

# Cowra Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2015

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



# Cowra Shire Council

## General Purpose Financial Statements

for the financial year ended 30 June 2015

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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 27 October 2015. Council has the power to amend and reissue these financial statements.

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## Cowra Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

## Understanding Council's Financial Statements

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### Introduction

Each year, individual Local Governments across NSW are required to present a set of audited financial statements to their Council & Community.

### What you will find in the Statements

The financial statements set out the financial performance, financial position and cash flows of Council for the financial year ended 30 June 2015.

The format of the financial statements is standard across all NSW Councils and complies with both the accounting and reporting requirements of Australian Accounting Standards and requirements as set down by the Office of Local Government.

### About the Councillor/Management Statement

The financial statements must be certified by Senior staff as "presenting fairly" the Council's financial results for the year, and are required to be adopted by Council - ensuring both responsibility for and ownership of the financial statements.

### About the Primary Financial Statements

The financial statements incorporate 5 "primary" financial statements:

#### 1. The Income Statement

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

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

#### 2. The Statement of Comprehensive Income

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

#### 3. The Statement of Financial Position

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

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

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

#### 5. The Statement of Cash Flows

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

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

### About the Notes to the Financial Statements

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

### About the Auditor's Reports

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

In NSW, the Auditor provides 2 audit reports:

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

### Who uses the Financial Statements?

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

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

Council is required to forward an audited set of financial statements to the Office of Local Government.

# Cowra Shire Council

## General Purpose Financial Statements

for the financial year ended 30 June 2015

### 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 27 July 2015.**



Cr WJ West  
MAYOR



Cr JA 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 2015

| Budget <sup>1</sup><br>2015                | \$ '000  | Notes | Actual<br>2015 | Actual<br>2014     |
|--|--|-------|----------------|--------------------|
| <b>Income from Continuing Operations</b>   |  |       |                |                    |
| <i>Revenue:</i>                            |  |       |                |                    |
| 10,955                                     | Rates & Annual Charges   | 3a    | 11,749         | 11,495             |
| 12,691                                     | User Charges & Fees  | 3b    | 13,677         | 9,649              |
| 732  | Interest & Investment Revenue  | 3c    | 811            | 876                |
| 838  | Other Revenues   | 3d    | 1,329          | 984                |
| 6,076                                      | Grants & Contributions provided for Operating Purposes   | 3e,f  | 6,423          | 4,624 <sup>2</sup> |
| 688  | Grants & Contributions provided for Capital Purposes   | 3e,f  | 488            | 712                |
| <i>Other Income:</i>                       |  |       |                |                    |
| -  | Net gains from the disposal of assets  | 5     | 235            | 229                |
| -  | Net Share of interests in Joint Ventures & Associates using the equity method                          | 19    | -              | -                  |
| <b>31,980</b>                              | <b>Total Income from Continuing Operations</b>   |       | <b>34,712</b>  | <b>28,569</b>      |
| <b>Expenses from Continuing Operations</b> |  |       |                |                    |
| 11,433                                     | Employee Benefits & On-Costs   | 4a    | 12,361         | 11,365             |
| 1,465                                      | Borrowing Costs  | 4b    | 1,434          | 1,291              |
| 7,588                                      | Materials & Contracts  | 4c    | 8,595          | 7,153              |
| 6,929                                      | Depreciation & Amortisation  | 4d    | 5,886          | 7,076              |
| -  | Impairment   | 4d    | -              | -                  |
| 2,878                                      | Other Expenses   | 4e    | 3,131          | 2,965              |
| <b>30,293</b>                              | <b>Total Expenses from Continuing Operations</b>   |       | <b>31,407</b>  | <b>29,850</b>      |
| <b>1,687</b>                               | <b>Operating Result from Continuing Operations</b>   |       | <b>3,305</b>   | <b>(1,281)</b>     |
| <b>Discontinued Operations</b>             |  |       |                |                    |
| -  | Net Profit/(Loss) from Discontinued Operations   | 24    | -              | -                  |
| <b>1,687</b>                               | <b>Net Operating Result for the Year</b>   |       | <b>3,305</b>   | <b>(1,281)</b>     |
| 1,687                                      | Net Operating Result attributable to Council   |       | 3,305          | (1,281)            |
| -  | Net Operating Result attributable to Non-controlling Interests   |       | -              | -                  |
| <b>999</b>                                 | <b>Net Operating Result for the year before Grants and Contributions provided for Capital Purposes</b> |       | <b>2,817</b>   | <b>(1,993)</b>     |

<sup>1</sup> Original Budget as approved by Council - refer Note 16

<sup>2</sup> Financial Assistance Grants for 13/14 were lower reflecting one off timing differences due to a change in how the grant was paid in prior years - refer Note 3 (e)

## Cowra Shire Council

Statement of Comprehensive Income  
for the financial year ended 30 June 2015

| \$ '000  | Notes    | Actual<br>2015  | Actual<br>2014 |
|--|----------|-----------------|----------------|
| <b>Net Operating Result for the year</b> (as per Income statement)                                       |          | <b>3,305</b>    | <b>(1,281)</b> |
| <b>Other Comprehensive Income:</b>   |          |                 |                |
| Amounts which will not be reclassified subsequently to the Operating Result                              |          |                 |                |
| Gain (loss) on revaluation of I,PP&E   | 20b (ii) | (14,625)        | 1,982          |
| <b>Total Items which will not be reclassified subsequently to the Operating Result</b>                   |          | <b>(14,625)</b> | <b>1,982</b>   |
| Amounts which will be reclassified subsequently to the Operating Result when specific conditions are met |          |                 |                |
| Nil  |          |                 |                |
| <b>Total Other Comprehensive Income for the year</b>   |          | <b>(14,625)</b> | <b>1,982</b>   |
| <b>Total Comprehensive Income for the Year</b>   |          | <b>(11,320)</b> | <b>701</b>     |
| <b>Total Comprehensive Income attributable to Council</b>  |          | <b>(11,320)</b> | <b>701</b>     |
| <b>Total Comprehensive Income attributable to Non-controlling Interests</b>                              |          | <b>-</b>        | <b>-</b>       |

## Cowra Shire Council

Statement of Financial Position  
as at 30 June 2015

| \$ '000   | Notes | Actual<br>2015 | Actual<br>2014 |
|---|-------|----------------|----------------|
| <b>ASSETS</b>                                     |       |                |                |
| <b>Current Assets</b>                             |       |                |                |
| Cash & Cash Equivalents                           | 6a    | 4,638          | 14,669         |
| Investments                                       | 6b    | 14,000         | 2,000          |
| Receivables                                       | 7     | 3,899          | 4,030          |
| Inventories                                       | 8     | 1,195          | 1,213          |
| Other   | 8     | 175            | 175            |
| Non-current assets classified as "held for sale"  | 22    | -              | -              |
| <b>Total Current Assets</b>                       |       | <b>23,907</b>  | <b>22,087</b>  |
| <b>Non-Current Assets</b>                         |       |                |                |
| Investments                                       | 6b    | -              | -              |
| Receivables                                       | 7     | -              | -              |
| Inventories                                       | 8     | -              | -              |
| Infrastructure, Property, Plant & Equipment       | 9     | 588,296        | 602,206        |
| Investments accounted for using the equity method | 19    | -              | -              |
| Investment Property                               | 14    | -              | -              |
| Intangible Assets                                 | 25    | -              | -              |
| <b>Total Non-Current Assets</b>                   |       | <b>588,296</b> | <b>602,206</b> |
| <b>TOTAL ASSETS</b>                               |       | <b>612,203</b> | <b>624,293</b> |
| <b>LIABILITIES</b>                                |       |                |                |
| <b>Current Liabilities</b>                        |       |                |                |
| Payables  | 10    | 2,509          | 2,180          |
| Borrowings  | 10    | 1,007          | 1,061          |
| Provisions  | 10    | 3,512          | 3,510          |
| <b>Total Current Liabilities</b>                  |       | <b>7,028</b>   | <b>6,751</b>   |
| <b>Non-Current Liabilities</b>                    |       |                |                |
| Payables  | 10    | -              | -              |
| Borrowings  | 10    | 18,274         | 19,281         |
| Provisions  | 10    | 506            | 546            |
| <b>Total Non-Current Liabilities</b>              |       | <b>18,780</b>  | <b>19,827</b>  |
| <b>TOTAL LIABILITIES</b>                          |       | <b>25,808</b>  | <b>26,578</b>  |
| <b>Net Assets</b>                                 |       | <b>586,395</b> | <b>597,715</b> |
| <b>EQUITY</b>                                     |       |                |                |
| Retained Earnings                                 | 20    | 176,299        | 172,994        |
| Revaluation Reserves                              | 20    | 410,096        | 424,721        |
| Council Equity Interest                           |       | 586,395        | 597,715        |
| Non-controlling Equity Interests                  |       | -              | -              |
| <b>Total Equity</b>                               |       | <b>586,395</b> | <b>597,715</b> |

## Cowra Shire Council

Statement of Changes in Equity  
for the financial year ended 30 June 2015

| \$ '000  | Notes    | Retained<br>Earnings | Reserves<br>(Refer 20b) | Council<br>Interest | Non-<br>controlling<br>Interest | Total<br>Equity |
|--|----------|----------------------|-------------------------|---------------------|---------------------------------|-----------------|
| <b>2015</b>  |          |                      |                         |                     |                                 |                 |
| <b>Opening Balance</b> (as per Last Year's Audited Accounts)       |          | 172,994              | 424,721                 | 597,715             | -                               | 597,715         |
| a. Correction of Prior Period Errors                               | 20 (c)   | -                    | -                       | -                   | -                               | -               |
| b. Changes in Accounting Policies (prior year effects)             | 20 (d)   | -                    | -                       | -                   | -                               | -               |
| <b>Revised Opening Balance (as at 1/7/14)</b>                      |          | <b>172,994</b>       | <b>424,721</b>          | <b>597,715</b>      | <b>-</b>                        | <b>597,715</b>  |
| <b>c. Net Operating Result for the Year</b>                        |          | <b>3,305</b>         | <b>-</b>                | <b>3,305</b>        | <b>-</b>                        | <b>3,305</b>    |
| d. Other Comprehensive Income                                      |          |                      |                         |                     |                                 |                 |
| - Revaluations : IPP&E Asset Revaluation Rsve                      | 20b (ii) | -                    | (14,625)                | <b>(14,625)</b>     | -                               | <b>(14,625)</b> |
| <b>Other Comprehensive Income</b>                                  |          | <b>-</b>             | <b>(14,625)</b>         | <b>(14,625)</b>     | <b>-</b>                        | <b>(14,625)</b> |
| <b>Total Comprehensive Income (c&amp;d)</b>                        |          | <b>3,305</b>         | <b>(14,625)</b>         | <b>(11,320)</b>     | <b>-</b>                        | <b>(11,320)</b> |
| e. Distributions to/(Contributions from) Non-controlling Interests |          | -                    | -                       | -                   | -                               | -               |
| f. Transfers between Equity  |          | -                    | -                       | -                   | -                               | -               |
| <b>Equity - Balance at end of the reporting period</b>             |          | <b>176,299</b>       | <b>410,096</b>          | <b>586,395</b>      | <b>-</b>                        | <b>586,395</b>  |

| \$ '000  | Notes    | Retained<br>Earnings | Reserves<br>(Refer 20b) | Council<br>Interest | Non-<br>controlling<br>Interest | Total<br>Equity |
|--|----------|----------------------|-------------------------|---------------------|---------------------------------|-----------------|
| <b>2014</b>  |          |                      |                         |                     |                                 |                 |
| <b>Opening Balance</b> (as per Last Year's Audited Accounts)       |          | 174,275              | 422,739                 | 597,014             | -                               | 597,014         |
| a. Correction of Prior Period Errors                               | 20 (c)   | -                    | -                       | -                   | -                               | -               |
| b. Changes in Accounting Policies (prior year effects)             | 20 (d)   | -                    | -                       | -                   | -                               | -               |
| <b>Revised Opening Balance (as at 1/7/13)</b>                      |          | <b>174,275</b>       | <b>422,739</b>          | <b>597,014</b>      | <b>-</b>                        | <b>597,014</b>  |
| <b>c. Net Operating Result for the Year</b>                        |          | <b>(1,281)</b>       | <b>-</b>                | <b>(1,281)</b>      | <b>-</b>                        | <b>(1,281)</b>  |
| d. Other Comprehensive Income                                      |          |                      |                         |                     |                                 |                 |
| - Revaluations : IPP&E Asset Revaluation Rsve                      | 20b (ii) | -                    | 1,982                   | <b>1,982</b>        | -                               | <b>1,982</b>    |
| <b>Other Comprehensive Income</b>                                  |          | <b>-</b>             | <b>1,982</b>            | <b>1,982</b>        | <b>-</b>                        | <b>1,982</b>    |
| <b>Total Comprehensive Income (c&amp;d)</b>                        |          | <b>(1,281)</b>       | <b>1,982</b>            | <b>701</b>          | <b>-</b>                        | <b>701</b>      |
| e. Distributions to/(Contributions from) Non-controlling Interests |          | -                    | -                       | -                   | -                               | -               |
| f. Transfers between Equity  |          | -                    | -                       | -                   | -                               | -               |
| <b>Equity - Balance at end of the reporting period</b>             |          | <b>172,994</b>       | <b>424,721</b>          | <b>597,715</b>      | <b>-</b>                        | <b>597,715</b>  |



## Cowra Shire Council

## Statement of Cash Flows

for the financial year ended 30 June 2015

| Budget<br>2015  | \$ '000   | Notes | Actual<br>2015  | Actual<br>2014  |
|---|---|-------|-----------------|-----------------|
| <b>Cash Flows from Operating Activities</b>           |   |       |                 |                 |
| <b>Receipts:</b>                                      |   |       |                 |                 |
| 10,955  | Rates & Annual Charges  |       | 11,900          | 10,559          |
| 11,684  | User Charges & Fees   |       | 14,001          | 12,050          |
| 732   | Investment & Interest Revenue Received                        |       | 759             | 843             |
| 7,771   | Grants & Contributions  |       | 7,204           | 5,856           |
| -   | Bonds, Deposits & Retention amounts received                  |       | -               | 221             |
| 839   | Other   |       | 2,324           | 1,995           |
| <b>Payments:</b>                                      |   |       |                 |                 |
| (11,433)  | Employee Benefits & On-Costs                                  |       | (12,460)        | (11,383)        |
| (7,890)   | Materials & Contracts   |       | (9,358)         | (8,300)         |
| (1,465)   | Borrowing Costs   |       | (1,416)         | (1,274)         |
| -   | Bonds, Deposits & Retention amounts refunded                  |       | (277)           | -               |
| (2,577)   | Other   |       | (3,340)         | (4,007)         |
| <b>8,616</b>  | <b>Net Cash provided (or used in) Operating Activities</b>    | 11b   | <b>9,337</b>    | <b>6,560</b>    |
| <b>Cash Flows from Investing Activities</b>           |   |       |                 |                 |
| <b>Receipts:</b>                                      |   |       |                 |                 |
| -   | Sale of Investment Securities                                 |       | 2,000           | -               |
| -   | Sale of Infrastructure, Property, Plant & Equipment           |       | 579             | 570             |
| 33  | Deferred Debtors Receipts                                     |       | 34              | 33              |
| <b>Payments:</b>                                      |   |       |                 |                 |
| -   | Purchase of Investment Securities                             |       | (14,000)        | (2,000)         |
| (8,401)   | Purchase of Infrastructure, Property, Plant & Equipment       |       | (6,920)         | (9,286)         |
| <b>(8,368)</b>  | <b>Net Cash provided (or used in) Investing Activities</b>    |       | <b>(18,307)</b> | <b>(10,683)</b> |
| <b>Cash Flows from Financing Activities</b>           |   |       |                 |                 |
| <b>Receipts:</b>                                      |   |       |                 |                 |
| 1,220   | Proceeds from Borrowings & Advances                           |       | -               | 5,061           |
| <b>Payments:</b>                                      |   |       |                 |                 |
| (1,074)   | Repayment of Borrowings & Advances                            |       | (1,061)         | (1,294)         |
| <b>146</b>  | <b>Net Cash Flow provided (used in) Financing Activities</b>  |       | <b>(1,061)</b>  | <b>3,767</b>    |
| <b>394</b>  | <b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b> |       | <b>(10,031)</b> | <b>(356)</b>    |
| 13,173  | plus: Cash & Cash Equivalents - beginning of year             | 11a   | 14,669          | 15,025          |
| <b>13,567</b>   | <b>Cash &amp; Cash Equivalents - end of the year</b>          | 11a   | <b>4,638</b>    | <b>14,669</b>   |
| Additional Information:                               |   |       |                 |                 |
|   | plus: Investments on hand - end of year                       | 6b    | 14,000          | 2,000           |
| <b>Total Cash, Cash Equivalents &amp; Investments</b> |   |       | <b>18,638</b>   | <b>16,669</b>   |

Please refer to Note 11 for additional cash flow information

- 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 2015

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## Cowra Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### 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 Australian Accounting Interpretations issued by the Australian Accounting Standards Board;
- the Local Government Act (1993) & Regulations; 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; 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, the following relevant accounting standards became mandatory and have been adopted by Council:

- AASB 10 Consolidated Financial Statements
- AASB 11 Joint Arrangements
- AASB 12 Disclosures of Interests in Other Entities

AASB 10 introduced a new definition of control based on the substance of the relationship and required Councils to consider their involvement with other entities regardless of whether there was a financial interest.

AASB 11 classified joint arrangements into either joint ventures (equity accounting) or joint operations (accounting for share of assets and liabilities).

AASB 12 has increased the level of disclosures required where Council has any interests in subsidiaries, joint arrangements, associates or unconsolidated structured entities.

The adoption of these standards has no specific impact on Council's operations.

###### (iii) Early adoption of Accounting Standards

Council has elected to adopt amended standard AASB 2015-7 early.

AASB 2015-7 provides relief from the following disclosures in AASB 13 Fair Value Measurement for level 3 assets within the scope of AASB 116 Property, Plant and Equipment for which the future economic benefits are not primarily dependent on the asset's ability to generate net cash inflows:

- Quantitative information about the significant unobservable inputs used in the fair value measurement (AASB 13 paragraph 93d – part);
- For recurring fair value measurements categorised in level 3, the amount of the total gains or losses for the period included in profit or loss that is attributable to the change in unrealised gains or losses (AASB 13 paragraph 93f);
- For recurring fair value measurements categorised in level 3, a narrative description of the sensitivity of

## Cowra Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

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

the fair value measurement to changes in unobservable inputs if a change in those inputs to a different amount might result in a significantly higher or lower fair value measurement (AASB 13 paragraph 93h(i)).

##### (iv) Basis of Accounting

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

- (i) certain financial assets and liabilities at fair value through profit or loss and available-for-sale financial assets 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 non current assets (eg. Infrastructure, Property, Plant & Equipment and Investment Property) that are accounted for at fair valuation.

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

##### (v) 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)].

##### (vi) 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 Council 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 it and specific criteria have been met for each of the Council's activities as described below.

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

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

Revenue is measured on major income categories as follows:

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

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

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

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

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

Revenue from Contributions is recognised when the Council obtains control of the contribution or the right to receive it, it is probable that the economic benefits comprising the contribution will flow to the Council and 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

## Cowra Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

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

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

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

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

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

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

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

#### User Charges, Fees and Other Income

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

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

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

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

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

#### Interest and Rents

Rental income is accounted for on a straight-line basis over the lease term.

Interest Income from Cash & Investments is accounted for using the effective interest rate at the date that interest is earned.

#### Dividend Income

Revenue is recognised when the Council's right to receive the payment is established, which is generally when shareholders approve the dividend.

#### Other Income

Other income is recorded when the payment is due, the value of the payment is notified or the payment is received, whichever occurs first.

#### (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 2015) and **(ii)** all the related operating results (for the financial year ended the 30th June 2015).

Detailed information relating to the entities that Council controls can be found at Note 19 (a).

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:

## Cowra Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

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

- *General Purpose Operations*
- *Cowra Shire Council Water Supply Fund*
- *Cowra Shire Council Sewer Fund*
- *Cowra Shire Council Waste Fund*

##### (ii) The Trust Fund

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

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

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

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

##### (iii) Joint Arrangements

Council has no material interest in any Joint Arrangements.

##### (iv) Associates

Council has no interest in any Associates.

##### (v) County Councils

Council is not a member of any County Councils.

