
Governance	391	-	-	(391)
Administration	4,550	250	-	(4,300)
Public Order and Safety				
Fire Service Levy, Fire Protection, Emergency Services	504	74	406	(24)
Beach Control	-	-	-	-
Enforcement of Local Govt. Regulations	-	-	-	-
Animal Control	210	99	-	(111)
Other	-	-	-	-
Total Public Order & Safety	714	173	406	(135)
Health	2	8	-	6
Environment				
Noxious Plants and Insect/Vermin Control	241	57	-	(184)
Other Environmental Protection	101	21	-	(80)
Solid Waste Management	2,542	2,454	-	(88)
Street Cleaning	223	-	-	(223)
Drainage	451	-	-	(451)
Stormwater Management	-	-	-	-
Total Environment	3,558	2,532	-	(1,026)
Community Services and Education				
Administration & Education	157	86	-	(71)
Social Protection (Welfare)	-	-	-	-
Aged Persons and Disabled	101	-	-	(101)
Children's Services	-	-	-	-
Total Community Services & Education	258	86	-	(172)
Housing and Community Amenities				
Public Cemeteries	202	214	-	12
Public Conveniences	74	-	-	(74)
Street Lighting	233	66	-	(167)
Town Planning	945	147	59	(739)
Other Community Amenities	-	-	-	-
Total Housing and Community Amenities	1,454	427	59	(968)
Water Supplies	5,562	5,649	256	343
Sewerage Services	2,682	3,068	22	408

Cowra Shire Council

Special Schedule No. 1 - Net Cost of Services (continued)
for the financial year ended 30 June 2013

\$'000

Function or Activity	Expenses from Continuing Operations.	Income from continuing operations		Net Cost. of Services.
		Non Capital.	Capital.	
Recreation and Culture				
Public Libraries	266	-	-	(266)
Museums	-	-	-	-
Art Galleries	221	119	-	(102)
Community Centres and Halls	109	30	-	(79)
Performing Arts Venues	-	-	-	-
Other Performing Arts	-	-	-	-
Other Cultural Services	66	12	332	278
Sporting Grounds and Venues	228	20	-	(208)
Swimming Pools	397	194	-	(203)
Parks & Gardens (Lakes)	1,862	3	-	(1,859)
Other Sport and Recreation	1	-	-	(1)
Total Recreation and Culture	3,150	378	332	(2,440)
Fuel & Energy	-	-	-	-
Agriculture	-	-	-	-
Mining, Manufacturing and Construction				
Building Control	-	97	-	97
Other Mining, Manufacturing & Construction	70	-	-	(70)
Total Mining, Manufacturing and Const.	70	97	-	27
Transport and Communication				
Urban Roads (UR) - Local	415	-	36	(379)
Urban Roads - Regional	-	-	-	-
Sealed Rural Roads (SRR) - Local	2,632	365	242	(2,025)
Sealed Rural Roads (SRR) - Regional	437	479	-	42
Unsealed Rural Roads (URR) - Local	1,251	-	-	(1,251)
Unsealed Rural Roads (URR) - Regional	-	-	-	-
Bridges on UR - Local	20	-	-	(20)
Bridges on SRR - Local	-	-	-	-
Bridges on URR - Local	-	-	-	-
Bridges on Regional Roads	-	-	-	-
Parking Areas	-	-	-	-
Footpaths	-	-	-	-
Aerodromes	125	20	-	(105)
Other Transport & Communication	-	-	37	37
Total Transport and Communication	4,880	864	315	(3,701)
Economic Affairs				
Camping Areas & Caravan Parks	5	112	-	107
Other Economic Affairs	4,049	5,577	-	1,528
Total Economic Affairs	4,054	5,689	-	1,635
Totals – Functions	31,325	19,221	1,390	(10,714)
General Purpose Revenues⁽²⁾		10,428		10,428
Share of interests - joint ventures & associates using the equity method	-	-		-
NET OPERATING RESULT⁽¹⁾	31,325	29,649	1,390	(286)