##### (vi) Unconsolidated Structured Entities

Unconsolidated Structured Entities represent "special vehicles" that Council has an interest in but which are not controlled by Council and therefore not consolidated as a Subsidiary, Joint Arrangement or Associate. Attributes of Structured Entities include restricted activities, a narrow and well-defined objective and insufficient equity to finance its activities without financial support.

Detailed information relating to Council's interest in Unconsolidated Structured Entities can be found at Note 19 (d).

##### (d) Leases

All Leases entered into by Council are Operating Leases.

##### 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

For Statement of Cash Flows (and Statement of Financial Position) presentation purposes, cash and cash equivalents includes:

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

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

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

Council (in accordance with AASB 139) classifies all of its investments as Loans and Receivables.

##### Loans and receivables

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

## Cowra Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

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

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

#### General Accounting & Measurement of Financial Instruments:

##### (i) Initial Recognition

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

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

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

##### (ii) Subsequent Measurement

**Loans and receivables** investments are carried at amortised cost using the effective interest method.

##### (iii) Types of Investments

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

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

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

Council amended its policy following revisions to the Ministerial Local Government Investment Order arising from the Cole Inquiry recommendations.

##### (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.

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

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

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

##### (h) Inventories

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

Raw materials and stores and work in progress 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.

## Cowra Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

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

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

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

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

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

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

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

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

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

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

#### (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 Office 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**  
(External Valuation)
- **Drainage Assets** (External Valuation)
- **Bulk Earthworks** (External Valuation)
- **Community Land** (Internal Valuation)
- **Other Assets**  
(as approximated by depreciated historical cost)

##### Initial Recognition

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

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

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.



## Cowra Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

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

##### 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.

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

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

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

##### 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 |

##### Other Infrastructure Assets

|                                      |            |
|--------------------------------------|------------|
| Swimming Pools                       | > \$10,000 |
| Other Open Space/Recreational Assets | > \$10,000 |
| Other Infrastructure                 | > \$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 Equipment               | 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      | 3 to 15 years |

###### Buildings

50 to 100 years

## Cowra Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

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

##### Stormwater Drainage

|                    |                 |
|--------------------|-----------------|
| - Drains           | 100 years       |
| - Culverts         | 50 to 75 years  |
| - Flood Structures | 80 to 100 years |

##### Transportation Assets

|                            |                 |
|----------------------------|-----------------|
| - Sealed Roads : Surface   | 62 years        |
| - Sealed Roads : Structure | 166 years       |
| - Unsealed roads           | 55 years        |
| - Bridge : Concrete        | 70 to 250 years |

##### Water & Sewer Assets

|                      |                |
|----------------------|----------------|
| - Reservoirs         | 100 years      |
| - Reticulation pipes | 75 years       |
| - Other              | 25 to 50 years |
| - Pumping stations   | 50 years       |

##### Other Infrastructure Assets

|  |                |
|--|----------------|
| - Bulk earthworks                          | Infinite       |
| - Swimming Pools                           | 50 years       |
| - Other Open Space/<br>Recreational Assets | 5 to 100 years |
| - Other Assets                             | 5 to 100 years |

All asset residual values and useful lives are reviewed and adjusted (if appropriate), at each reporting date.

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

##### Disposal and De-recognition

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

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

##### (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 of Quarries

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

## Cowra Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

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

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.

##### (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:

- 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 wholly settled within the 12 months after the reporting period.

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

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

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

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

###### (ii) Other Long Term Obligations

The liability for all long service and annual leave in respect of services provided by employees up to the

## Cowra Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

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

reporting date (which is not expected to be wholly 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 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 last valuation of the Scheme was performed by Martin Stevenson BSc, FIA, FIAA on 20/02/13.

The Local Government Superannuation Scheme has advised that as at 30 June 2015 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 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 2015 was \$ 284,552.

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

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

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

## Cowra Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

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

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 30/06/15.

##### (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.

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, i.e. they are inclusive of GST where applicable.

Investing and Financing cash flows are treated on a net basis (where recoverable from the ATO), i.e. 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 interpretations

Certain new (or amended) accounting standards and interpretations have been published that are not

## Cowra Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

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

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mandatory for reporting periods ending 30 June 2015.

With the exception of AASB 2015-7, as detailed previously in this note, 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 2015

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

| Functions/Activities   | Income, Expenses and Assets have been directly attributed to the following Functions / Activities.<br>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         |
|  | 2015   | 2015          | 2014          | 2015                                | 2015          | 2014          | 2015  | 2015           | 2014            | 2015   | 2014         | 2015                                      | 2014           |
| Governance   | -  | -             | -             | 320                                 | 296           | 323           | (320)                                       | (296)          | (323)           | -  | -            | -   | -              |
| Administration   | 128  | 411           | 492           | 6,539                               | 3,716         | 3,307         | (6,411)                                     | (3,305)        | (2,815)         | 36   | 11           | 17,066                                    | 14,967         |
| Public Order & Safety  | 646  | 228           | 274           | 528                                 | 549           | 442           | 118   | (321)          | (168)           | 84   | 172          | 1,773                                     | 1,836          |
| Health   | -  | 20            | 38            | -                                   | 2             | 1             | -   | 18             | 37              | -  | -            | 276                                       | 281            |
| Environment  | 3,335  | 3,077         | 2,865         | 3,242                               | 3,799         | 3,464         | 93  | (722)          | (599)           | 248  | 209          | 30,371                                    | 27,092         |
| Community Services & Education   | -  | 9             | 51            | 10                                  | 14            | 184           | (10)  | (5)            | (133)           | 27   | 2            | 739                                       | 743            |
| Housing & Community Amenities  | 239  | 898           | 588           | 227                                 | 1,808         | 1,792         | 12  | (910)          | (1,204)         | 66   | 66           | 1,105                                     | 1,155          |
| Water Supplies   | 5,982  | 6,253         | 5,600         | 4,700                               | 6,225         | 6,576         | 1,282                                       | 28             | (976)           | 353  | 148          | 61,027                                    | 60,601         |
| Sewerage Services  | 3,293  | 3,111         | 3,126         | 2,315                               | 2,647         | 2,663         | 978   | 464            | 463             | 45   | 59           | 42,058                                    | 41,252         |
| Recreation & Culture   | 335  | 463           | 449           | 2,910                               | 3,296         | 3,169         | (2,575)                                     | (2,833)        | (2,720)         | 142  | 137          | 40,208                                    | 40,689         |
| Mining, Manufacturing & Construction   | -  | 210           | 158           | 42                                  | 27            | 119           | (42)  | 183            | 39              | -  | -            | 518                                       | 536            |
| Transport & Communication  | 2,388  | 1,568         | 2,267         | 6,895                               | 2,973         | 4,678         | (4,507)                                     | (1,405)        | (2,411)         | 947  | 1,377        | 409,338                                   | 427,170        |
| Economic Affairs   | 4,427  | 7,423         | 3,903         | 2,565                               | 6,055         | 3,132         | 1,862                                       | 1,368          | 771             | -  | -            | 7,724                                     | 7,971          |
| <b>Total Functions &amp; Activities</b>  | <b>20,773</b>  | <b>23,671</b> | <b>19,811</b> | <b>30,293</b>                       | <b>31,407</b> | <b>29,850</b> | <b>(9,520)</b>                              | <b>(7,736)</b> | <b>(10,039)</b> | <b>1,948</b>   | <b>2,181</b> | <b>612,203</b>                            | <b>624,293</b> |
| Share of gains/(losses) in Associates & Joint Ventures (using the Equity Method) | -  | -             | -             | -                                   | -             | -             | -   | -              | -               | -  | -            | -   | -              |
| General Purpose Income <sup>1</sup>  | 11,207   | 11,041        | 8,758         | -                                   | -             | -             | 11,207                                      | 11,041         | 8,758           | 4,363  | 2,203        | -   | -              |
| <b>Operating Result from Continuing Operations</b>                               | <b>31,980</b>  | <b>34,712</b> | <b>28,569</b> | <b>30,293</b>                       | <b>31,407</b> | <b>29,850</b> | <b>1,687</b>                                | <b>3,305</b>   | <b>(1,281)</b>  | <b>6,311</b>   | <b>4,384</b> | <b>612,203</b>                            | <b>624,293</b> |

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

## Cowra Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### 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 and food control.

##### **ENVIRONMENT**

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

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

Youth services and aged and disabled services.

##### **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, other sport and recreation.

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

Building control, quarries & pits, other.

##### **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 2015

#### Note 3. Income from Continuing Operations

| \$ '000  | Notes | Actual<br>2015 | Actual<br>2014 |
|--|-------|----------------|----------------|
| <b>(a) Rates &amp; Annual Charges</b>                                    |       |                |                |
| <b>Ordinary Rates</b>  |       |                |                |
| Residential  |       | 2,054          | 1,949          |
| Farmland   |       | 2,657          | 2,627          |
| Mining   |       | 81             | 79             |
| Business   |       | 1,166          | 1,143          |
| <b>Total Ordinary Rates</b>  |       | <b>5,958</b>   | <b>5,798</b>   |
| <b>Special Rates</b>   |       |                |                |
| Nil  |       |                |                |
| <b>Annual Charges</b> (pursuant to s.496, s.496A, s.496B, s.501 & s.611) |       |                |                |
| Domestic Waste Management Services                                       |       | 1,908          | 1,827          |
| Water Supply Services  |       | 1,362          | 1,351          |
| Sewerage Services  |       | 2,307          | 2,311          |
| Waste Management Services (non-domestic)                                 |       | 214            | 208            |
| <b>Total Annual Charges</b>  |       | <b>5,791</b>   | <b>5,697</b>   |
| <b>TOTAL RATES &amp; ANNUAL CHARGES</b>                                  |       | <b>11,749</b>  | <b>11,495</b>  |

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 2015

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

| \$ '000  | Notes | Actual<br>2015 | Actual<br>2014 |
|--|-------|----------------|----------------|
| <b>(b) User Charges &amp; Fees</b>   |       |                |                |
| <b>Specific User Charges</b> (per s.502 - Specific "actual use" charges)         |       |                |                |
| Water Supply Services  |       | 4,350          | 3,925          |
| Sewerage Services  |       | 662            | 640            |
| <b>Total User Charges</b>  |       | <b>5,012</b>   | <b>4,565</b>   |
| <b>Other User Charges &amp; Fees</b>   |       |                |                |
| <b>(i) Fees &amp; Charges - Statutory &amp; Regulatory Functions</b> (per s.608) |       |                |                |
| Planning & Building Regulation   |       | 362            | 309            |
| Private Works - Section 67   |       | 892            | 458            |
| <b>Total Fees &amp; Charges - Statutory/Regulatory</b>                           |       | <b>1,254</b>   | <b>767</b>     |
| <b>(ii) Fees &amp; Charges - Other (incl. General User Charges)</b> (per s.608)  |       |                |                |
| Aerodrome  |       | 20             | 20             |
| Caravan Park   |       | 208            | 111            |
| Cemeteries   |       | 253            | 229            |
| RMS (formerly RTA) Charges (State Roads not controlled by Council)               |       | 5,696          | 2,734          |
| Saleyards  |       | 507            | 465            |
| Swimming Centres   |       | 187            | 191            |
| Waste Disposal Tipping Fees  |       | 309            | 369            |
| Water Connection Fees  |       | 121            | 96             |
| Other  |       | 110            | 102            |
| <b>Total Fees &amp; Charges - Other</b>  |       | <b>7,411</b>   | <b>4,317</b>   |
| <b>TOTAL USER CHARGES &amp; FEES</b>   |       | <b>13,677</b>  | <b>9,649</b>   |

## Cowra Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

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

| \$ '000  | Notes | Actual<br>2015      | Actual<br>2014    |
|--|-------|---------------------|-------------------|
| <b>(c) Interest &amp; Investment Revenue (incl. losses)</b>                |       |                     |                   |
| <b>Interest &amp; Dividends</b>  |       |                     |                   |
| - Interest on Overdue Rates & Annual Charges (incl. Special Purpose Rates) |       | 87                  | 115               |
| - Interest earned on Investments (interest & coupon payment income)        |       | 607                 | 596               |
| - Interest on Deferred Debtors   |       | 90                  | 141               |
| <b>Amortisation of Premiums &amp; Discounts</b>                            |       |                     |                   |
| - Interest Free (& Interest Reduced) Loans provided                        |       | 27                  | 24                |
| <b><u>TOTAL INTEREST &amp; INVESTMENT REVENUE</u></b>                      |       | <b><u>811</u></b>   | <b><u>876</u></b> |
| <b>Interest Revenue is attributable to:</b>                                |       |                     |                   |
| <b>Unrestricted Investments/Financial Assets:</b>                          |       |                     |                   |
| Overdue Rates & Annual Charges (General Fund)                              |       | 87                  | 115               |
| General Council Cash & Investments   |       | 633                 | 642               |
| <b>Restricted Investments/Funds - External:</b>                            |       |                     |                   |
| Development Contributions  |       |                     |                   |
| - Section 94   |       | 16                  | 20                |
| - Section 64   |       | 23                  | 26                |
| Water Fund Operations  |       | 27                  | 37                |
| Sewerage Fund Operations   |       | 16                  | 22                |
| Domestic Waste Management operations                                       |       | 9                   | 14                |
| <b><u>Total Interest &amp; Investment Revenue Recognised</u></b>           |       | <b><u>811</u></b>   | <b><u>876</u></b> |
| <b>(d) Other Revenues</b>  |       |                     |                   |
| Rental Income - Other Council Properties                                   |       | 196                 | 218               |
| Fines  |       | 293                 | 76                |
| Legal Fees Recovery - Rates & Charges (Extra Charges)                      |       | 17                  | 44                |
| Legal Fees Recovery - Other  |       | 150                 | -                 |
| Cultural and Community Activities  |       | 173                 | 101               |
| Diesel Rebate  |       | 75                  | 57                |
| Insurance Rebate   |       | 68                  | 68                |
| Lease Back Contributions   |       | 76                  | 68                |
| Recycling Income (non domestic)  |       | 246                 | 276               |
| Other  |       | 35                  | 76                |
| <b><u>TOTAL OTHER REVENUE</u></b>  |       | <b><u>1,329</u></b> | <b><u>984</u></b> |

## Cowra Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

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

| \$ '000   | 2015<br>Operating | 2014<br>Operating | 2015<br>Capital | 2014<br>Capital |
|---|-------------------|-------------------|-----------------|-----------------|
| <b>(e) Grants</b>                               |                   |                   |                 |                 |
| <b>General Purpose (Untied)</b>                 |                   |                   |                 |                 |
| Financial Assistance - General Component        | 1 2,889           | 1,426             | -               | -               |
| Financial Assistance - Local Roads Component    | 1 1,363           | 670               | -               | -               |
| Pensioners' Rates Subsidies - General Component | 111               | 107               | -               | -               |
| <b>Total General Purpose</b>                    | <b>4,363</b>      | <b>2,203</b>      | <b>-</b>        | <b>-</b>        |

<sup>1</sup> The Financial Assistance Grant for the comparative 13/14 year reflects a one off timing difference (reduction). This grant ceased being paid in advance in the 13/14 year by up to 50% as had occurred in previous years.

**Specific Purpose**

## Pensioners' Rates Subsidies:

|   |              |              |            |            |
|---|--------------|--------------|------------|------------|
| - Water                                   | 67           | 65           | -          | -          |
| - Sewerage                                | 45           | 43           | -          | -          |
| - Domestic Waste Management               | 88           | 85           | -          | -          |
| Water Supplies                            | -            | -            | 201        | 83         |
| Sewerage Services                         | -            | -            | -          | 16         |
| Community Care                            | 27           | 2            | -          | -          |
| Employment & Training Programs            | 34           | 11           | -          | -          |
| Environmental Protection                  | 93           | 124          | 67         | -          |
| Heritage & Cultural                       | 5            | 26           | -          | 42         |
| Library                                   | 45           | 61           | -          | -          |
| LIRS Subsidy                              | 85           | -            | -          | -          |
| NSW Rural Fire Services                   | 59           | 58           | 25         | 114        |
| Recreation & Culture                      | 41           | -            | 51         | 8          |
| Street Lighting                           | 66           | 66           | -          | -          |
| Transport (Roads to Recovery)             | 893          | 1,377        | -          | -          |
| Transport (Other Roads & Bridges Funding) | -            | -            | 54         | -          |
| Other                                     | 2            | -            | -          | -          |
| <b>Total Specific Purpose</b>             | <b>1,550</b> | <b>1,918</b> | <b>398</b> | <b>263</b> |
| <b>Total Grants</b>                       | <b>5,913</b> | <b>4,121</b> | <b>398</b> | <b>263</b> |

**Grant Revenue is attributable to:**

|                        |              |              |            |            |
|------------------------|--------------|--------------|------------|------------|
| - Commonwealth Funding | 5,145        | 3,473        | -          | -          |
| - State Funding        | 768          | 648          | 398        | 247        |
| - Other Funding        | -            | -            | -          | 16         |
|                        | <b>5,913</b> | <b>4,121</b> | <b>398</b> | <b>263</b> |

## Cowra Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

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

| \$ '000  | 2015<br>Operating | 2014<br>Operating | 2015<br>Capital | 2014<br>Capital |
|--|-------------------|-------------------|-----------------|-----------------|
| <b>(f) Contributions</b>                               |                   |                   |                 |                 |
| <b>Developer Contributions:</b>                        |                   |                   |                 |                 |
| <b>(s93 &amp; s94 - EP&amp;A Act, s64 of the LGA):</b> |                   |                   |                 |                 |
| S 94 - Contributions towards amenities/services        | -                 | -                 | 1               | 52              |
| S 94A - Fixed Development Consent Levies               | -                 | -                 | 64              | 15              |
| S 64 - Water Supply Contributions                      | -                 | -                 | -               | 4               |
| S 64 - Sewerage Service Contributions                  | -                 | -                 | -               | 5               |
| <b>Total Developer Contributions</b>                   | <b>17</b>         | <b>-</b>          | <b>65</b>       | <b>76</b>       |
| <b>Other Contributions:</b>                            |                   |                   |                 |                 |
| Heritage/Cultural                                      | 17                | 17                | -               | -               |
| Roads & Bridges  | -                 | -                 | 16              | 371             |
| RMS Contributions (Regional Roads, Block Grant)        | 493               | 486               | -               | -               |
| Water Supplies (excl. Section 64 contributions)        | -                 | -                 | 9               | -               |
| Other  | -                 | -                 | -               | 2               |
| <b>Total Other Contributions</b>                       | <b>510</b>        | <b>503</b>        | <b>25</b>       | <b>373</b>      |
| <b>Total Contributions</b>                             | <b>510</b>        | <b>503</b>        | <b>90</b>       | <b>449</b>      |
| <b>TOTAL GRANTS &amp; CONTRIBUTIONS</b>                | <b>6,423</b>      | <b>4,624</b>      | <b>488</b>      | <b>712</b>      |

| \$ '000  | Actual<br>2015 | Actual<br>2014 |
|--|----------------|----------------|
| <b>(g) Restrictions relating to Grants and Contributions</b>   |                |                |
| <b>Certain grants &amp; contributions are obtained by Council on condition that they be spent in a specified manner:</b> |                |                |
| Unexpended at the Close of the Previous Reporting Period   | 2,706          | 2,722          |
| add: Grants & contributions recognised in the current period but not yet spent:  | 337            | 499            |
| less: Grants & contributions recognised in a previous reporting period now spent:  | (545)          | (515)          |
| <b>Net Increase (Decrease) in Restricted Assets during the Period</b>  | <b>(208)</b>   | <b>(16)</b>    |
| <b>Unexpended and held as Restricted Assets</b>  | <b>2,498</b>   | <b>2,706</b>   |
| <b>Comprising:</b>   |                |                |
| - Specific Purpose Unexpended Grants   | 668            | 998            |
| - Developer Contributions  | 1,725          | 1,708          |
| - Other Contributions  | 105            | -              |
|  | <b>2,498</b>   | <b>2,706</b>   |

## Cowra Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 4. Expenses from Continuing Operations

| \$ '000   | Notes | Actual<br>2015 | Actual<br>2014 |
|---|-------|----------------|----------------|
| <b>(a) Employee Benefits &amp; On-Costs</b>                               |       |                |                |
| Salaries and Wages  |       | 9,920          | 9,165          |
| Travelling  |       | 41             | 78             |
| Employee Leave Entitlements (ELE)   |       | 1,478          | 1,514          |
| Superannuation - Defined Contribution Plans                               |       | 837            | 781            |
| Superannuation - Defined Benefit Plans                                    |       | 305            | 307            |
| Workers' Compensation Insurance   |       | 292            | 181            |
| Fringe Benefit Tax (FBT)  |       | 53             | 48             |
| Training Costs (other than Salaries & Wages)                              |       | 144            | 247            |
| <b>Total Employee Costs</b>   |       | <b>13,070</b>  | <b>12,321</b>  |
| less: Capitalised Costs   |       | (709)          | (956)          |
| <b>TOTAL EMPLOYEE COSTS EXPENSED</b>                                      |       | <b>12,361</b>  | <b>11,365</b>  |
| Number of "Equivalent Full Time" Employees at year end                    |       | 167            | 167            |
| Number of "Equivalent Full Time" Employees at year end (incl. vacancies)  |       | 173            | 173            |
| <b>(b) Borrowing Costs</b>  |       |                |                |
| <b>(i) Interest Bearing Liability Costs</b>                               |       |                |                |
| Interest on Loans   |       | 1,416          | 1,274          |
| <b>Total Interest Bearing Liability Costs Expensed</b>                    |       | <b>1,416</b>   | <b>1,274</b>   |
| <b>(ii) Other Borrowing Costs</b>   |       |                |                |
| Discount adjustments relating to movements in Provisions (other than ELE) |       |                |                |
| - Remediation Liabilities   | 26    | 18             | 17             |
| <b>Total Other Borrowing Costs</b>  |       | <b>18</b>      | <b>17</b>      |
| <b>TOTAL BORROWING COSTS EXPENSED</b>                                     |       | <b>1,434</b>   | <b>1,291</b>   |
| <b>(c) Materials &amp; Contracts</b>                                      |       |                |                |
| Raw Materials & Consumables   |       | 6,707          | 5,608          |
| Contractor & Consultancy Costs  |       | 1,541          | 1,189          |
| Auditors Remuneration <sup>(1)</sup>                                      |       | 36             | 36             |
| Legal Expenses:   |       |                |                |
| - Legal Expenses: Planning & Development                                  |       | 118            | 132            |
| - Legal Expenses: Other   |       | 78             | 58             |
| Operating Leases:   |       |                |                |
| - Operating Lease Rentals: Minimum Lease Payment <sup>(2)</sup>           |       | 115            | 130            |
| <b>TOTAL MATERIALS &amp; CONTRACTS</b>                                    |       | <b>8,595</b>   | <b>7,153</b>   |

## Cowra Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

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

| \$ '000   | Notes | Actual<br>2015 | Actual<br>2014 |
|---|-------|----------------|----------------|
| <b>(c) Materials &amp; Contracts (continued)</b>  |       |                |                |
| <b>1. Auditor Remuneration</b>  |       |                |                |
| During the year, the following fees were incurred for services provided by the Council's Auditor (& the Auditors of other Consolidated Entities): |       |                |                |
| <b>(i) Audit and Other Assurance Services</b>   |       |                |                |
| - Audit & review of financial statements: Council's Auditor   |       | 33             | 33             |
| - Other audit & assurance services  |       | 3              | 3              |
| <b>Remuneration for audit and other assurance services</b>  |       | <b>36</b>      | <b>36</b>      |
| <b>Total Auditor Remuneration</b>   |       | <b>36</b>      | <b>36</b>      |
| <b>2. Operating Lease Payments are attributable to:</b>   |       |                |                |
| Computers   |       | 115            | 130            |
|   |       | <b>115</b>     | <b>130</b>     |

| \$ '000   | Notes  | Impairment Costs |                | Depreciation/Amortisation |                |
|---|--------|------------------|----------------|---------------------------|----------------|
|   |        | Actual<br>2015   | Actual<br>2014 | Actual<br>2015            | Actual<br>2014 |
| Plant and Equipment                                       |        | -                | -              | 1,014                     | 1,112          |
| Office Equipment  |        | -                | -              | 3                         | 4              |
| Furniture & Fittings                                      |        | -                | -              | 36                        | 35             |
| Buildings - Specialised                                   |        | -                | -              | 479                       | 478            |
| Infrastructure:   |        |                  |                |                           |                |
| - Roads   |        | -                | -              | 1,233                     | 2,281          |
| - Bridges   |        | -                | -              | 160                       | 171            |
| - Footpaths   |        | -                | -              | 58                        | 121            |
| - Stormwater Drainage                                     |        | -                | -              | 252                       | 355            |
| - Water Supply Network                                    |        | -                | -              | 1,645                     | 1,545          |
| - Sewerage Network  |        | -                | -              | 541                       | 517            |
| - Swimming Pools  |        | -                | -              | 47                        | 46             |
| - Other Open Space/Recreational Assets                    |        | -                | -              | 146                       | 146            |
| Other Assets  |        |                  |                |                           |                |
| - Other   |        | -                | -              | 267                       | 259            |
| Asset Reinstatement Costs                                 | 9 & 26 | -                | -              | 5                         | 6              |
| <b>TOTAL DEPRECIATION &amp; IMPAIRMENT COSTS EXPENSED</b> |        | <b>-</b>         | <b>-</b>       | <b>5,886</b>              | <b>7,076</b>   |

## Cowra Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

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

| \$ '000  | Notes | Actual<br>2015      | Actual<br>2014      |
|--|-------|---------------------|---------------------|
| <b>(e) Other Expenses</b>  |       |                     |                     |
| Other Expenses for the year include the following:                 |       |                     |                     |
| Advertising  |       | 109                 | 117                 |
| Bad & Doubtful Debts   |       | 19                  | 10                  |
| Bank Charges   |       | 71                  | 1                   |
| Contributions/Levies to Other Levels of Government                 |       | 898                 | 845                 |
| Councillor Expenses - Mayoral Fee                                  |       | 23                  | 23                  |
| Councillor Expenses - Councillors' Fees                            |       | 97                  | 94                  |
| Councillors' Expenses (incl. Mayor) - Other (excluding fees above) |       | 40                  | 38                  |
| Electricity & Heating  |       | 922                 | 975                 |
| Insurance  |       | 490                 | 450                 |
| Street Lighting  |       | 276                 | 263                 |
| Telephone & Communications   |       | 156                 | 149                 |
| Valuation Fees   |       | 30                  | -                   |
| <b><u>TOTAL OTHER EXPENSES</u></b>                                 |       | <b><u>3,131</u></b> | <b><u>2,965</u></b> |

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

|  |  |                   |                   |
|--|--|-------------------|-------------------|
| <b>Property</b> (excl. Investment Property)                          |  |                   |                   |
| Proceeds from Disposal - Property                                    |  | 202               | 110               |
| less: Carrying Amount of Property Assets Sold / Written Off          |  | (192)             | (13)              |
| <b>Net Gain/(Loss) on Disposal</b>                                   |  | <b>10</b>         | <b>97</b>         |
| <b>Plant &amp; Equipment</b>   |  |                   |                   |
| Proceeds from Disposal - Plant & Equipment                           |  | 377               | 460               |
| less: Carrying Amount of P&E Assets Sold / Written Off               |  | (152)             | (328)             |
| <b>Net Gain/(Loss) on Disposal</b>                                   |  | <b>225</b>        | <b>132</b>        |
| <b>Financial Assets*</b>   |  |                   |                   |
| Proceeds from Disposal / Redemptions / Maturities - Financial Assets |  | 2,000             | -                 |
| less: Carrying Amount of Financial Assets Sold / Redeemed / Matured  |  | (2,000)           | -                 |
| <b>Net Gain/(Loss) on Disposal</b>                                   |  | <b>-</b>          | <b>-</b>          |
| <b><u>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</u></b>                  |  | <b><u>235</u></b> | <b><u>229</u></b> |



## Cowra Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

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

| \$ '000  | Notes | 2015<br>Actual<br>Current | 2015<br>Actual<br>Non Current | 2014<br>Actual<br>Current | 2014<br>Actual<br>Non Current |
|--|-------|---------------------------|-------------------------------|---------------------------|-------------------------------|
| <b>Cash &amp; Cash Equivalents (Note 6a)</b>                     |       |                           |                               |                           |                               |
| Cash on Hand and at Bank   |       | 638                       | -                             | 1,169                     | -                             |
| Cash-Equivalent Assets <sup>1</sup>                              |       |                           |                               |                           |                               |
| - Short Term Deposits  |       | 4,000                     | -                             | 13,500                    | -                             |
| <b>Total Cash &amp; Cash Equivalents</b>                         |       | <b>4,638</b>              | <b>-</b>                      | <b>14,669</b>             | <b>-</b>                      |
| <b>Investments (Note 6b)</b>                                     |       |                           |                               |                           |                               |
| - Long Term Deposits   |       | 14,000                    | -                             | 2,000                     | -                             |
| <b>Total Investments</b>   |       | <b>14,000</b>             | <b>-</b>                      | <b>2,000</b>              | <b>-</b>                      |
| <b>TOTAL CASH ASSETS, CASH<br/>EQUIVALENTS &amp; INVESTMENTS</b> |       | <b>18,638</b>             | <b>-</b>                      | <b>16,669</b>             | <b>-</b>                      |

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

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

**Cash & Cash Equivalents**

|  |  |       |   |        |   |
|--|--|-------|---|--------|---|
| a. "At Fair Value through the Profit & Loss" |  | 4,638 | - | 14,669 | - |
|--|--|-------|---|--------|---|

**Investments**

|                          |        |        |   |       |   |
|--------------------------|--------|--------|---|-------|---|
| b. "Loans & Receivables" | 6(b-i) | 14,000 | - | 2,000 | - |
| Investments              |        | 14,000 | - | 2,000 | - |

**Note 6(b-i)**

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

|                                      |  |               |          |              |          |
|--------------------------------------|--|---------------|----------|--------------|----------|
| Balance at the Beginning of the Year |  | 2,000         | -        | -            | -        |
| Additions                            |  | 14,000        | -        | 2,000        | -        |
| Disposals (sales & redemptions)      |  | (2,000)       | -        | -            | -        |
| <b>Balance at End of Year</b>        |  | <b>14,000</b> | <b>-</b> | <b>2,000</b> | <b>-</b> |

**Comprising:**

|                      |  |               |          |              |          |
|----------------------|--|---------------|----------|--------------|----------|
| - Long Term Deposits |  | 14,000        | -        | 2,000        | -        |
| <b>Total</b>         |  | <b>14,000</b> | <b>-</b> | <b>2,000</b> | <b>-</b> |

Refer to Note 27 - Fair Value Measurement for information regarding the fair value of investments held.

## Cowra Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

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

| \$ '000   | 2015              | 2015                  | 2014              | 2014                  |
|---|-------------------|-----------------------|-------------------|-----------------------|
|   | Actual<br>Current | Actual<br>Non Current | Actual<br>Current | Actual<br>Non Current |
| <b>Total Cash, Cash Equivalents<br/>and Investments</b> | <b>18,638</b>     | <b>-</b>              | <b>16,669</b>     | <b>-</b>              |
| <b>attributable to:</b>                                 |                   |                       |                   |                       |
| External Restrictions (refer below)                     | 12,144            | -                     | 12,485            | -                     |
| Internal Restrictions (refer below)                     | 5,581             | -                     | 3,922             | -                     |
| Unrestricted  | 913               | -                     | 262               | -                     |
|   | <b>18,638</b>     | <b>-</b>              | <b>16,669</b>     | <b>-</b>              |

| 2015<br>\$ '000 | Opening<br>Balance | Transfers to<br>Restrictions | Transfers from<br>Restrictions | Closing<br>Balance |
|-----------------|--------------------|------------------------------|--------------------------------|--------------------|
|-----------------|--------------------|------------------------------|--------------------------------|--------------------|

## Details of Restrictions

**External Restrictions - Included in Liabilities**

|  |            |          |              |          |
|--|------------|----------|--------------|----------|
| Specific Purpose Unexpended Loans-Water (A)            | 722        | -        | (722)        | -        |
| <b>External Restrictions - Included in Liabilities</b> | <b>722</b> | <b>-</b> | <b>(722)</b> | <b>-</b> |

**External Restrictions - Other**

|  |               |              |                |               |
|--|---------------|--------------|----------------|---------------|
| Developer Contributions - General (B)    | 553           | 81           | (87)           | 547           |
| Developer Contributions - Water Fund (B) | 588           | 12           | -              | 600           |
| Developer Contributions - Sewer Fund (B) | 567           | 11           | -              | 578           |
| RMS (formerly RTA) Contributions (C)     | -             | 105          | -              | 105           |
| Specific Purpose Unexpended Grants (D)   | 998           | 129          | (459)          | 668           |
| Water Supplies (E)                       | 3,048         | 63           | -              | 3,111         |
| Sewerage Services (E)                    | 5,260         | 121          | -              | 5,381         |
| Domestic Waste Management (E)            | 464           | 495          | -              | 959           |
| Other Capital Contributions              | 285           | 5            | (95)           | 195           |
| <b>External Restrictions - Other</b>     | <b>11,763</b> | <b>1,022</b> | <b>(641)</b>   | <b>12,144</b> |
| <b>Total External Restrictions</b>       | <b>12,485</b> | <b>1,022</b> | <b>(1,363)</b> | <b>12,144</b> |

- A** Loan moneys which must be applied for the purposes for which the loans were raised.
- B** Development contributions which are not yet expended for the provision of services and amenities in accordance with contributions plans (refer Note 17).
- C** RMS Contributions which are not yet expended for the provision of services and amenities in accordance with those contributions.
- D** Grants which are not yet expended for the purposes for which the grants were obtained. (refer Note 1)
- E** 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 2015

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

| 2015<br>\$ '000                    | Opening<br>Balance | Transfers to<br>Restrictions | Transfers from<br>Restrictions | Closing<br>Balance |
|------------------------------------|--------------------|------------------------------|--------------------------------|--------------------|
| <b>Internal Restrictions</b>       |                    |                              |                                |                    |
| Plant & Vehicle Replacement        | 280                | 674                          | (492)                          | 462                |
| Infrastructure Replacement         | 351                | 90                           | -                              | 441                |
| Employees Leave' Entitlement       | 18                 | 198                          | (121)                          | 95                 |
| Carry Over Works                   | 478                | 286                          | (478)                          | 286                |
| Deposits, Retentions & Bonds       | -                  | 285                          | -                              | 285                |
| Aerodrome                          | 38                 | 197                          | -                              | 235                |
| Art Gallery                        | 11                 | 8                            | -                              | 19                 |
| Bad Debts                          | 31                 | 7                            | -                              | 38                 |
| Business Assistance                | 207                | -                            | (35)                           | 172                |
| Caravan Parks                      | 248                | 83                           | (39)                           | 292                |
| Depot Redevelopment                | 200                | -                            | -                              | 200                |
| Election                           | 26                 | 21                           | -                              | 47                 |
| Environmental Projects             | 8                  | -                            | -                              | 8                  |
| Fire Mitigation                    | 13                 | 3                            | -                              | 16                 |
| Gravel Rehabilitation              | 254                | 146                          | (59)                           | 341                |
| IT Equipment                       | 50                 | 10                           | -                              | 60                 |
| Main St Improvements               | 216                | -                            | (124)                          | 92                 |
| POW Maintenance                    | 3                  | -                            | -                              | 3                  |
| Risk Management                    | 173                | 67                           | (44)                           | 196                |
| Warranty                           | 101                | 58                           | (62)                           | 97                 |
| Saleyards                          | 101                | 50                           | (34)                           | 117                |
| Waste                              | 947                | -                            | -                              | 947                |
| Works                              | 32                 | -                            | -                              | 32                 |
| Workers Compensation               | 100                | -                            | -                              | 100                |
| Community Strategic Plan           | 36                 | -                            | -                              | 36                 |
| S611                               | -                  | 964                          | -                              | 964                |
| <b>Total Internal Restrictions</b> | <b>3,922</b>       | <b>3,147</b>                 | <b>(1,488)</b>                 | <b>5,581</b>       |
| <b>TOTAL RESTRICTIONS</b>          | <b>16,407</b>      | <b>4,169</b>                 | <b>(2,851)</b>                 | <b>17,725</b>      |

## Cowra Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 7. Receivables

| \$ '000   | Notes | 2015         |             | 2014         |             |
|---|-------|--------------|-------------|--------------|-------------|
|   |       | Current      | Non Current | Current      | Non Current |
| <b>Purpose</b>                                      |       |              |             |              |             |
| Rates & Annual Charges                              |       | 1,099        | -           | 1,250        | -           |
| User Charges & Fees                                 |       | 2,300        | -           | 1,794        | -           |
| Accrued Revenues                                    |       |              |             |              |             |
| - Interest on Investments                           |       | 72           | -           | 47           | -           |
| - Other Income Accruals                             |       | 337          | -           | 20           | -           |
| Government Grants & Subsidies                       |       | 75           | -           | 331          | -           |
| Deferred Debtors                                    |       | 29           | -           | 36           | -           |
| Net GST Receivable                                  |       | -            | -           | 565          | -           |
| <b>Total</b>  |       | <b>3,912</b> | <b>-</b>    | <b>4,043</b> | <b>-</b>    |
| <b>less: Provision for Impairment</b>               |       |              |             |              |             |
| Rates & Annual Charges                              |       | (13)         | -           | (13)         | -           |
| <b>Total Provision for Impairment - Receivables</b> |       | <b>(13)</b>  | <b>-</b>    | <b>(13)</b>  | <b>-</b>    |
| <b>TOTAL NET RECEIVABLES</b>                        |       | <b>3,899</b> | <b>-</b>    | <b>4,030</b> | <b>-</b>    |
| <b>Externally Restricted Receivables</b>            |       |              |             |              |             |
| <b>Water Supply</b>                                 |       |              |             |              |             |
| - Specific Purpose Grants                           |       | 66           | -           | 63           | -           |
| - Rates & Availability Charges                      |       | 523          | -           | 67           | -           |
| - Other   |       | 1,388        | -           | 1,489        | -           |
| <b>Sewerage Services</b>                            |       |              |             |              |             |
| - Specific Purpose Grants                           |       | 1            | -           | 1            | -           |
| - Rates & Availability Charges                      |       | 279          | -           | 279          | -           |
| - Other   |       | 64           | -           | 122          | -           |
| <b>Domestic Waste Management</b>                    |       | <b>254</b>   | <b>-</b>    | <b>278</b>   | <b>-</b>    |
| <b>Total External Restrictions</b>                  |       | <b>2,575</b> | <b>-</b>    | <b>2,299</b> | <b>-</b>    |
| <b>Internally Restricted Receivables</b>            |       |              |             |              |             |
| Nil   |       |              |             |              |             |
| <b>Unrestricted Receivables</b>                     |       | <b>1,324</b> | <b>-</b>    | <b>1,731</b> | <b>-</b>    |
| <b>TOTAL NET RECEIVABLES</b>                        |       | <b>3,899</b> | <b>-</b>    | <b>4,030</b> | <b>-</b>    |

**Notes on Debtors above:**

- (i) Rates & Annual Charges Outstanding are secured against the property.
- (ii) Doubtful Rates Debtors are provided for where the value of the property is less than the debt outstanding.  
An allowance for other doubtful debts is made when there is objective evidence that a receivable is impaired.
- (iii) Interest was charged on overdue rates & charges at 8.50% (2014 9.00%).  
Generally all other receivables are non interest bearing.
- (iv) Please refer to Note 15 for issues concerning Credit Risk and Fair Value disclosures.