(1) As reported in the Income Statement

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

Cowra Shire Council

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

for the financial year ended 30 June 2013

\$'000

Classification of Debt	Principal outstanding at beginning of the year			New Loans raised during the year	Debt redemption during the year		Transfers to Sinking Funds	Interest applicable for Year	Principal outstanding at the end of the year		
	Current	Non Current	Total		From Revenue	Sinking Funds			Current	Non Current	Total
Loans (by Source)											
Commonwealth Government	-	-	-	-	-	-	-	-	-	-	-
Treasury Corporation	-	-	-	-	-	-	-	-	-	-	-
Other State Government	-	-	-	-	-	-	-	-	-	-	-
Public Subscription	-	-	-	-	-	-	-	-	-	-	-
Financial Institutions	4,426	15,746	20,172	250	3,847	-	-	1,419	1,246	15,329	16,575
Other	-	-	-	-	-	-	-	-	-	-	-
Total Loans	4,426	15,746	20,172	250	3,847	-	-	1,419	1,246	15,329	16,575
Other Long Term Debt											
Ratepayers Advances	-	-	-	-	-	-	-	-	-	-	-
Government Advances	-	-	-	-	-	-	-	-	-	-	-
Finance Leases	-	-	-	-	-	-	-	-	-	-	-
Deferred Payments	-	-	-	-	-	-	-	-	-	-	-
Total Long Term Debt	-	-	-	-	-	-	-	-	-	-	-
Total Debt	4,426	15,746	20,172	250	3,847	-	-	1,419	1,246	15,329	16,575

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 2013

\$'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	49	230
Gas			
Other			
Totals	580	49	230

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	45	188
Waste Fund	General Fund	30/06/00	30/06/00	20	30/06/20	8.00%	80	4	42
Totals							580	49	230

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 2013

\$'000	Actuals 2013	Actuals 2012
A Expenses and Income		
Expenses		
1. Management expenses		
a. Administration	48	121
b. Engineering and Supervision	214	221
2. Operation and Maintenance expenses		
- Dams & Weirs		
a. Operation expenses	-	-
b. Maintenance expenses	-	-
- Mains		
c. Operation expenses	41	-
d. Maintenance expenses	505	545
- Reservoirs		
e. Operation expenses	-	-
f. Maintenance expenses	56	65
- Pumping Stations		
g. Operation expenses (excluding energy costs)	59	38
h. Energy costs	342	361
i. Maintenance expenses	-	-
- Treatment		
j. Operation expenses (excluding chemical costs)	414	334
k. Chemical costs	296	286
l. Maintenance expenses	113	112
- Other		
m. Operation expenses	1,087	960
n. Maintenance expenses	-	-
o. Purchase of water	454	148
3. Depreciation expenses		
a. System assets	1,539	1,489
b. Plant and equipment	-	-
4. Miscellaneous expenses		
a. Interest expenses	207	212
b. Revaluation Decrements	-	-
c. Other expenses	985	775
d. Impairment - System assets	-	-
e. Impairment - Plant and equipment	-	-
f. Aboriginal Communities Water & Sewerage Program	-	-
g. Tax Equivalents Dividends (actually paid)	-	-
5. Total expenses	6,360	5,667

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 2013

\$'000	Actuals 2013	Actuals 2012
Income		
6. Residential charges		
a. Access (including rates)	1,315	1,246
b. Usage charges	2,130	1,537
7. Non-residential charges		
a. Access (including rates)	540	512
b. Usage charges	1,417	1,000
8. Extra charges	41	36
9. Interest income	15	14
10. Other income	917	823
10a. Aboriginal Communities Water and Sewerage Program	-	-
11. Grants		
a. Grants for acquisition of assets	201	314
b. Grants for pensioner rebates	64	64
c. Other grants	-	-
12. Contributions		
a. Developer charges	55	48
b. Developer provided assets	-	-
c. Other contributions	-	-
13. Total income	6,695	5,594
14. Gain (or loss) on disposal of assets	8	12
15. Operating Result	343	(61)
15a. Operating Result (less grants for acquisition of assets)	142	(375)