## Cowra Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 8. Inventories &amp; Other Assets

| \$ '000                                     | Notes | 2015         |             | 2014         |             |
|---|-------|--------------|-------------|--------------|-------------|
|   |       | Current      | Non Current | Current      | Non Current |
| <b>Inventories</b>                          |       |              |             |              |             |
| Real Estate for resale (refer below)        |       | 195          | -           | 195          | -           |
| Stores & Materials                          |       | 1,000        | -           | 1,018        | -           |
| <b>Total Inventories</b>                    |       | <b>1,195</b> | <b>-</b>    | <b>1,213</b> | <b>-</b>    |
| <b>Other Assets</b>                         |       |              |             |              |             |
| Prepayments                                 |       | 1            | -           | 1            | -           |
| Shares in Unlisted Companies - StateCover   |       | 174          | -           | 174          | -           |
| <b>Total Other Assets</b>                   |       | <b>175</b>   | <b>-</b>    | <b>175</b>   | <b>-</b>    |
| <b>TOTAL INVENTORIES / OTHER ASSETS</b>     |       | <b>1,370</b> | <b>-</b>    | <b>1,388</b> | <b>-</b>    |
| <b>Externally Restricted Assets</b>         |       |              |             |              |             |
| <b>Water</b>                                |       |              |             |              |             |
| Stores & Materials                          |       | 3            | -           | 4            | -           |
| <b>Total Water</b>                          |       | <b>3</b>     | <b>-</b>    | <b>4</b>     | <b>-</b>    |
| <b>Sewerage</b>                             |       |              |             |              |             |
| Nil   |       |              |             |              |             |
| <b>Domestic Waste Management</b>            |       |              |             |              |             |
| Nil   |       |              |             |              |             |
| <b>Other</b>                                |       |              |             |              |             |
| Nil   |       |              |             |              |             |
| Total Externally Restricted Assets          |       | 3            | -           | 4            | -           |
| Total Internally Restricted Assets          |       | -            | -           | -            | -           |
| Total Unrestricted Assets                   |       | 1,367        | -           | 1,384        | -           |
| <b>TOTAL INVENTORIES &amp; OTHER ASSETS</b> |       | <b>1,370</b> | <b>-</b>    | <b>1,388</b> | <b>-</b>    |

## Cowra Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2015

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

| \$ '000  | 2015       |             | 2014       |             |
|--|------------|-------------|------------|-------------|
|  | Current    | Non Current | Current    | Non Current |
| <b>Other Disclosures</b>                               |            |             |            |             |
| <b>(a) Details for Real Estate Development</b>         |            |             |            |             |
| Residential  | 195        | -           | 195        | -           |
| <b>Total Real Estate for Resale</b>                    | <b>195</b> | <b>-</b>    | <b>195</b> | <b>-</b>    |
| (Valued at the lower of cost and net realisable value) |            |             |            |             |
| <b>Represented by:</b>                                 |            |             |            |             |
| Acquisition Costs                                      | 165        | -           | 165        | -           |
| Development Costs                                      | 30         | -           | 30         | -           |
| <b>Total Costs</b>                                     | <b>195</b> | <b>-</b>    | <b>195</b> | <b>-</b>    |
| <b>Total Real Estate for Resale</b>                    | <b>195</b> | <b>-</b>    | <b>195</b> | <b>-</b>    |
| <b>Movements:</b>                                      |            |             |            |             |
| Real Estate assets at beginning of the year            | 195        | -           | 195        | -           |
| <b>Total Real Estate for Resale</b>                    | <b>195</b> | <b>-</b>    | <b>195</b> | <b>-</b>    |

**(b) Current Assets not anticipated to be settled within the next 12 months**

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

|                        | 2015       | 2014       |
|------------------------|------------|------------|
| Real Estate for Resale | 195        | 195        |
|                        | <b>195</b> | <b>195</b> |

**(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 2015

Note 9a. Infrastructure, Property, Plant & Equipment

| \$ '000  | as at 30/6/2014 |                  |                |            |                   | Asset Movements during the Reporting Period |                              |                         |   |   | as at 30/6/2015 |                  |                |            |                   |                |
|--|-----------------|------------------|----------------|------------|-------------------|---|------------------------------|-------------------------|---|---|-----------------|------------------|----------------|------------|-------------------|----------------|
|  | At<br>Cost      | At<br>Fair Value | Accumulated    |            | Carrying<br>Value | Asset<br>Additions                          | WDV<br>of Asset<br>Disposals | Depreciation<br>Expense | Revaluation<br>Decrements<br>to Equity<br>(ARR) | Revaluation<br>Increments<br>to Equity<br>(ARR) | At<br>Cost      | At<br>Fair Value | Accumulated    |            | Carrying<br>Value |                |
|  |                 |                  | Dep'n          | Impairment |                   |   |                              |                         |   |   |                 |                  | Dep'n          | Impairment |                   |                |
| Capital Work in Progress   | -               | -                | -              | -          | -                 | 805   | -                            | -                       | -   | -   | 805             | -                | -              | -          | -                 | 805            |
| Plant & Equipment  | -               | 21,440           | 16,152         | -          | 5,288             | 901   | (152)                        | (1,014)                 | -   | -   | -               | 21,307           | 16,284         | -          | -                 | 5,023          |
| Office Equipment   | -               | 520              | 482            | -          | 38                | -   | -                            | (3)                     | -   | -   | -               | 520              | 485            | -          | -                 | 35             |
| Furniture & Fittings   | -               | 714              | 590            | -          | 124               | 5   | -                            | (36)                    | -   | -   | -               | 718              | 625            | -          | -                 | 93             |
| <b>Land:</b>   |                 |                  |                |            |                   |   |                              |                         |   |   |                 |                  |                |            |                   |                |
| - Operational Land   | -               | 8,847            | -              | -          | 8,847             | 124   | (192)                        | -                       | -   | -   | -               | 8,779            | -              | -          | -                 | 8,779          |
| - Community Land   | -               | 25,639           | -              | -          | 25,639            | -   | -                            | -                       | -   | -   | -               | 25,639           | -              | -          | -                 | 25,639         |
| Buildings - Specialised  | -               | 33,832           | 12,446         | -          | 21,386            | -   | -                            | (479)                   | -   | -   | -               | 33,832           | 12,925         | -          | -                 | 20,907         |
| <b>Infrastructure:</b>   |                 |                  |                |            |                   |   |                              |                         |   |   |                 |                  |                |            |                   |                |
| - Roads  | -               | 147,147          | 28,784         | -          | 118,363           | 2,799                                       | -                            | (1,233)                 | (7,411)   | -   | -               | 125,999          | 13,481         | -          | -                 | 112,518        |
| - Bridges  | -               | 17,884           | 3,710          | -          | 14,174            | -   | -                            | (160)                   | -   | 9,850   | -               | 25,936           | 2,072          | -          | -                 | 23,864         |
| - Footpaths  | -               | 8,620            | 1,531          | -          | 7,089             | -   | -                            | (58)                    | -   | 97  | -               | 7,909            | 781            | -          | -                 | 7,128          |
| - Bulk Earthworks (non-depreciable)  | -               | 280,625          | -              | -          | 280,625           | -   | -                            | -                       | (21,675)  | -   | -               | 258,950          | -              | -          | -                 | 258,950        |
| - Stormwater Drainage  | -               | 35,625           | 11,048         | -          | 24,577            | 47  | -                            | (252)                   | -   | 3,276   | -               | 31,760           | 4,112          | -          | -                 | 27,648         |
| - Water Supply Network   | -               | 123,145          | 70,921         | -          | 52,224            | 1,531                                       | -                            | (1,645)                 | -   | 759   | -               | 126,523          | 73,654         | -          | -                 | 52,869         |
| - Sewerage Network   | -               | 46,924           | 14,448         | -          | 32,476            | 633   | -                            | (541)                   | -   | 479   | -               | 48,260           | 15,213         | -          | -                 | 33,047         |
| - Swimming Pools   | -               | 2,319            | 994            | -          | 1,325             | -   | -                            | (47)                    | -   | -   | -               | 2,319            | 1,041          | -          | -                 | 1,278          |
| - Other Open Space/Recreational Assets   | -               | 4,278            | 1,918          | -          | 2,360             | 53  | -                            | (146)                   | -   | -   | -               | 4,332            | 2,065          | -          | -                 | 2,267          |
| <b>Other Assets:</b>   |                 |                  |                |            |                   |   |                              |                         |   |   |                 |                  |                |            |                   |                |
| - Other  | -               | 11,241           | 3,689          | -          | 7,552             | 47  | -                            | (267)                   | -   | -   | -               | 11,288           | 3,956          | -          | -                 | 7,332          |
| <b>Reinstatement, Rehabilitation &amp; Restoration Assets</b> (refer Note 26): |                 |                  |                |            |                   |   |                              |                         |   |   |                 |                  |                |            |                   |                |
| - Quarry Assets  | -               | 174              | 55             | -          | 119               | -   | -                            | (5)                     | -   | -   | -               | 174              | 60             | -          | -                 | 114            |
| <b>TOTAL INFRASTRUCTURE,<br/>PROPERTY, PLANT &amp; EQUIP.</b>                  | -               | <b>768,974</b>   | <b>166,768</b> | -          | <b>602,206</b>    | <b>6,945</b>                                | <b>(344)</b>                 | <b>(5,886)</b>          | <b>(29,086)</b>                                 | <b>14,461</b>                                   | <b>805</b>      | <b>734,245</b>   | <b>146,754</b> | -          | -                 | <b>588,296</b> |

Additions to Buildings & Infrastructure Assets are made up of Asset Renewals (\$4,320) and New Assets (\$2,625).  
Renewals are defined as the replacement of existing assets (as opposed to the acquisition of new assets).

Refer to Note 27 - Fair Value Measurement for information regarding the fair value of other Infrastructure, Property, Plant & Equipment.

## Cowra Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2015

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

| \$ '000<br>Class of Asset          | Actual<br>2015 |                  |                      |                   | Actual<br>2014 |                  |                      |                   |
|------------------------------------|----------------|------------------|----------------------|-------------------|----------------|------------------|----------------------|-------------------|
|                                    | At<br>Cost     | At<br>Fair Value | A/Dep &<br>Impairm't | Carrying<br>Value | At<br>Cost     | At<br>Fair Value | A/Dep &<br>Impairm't | Carrying<br>Value |
| <b>Water Supply</b>                |                |                  |                      |                   |                |                  |                      |                   |
| WIP                                | 59             | -                | -                    | 59                | -              | -                | -                    | -                 |
| Plant & Equipment                  | -              | 769              | 469                  | 300               | -              | 679              | 428                  | 251               |
| Office Equipment                   | -              | 3                | 3                    | -                 | -              | 3                | 3                    | -                 |
| Land                               |                |                  |                      |                   |                |                  |                      |                   |
| - Operational Land                 | -              | 927              | -                    | 927               | -              | 927              | -                    | 927               |
| Buildings                          | -              | 2,473            | 1,292                | 1,181             | -              | 2,473            | 1,255                | 1,218             |
| Infrastructure                     | -              | 126,523          | 73,654               | 52,869            | -              | 123,145          | 70,921               | 52,224            |
| <b>Total Water Supply</b>          | <b>59</b>      | <b>130,695</b>   | <b>75,418</b>        | <b>55,336</b>     | <b>-</b>       | <b>127,227</b>   | <b>72,607</b>        | <b>54,620</b>     |
| <b>Sewerage Services</b>           |                |                  |                      |                   |                |                  |                      |                   |
| WIP                                | -              | 147              | -                    | 147               | -              | -                | -                    | -                 |
| Plant & Equipment                  | -              | 72               | 33                   | 39                | -              | 44               | 34                   | 10                |
| Land                               |                |                  |                      |                   |                |                  |                      |                   |
| - Operational Land                 | -              | 2,013            | -                    | 2,013             | -              | 2,013            | -                    | 2,013             |
| Buildings                          | -              | 941              | 432                  | 509               | -              | 941              | 417                  | 524               |
| Infrastructure                     | -              | 48,260           | 15,213               | 33,047            | -              | 46,924           | 14,448               | 32,476            |
| <b>Total Sewerage Services</b>     | <b>-</b>       | <b>51,433</b>    | <b>15,678</b>        | <b>35,755</b>     | <b>-</b>       | <b>49,922</b>    | <b>14,899</b>        | <b>35,023</b>     |
| <b>Domestic Waste Management</b>   |                |                  |                      |                   |                |                  |                      |                   |
| Plant & Equipment                  | -              | 2,738            | 1,814                | 924               | -              | 2,759            | 1,681                | 1,078             |
| Land                               |                |                  |                      |                   |                |                  |                      |                   |
| - Operational Land                 | -              | 312              | -                    | 312               | -              | 312              | -                    | 312               |
| Buildings                          | -              | 866              | 381                  | 485               | -              | 866              | 368                  | 498               |
| Other Assets                       | -              | 878              | 339                  | 539               | -              | 871              | 288                  | 583               |
| <b>Total DWM</b>                   | <b>-</b>       | <b>4,794</b>     | <b>2,534</b>         | <b>2,260</b>      | <b>-</b>       | <b>4,808</b>     | <b>2,337</b>         | <b>2,471</b>      |
| <b>TOTAL RESTRICTED I,PP&amp;E</b> | <b>59</b>      | <b>186,922</b>   | <b>93,630</b>        | <b>93,351</b>     | <b>-</b>       | <b>181,957</b>   | <b>89,843</b>        | <b>92,114</b>     |

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

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



## Cowra Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

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

| \$ '000  | Notes | 2015         |               | 2014         |               |
|--|-------|--------------|---------------|--------------|---------------|
|  |       | Current      | Non Current   | Current      | Non Current   |
| <b>Payables</b>  |       |              |               |              |               |
| Goods & Services - operating expenditure                   |       | 1,170        | -             | 1,092        | -             |
| - Other Expenditure Accruals                               |       | 448          | -             | 242          | -             |
| Security Bonds, Deposits & Retentions                      |       | 569          | -             | 846          | -             |
| ATO - Net GST Payable                                      |       | 322          | -             | -            | -             |
| <b>Total Payables</b>                                      |       | <b>2,509</b> | <b>-</b>      | <b>2,180</b> | <b>-</b>      |
| <b>Borrowings</b>  |       |              |               |              |               |
| Loans - Secured <sup>1</sup>                               |       | 1,007        | 18,274        | 1,061        | 19,281        |
| <b>Total Borrowings</b>                                    |       | <b>1,007</b> | <b>18,274</b> | <b>1,061</b> | <b>19,281</b> |
| <b>Provisions</b>  |       |              |               |              |               |
| <b>Employee Benefits:</b>                                  |       |              |               |              |               |
| Annual Leave   |       | 1,412        | -             | 1,367        | -             |
| Long Service Leave   |       | 2,100        | 180           | 2,143        | 238           |
| Sub Total - Aggregate Employee Benefits                    |       | 3,512        | 180           | 3,510        | 238           |
| Asset Remediation/Restoration (Future Works) <sup>26</sup> |       | -            | 326           | -            | 308           |
| <b>Total Provisions</b>                                    |       | <b>3,512</b> | <b>506</b>    | <b>3,510</b> | <b>546</b>    |
| <b>Total Payables, Borrowings &amp; Provisions</b>         |       | <b>7,028</b> | <b>18,780</b> | <b>6,751</b> | <b>19,827</b> |
| <b>(i) Liabilities relating to Restricted Assets</b>       |       |              |               |              |               |
|  |       | 2015         |               | 2014         |               |
|  |       | Current      | Non Current   | Current      | Non Current   |
| <b>Externally Restricted Assets</b>                        |       |              |               |              |               |
| Water  |       | 705          | 7,307         | 626          | 7,747         |
| Sewer  |       | 301          | 6,824         | 314          | 6,948         |
| Domestic Waste Management                                  |       | 34           | 395           | 262          | 574           |
| Liabilities relating to externally restricted assets       |       | 1,040        | 14,526        | 1,202        | 15,269        |
| <b>Internally Restricted Assets</b>                        |       |              |               |              |               |
| Nil  |       |              |               |              |               |
| <b>Total Liabilities relating to restricted assets</b>     |       | <b>1,040</b> | <b>14,526</b> | <b>1,202</b> | <b>15,269</b> |
| <b>Total Liabilities relating to Unrestricted Assets</b>   |       | <b>5,988</b> | <b>4,254</b>  | <b>5,549</b> | <b>4,558</b>  |
| <b>TOTAL PAYABLES, BORROWINGS &amp; PROVISIONS</b>         |       | <b>7,028</b> | <b>18,780</b> | <b>6,751</b> | <b>19,827</b> |

<sup>1</sup>. Loans are secured over the General Rating Income of Council.

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

## Cowra Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

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

| \$ '000 | Actual<br>2015 | Actual<br>2014 |
|---------|----------------|----------------|
|---------|----------------|----------------|

**(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                  | 2,600        | 2,700        |
| Payables - Security Bonds, Deposits & Retentions | 400          | 500          |
|  | <u>3,000</u> | <u>3,200</u> |

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

| Class of Provision | 2014                         |                       | 2015                     |  |                         |                               |
|--------------------|------------------------------|-----------------------|--------------------------|--|-------------------------|-------------------------------|
|                    | Opening Balance as at 1/7/14 | Additional Provisions | Decrease due to Payments | Remeasurement effects due to Discounting | Unused amounts reversed | Closing Balance as at 30/6/15 |
| Annual Leave       | 1,367                        | 770                   | (725)                    | -  | -                       | 1,412                         |
| Long Service Leave | 2,381                        | 33                    | (134)                    | -  | -                       | 2,280                         |
| Asset Remediation  | 308                          | 18                    | -                        | -  | -                       | 326                           |
| <b>TOTAL</b>       | <b>4,056</b>                 | <b>821</b>            | <b>(859)</b>             | <b>-</b>                                 | <b>-</b>                | <b>4,018</b>                  |

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

## Cowra Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

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

| \$ '000   | Notes | Actual<br>2015 | Actual<br>2014 |
|---|-------|----------------|----------------|
| <b>(a) Reconciliation of Cash Assets</b>  |       |                |                |
| Total Cash & Cash Equivalent Assets   | 6a    | 4,638          | 14,669         |
| Less Bank Overdraft   | 10    | -              | -              |
| <b>BALANCE as per the STATEMENT of CASH FLOWS</b>   |       | <b>4,638</b>   | <b>14,669</b>  |
| <b>(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities</b>      |       |                |                |
| <b>Net Operating Result from Income Statement</b>   |       | <b>3,305</b>   | <b>(1,281)</b> |
| <b>Adjust for non cash items:</b>   |       |                |                |
| Depreciation & Amortisation   |       | 5,886          | 7,076          |
| Net Losses/(Gains) on Disposal of Assets  |       | (235)          | (229)          |
| Non Cash Capital Grants and Contributions   |       | (25)           | -              |
| Amortisation of Premiums, Discounts & Prior Period Fair Valuations                                |       |                |                |
| - Interest on all fair value adjusted Interest Free Advances made by Council                      |       | (27)           | (24)           |
| Unwinding of Discount Rates on Reinstatement Provisions   |       | 18             | 17             |
| <b>+/- Movement in Operating Assets and Liabilities and Other Cash Items:</b>                     |       |                |                |
| Decrease/(Increase) in Receivables  |       | 124            | 1,196          |
| Decrease/(Increase) in Inventories  |       | 18             | 19             |
| Increase/(Decrease) in Payables   |       | 78             | (451)          |
| Increase/(Decrease) in other accrued Expenses Payable   |       | 206            | (9)            |
| Increase/(Decrease) in Other Liabilities  |       | 45             | 221            |
| Increase/(Decrease) in Employee Leave Entitlements  |       | (56)           | 25             |
| <b>NET CASH PROVIDED FROM/(USED IN)<br/>OPERATING ACTIVITIES from the STATEMENT of CASH FLOWS</b> |       | <b>9,337</b>   | <b>6,560</b>   |
| <b>(c) Non-Cash Investing &amp; Financing Activities</b>  |       |                |                |
| Bushfire Grants   |       | 25             | -              |
| <b>Total Non-Cash Investing &amp; Financing Activities</b>  |       | <b>25</b>      | <b>-</b>       |
| <b>(d) Financing Arrangements</b>   |       |                |                |
| <b>(i) Unrestricted access was available at balance date to the following lines of credit:</b>    |       |                |                |
| Bank Overdraft Facilities <sup>(1)</sup>  |       | 900            | 900            |
| Credit Cards / Purchase Cards   |       | 45             | 29             |
| <b>Total Financing Arrangements</b>   |       | <b>945</b>     | <b>929</b>     |
| <b>Amounts utilised as at Balance Date:</b>   |       |                |                |
| - Credit Cards / Purchase Cards   |       | 8              | 6              |
| <b>Total Financing Arrangements Utilised</b>  |       | <b>8</b>       | <b>6</b>       |

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

**(ii) Secured Loan Liabilities**

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

## Cowra Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 12. Commitments for Expenditure

| \$ '000  | Notes | Actual<br>2015 | Actual<br>2014 |
|--|-------|----------------|----------------|
| <b>(a) Capital Commitments (exclusive of GST)</b>  |       |                |                |
| Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities: |       |                |                |
| <b>Property, Plant &amp; Equipment</b>   |       |                |                |
| Darbys Falls Water Filtration Plant  |       | -              | 263            |
| Cowra Water Treatment Plant Automation   |       | -              | 404            |
| <b>Total Commitments</b>   |       | <b>-</b>       | <b>667</b>     |
| <b>These expenditures are payable as follows:</b>  |       |                |                |
| Within the next year   |       | -              | 667            |
| <b>Total Payable</b>   |       | <b>-</b>       | <b>667</b>     |
| <b>Sources for Funding of Capital Commitments:</b>   |       |                |                |
| Unrestricted General Funds   |       | -              | 130            |
| Unexpended Loans   |       | -              | 537            |
| <b>Total Sources of Funding</b>  |       | <b>-</b>       | <b>667</b>     |

#### (b) Finance Lease Commitments

Nil

#### (c) Operating Lease Commitments (Non Cancellable)

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

|  |            |            |
|--|------------|------------|
| Within the next year                                     | 139        | 139        |
| Later than one year and not later than 5 years           | 50         | 176        |
| <b>Total Non Cancellable Operating Lease Commitments</b> | <b>189</b> | <b>315</b> |

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

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

##### Conditions relating to Operating Leases:

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

## Cowra Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

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

| \$ '000   | Amounts<br>2015 | Indicator<br>2015 | Prior Periods<br>2014    2013 |        |
|---|-----------------|-------------------|-------------------------------|--------|
| <b>Local Government Industry Indicators - Consolidated</b>  |                 |                   |                               |        |
| <b>1. Operating Performance Ratio</b>   |                 |                   |                               |        |
| Total continuing operating revenue <sup>(1)</sup>   |                 |                   |                               |        |
| (excl. Capital Grants & Contributions) - Operating Expenses   | <u>2,582</u>    | <b>7.60%</b>      | -8.04%                        | -6.27% |
| Total continuing operating revenue <sup>(1)</sup><br>(excl. Capital Grants & Contributions)   | <u>33,989</u>   |                   |                               |        |
| <b>2. Own Source Operating Revenue Ratio</b>  |                 |                   |                               |        |
| Total continuing operating revenue <sup>(1)</sup>   |                 |                   |                               |        |
| (excl. ALL Grants & Contributions)  | <u>27,566</u>   | <b>79.95%</b>     | 81.17%                        | 77.32% |
| Total continuing operating revenue <sup>(1)</sup>   | <u>34,477</u>   |                   |                               |        |
| <b>3. Unrestricted Current Ratio</b>  |                 |                   |                               |        |
| Current Assets less all External Restrictions <sup>(2)</sup>  | <u>8,990</u>    | <b>3.01x</b>      | 3.02                          | 3.27   |
| Current Liabilities less Specific Purpose Liabilities <sup>(3, 4)</sup>   | <u>2,988</u>    |                   |                               |        |
| <b>4. Debt Service Cover Ratio</b>  |                 |                   |                               |        |
| Operating Result <sup>(1)</sup> before capital excluding interest<br>and depreciation / impairment / amortisation   | <u>9,902</u>    | <b>3.97x</b>      | 2.38                          | 1.31   |
| Principal Repayments (from the Statement of Cash Flows)<br>+ Borrowing Costs (from the Income Statement)  | <u>2,495</u>    |                   |                               |        |
| <b>5(a). Rates, Annual Charges, Interest &amp; Extra Charges Outstanding Percentage</b>   |                 |                   |                               |        |
| Rates, Annual and Extra Charges Outstanding   | <u>1,086</u>    | <b>8.30%</b>      | 9.67%                         | 14.15% |
| Rates, Annual and Extra Charges Collectible   | <u>13,090</u>   |                   |                               |        |
| <b>5(b). Rates, Annual Charges, Interest &amp; Extra Charges Outstanding Percentage*</b>  |                 |                   |                               |        |
| Rates, Annual and Extra Charges Outstanding   | <u>652</u>      | <b>5.58%</b>      | 7.07%                         | 10.27% |
| Rates, Annual and Extra Charges Collectible   | <u>11,691</u>   |                   |                               |        |
| * This calculation excludes items for which the charge has been raised just prior to the year end, and as of 30th June the bill has not yet been received by the customer and so the amount is therefore not collectible. |                 |                   |                               |        |
| <b>6. Cash Expense Cover Ratio</b>  |                 |                   |                               |        |
| Current Year's Cash and Cash Equivalents<br>+ All Term Deposits   | <u>18,638</u>   | <b>8.01 mths</b>  | 7.62                          | 6.08   |
| Payments from cash flow of operating and<br>financing activities  | <u>2,326</u>    |                   |                               |        |

## Notes

<sup>(1)</sup> Excludes fair value adjustments and reversal of revaluation decrements, net gain/(loss) on sale of assets and the net share of interests in joint ventures & associates.

<sup>(2)</sup> Refer Notes 6-8 inclusive.

Also excludes any real estate & land for resale not expected to be sold in the next 12 months.

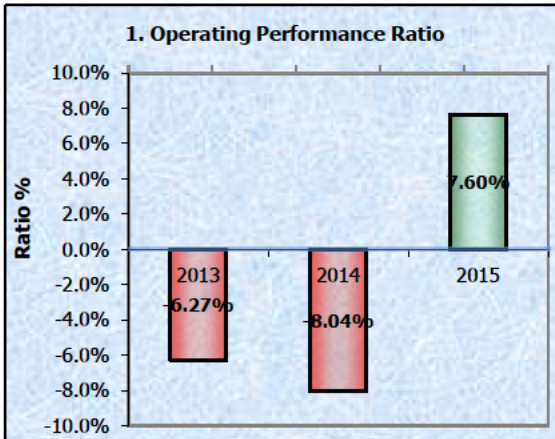
<sup>(3)</sup> Refer to Note 10(a).

<sup>(4)</sup> Refer to Note 10(a)(ii) - excludes all payables & provisions not expected to be paid in the next 12 months (incl. ELE).

Cowra Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2015

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



**Purpose of Operating Performance Ratio**

This ratio measures Council's achievement of containing operating expenditure within operating revenue.

**Commentary on 2014/15 Result**

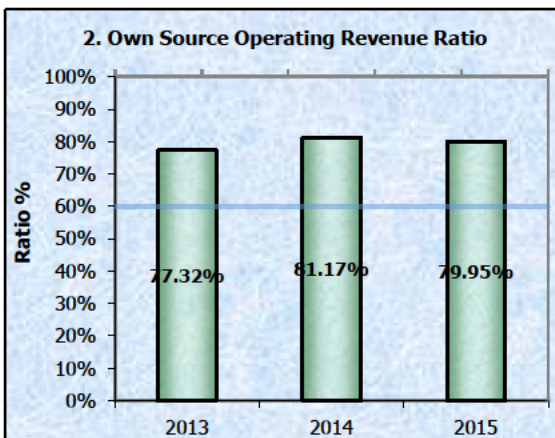
**2014/15 Ratio 7.60%**

Council has significantly improved its Operating Performance Ratio. This is principally due to the Financial Assistance Grant payments returning to the correct cycle and significant additional revenue from fees and charges.

Benchmark: — Minimum >=0.00%

Source for Benchmark: Code of Accounting Practice and Financial Reporting #23

Ratio is within Benchmark  
 Ratio is outside Benchmark



**Purpose of Own Source Operating Revenue Ratio**

This ratio measures fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants & contributions.

**Commentary on 2014/15 Result**

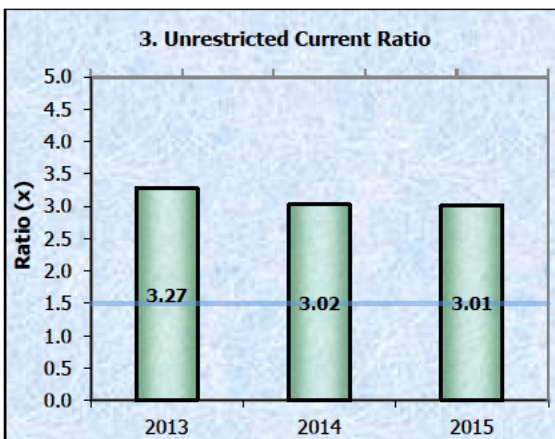
**2014/15 Ratio 79.95%**

Council has a very strong Own Source Revenue Ratio which is well above the industry benchmark of 60%.

Benchmark: — Minimum >=60.00%

Source for Benchmark: Code of Accounting Practice and Financial Reporting #23

Ratio is within Benchmark  
 Ratio is outside Benchmark



**Purpose of Unrestricted Current Ratio**

To assess the adequacy of working capital and its ability to satisfy obligations in the short term for the unrestricted activities of Council.

**Commentary on 2014/15 Result**

**2014/15 Ratio 3.01x**

The Unrestricted Current Ratio of 3.01 is again well above the benchmark.

Benchmark: — Minimum >=1.50

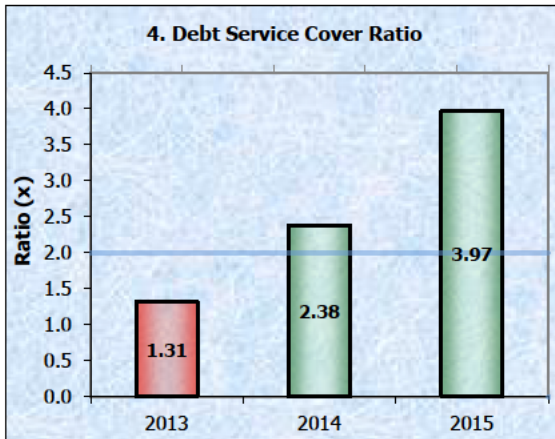
Source for Benchmark: Code of Accounting Practice and Financial Reporting #23

Ratio is within Benchmark  
 Ratio is outside Benchmark

Cowra Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2015

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



**Purpose of Debt Service Cover Ratio**

This ratio measures the availability of operating cash to service debt including interest, principal and lease payments

**Commentary on 2014/15 Result**

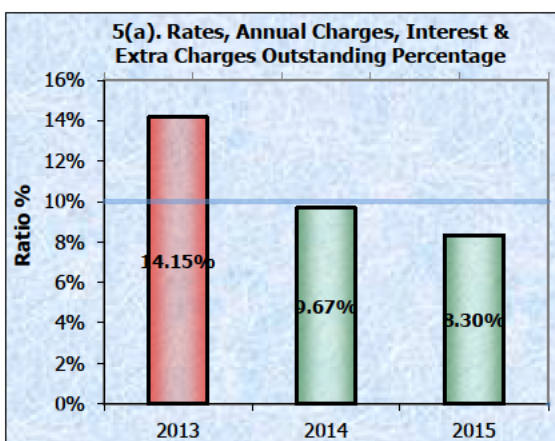
**2014/15 Ratio 3.97x**

Council's Debt Service Cover Ratio shows that there is more than adequate cash to service debt.

Benchmark: — Minimum >=2.00

Source for Benchmark: Code of Accounting Practice and Financial Reporting #23

Ratio is within Benchmark  
 Ratio is outside Benchmark



**Purpose of Rates & Annual Charges Outstanding Ratio**

To assess the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of recovery efforts.

**Commentary on 2014/15 Result**

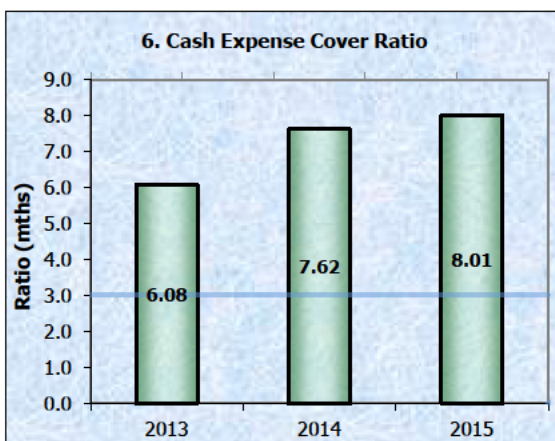
**2014/15 Ratio 8.30%**

Council's outstanding rates and charges have significantly reduced again in 2015 and is now well below the benchmark for rural councils of 10%.

Benchmark: — Maximum <10.00%

Source for Benchmark: Code of Accounting Practice and Financial Reporting #23

Ratio is within Benchmark  
 Ratio is outside Benchmark



**Purpose of Cash Expense Cover Ratio**

This liquidity ratio indicates the number of months a Council can continue paying for its immediate expenses without additional cash inflow.

**Commentary on 2014/15 Result**

**2014/15 Ratio 8.01 mths**

The ratio is well above benchmark of 3 and provides Council with more than adequate cash to meet its normal cash outgoings.

Benchmark: — Minimum >=3.00

Source for Benchmark: Code of Accounting Practice and Financial Reporting #23

Ratio is within Benchmark  
 Ratio is outside Benchmark

## Cowra Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

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

| \$ '000   | Water<br>2015         | Sewer<br>2015 | General <sup>5</sup><br>2015 |
|---|-----------------------|---------------|------------------------------|
| <b>Local Government Industry Indicators - by Fund</b>   |                       |               |                              |
| <b>1. Operating Performance Ratio</b>   |                       |               |                              |
| Total continuing operating revenue <sup>(1)</sup>   |                       |               |                              |
| <u>(excl. Capital Grants &amp; Contributions) - Operating Expenses</u>  | <b>-3.06%</b>         | <b>13.55%</b> | <b>9.83%</b>                 |
| Total continuing operating revenue <sup>(1)</sup>   |                       |               |                              |
| (excl. Capital Grants & Contributions)  | prior period: -20.13% | 13.46%        | -8.06%                       |
| <b>2. Own Source Operating Revenue Ratio</b>  |                       |               |                              |
| Total continuing operating revenue <sup>(1)</sup>   |                       |               |                              |
| <u>(excl. ALL Grants &amp; Contributions)</u>   | <b>94.86%</b>         | <b>98.61%</b> | <b>73.12%</b>                |
| Total continuing operating revenue <sup>(1)</sup>   |                       |               |                              |
|   | prior period: 97.28%  | 97.95%        | 73.92%                       |
| <b>3. Unrestricted Current Ratio</b>  |                       |               |                              |
| <u>Current Assets less all External Restrictions <sup>(2)</sup></u>   | <b>7.22x</b>          | <b>19.02x</b> | <b>3.01x</b>                 |
| Current Liabilities less Specific Purpose Liabilities <sup>(3, 4)</sup>   |                       |               |                              |
|   | prior period: 7.46    | 18.03         | 3.02                         |
| <b>4. Debt Service Cover Ratio</b>  |                       |               |                              |
| <u>Operating Result <sup>(1)</sup> before capital excluding interest<br/>and depreciation / impairment / amortisation</u> | <b>2.29x</b>          | <b>2.25x</b>  | <b>6.89x</b>                 |
| Principal Repayments (from the Statement of Cash Flows)<br>+ Borrowing Costs (from the Income Statement)                  |                       |               |                              |
|   | prior period: 2.16    | 1.14          | 4.41                         |
| <b>5. Rates, Annual Charges, Interest &amp; Extra Charges Outstanding Percentage</b>                                      |                       |               |                              |
| <u>Rates, Annual and Extra Charges Outstanding</u>  | <b>27.75%</b>         | <b>10.72%</b> | <b>3.30%</b>                 |
| Rates, Annual and Extra Charges Collectible   |                       |               |                              |
|   | prior period: 32.76%  | 10.32%        | 5.37%                        |
| <b>6. Cash Expense Cover Ratio</b>  |                       |               |                              |
| Current Year's Cash and Cash Equivalents<br>+ All Term Deposits   | <b>7.84</b>           | <b>30.47</b>  | <b>5.41</b>                  |
| Payments from cash flow of operating and<br>financing activities  | <b>mths</b>           | <b>mths</b>   | <b>mths</b>                  |
|   | prior period: 10.40   | 24.18         | 4.24                         |

## Notes

(1) - (4) Refer to Notes at Note 13a(i) above.

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



## Cowra Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### 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    |               |
|------------------------------------|----------------|---------------|---------------|---------------|
|                                    | 2015           | 2014          | 2015          | 2014          |
| <b>Financial Assets</b>            |                |               |               |               |
| Cash and Cash Equivalents          | 4,638          | 14,669        | 4,638         | 14,669        |
| Investments                        |                |               |               |               |
| - "Loans & Receivables"            | 14,000         | 2,000         | 14,000        | 2,000         |
| Receivables                        | 3,899          | 4,030         | 3,899         | 4,030         |
| Other Financial Assets             | 174            | 174           | 174           | 174           |
| <b>Total Financial Assets</b>      | <b>22,711</b>  | <b>20,873</b> | <b>22,711</b> | <b>20,873</b> |
| <b>Financial Liabilities</b>       |                |               |               |               |
| Payables                           | 2,509          | 2,180         | 2,509         | 2,180         |
| Loans / Advances                   | 19,281         | 20,342        | 19,281        | 20,342        |
| <b>Total Financial Liabilities</b> | <b>21,790</b>  | <b>22,522</b> | <b>21,790</b> | <b>22,522</b> |

Fair Value is determined as follows:

- **Cash & Cash Equivalents, Receivables, Payables** - are estimated to be the carrying value which approximates mkt value.
- **Borrowings & Held to Maturity Investments** - are based upon estimated future cash flows discounted by the current market interest rates applicable to assets & liabilities with similar risk profiles, unless quoted market prices are available.
- Financial Assets classified (i) **"at fair value through profit & loss"** or (ii) **Available for Sale** - are based upon quoted market prices (in active markets for identical investments) at the reporting date or independent valuation.

Refer to Note 27 - Fair Value Measurement for information regarding the fair value of financial assets & liabilities

## Cowra Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### 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's Finance area manages the Cash & Investments portfolio.

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

The risks associated with the investments held are:

- **Price Risk** - the risk that the capital value of Investments may fluctuate due to changes in market prices, whether these changes are caused by factors specific to individual financial instruments or their issuers or are caused by factors affecting similar instruments traded in a market.
- **Interest Rate Risk** - the risk that movements in interest rates could affect returns and income.
- **Credit Risk** - the risk that the investment counterparty will not complete their obligations particular to a financial instrument, resulting in a financial loss to Council - be it of a capital or income nature.

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

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

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

|  | Increase of Values/Rates |        | Decrease of Values/Rates |        |
|--|--------------------------|--------|--------------------------|--------|
|  | Profit                   | Equity | Profit                   | Equity |
| <b>2015</b>  |                          |        |                          |        |
| Possible impact of a 1% movement in Interest Rates | 180                      | 180    | (180)                    | (180)  |
| <b>2014</b>  |                          |        |                          |        |
| Possible impact of a 1% movement in Interest Rates | 160                      | 160    | (160)                    | (160)  |

## Cowra Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## 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. It also encourages ratepayers to pay their rates by the due date through incentives.

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

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

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:

|                                      | 2015<br>Rates &<br>Annual<br>Charges | 2015<br>Other<br>Receivables | 2014<br>Rates &<br>Annual<br>Charges | 2014<br>Other<br>Receivables |
|--------------------------------------|--------------------------------------|------------------------------|--------------------------------------|------------------------------|
| <b>(i) Ageing of Receivables - %</b> |                                      |                              |                                      |                              |
| Current (not yet overdue)            | 49%                                  | 89%                          | 35%                                  | 83%                          |
| Overdue                              | 51%                                  | 11%                          | 65%                                  | 17%                          |
|                                      | <b>100%</b>                          | <b>100%</b>                  | <b>100%</b>                          | <b>100%</b>                  |

|   |                          | 2015<br>Rates &<br>Annual<br>Charges | 2015<br>Other<br>Receivables | 2014<br>Rates &<br>Annual<br>Charges | 2014<br>Other<br>Receivables |
|---|--------------------------|--------------------------------------|------------------------------|--------------------------------------|------------------------------|
| <b>(ii) Ageing of Receivables - value</b> |                          |                                      |                              |                                      |                              |
| <b>Rates &amp; Annual Charges</b>         | <b>Other Receivables</b> |                                      |                              |                                      |                              |
| Current                                   | Current                  | 540                                  | 2,499                        | 431                                  | 2,323                        |
| < 1 year overdue                          | 0 - 30 days overdue      | 87                                   | 102                          | 819                                  | 470                          |
| 1 - 2 years overdue                       | 30 - 60 days overdue     | 161                                  | 75                           | -                                    | -                            |
| 2 - 5 years overdue                       | 60 - 90 days overdue     | 262                                  | 108                          | -                                    | -                            |
| > 5 years overdue                         | > 90 days overdue        | 49                                   | 29                           | -                                    | -                            |
|   |                          | <b>1,099</b>                         | <b>2,813</b>                 | <b>1,250</b>                         | <b>2,793</b>                 |

**(iii) Movement in Provision for Impairment of Receivables**

|                                       | 2015      | 2014      |
|---------------------------------------|-----------|-----------|
| Balance at the beginning of the year  | 13        | 13        |
| <b>Balance at the end of the year</b> | <b>13</b> | <b>13</b> |

## Cowra Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### 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 maturity table below:

| \$ '000                            | Subject to no maturity | payable in:  |              |              |              |              |               | Total Cash Outflows | Actual Carrying Values |
|------------------------------------|------------------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------------|------------------------|
|                                    |                        | ≤ 1 Year     | 1-2 Yrs      | 2-3 Yrs      | 3-4 Yrs      | 4-5 Yrs      | > 5 Yrs       |                     |                        |
| <b>2015</b>                        |                        |              |              |              |              |              |               |                     |                        |
| Trade/Other Payables               | 569                    | 1,940        | -            | -            | -            | -            | -             | 2,509               | 2,509                  |
| Loans & Advances                   | -                      | 2,332        | 2,250        | 2,240        | 2,220        | 2,007        | 24,100        | 35,149              | 19,281                 |
| <b>Total Financial Liabilities</b> | <b>569</b>             | <b>4,272</b> | <b>2,250</b> | <b>2,240</b> | <b>2,220</b> | <b>2,007</b> | <b>24,100</b> | <b>37,658</b>       | <b>21,790</b>          |
| <b>2014</b>                        |                        |              |              |              |              |              |               |                     |                        |
| Trade/Other Payables               | 846                    | 1,334        | -            | -            | -            | -            | -             | 2,180               | 2,180                  |
| Loans & Advances                   | -                      | 2,446        | 2,332        | 2,250        | 2,240        | 2,220        | 26,106        | 37,594              | 20,342                 |
| <b>Total Financial Liabilities</b> | <b>846</b>             | <b>3,780</b> | <b>2,332</b> | <b>2,250</b> | <b>2,240</b> | <b>2,220</b> | <b>26,106</b> | <b>39,774</b>       | <b>22,522</b>          |

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

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

|  | 2015           |                       | 2014           |                       |
|--|----------------|-----------------------|----------------|-----------------------|
|  | Carrying Value | Average Interest Rate | Carrying Value | Average Interest Rate |
| Trade/Other Payables                   | 2,509          | 0.0%                  | 2,180          | 0.0%                  |
| Loans & Advances - Fixed Interest Rate | 19,281         | 6.8%                  | 20,342         | 6.8%                  |
|  | <u>21,790</u>  |                       | <u>22,522</u>  |                       |

## Cowra Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 16. Material Budget Variations

\$ '000

Council's Original Financial Budget for 14/15 was adopted by the Council on 23 June 2014.