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 2013

\$'000	Actuals 2013	Actuals 2012
B Capital transactions		
Non-operating expenditures		
16. Acquisition of Fixed Assets		
a. New Assets for Improved Standards	1,329	712
b. New Assets for Growth	-	-
c. Renewals	235	287
d. Plant and equipment	-	-
17. Repayment of debt		
a. Loans	65	61
b. Advances	-	-
c. Finance leases	-	-
18. Transfer to sinking fund	-	-
19. Totals	1,629	1,060
Non-operating funds employed		
20. Proceeds from disposal of assets	-	-
21. Borrowing utilised		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
22. Transfer from sinking fund	-	-
23. Totals	-	-
C Rates and charges		
24. Number of assessments		
a. Residential (occupied)	5,077	5,034
b. Residential (unoccupied, ie. vacant lot)	-	-
c. Non-residential (occupied)	569	511
d. Non-residential (unoccupied, ie. vacant lot)	-	-
25. Number of ETs for which developer charges were received	14 ET	14 ET
26. Total amount of pensioner rebates (actual dollars)	\$ 116,803	\$ 115,824

Cowra Shire Council

Special Schedule No. 3 - Water Supply Cross Subsidies

for the financial year ended 30 June 2013

\$'000	Yes	No	Amount
D Best practice annual charges and developer charges*			
27. Annual charges			
a. Does Council have best-practice water supply annual charges and usage charges*?	<input type="checkbox"/>	<input type="checkbox"/>	
If Yes, go to 28a.			
If No, please report if council has removed land value from access charges (ie rates)?	<input type="checkbox"/>	<input type="checkbox"/>	
NB. Such charges for both residential customers and non-residential customers comply with section 3.2 of Water Supply, Sewerage and Trade Waste Pricing Guidelines, NSW Office of Water, December, 2002. Such charges do not involve significant cross subsidies.			
b. Cross-subsidy from residential customers using less than allowance (page 25 of Guidelines)			<input type="text"/>
c. Cross-subsidy to non-residential customers (page 24 of Guidelines)			<input type="text"/>
d. Cross-subsidy to large connections in unmetered supplies (page 26 of Guidelines)			<input type="text"/>
28. Developer charges			
a. Has council completed a water supply Development Servicing** Plan?	<input type="checkbox"/>	<input type="checkbox"/>	
b. Total cross-subsidy in water supply developer charges for 2012/13 (page 47 of Guidelines)			<input type="text"/>
** In accordance with page 9 of Developer Charges Guidelines for Water Supply, Sewerage and Stormwater, NSW Office of Water, December, 2002.			
29. Disclosure of cross-subsidies			
Total of cross-subsidies (27b +27c + 27d + 28b)			<input type="text" value="-"/>

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

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

Cowra Shire Council

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

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

\$'000	Actuals Current	Actuals Non Current	Actuals Total
ASSETS			
30. Cash and investments			
a. Developer charges	586	-	586
b. Special purpose grants	-	-	-
c. Accrued leave	-	-	-
d. Unexpended loans	-	-	-
e. Sinking fund	-	-	-
f. Other	788	-	788
31. Receivables			
a. Specific purpose grants	63	-	63
b. Rates and Availability Charges	133	-	133
c. User Charges	1,873	-	1,873
d. Other	-	-	-
32. Inventories	4	-	4
33. Property, plant and equipment			
a. System assets	-	49,595	49,595
b. Plant and equipment	-	2,347	2,347
34. Other assets	-	-	-
35. Total assets	3,447	51,942	55,389
LIABILITIES			
36. Bank overdraft	-	-	-
37. Creditors	29	-	29
38. Borrowings			
a. Loans	69	3,116	3,185
b. Advances	-	-	-
c. Finance leases	-	-	-
39. Provisions			
a. Tax equivalents	-	-	-
b. Dividend	-	-	-
c. Other	65	107	172
40. Total liabilities	163	3,223	3,386
41. NET ASSETS COMMITTED	3,284	48,719	52,003
EQUITY			
42. Accumulated surplus			18,086
43. Asset revaluation reserve			33,917
44. TOTAL EQUITY			52,003
Note to system assets:			
45. Current replacement cost of system assets			117,241
46. Accumulated current cost depreciation of system assets			(67,646)
47. Written down current cost of system assets			49,595