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   | 2015<br>Budget | 2015<br>Actual | 2015<br>----- Variance* ----- |       |          |
|---|----------------|----------------|-------------------------------|-------|----------|
| <b>REVENUES</b>   |                |                |                               |       |          |
| <b>Rates &amp; Annual Charges</b>   | <b>10,955</b>  | <b>11,749</b>  | <b>794</b>                    | 7%    | <b>F</b> |
| <b>User Charges &amp; Fees</b>  | <b>12,691</b>  | <b>13,677</b>  | <b>986</b>                    | 8%    | <b>F</b> |
| Council received additional revenue from Roads and Maritime Services for contract works on state roads \$1,185,000. Additional fee income was also received in the following areas: private works \$146,000, planning \$150,000, saleyards \$33,000, water tapping fees \$51,000, cemetery fees \$30,000, caravan park \$208,000. |                |                |                               |       |          |
| <b>Interest &amp; Investment Revenue</b>  | <b>732</b>     | <b>811</b>     | <b>79</b>                     | 11%   | <b>F</b> |
| Council generally takes a conservative approach when budgeting for interest on investments. Returns were higher than anticipated due to additional funds being invested.  |                |                |                               |       |          |
| <b>Other Revenues</b>   | <b>838</b>     | <b>1,329</b>   | <b>491</b>                    | 59%   | <b>F</b> |
| Council received additional fines income of \$216,000 plus a reimbursement of legal expenses \$150,000. Additional insurance rebates of \$63,000 were also received.  |                |                |                               |       |          |
| <b>Operating Grants &amp; Contributions</b>   | <b>6,076</b>   | <b>6,423</b>   | <b>347</b>                    | 6%    | <b>F</b> |
| <b>Capital Grants &amp; Contributions</b>   | <b>688</b>     | <b>488</b>     | <b>(200)</b>                  | (29%) | <b>U</b> |
| Council budgeted for developer contributions income of \$196,000 however income of only \$65,000 was received.  |                |                |                               |       |          |
| <b>Net Gains from Disposal of Assets</b>  | <b>-</b>       | <b>235</b>     | <b>235</b>                    | 0%    | <b>F</b> |
| Proceeds from the sale of plant and equipment were better than anticipated.   |                |                |                               |       |          |

## Cowra Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 16. Material Budget Variations (continued)

| \$ '000  | 2015<br>Budget | 2015<br>Actual | 2015<br>----- Variance* ----- |       |          |
|--|----------------|----------------|-------------------------------|-------|----------|
| <b>EXPENSES</b>  |                |                |                               |       |          |
| <b>Employee Benefits &amp; On-Costs</b>  | <b>11,433</b>  | <b>12,361</b>  | <b>(928)</b>                  | (8%)  | <b>U</b> |
| <b>Borrowing Costs</b>   | <b>1,465</b>   | <b>1,434</b>   | <b>31</b>                     | 2%    | <b>F</b> |
| <b>Materials &amp; Contracts</b>   | <b>7,588</b>   | <b>8,595</b>   | <b>(1,007)</b>                | (13%) | <b>U</b> |
| Council's budget is based on a "normal" mix of self-constructed and contract works. The process of calling and accepting tenders during the year can impact significantly on the mix, resulting in the variation of this item. |                |                |                               |       |          |
| <b>Depreciation &amp; Amortisation</b>   | <b>6,929</b>   | <b>5,886</b>   | <b>1,043</b>                  | 15%   | <b>F</b> |
| Council adopted the budget prior to revaluation of roads, bridges, footpaths and drainage assets which resulted in additional componentisation of assets and change in useful lives.   |                |                |                               |       |          |
| <b>Other Expenses</b>  | <b>2,878</b>   | <b>3,131</b>   | <b>(253)</b>                  | (9%)  | <b>U</b> |

## Budget Variations relating to Council's Cash Flow Statement include:

|  |                |                 |                |          |          |
|--|----------------|-----------------|----------------|----------|----------|
| <b>Cash Flows from Operating Activities</b>  | <b>8,616</b>   | <b>9,337</b>    | <b>721</b>     | 8.4%     | <b>F</b> |
| <b>Cash Flows from Investing Activities</b>  | <b>(8,368)</b> | <b>(18,307)</b> | <b>(9,939)</b> | 118.8%   | <b>U</b> |
| Council invested funds in longer term investments resulting a change in category from cash and cash equivalents to investments.    |                |                 |                |          |          |
| <b>Cash Flows from Financing Activities</b>  | <b>146</b>     | <b>(1,061)</b>  | <b>(1,207)</b> | (826.7%) | <b>U</b> |
| Council had proposed to borrow \$1.2 million but due to a delay in the commencement of capital projects the loan was not taken up. |                |                 |                |          |          |

## Cowra Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### 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                                | 78              | -                                      | -        | 2                       | (5)                     | -                            | 75                       | -             | (75)                  | -                       | -  |
| Roads                                   | 160             | -                                      | -        | 5                       | (36)                    | -                            | 129                      | -             | (129)                 | -                       | -  |
| Parking                                 | 93              | -                                      | -        | 3                       | -                       | -                            | 96                       | -             | (96)                  | -                       | -  |
| Open Space                              | 21              | -                                      | -        | 1                       | -                       | -                            | 22                       | -             | (22)                  | -                       | -  |
| Community Facilities                    | 19              | -                                      | -        | 1                       | -                       | -                            | 20                       | -             | (20)                  | -                       | -  |
| Other                                   | 95              | 1                                      | -        | 3                       | -                       | -                            | 99                       | -             | (99)                  | -                       | -  |
| <b>S94 Contributions - under a Plan</b> | <b>466</b>      | <b>1</b>                               | <b>-</b> | <b>15</b>               | <b>(41)</b>             | <b>-</b>                     | <b>441</b>               | <b>-</b>      | <b>(441)</b>          | <b>-</b>                | <b>-</b>                                     |
| <b>S94A Levies - under a Plan</b>       | <b>87</b>       | <b>64</b>                              | <b>-</b> | <b>1</b>                | <b>(46)</b>             | <b>-</b>                     | <b>106</b>               |               |                       |                         | <b>-</b>                                     |
| <b>Total S94 Revenue Under Plans</b>    | <b>553</b>      | <b>65</b>                              | <b>-</b> | <b>16</b>               | <b>(87)</b>             | <b>-</b>                     | <b>547</b>               |               |                       |                         | <b>-</b>                                     |
| S64 Contributions                       | 1,155           | -                                      | -        | 23                      | -                       | -                            | 1,178                    |               |                       |                         |  |
| <b>Total Contributions</b>              | <b>1,708</b>    | <b>65</b>                              | <b>-</b> | <b>39</b>               | <b>(87)</b>             | <b>-</b>                     | <b>1,725</b>             | <b>-</b>      | <b>(441)</b>          | <b>-</b>                | <b>-</b>                                     |

Cowra Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

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             | 78              | -                                      | -        | 2                       | (5)                     | -                            | 75                       | -             | (75)                  | -                       | -  |
| Roads                | 160             | -                                      | -        | 5                       | (36)                    | -                            | 129                      | -             | (129)                 | -                       | -  |
| Parking              | 93              | -                                      | -        | 3                       | -                       | -                            | 96                       | -             | (96)                  | -                       | -  |
| Open Space           | 21              | -                                      | -        | 1                       | -                       | -                            | 22                       | -             | (22)                  | -                       | -  |
| Community Facilities | 19              | -                                      | -        | 1                       | -                       | -                            | 20                       | -             | (20)                  | -                       | -  |
| Other                | 95              | 1                                      | -        | 3                       | -                       | -                            | 99                       | -             | (99)                  | -                       | -  |
| <b>Total</b>         | <b>466</b>      | <b>1</b>                               | <b>-</b> | <b>15</b>               | <b>(41)</b>             | <b>-</b>                     | <b>441</b>               | <b>-</b>      | <b>(441)</b>          | <b>-</b>                | <b>-</b>                                     |

S94A LEVIES - UNDER A PLAN

CONTRIBUTION PLAN NUMBER - COWRA SHIRE COUNCIL

| PURPOSE      | Opening Balance | Contributions received during the Year |          | Interest earned in Year | Expenditure during Year | Internal Borrowing (to)/from | Held as Restricted Asset | Projections   |                       |                         | Cumulative Internal Borrowings due/(payable) |
|--------------|-----------------|--|----------|-------------------------|-------------------------|------------------------------|--------------------------|---------------|-----------------------|-------------------------|--|
|              |                 | Cash                                   | Non Cash |                         |                         |                              |                          | Future income | Exp still outstanding | Over or (under) Funding |  |
| Other        | 87              | 64                                     | -        | 1                       | (46)                    | -                            | 106                      | -             | -                     | -                       | -  |
| <b>Total</b> | <b>87</b>       | <b>64</b>                              | <b>-</b> | <b>1</b>                | <b>(46)</b>             | <b>-</b>                     | <b>106</b>               | <b>-</b>      | <b>-</b>              | <b>-</b>                | <b>-</b>                                     |



## Cowra Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

## 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 Scheme's most recent full actuarial review indicated that the Net Assets of the Scheme were not sufficient to meet the accrued benefits of the Scheme's 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 2015

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

\$ '000

##### LIABILITIES NOT RECOGNISED (continued):

##### 2. Other Liabilities

###### (i) Third Party Claims

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

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

###### (ii) S94 Plans

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

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

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

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

##### ASSETS NOT RECOGNISED:

###### (i) Land Under Roads

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

###### (ii) Infringement Notices/Fines

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

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

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

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

## Cowra Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 19. Interests in Other Entities

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\$ '000

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

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

The accounting and reporting for these various entities, operations and arrangements varies in accordance with accounting standards, depending on the level of Council's (i) interest and (ii) control and the type (form) of entity/operation, as follows:

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#### **Controlled Entities (Subsidiaries)**

**Note 19(a)**

Operational arrangements where Council's control (but not necessarily interest) exceeds 50%.

#### **Joint Ventures & Associates**

**Note 19(b)**

Joint Ventures are operational arrangements where the parties that have joint control have rights to the net assets of the arrangement.

Associates are separate entities where Council has significant influence over the operations (but neither controls nor jointly controls them).

#### **Joint Operations**

**Note 19(c)**

Operational arrangements where the parties that have joint control have rights to specific assets and obligations for specific liabilities relating to the arrangement rather than a right to the net assets of the arrangement.

#### **Unconsolidated Structured Entities**

**Note 19(d)**

Unconsolidated Structured Entities represent "special vehicles" that Council has an interest in but which are not controlled by Council and therefore not consolidated as a Subsidiary, Joint Arrangement or Associate. Attributes of Structured Entities include restricted activities, a narrow and well-defined objective and insufficient equity to finance its activities without financial support.

#### **Subsidiaries, Joint Arrangements and Associates not recognised**

**Note 19(e)**

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#### **(a) Controlled Entities (Subsidiaries) - being entities & operations controlled by Council**

Council has no interest in any Controlled Entities (Subsidiaries).

#### **(b) Joint Ventures and Associates**

Council has no material interest in any Joint Ventures or Associates.

#### **(c) Joint Operations**

Council has no interest in any Joint Operations.

## Cowra Shire Council

### Notes to the Financial Statements for the financial year ended 30 June 2015

#### Note 19. Interests in Other Entities (continued)

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\$ '000

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##### (d) Unconsolidated Structured Entities

Council did not consolidate the following Structured Entities:

###### **Cowra Tourism**

Council contributes to the operation of Cowra Tourism and has an agreement until 30 June 2017 to provide financial support.

###### **Nature of Risks relating to the Unconsolidated Structured Entity**

Council currently contributes \$271,971 to the operation of the organisation including part funding of an Events Management Officer.

Council has no obligation to meet any costs other than the contribution amount.

|  | <b>2015</b> | <b>2014</b> |
|--|-------------|-------------|
| Losses (or expenses) incurred by Council relating to the Structured Entity | 271,971     | 269,048     |

##### (e) Subsidiaries, Joint Arrangements & Associates not recognised

The following Subsidiaries, Joint Arrangements & Associates have not been recognised in this Financial Report.

Council is a participant in Central West Libraries joint venture and its proportional interest of 15.3%, when applied to the assets and liabilities of Central West Libraries is not considered material by Council.

## Cowra Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

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

| \$ '000  | Notes | Actual<br>2015 | Actual<br>2014 |
|--|-------|----------------|----------------|
| <b>(a) Retained Earnings</b>   |       |                |                |
| <b>Movements in Retained Earnings were as follows:</b>                     |       |                |                |
| Balance at beginning of Year (from previous year's audited accounts)       |       | 172,994        | 174,275        |
| a. Net Operating Result for the Year                                       |       | 3,305          | (1,281)        |
| <b>Balance at End of the Reporting Period</b>                              |       | <b>176,299</b> | <b>172,994</b> |
| <b>(b) Reserves</b>  |       |                |                |
| <b>(i) Reserves are represented by:</b>                                    |       |                |                |
| - Infrastructure, Property, Plant & Equipment Revaluation Reserve          |       | 410,096        | 424,721        |
| <b>Total</b>   |       | <b>410,096</b> | <b>424,721</b> |
| <b>(ii) Reconciliation of movements in Reserves:</b>                       |       |                |                |
| <b>Infrastructure, Property, Plant &amp; Equipment Revaluation Reserve</b> |       |                |                |
| - Opening Balance  |       | 424,721        | 422,739        |
| - Revaluations for the year  | 9(a)  | (14,625)       | 1,982          |
| <b>- Balance at End of Year</b>  |       | <b>410,096</b> | <b>424,721</b> |
| <b>TOTAL VALUE OF RESERVES</b>   |       | <b>410,096</b> | <b>424,721</b> |

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

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

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

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

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

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

## Cowra Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

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

| Income Statement by Fund<br>\$ '000  | Actual<br>2015 | Actual<br>2015 | Actual<br>2015             |
|--|----------------|----------------|----------------------------|
| <b><u>Continuing Operations</u></b>  | <b>Water</b>   | <b>Sewer</b>   | <b>General<sup>1</sup></b> |
| <b>Income from Continuing Operations</b>   |                |                |                            |
| Rates & Annual Charges   | 1,360          | 2,307          | 8,082                      |
| User Charges & Fees  | 4,453          | 653            | 8,571                      |
| Interest & Investment Revenue  | 39             | 27             | 745                        |
| Other Revenues   | 825            | 208            | 296                        |
| Grants & Contributions provided for Operating Purposes   | 152            | 45             | 6,226                      |
| Grants & Contributions provided for Capital Purposes   | 210            | -              | 278                        |
| <b>Other Income</b>  |                |                |                            |
| Net Gains from Disposal of Assets  | 14             | 1              | 220                        |
| Share of interests in Joint Ventures & Associates<br>using the Equity Method                               | -              | -              | -                          |
| <b>Total Income from Continuing Operations</b>   | <b>7,053</b>   | <b>3,241</b>   | <b>24,418</b>              |
| <b>Expenses from Continuing Operations</b>   |                |                |                            |
| Employee Benefits & on-costs   | 973            | 351            | 11,037                     |
| Borrowing Costs  | 469            | 572            | 393                        |
| Materials & Contracts  | 2,906          | 1,079          | 4,610                      |
| Depreciation & Amortisation  | 1,756          | 555            | 3,575                      |
| Impairment   | -              | -              | -                          |
| Other Expenses   | 921            | 220            | 1,990                      |
| <b>Total Expenses from Continuing Operations</b>   | <b>7,025</b>   | <b>2,777</b>   | <b>21,605</b>              |
| <b>Operating Result from Continuing Operations</b>   | <b>28</b>      | <b>464</b>     | <b>2,813</b>               |
| <b><u>Discontinued Operations</u></b>  |                |                |                            |
| Net Profit/(Loss) from Discontinued Operations   | -              | -              | -                          |
| <b>Net Operating Result for the Year</b>   | <b>28</b>      | <b>464</b>     | <b>2,813</b>               |
| <b>Net Operating Result attributable to each Council Fund</b>  | <b>28</b>      | <b>464</b>     | <b>2,813</b>               |
| <b>Net Operating Result attributable to Non-controlling Interests</b>                                      | <b>-</b>       | <b>-</b>       | <b>-</b>                   |
| <b>Net Operating Result for the year before Grants<br/>and Contributions provided for Capital Purposes</b> | <b>(182)</b>   | <b>464</b>     | <b>2,535</b>               |

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

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

## Cowra Shire Council

## Notes to the Financial Statements

as at 30 June 2015

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

| Statement of Financial Position by Fund<br>\$ '000 | Actual<br>2015 | Actual<br>2015 | Actual<br>2015             |
|--|----------------|----------------|----------------------------|
| <b>ASSETS</b>                                      | <b>Water</b>   | <b>Sewer</b>   | <b>General<sup>1</sup></b> |
| <b>Current Assets</b>                              |                |                |                            |
| Cash & Cash Equivalents                            | 855            | 1,381          | 2,402                      |
| Investments  | 2,856          | 4,578          | 6,566                      |
| Receivables  | 1,977          | 344            | 1,578                      |
| Inventories  | 3              | -              | 1,192                      |
| Other  | -              | -              | 175                        |
| Non-current assets classified as 'held for sale'   | -              | -              | -                          |
| <b>Total Current Assets</b>                        | <b>5,691</b>   | <b>6,303</b>   | <b>11,913</b>              |
| <b>Non-Current Assets</b>                          |                |                |                            |
| Investments  | -              | -              | -                          |
| Receivables  | -              | -              | -                          |
| Inventories  | -              | -              | -                          |
| Infrastructure, Property, Plant & Equipment        | 55,336         | 35,755         | 497,205                    |
| Investments Accounted for using the equity method  | -              | -              | -                          |
| Investment Property                                | -              | -              | -                          |
| Intangible Assets                                  | -              | -              | -                          |
| <b>Total Non-Current Assets</b>                    | <b>55,336</b>  | <b>35,755</b>  | <b>497,205</b>             |
| <b>TOTAL ASSETS</b>                                | <b>61,027</b>  | <b>42,058</b>  | <b>509,118</b>             |
| <b>LIABILITIES</b>                                 |                |                |                            |
| <b>Current Liabilities</b>                         |                |                |                            |
| Payables   | 58             | 105            | 2,346                      |
| Borrowings   | 432            | 125            | 450                        |
| Provisions   | 215            | 71             | 3,226                      |
| <b>Total Current Liabilities</b>                   | <b>705</b>     | <b>301</b>     | <b>6,022</b>               |
| <b>Non-Current Liabilities</b>                     |                |                |                            |
| Payables   | -              | -              | -                          |
| Borrowings   | 7,303          | 6,816          | 4,155                      |
| Provisions   | 4              | 8              | 494                        |
| <b>Total Non-Current Liabilities</b>               | <b>7,307</b>   | <b>6,824</b>   | <b>4,649</b>               |
| <b>TOTAL LIABILITIES</b>                           | <b>8,012</b>   | <b>7,125</b>   | <b>10,671</b>              |
| <b>Net Assets</b>                                  | <b>53,015</b>  | <b>34,933</b>  | <b>498,447</b>             |
| <b>EQUITY</b>                                      |                |                |                            |
| Retained Earnings                                  | 17,138         | 19,220         | 139,941                    |
| Revaluation Reserves                               | 35,877         | 15,713         | 358,506                    |
| <b>Total Equity</b>                                | <b>53,015</b>  | <b>34,933</b>  | <b>498,447</b>             |

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

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

## Cowra Shire Council

### Notes to the Financial Statements for the financial year ended 30 June 2015

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

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\$ '000

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

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

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Events that occur between the end of the reporting period (ending 30 June 2015) 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 Auditor's Report as the applicable "authorised for issue" date relating to these General Purpose Financial Statements.

Accordingly, the "authorised for issue" date is 27/10/15.

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 2015.

##### **(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 2015 and which are only indicative of conditions that arose after 30 June 2015.

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

#### Note 24. Discontinued Operations

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



## Cowra Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 25. Intangible Assets

\$ '000

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

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

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

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

| Asset/Operation                               | Estimated<br>year of<br>restoration | NPV of Provision |            |
|---|-------------------------------------|------------------|------------|
|   |                                     | 2015             | 2014       |
| Quarries                                      |                                     | 326              | 308        |
| <b>Balance at End of the Reporting Period</b> | 10(a)                               | <u>326</u>       | <u>308</u> |

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.

#### Reconciliation of movement in Provision for year:

|  |  |            |            |
|--|--|------------|------------|
| Balance at beginning of year   |  | 308        | 291        |
| Amounts capitalised to new or existing assets:                         |  |            |            |
| Amortisation of discount (expensed to borrowing costs)                 |  | 18         | 17         |
| <b>Total - Reinstatement, rehabilitation and restoration provision</b> |  | <u>326</u> | <u>308</u> |

## Cowra Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 27. Fair Value Measurement

\$ '000

The Council measures the following asset and liability classes at fair value on a recurring basis:

- Infrastructure, Property, Plant and Equipment

The fair value of assets and liabilities must be estimated in accordance with various Accounting Standards for either recognition and measurement requirements or for disclosure purposes.

AASB 13 Fair Value Measurement requires all assets and liabilities measured at fair value to be assigned to a "level" in the fair value hierarchy as follows:

**Level 1:** Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

**Level 2:** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

**Level 3:** Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(1) The following table presents all assets and liabilities that have been measured & recognised at fair values:

| 2015   | Date<br>of latest<br>Valuation | Fair Value Measurement Hierarchy              |  |  | Total          |
|--|--------------------------------|---|--|--|----------------|
|  |                                | Level 1<br>Quoted<br>prices in<br>active mkts | Level 2<br>Significant<br>observable<br>inputs | Level 3<br>Significant<br>unobservable<br>inputs |                |
| <b>Recurring Fair Value Measurements</b>                     |                                |   |  |  |                |
| <b>Infrastructure, Property, Plant &amp; Equipment</b>       |                                |   |  |  |                |
| Plant & Equipment  | 30/06/15                       | -   | -  | 5,023  | 5,023          |
| Office Furniture   | 30/06/15                       | -   | -  | 35   | 35             |
| Furniture & Fittings   | 30/06/15                       | -   | -  | 93   | 93             |
| Operational Land   | 30/06/13                       | -   | -  | 8,779  | 8,779          |
| Community Land   | 30/06/12                       | -   | -  | 25,639   | 25,639         |
| Buildings Specialised  | 30/06/13                       | -   | -  | 20,907   | 20,907         |
| Roads  | 1/07/14                        | -   | -  | 112,518  | 112,518        |
| Bridges  | 1/07/14                        | -   | -  | 23,864   | 23,864         |
| Footpaths  | 1/07/14                        | -   | -  | 7,128  | 7,128          |
| Bulk Earthworks  | 1/07/14                        | -   | -  | 258,950  | 258,950        |
| Stormwater Drainage  | 1/07/14                        | -   | -  | 27,648   | 27,648         |
| Water Supply   | 1/07/12                        | -   | -  | 52,869   | 52,869         |
| Sewerage Network   | 1/07/12                        | -   | -  | 33,047   | 33,047         |
| Swimming Pools   | 1/07/12                        | -   | -  | 1,278  | 1,278          |
| Other Recreational Assets                                    | 1/07/12                        | -   | -  | 2,267  | 2,267          |
| Other Assets   | 1/07/12                        | -   | -  | 7,332  | 7,332          |
| Quarry Assets  | 1/07/12                        | -   | -  | 114  | 114            |
| <b>Total Infrastructure, Property, Plant &amp; Equipment</b> |                                | <b>-</b>                                      | <b>-</b>                                       | <b>587,491</b>                                   | <b>587,491</b> |

## Cowra Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 27. Fair Value Measurement (continued)

\$ '000

(1) The following table presents all assets and liabilities that have been measured & recognised at fair values: (continued)

| 2014   | Date<br>of latest<br>Valuation | Fair Value Measurement Hierarchy              |  |  | Total          |
|--|--------------------------------|---|--|--|----------------|
|  |                                | Level 1<br>Quoted<br>prices in<br>active mkts | Level 2<br>Significant<br>observable<br>inputs | Level 3<br>Significant<br>unobservable<br>inputs |                |
| <b>Recurring Fair Value Measurements</b>                     |                                |   |  |  |                |
| <b>Infrastructure, Property, Plant &amp; Equipment</b>       |                                |   |  |  |                |
| Plant & Equipment  | 30/06/14                       | -   | -  | 5,288  | 5,288          |
| Office Furniture   | 30/06/14                       | -   | -  | 38   | 38             |
| Furniture & Fittings   | 30/06/14                       | -   | -  | 124  | 124            |
| Operational Land   | 30/06/13                       | -   | -  | 8,847  | 8,847          |
| Community Land   | 30/06/12                       | -   | -  | 25,639   | 25,639         |
| Buildings Specialised  | 30/06/13                       | -   | -  | 21,386   | 21,386         |
| Roads  | 30/06/10                       | -   | -  | 118,363  | 118,363        |
| Bridges  | 30/06/10                       | -   | -  | 14,174   | 14,174         |
| Footpaths  | 30/06/10                       | -   | -  | 7,089  | 7,089          |
| Bulk Earthworks  | 30/06/10                       | -   | -  | 280,625  | 280,625        |
| Stormwater Drainage  | 30/06/10                       | -   | -  | 24,577   | 24,577         |
| Water Supply   | 30/06/12                       | -   | -  | 52,224   | 52,224         |
| Sewerage Network   | 30/06/12                       | -   | -  | 32,476   | 32,476         |
| Swimming Pools   | 30/06/12                       | -   | -  | 1,325  | 1,325          |
| Other Recreational Assets                                    | 30/06/12                       | -   | -  | 2,360  | 2,360          |
| Other Assets   | 30/06/12                       | -   | -  | 7,552  | 7,552          |
| Quarry Assets  | 30/06/12                       | -   | -  | 119  | 119            |
| <b>Total Infrastructure, Property, Plant &amp; Equipment</b> |                                | <b>-</b>                                      | <b>-</b>                                       | <b>602,206</b>                                   | <b>602,206</b> |

## (2) Transfers between Level 1 &amp; Level 2 Fair Value Hierarchies

During the year, there were no transfers between Level 1 and Level 2 Fair Value hierarchies for recurring fair value measurements.

## Cowra Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 27. Fair Value Measurement

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##### **(3) Valuation techniques used to derive Level 2 and Level 3 Fair Values**

Where Council is unable to derive Fair Valuations using quoted market prices of identical assets (i.e. Level 1 inputs), Council instead utilises a spread of both observable inputs (Level 2 inputs) and unobservable inputs (Level 3 inputs).

The Fair Valuation techniques Council has employed while utilising Level 2 and Level 3 inputs are as follows:

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

**Plant and Equipment** – Major plant (graders, loaders trucks etc.), fleet vehicles (cars, utes etc.) and minor plant (chainsaws, mowers etc.)

Valuation Techniques: 'Cost approach'

Inputs Used (Level 3): Purchase price, useful lives (current replacement cost)

Plant and Equipment are valued at cost but are disclosed at fair value.

**Office Equipment** – Computers, servers

Valuation Techniques: 'Cost approach'

Inputs Used (Level 3): Purchase price, useful lives (current replacement cost)

Office Equipment is valued at cost but is disclosed at fair value.

**Furniture and Fittings** – Desks, chairs, air conditioners, cupboards

Valuation Techniques: 'Cost approach'

Inputs Used (Level 3): Purchase price, useful lives (current replacement cost)

Furniture and Fittings are valued at cost but are disclosed at fair value.

## Cowra Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 27. Fair Value Measurement

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**Operational Land** – Industrial land, quarries, aerodrome, depot.

Valuation Techniques: 'Market approach'

Inputs Used (Level 3): Land area, rate per square metre, zoning restrictions, geographical location, sales of comparable land

By taking into account the land characteristics, location, zoning and proximity to services. By acquiring services of an independent valuer (Regional and Rural Valuers) to inspect, analyse, compare with related assets and to provide a comprehensive valuation in accordance with AASB and OLG.

Under the NSW Legislation we have considered the subject land and the surrounding land to determine the form of valuation, taking into account the land characteristics, location, zoning, proximity to services. Market Value of Land as stated as per the Australian Property Institute in accordance with the guidelines "... the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties have each acted knowledgeably, prudently and without compulsion." "Asset includes property." Council has identified the subject property by a copy of the location map and the plans provided by Cowra Council and based upon our visual inspection.

**Community Land** – Parkland, sporting grounds, reserves, land under public buildings (halls & community centres)

Valuation Techniques: 'Cost approach'

Inputs Used (Level 3): The NSW Valuer General's valuations (as at 30 June 2012)

Council's community land is land intended for public access and use, or where other restrictions applying to the land create some obligation to maintain public access (such as a trust deed, or dedication under section 94 of the Environmental Planning and Assessment Act 1979). This gives rise to the restrictions in the Act, intended to preserve the qualities of the land.

Community Land:

- Cannot be sold;
- Cannot be leased, licensed, or any other estate granted over the land for more than 21 years; and
- Must have a plan of management for it.

In relation to the valuing of Community Land the Office of Local Government has authorised the use of the NSW Valuer General's valuations as a sufficient basis to represent fair value for the revaluation of community land under clause 31 of AASB 116.

## Cowra Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 27. Fair Value Measurement

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**Buildings -Specialised** – Community halls, toilet blocks, council offices, library, civic centre, works depot

Valuation Techniques: 'Cost approach'

Inputs Used (Level 3): Unit rates, useful life, asset condition

Council's buildings were valued at fair value on 30<sup>th</sup> June 2013 in accordance with Compiled Accounting Standard AASB116 *Property, Plant and Equipment*, the guidance contained in the NSW Treasury Accounting Policy tpp 07-1 and the NSW Department of Local Government Guidelines. 'Fair value' is the best estimate of the price reasonably obtainable in the market at the date of valuation. As defined in AASB 116, it is "the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction".

Council's Specialised Buildings were valued by Scott Fullarton Valuation (SFV) P/L as at 30 June 2013. SFV provided a valuation for each building based on applying a unit rate to a structure or a square metre rate to a building, based on its current replacement cost, which is the lowest cost of replacing the economic benefits of the existing asset using modern technology. These rates were derived from substantial analysis of construction costs from over one hundred and twenty (120) Councils throughout New South Wales.

SFV estimated the Total Life and Residual Life of each building/structure and, where the building is considered a complex asset, for each component, as they have useful lives different from those of the non-current assets to which they relate. In regard to componentisation, Paragraph 43 of AASB116 requires each part of the asset with a cost that is **significant** in relation to the asset be depreciated separately (structure, internal finishes, electrical services, mechanical services, fire/security and roof).

**Roads** – Road surface, pavement, formation, major earthworks

Valuation Techniques: 'Cost approach'

Inputs Used (Level 3): Replacement cost, residual value, split between short-life and long-life part, valuation profile and consumption score

Council's road infrastructure assets were last valued on 1 July 2014 by APV Valuers & Asset Management. As per Paragraph 43 of AASB116, Council's roads infrastructure assets were segmented and componentised into the following categories (each representing a significant part of the overall asset):

## Cowra Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 27. Fair Value Measurement

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- Road Surface
- Pavement
- Formation & Major Earthworks
- Kerb and Gutter
- Culverts

##### Roads – Sealed and Unsealed, Culverts and Kerb Gutter

Valuations were performed by APV Valuers & Asset Management using the assets data in Council's Asset Management System.

##### **Bridges** – (excluding culverts under 6 metres in length)

Valuation Techniques: 'Cost approach'

Inputs Used (Level 3): Replacement cost, split between short-life and long-life part, valuation profile and consumption score

Council's bridge infrastructure assets were last valued on 1 July 2014 by APV Valuers & Asset Management.

##### **Footpaths** – Footways including cycleways

Valuation Techniques: 'Cost approach'

Inputs Used (Level 3): Replacement cost, split between short-life and long-life part, valuation profile and consumption score

Council's bridge infrastructure assets were last valued on 1 July 2014 by APV Valuers & Asset Management.

##### **Stormwater Drainage** – includes pits, drains

Valuation Techniques: 'Cost approach'

## Cowra Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 27. Fair Value Measurement

---

Inputs Used (Level 3): Replacement cost, split between short-life and long-life part, valuation profile and consumption score

Council's bridge infrastructure assets were last valued on 1 July 2014 by APV Valuers & Asset Management.

#### **Water Supply** – water mains, pump stations, treatment plant, reservoirs, meters

Valuation Techniques: 'Cost approach'

Inputs Used (Level 3): Unit rates, useful life, asset condition, dimensions and specifications

Council's Water Supply was valued by CPE Associates as at 30 June 2012. The valuation was based on the NSW Office of Water's *NSW Reference Rates Tables* issued in July 2012, a supplement to the former Ministry of Energy and Utilities 2003 document *NSW Reference Rates Manual: Valuation of Water Supply, Sewerage and Stormwater Assets*. Valuations in the updated tables are for June 2012.

The asset register was built using Council GIS data with modifications made to achieve the correct level of componentisation and to collect additional details regarding material and capacities of the assets.

CPE conducted a field survey, involving a physical inspection of the ground-level facility assets in the system such as treatment plants, pumping stations & reservoirs.

The object of the survey was to uncover any evidence that will challenge the default useful life for that asset class such as corrosion (or lack of), obvious mechanical/electrical defects or structural damage. Field survey sheets were completed and a photographic record also was made.

Unit rates were then applied across the network. Condition data was then applied to each individual asset to provide a written down value.

#### **Sewerage Network** – Sewer pipes, pump stations, treatment plant, telemetry system, manholes

Valuation Techniques: 'Cost approach'

Inputs Used (Level 3): Unit rates, useful life, asset condition, dimensions and specifications



## Cowra Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 27. Fair Value Measurement

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Council's Sewer Network was valued by CPE Associates as at 30 June 2012. The valuation was based on the NSW Office of Water's *NSW Reference Rates Tables* issued in July 2012, a supplement to the former Ministry of Energy and Utilities 2003 document *NSW Reference Rates Manual: Valuation of Water Supply, Sewerage and Stormwater Assets*. Valuations in the updated tables are for June 2012.

The asset register was built using Council GIS data with modifications made to achieve the correct level of componentisation and to collect additional details regarding material and capacities of the assets.

CPE conducted a field survey, involving a physical inspection of the ground-level facility assets in the system such as treatment plants and pumping stations.

The object of the survey was to uncover any evidence that will challenge the default useful life for that asset class such as corrosion (or lack of), obvious mechanical/electrical defects or structural damage. Field survey sheets were completed and a photographic record also was made.

Unit rates were then applied across the network. Condition data was then applied to each individual asset to provide a written down value.

#### **Swimming Pool**

Council's swimming pool was last valued as at 30 June 2012 based on a quotation from Swimplex Aquatics.

#### **Other Assets** - Structures, Skate Park, Netball Courts, Cricket Nets, Basketball Courts, Caravan Park Cabins, Play Units, Memorials and Sheds

Council's other assets were last valued as at 30 June 2012

By using a combination of market information, unit rates and an expert knowledge in that area. The fair value was assessed by identifying individual assets, location and its services to the public.

Structures and shelters were valued by an independent valuer (Scott Fullarton Valuations Pty Ltd). The process included inspection, analysis and comparison with related assets and to provide a comprehensive valuation in accordance with AASB and OLG. The Gross Replacement Value is determined as at the date of valuation to allow for replacement with similar improvements in a condition equal to, but not better nor more extensive than, its condition when new. An additional

## Cowra Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 27. Fair Value Measurement

---

allowance is made for professional costs such as architect, surveyor and consulting engineer fees. If the date of valuation differs significantly from the policy commencement date, then an adjustment to the value may be necessary.

BBQs - Market price based on quotation of "Mobile Outdoor Products" Quote.

Balance of the assets in this class are based on internal knowledge of Manager – Cowra Services and Manager – Assets.

#### **Quarry Assets – Reinstatement, rehabilitation and restoration**

Valuation Techniques: 'Cost approach'

Inputs Used (Level 3): Unit rates, useful life, asset condition, dimensions and specifications

It has been recognised that there will be significant costs associated with the closure and post closure management of the landfill and quarry sites. Closure of the landfill and quarry sites will involve a wide range of activities including final capping of the landfill waste and site re-vegetation, monitoring of landfill gas, revision of the surface water management system and leachate management infrastructure to suit post-closure operation.

Valuations are based on actual timing of costs and future environmental management requirement

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## Cowra Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 27. Fair Value Measurement (continued)

\$ '000

#### (4). Fair value measurements using significant unobservable inputs (Level 3)

The following tables present the changes in Level 3 Fair Value Asset Classes.

|                                       | Total                 |
|---------------------------------------|-----------------------|
| <b>Opening Balance - 1/7/13</b>       | 598,355               |
| Purchases (GBV)                       | 9,286                 |
| Disposals (WDV)                       | (341)                 |
| Depreciation & Impairment             | (7,076)               |
| FV Gains - Other Comprehensive Income | 1,982                 |
| <b>Closing Balance - 30/6/14</b>      | <b><u>602,206</u></b> |
| Purchases (GBV)                       | 6,140                 |
| Disposals (WDV)                       | (344)                 |
| Depreciation & Impairment             | (5,886)               |
| FV Gains - Other Comprehensive Income | (14,625)              |
| <b>Closing Balance - 30/6/15</b>      | <b><u>587,491</u></b> |

#### (5). Highest and best use

All of Council's non financial assets are considered as being utilised for their highest and best use.

## Cowra Shire Council

### Notes to the Financial Statements for the financial year ended 30 June 2015

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

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**Principal Place of Business:**

116 Kendal Street  
Cowra NSW 2794

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

Private Bag 342  
Cowra NSW 2794

**Opening Hours:**

Monday to Friday  
8:30am to 4:30 pm

**Telephone:** 02 6340 2000

**Facsimile:** 02 6340 2011

**Internet:** [www.cowracouncil.com.au](http://www.cowracouncil.com.au)

**Email:** [council@cowra.nsw.gov.au](mailto: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 69  
Orange NSW 2800  
6362 5100

**Elected Members****MAYOR**

Cr WJ West

**COUNCILLORS**

Cr JA Smith - Deputy Mayor  
Cr IM Brown  
Cr RA Fagan  
Cr RJ Walsh  
Cr JN Mallon  
Cr BE Miller  
Cr PB 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 (Council) for the financial year ended 30 June 2015. The financial statements comprise the Statement by Councillors and Management, Income Statement, Statement of Comprehensive Income, Statement of Financial Position, 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 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 2015 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.

  
intentus

  
John O'Malley  
Director

14 Sale Street  
Orange NSW  
Dated: 27 October 2015

JO'M:CSC002

27 October 2015

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 OF  
COWRA SHIRE COUNCIL FOR THE YEAR ENDED 30 JUNE 2015**

We have audited the financial statements of Cowra Shire Council (Council) for the financial year ended 30 June 2015. 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 2015. 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 417(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 consolidated operating surplus of \$3,305,000 (2014 - deficit \$1,281,000). Selected items of note in the operating statement include:

- The operating result from ordinary activities *before* capital amounts was a surplus of \$2,817,000 (2014 deficit – \$1,993,000).