Cowra Shire Council

Special Schedule No. 5 - Sewerage Service Income Statement

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

\$'000	Actuals 2013	Actuals 2012
A Expenses and Income		
Expenses		
1. Management expenses		
a. Administration	260	210
b. Engineering and Supervision	288	312
2. Operation and Maintenance expenses		
- Mains		
a. Operation expenses	21	46
b. Maintenance expenses	189	191
- Pumping Stations		
c. Operation expenses (excluding energy costs)	28	33
d. Energy costs	29	25
e. Maintenance expenses	36	30
- Treatment		
f. Operation expenses (excl. chemical, energy, effluent & biosolids management costs)	132	141
g. Chemical costs	47	61
h. Energy costs	154	106
i. Effluent Management	-	89
j. Biosolids Management	18	-
k. Maintenance expenses	94	61
- Other		
l. Operation expenses	198	239
m. Maintenance expenses	-	45
3. Depreciation expenses		
a. System assets	508	779
b. Plant and equipment	-	-
4. Miscellaneous expenses		
a. Interest expenses	768	855
b. Revaluation Decrements	-	-
c. Other expenses	50	134
d. Impairment - System assets	-	-
e. Impairment - Plant and equipment	-	-
f. Aboriginal Communities Water & Sewerage Program	-	-
g. Tax Equivalent Dividends (actually paid)	-	-
5. Total expenses	2,820	3,357

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 2013

\$'000	Actuals 2013	Actuals 2012
Income		
6. Residential charges (including rates)	2,229	2,139
7. Non-residential charges		
a. Access (including rates)	566	532
b. Usage charges	59	-
8. Trade Waste Charges		
a. Annual Fees	-	1
b. Usage charges	-	-
c. Excess mass charges	-	-
d. Re-inspection fees	-	-
9. Extra charges	29	33
10. Interest income	14	14
11. Other income	215	156
11a. Aboriginal Communities Water & Sewerage Program	-	-
12. Grants		
a. Grants for acquisition of assets	-	1,280
b. Grants for pensioner rebates	44	43
c. Other grants	50	60
13. Contributions		
a. Developer charges	5	71
b. Developer provided assets	-	-
c. Other contributions	17	3
14. Total income	3,228	4,332
15. Gain (or loss) on disposal of assets	-	-
16. Operating Result	408	975
16a. Operating Result (less grants for acquisition of assets)	408	(305)

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 2013

\$'000	Actuals 2013	Actuals 2012
B Capital transactions		
Non-operating expenditures		
17. Acquisition of Fixed Assets		
a. New Assets for Improved Standards	-	-
b. New Assets for Growth	-	971
c. Renewals	89	-
d. Plant and equipment	-	-
18. Repayment of debt		
a. Loans	3,301	195
b. Advances	-	-
c. Finance leases	-	-
19. Transfer to sinking fund	-	-
20. Totals	3,390	1,166
Non-operating funds employed		
21. Proceeds from disposal of assets	-	-
22. Borrowing utilised		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
23. Transfer from sinking fund	-	-
24. Totals	-	-
C Rates and charges		
25. Number of assessments		
a. Residential (occupied)	3,181	3,272
b. Residential (unoccupied, ie. vacant lot)	-	-
c. Non-residential (occupied)	416	457
d. Non-residential (unoccupied, ie. vacant lot)	-	-
26. Number of ETs for which developer charges were received	1 ET	14 ET
27. Total amount of pensioner rebates (actual dollars)	\$ 79,507	\$ 78,536

Cowra Shire Council

Special Schedule No. 5 - Sewerage Cross Subsidies

for the financial year ended 30 June 2013

\$'000	Yes	No	Amount
D Best practice annual charges and developer charges*			
28. Annual charges			
a. Does Council have best-practice sewerage annual charges, usage charges and trade waste fees & charges*?	<input type="checkbox"/> Yes	<input type="checkbox"/>	
If Yes, go to 29a.			
If No, please report if council has removed land value from access charges (ie rates)?	<input type="checkbox"/>	<input type="checkbox"/>	
NB. Such charges for both residential customers and non-residential customers comply with section 4.2 & 4.3 of the Water Supply, Sewerage and Trade Waste Pricing Guidelines, NSW Office of Water, December, 2002. Such charges do not involve significant cross subsidies.			
b. Cross-subsidy to non-residential customers (page 45 of Guidelines)			<input type="text"/>
c. Cross-subsidy to trade waste discharges (page 46 of Guidelines)			<input type="text"/>
29. Developer charges			
a. Has council completed a sewerage Development Servicing** Plan?	<input type="checkbox"/> Yes	<input type="checkbox"/>	
b. Total cross-subsidy in sewerage developer charges for 2012/13 (page 47 of Guidelines)			<input type="text"/>
** In accordance with page 9 of Developer Charges Guidelines for Water Supply, Sewerage and Stormwater, NSW Office of Water, December, 2002.			
30. Disclosure of cross-subsidies			
Total of cross-subsidies (28b + 28c + 29b)			<input type="text" value="-"/>

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

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

Cowra Shire Council

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

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

\$'000	Actuals Current	Actuals Non Current	Actuals Total
ASSETS			
31. Cash and investments			
a. Developer charges	549	-	549
b. Special purpose grants	-	-	-
c. Accrued leave	-	-	-
d. Unexpended loans	-	-	-
e. Sinking fund	-	-	-
f. Other	4,840	-	4,840
32. Receivables			
a. Specific purpose grants	627	-	627
b. Rates and Availability Charges	370	-	370
c. User Charges	116	-	116
d. Other	18	-	18
33. Inventories	-	-	-
34. Property, plant and equipment			
a. System assets	-	31,684	31,684
b. Plant and equipment	-	2,561	2,561
35. Other assets	-	-	-
36. Total Assets	6,520	34,245	40,765
LIABILITIES			
37. Bank overdraft	-	-	-
38. Creditors	42	-	42
39. Borrowings			
a. Loans	742	7,160	7,902
b. Advances	-	-	-
c. Finance leases	-	-	-
40. Provisions			
a. Tax equivalents	-	-	-
b. Dividend	-	-	-
c. Other	44	30	74
41. Total Liabilities	828	7,190	8,018
42. NET ASSETS COMMITTED	5,692	27,055	32,747
EQUITY			
42. Accumulated surplus			18,293
44. Asset revaluation reserve			14,454
45. TOTAL EQUITY			32,747
Note to system assets:			
46. Current replacement cost of system assets			45,262
47. Accumulated current cost depreciation of system assets			(13,578)
48. Written down current cost of system assets			31,684

Cowra Shire Council

Notes to Special Schedule No.'s 3 & 5

for the financial year ended 30 June 2013

Administration ⁽¹⁾

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

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

Engineering and supervision ⁽¹⁾

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

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

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

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

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

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

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

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

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

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

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

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

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

Notes:

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

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

Cowra Shire Council

Special Schedule No. 8 - Financial Projections

as at 30 June 2013

\$'000	Actual ⁽¹⁾ 12/13	Forecast ⁽³⁾ 13/14	Forecast ⁽³⁾ 14/15	Forecast ⁽³⁾ 15/16	Forecast ⁽³⁾ 16/17	Forecast ⁽³⁾ 17/18	Forecast ⁽³⁾ 18/19	Forecast ⁽³⁾ 19/20	Forecast ⁽³⁾ 20/21	Forecast ⁽³⁾ 21/22	Forecast ⁽³⁾ 22/23
(i) OPERATING BUDGET											
Income from continuing operations	31,039	30,854	30,753	31,656	32,586	33,125	34,093	35,090	36,117	37,175	38,264
Expenses from continuing operations	31,325	30,851	31,246	31,937	32,712	33,299	34,041	34,816	35,655	36,309	37,074
Operating Result from Continuing Operations	(286)	3	(493)	(281)	(126)	(174)	52	274	462	866	1,190
(ii) CAPITAL BUDGET											
New Capital Works ⁽²⁾	-	-	-	-	-	-	-	-	-	-	-
Replacement/Refurbishment of Existing Assets	-	-	-	-	-	-	-	-	-	-	-
Total Capital Budget	-	-	-	-	-	-	-	-	-	-	-
Funded by:											
- Loans	-	-	-	-	-	-	-	-	-	-	-
- Asset sales	-	-	-	-	-	-	-	-	-	-	-
- Reserves	-	-	-	-	-	-	-	-	-	-	-
- Grants/Contributions	-	-	-	-	-	-	-	-	-	-	-
- Recurrent revenue	-	-	-	-	-	-	-	-	-	-	-
- Other	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-

Notes:

(1) From 12/13 Income Statement.

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

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