#### **Revenue**

- User Charges and Fee income increased \$4,024,000 (42%) to \$13,555,000 (2014 - \$9,531,000). The increase coming mainly from significantly increased work opportunities on state roads controlled by Roads and Maritime Services (RMS).
- Other revenue was 35% higher than the 2014 year at \$1,329,000 (2014 - \$984,000) largely due to the imposition of a substantial fine for the demolition of a house that was about to be heritage listed.
- Income from operating grants and contributions returned to traditional levels after 2014 experienced a dip due to a change in the timing of Federal Assistance Grant (FAG) payments. The 2015 year saw an increase of \$1,799,000 to \$6,423,000 (2014 - \$4,624,000) the increase was primarily through the FAG payments.

#### **Expenses**

- Employee costs were higher at \$12,361,000 (2014 - \$11,365,000) through a combination of less capital construction work and a reduction in the workers compensation insurance premium refund that offsets the expense.
- Consistent with the increase in roadwork performed for the RMS, there was an increase in the costs of materials and contracts which grew to \$8,595,000 (2014 - \$7,153,000).
- Depreciation and Amortisation expense decreased following the revaluation of transport and drainage infrastructure on 1 July 2014 with the resultant changes in useful life and condition assessments leading to a lower annual expense.

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

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

The Statement of Financial Position discloses that for the year ended 30 June 2015 Council's net assets stood at \$586,395,000 (2014 - \$597,715,000), which represents a decrease of \$11,320,000. The decrease represents the net operating surplus after capital amounts of \$3,305,000 and the overall net revaluation decrement of (\$14,625,000) resulting from the revaluation of roads, bridges, footpaths and storm water drainage combined with the indexed revaluation of water and sewerage infrastructure assets.

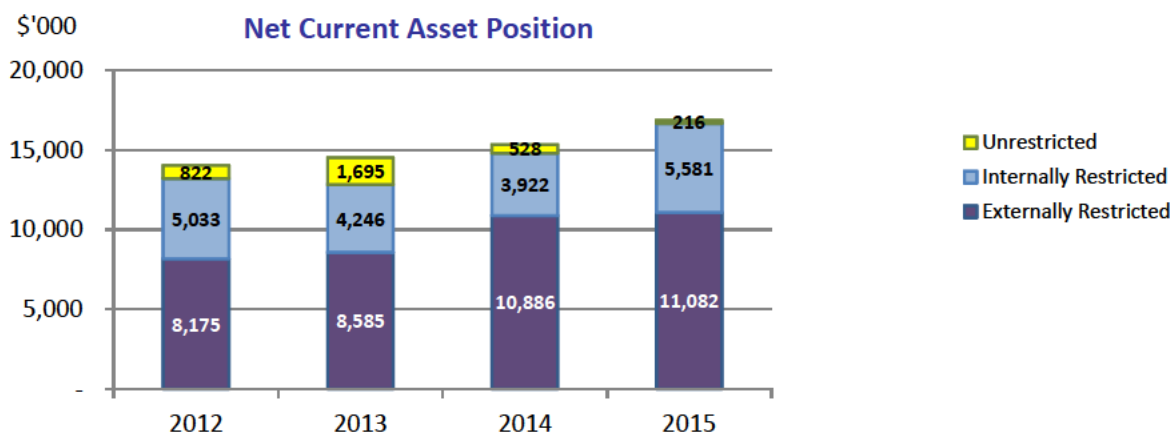
To assess the health of Council's net current asset position (available working capital) it is necessary to review the level of restrictions placed against the use of Council's assets. The notes to the financial statements indicate clearly where restrictions exist, and the effect of the restrictions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



|   | 2015<br>\$'000 | 2014<br>\$'000 |
|---|----------------|----------------|
| <b>Net Current Assets</b>   | 16,879         | 15,336         |
| Less: Amounts externally restricted for special purposes<br>(refer Notes 6; 7; & 8 of financial statements) | (14,722)       | (14,788)       |
| Less: Council internally imposed restrictions<br>(refer Note 6 of financial statements)                     | (5,581)        | (3,922)        |
| Add: Applicable current liabilities refer Note 10   |                |                |
| - Water   | 705            | 626            |
| - Sewerage  | 301            | 314            |
| - Domestic Waste Management   | 34             | 262            |
| Add: Employee Leave Entitlements to be paid > 12 months   | 2,600          | 2,700          |
|   | <hr/>          | <hr/>          |
| <b>Unrestricted net current asset surplus/(deficit)</b>   | <b>216</b>     | <b>528</b>     |
| <b>Unrestricted net current assets comprise: -</b>  |                |                |
| Assets  |                |                |
| Cash  | 913            | 262            |
| Receivables   | 1,324          | 1,731          |
| Land held for resale  | 195            | 195            |
| Inventories   | 997            | 1,014          |
| Other   | 175            | 175            |
| Less: General Purpose Liabilities   | (5,988)        | (5,549)        |
| Add: Employee Leave Entitlements to be paid > 12 months   | 2,600          | 2,700          |
|   | <hr/>          | <hr/>          |
| <b>Unrestricted net current asset surplus/(deficit)</b>   | <b>216</b>     | <b>528</b>     |

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

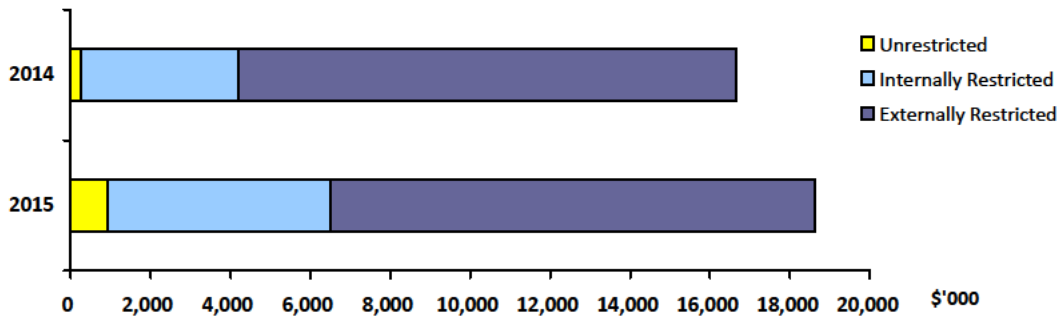
The following table shows the Council's calculated net current asset position over the past four years:



## Cash & Investments

Note 6 to the accounts discloses total cash and investments of \$18,638,000 (2014 - \$16,669,000), of this amount \$12,144,000 (2014 - \$12,485,000) is subject to external restrictions requiring Council to commit those funds to the purposes for which they were provided and \$5,581,000 (2014 - \$3,922,000) 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 \$913,000 (2014 - \$262,000) represents funds available to cover non-budgeted discretionary expenditure and short-term cash flow requirements.



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

**(c) Performance Indicators**

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

**Operating Performance Ratio**

This ratio expresses council's ability to keep operating expenses, including depreciation, within its continuing operating revenue. The outcome of 7.60% (2014 – negative 8.04%) represents the excess between continuing operating revenue and continuing operating expenses. The improvement in this ratio has several contributors, but in particular the restoration of a full year of the Federal Assistance Grant payments has served to restore the performance measured by this ratio.

**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 3.01:1 indicates council is able to comfortably meet its debts as and when they fall due.

**Debt Service Cover Ratio**

This ratio measures the ability of council to service debt by expressing that capacity as a multiple of the operating result from continuing operations, excluding capital items and depreciation / impairment, over the principal and interest costs.

At 3.97 times (2014 – 2.38 times) Cowra Shire Council's ratio indicates that it can meet its current levels of debt.

**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 or the timing of billing runs 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 5.58% (2014 – 7.07%) has again improved compared with the prior period and is now well under the benchmark levels set by the Office of Local Government.

**(d) Cash Flow Statement**

It should be noted that cash for the purpose of this statement constitutes only cash and short-term (original term to maturity < three months), highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Accordingly, while the level of cash assets for the purpose of this statement has decreased, the combined value of cash and investments has increased by \$1,969,000.

The Statement of Cash Flows reports a net decrease in cash assets held of \$10,031,000 (2014 decrease - \$356,000) as follows:

|  | <b>2015<br/>\$'000</b> | <b>2014<br/>\$'000</b> | <b>Movement<br/>\$'000</b> |
|--|------------------------|------------------------|----------------------------|
| <b>Cash flow provided by / (used in)</b> |                        |                        |                            |
| Operating activities                     | 9,337                  | 6,560                  | 2,777                      |
| Investing activities                     | (18,307)               | (10,683)               | (7,624)                    |
| Financing activities                     | (1,061)                | 3,767                  | (4,828)                    |
|  | <hr/>                  |                        |                            |
| Net increase / (decrease) in cash held   | (10,031)               | (356)                  | (9,675)                    |

Cash flows from operating activities

The cashflows provided by operating activities have increased against the prior financial year, the main reason being the timing of payments of the Financial Assistance Grant mentioned 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 and the net purchase of investments. The increase in the net outflow is due to the net purchase of investment securities totaling \$12,000,000.

Cash flows from financing activities

The cash outflow used in financing activities totaled \$1,061,000 and represents the repayment of principal on council's external borrowings.

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

Council's operating surplus from ordinary activities after capital amounts of \$3,305,000 was above Council's original estimate of a surplus of \$1,687,000.

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 2015. 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 unmodified audit report on the special purpose statements for the year ended 30 June 2015 has been issued.

**Management Letters**

Our most recent management letter was issued on 18 August 2015. 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 2015 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



Director

14 Sale Street  
Orange  
Dated: 27 October 2015

# Cowra Shire Council

SPECIAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2015

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



## Cowra Shire Council

### Special Purpose Financial Statements

for the financial year ended 30 June 2015

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| <b>2. Special Purpose Financial Statements:</b>                  |      |
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| Income Statement - Sewerage Business Activity                    | 4    |
| Income Statement - Other Business Activities                     | n/a  |
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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 Council's borrowing position by comparison with commercial rates).
-

## Cowra Shire Council

### Special Purpose Financial Statements

for the financial year ended 30 June 2015

### 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 27 July 2015.



Cr WJ West  
MAYOR



Cr JA 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 2015

| \$ '000  | Actual<br>2015 | Actual<br>2014 |
|--|----------------|----------------|
| <b>Income from continuing operations</b>                                   |                |                |
| Access charges   | 1,360          | 1,350          |
| User charges   | 4,332          | 3,927          |
| Fees   | 121            | 96             |
| Interest   | 39             | 51             |
| Grants and contributions provided for non capital purposes                 | 152            | 65             |
| Profit from the sale of assets   | 14             | 19             |
| Other income   | 825            | 5              |
| <b>Total income from continuing operations</b>                             | <b>6,843</b>   | <b>5,513</b>   |
| <b>Expenses from continuing operations</b>                                 |                |                |
| Employee benefits and on-costs   | 973            | 1,166          |
| Borrowing costs  | 469            | 281            |
| Materials and contracts  | 2,906          | 2,610          |
| Depreciation and impairment  | 1,756          | 1,645          |
| Water purchase charges   | 334            | 319            |
| Loss on sale of assets   | -              | -              |
| Calculated taxation equivalents  | 13             | 24             |
| Debt guarantee fee (if applicable)   | -              | -              |
| Other expenses   | 587            | 555            |
| <b>Total expenses from continuing operations</b>                           | <b>7,038</b>   | <b>6,600</b>   |
| <b>Surplus (deficit) from Continuing Operations before capital amounts</b> | <b>(195)</b>   | <b>(1,087)</b> |
| Grants and contributions provided for capital purposes                     | 210            | 87             |
| <b>Surplus (deficit) from Continuing Operations after capital amounts</b>  | <b>15</b>      | <b>(1,000)</b> |
| Surplus (deficit) from discontinued operations                             | -              | -              |
| <b>Surplus (deficit) from ALL Operations before tax</b>                    | <b>15</b>      | <b>(1,000)</b> |
| less: Corporate Taxation Equivalent (30%) [based on result before capita ] | -              | -              |
| <b>SURPLUS (DEFICIT) AFTER TAX</b>   | <b>15</b>      | <b>(1,000)</b> |
| plus Opening Retained Profits  | 17,110         | 18,086         |
| plus/less: Prior Period Adjustments  | -              | -              |
| plus Adjustments for amounts unpaid:                                       |                |                |
| - Taxation equivalent payments   | 13             | 24             |
| - Debt guarantee fees  | -              | -              |
| - Corporate taxation equivalent  | -              | -              |
| less:  |                |                |
| - Tax Equivalent Dividend paid   | -              | -              |
| - Surplus dividend paid  | -              | -              |
| <b>Closing Retained Profits</b>  | <b>17,138</b>  | <b>17,110</b>  |
| <b>Return on Capital %</b>   | <b>0.5%</b>    | <b>-1.5%</b>   |
| <b>Subsidy from Council</b>  | <b>1,397</b>   | <b>2,750</b>   |
| <b>Calculation of dividend payable:</b>                                    |                |                |
| Surplus (deficit) after tax  | 15             | (1,000)        |
| less: Capital grants and contributions (excluding developer contributions) | (210)          | (83)           |
| <b>Surplus for dividend calculation purposes</b>                           | <b>-</b>       | <b>-</b>       |
| <b>Potential Dividend calculated from surplus</b>                          | <b>-</b>       | <b>-</b>       |

## Cowra Shire Council

## Income Statement of Council's Sewerage Business Activity

for the financial year ended 30 June 2015

| \$ '000  | Actual<br>2015 | Actual<br>2014 |
|--|----------------|----------------|
| <b>Income from continuing operations</b>                                   |                |                |
| Access charges   | 2,307          | 2,311          |
| User charges   | 588            | 583            |
| Liquid Trade Waste charges   | 65             | 56             |
| Fees   | -              | -              |
| Interest   | 27             | 34             |
| Grants and contributions provided for non capital purposes                 | 45             | 43             |
| Profit from the sale of assets   | 1              | -              |
| Other income   | 208            | 78             |
| <b>Total income from continuing operations</b>                             | <b>3,241</b>   | <b>3,105</b>   |
| <b>Expenses from continuing operations</b>                                 |                |                |
| Employee benefits and on-costs   | 351            | 334            |
| Borrowing costs  | 572            | 586            |
| Materials and contracts  | 1,079          | 971            |
| Depreciation and impairment  | 555            | 531            |
| Loss on sale of assets   | -              | -              |
| Calculated taxation equivalents  | 24             | 24             |
| Debt guarantee fee (if applicable)   | -              | -              |
| Other expenses   | 220            | 241            |
| <b>Total expenses from continuing operations</b>                           | <b>2,801</b>   | <b>2,687</b>   |
| <b>Surplus (deficit) from Continuing Operations before capital amounts</b> | <b>440</b>     | <b>418</b>     |
| Grants and contributions provided for capital purposes                     | -              | 21             |
| <b>Surplus (deficit) from Continuing Operations after capital amounts</b>  | <b>440</b>     | <b>439</b>     |
| Surplus (deficit) from discontinued operations                             | -              | -              |
| <b>Surplus (deficit) from ALL Operations before tax</b>                    | <b>440</b>     | <b>439</b>     |
| less: Corporate Taxation Equivalent (30%) [based on result before capita ] | (132)          | (125)          |
| <b>SURPLUS (DEFICIT) AFTER TAX</b>   | <b>308</b>     | <b>314</b>     |
| plus Opening Retained Profits  | 18,756         | 18,293         |
| plus/less: Prior Period Adjustments  | -              | -              |
| plus Adjustments for amounts unpaid:                                       |                |                |
| - Taxation equivalent payments   | 24             | 24             |
| - Debt guarantee fees  | -              | -              |
| - Corporate taxation equivalent  | 132            | 125            |
| less:  |                |                |
| - Tax Equivalent Dividend paid   | -              | -              |
| - Surplus dividend paid  | -              | -              |
| <b>Closing Retained Profits</b>  | <b>19,220</b>  | <b>18,756</b>  |
| <b>Return on Capital %</b>   | <b>2.8%</b>    | <b>2.9%</b>    |
| <b>Subsidy from Council</b>  | <b>68</b>      | <b>243</b>     |
| <b>Calculation of dividend payable:</b>                                    |                |                |
| Surplus (deficit) after tax  | 308            | 314            |
| less: Capital grants and contributions (excluding developer contr butions) | -              | (16)           |
| <b>Surplus for dividend calculation purposes</b>                           | <b>308</b>     | <b>298</b>     |
| <b>Potential Dividend calculated from surplus</b>                          | <b>154</b>     | <b>149</b>     |

## Cowra Shire Council

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

as at 30 June 2015

| \$ '000  | Actual<br>2015 | Actual<br>2014 |
|--|----------------|----------------|
| <b>ASSETS</b>                                  |                |                |
| <b>Current Assets</b>                          |                |                |
| Cash and cash equivalents                      | 855            | 4,358          |
| Investments                                    | 2,856          | -              |
| Receivables                                    | 1,977          | 1,619          |
| Inventories                                    | 3              | 4              |
| Other  | -              | -              |
| Non-current assets classified as held for sale | -              | -              |
| <b>Total Current Assets</b>                    | <b>5,691</b>   | <b>5,981</b>   |
| <b>Non-Current Assets</b>                      |                |                |
| Investments                                    | -              | -              |
| Receivables                                    | -              | -              |
| Inventories                                    | -              | -              |
| Infrastructure, property, plant and equipment  | 55,336         | 54,620         |
| Investments accounted for using equity method  | -              | -              |
| Investment property                            | -              | -              |
| Intangible Assets                              | -              | -              |
| Other  | -              | -              |
| <b>Total non-Current Assets</b>                | <b>55,336</b>  | <b>54,620</b>  |
| <b>TOTAL ASSETS</b>                            | <b>61,027</b>  | <b>60,601</b>  |
| <b>LIABILITIES</b>                             |                |                |
| <b>Current Liabilities</b>                     |                |                |
| Bank Overdraft                                 | -              | -              |
| Payables                                       | 58             | 34             |
| Interest bearing liabilities                   | 432            | 412            |
| Provisions                                     | 215            | 180            |
| <b>Total Current Liabilities</b>               | <b>705</b>     | <b>626</b>     |
| <b>Non-Current Liabilities</b>                 |                |                |
| Payables                                       | -              | -              |
| Interest bearing liabilities                   | 7,303          | 7,735          |
| Provisions                                     | 4              | 12             |
| <b>Total Non-Current Liabilities</b>           | <b>7,307</b>   | <b>7,747</b>   |
| <b>TOTAL LIABILITIES</b>                       | <b>8,012</b>   | <b>8,373</b>   |
| <b>NET ASSETS</b>                              | <b>53,015</b>  | <b>52,228</b>  |
| <b>EQUITY</b>                                  |                |                |
| Retained earnings                              | 17,138         | 17,110         |
| Revaluation reserves                           | 35,877         | 35,118         |
| Council equity interest                        | 53,015         | 52,228         |
| Non-controlling equity interest                | -              | -              |
| <b>TOTAL EQUITY</b>                            | <b>53,015</b>  | <b>52,228</b>  |

## Cowra Shire Council

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

as at 30 June 2015

| \$ '000  | Actual<br>2015 | Actual<br>2014 |
|--|----------------|----------------|
| <b>ASSETS</b>                                  |                |                |
| <b>Current Assets</b>                          |                |                |
| Cash and cash equivalents                      | 1,381          | 5,827          |
| Investments                                    | 4,578          | -              |
| Receivables                                    | 344            | 402            |
| Inventories                                    | -              | -              |
| Other  | -              | -              |
| Non-current assets classified as held for sale | -              | -              |
| <b>Total Current Assets</b>                    | <b>6,303</b>   | <b>6,229</b>   |
| <b>Non-Current Assets</b>                      |                |                |
| Investments                                    | -              | -              |
| Receivables                                    | -              | -              |
| Inventories                                    | -              | -              |
| Infrastructure, property, plant and equipment  | 35,755         | 35,023         |
| Investments accounted for using equity method  | -              | -              |
| Investment property                            | -              | -              |
| Intangible Assets                              | -              | -              |
| Other  | -              | -              |
| <b>Total non-Current Assets</b>                | <b>35,755</b>  | <b>35,023</b>  |
| <b>TOTAL ASSETS</b>                            | <b>42,058</b>  | <b>41,252</b>  |
| <b>LIABILITIES</b>                             |                |                |
| <b>Current Liabilities</b>                     |                |                |
| Bank Overdraft                                 | -              | -              |
| Payables                                       | 105            | 47             |
| Interest bearing liabilities                   | 125            | 201            |
| Provisions                                     | 71             | 66             |
| <b>Total Current Liabilities</b>               | <b>301</b>     | <b>314</b>     |
| <b>Non-Current Liabilities</b>                 |                |                |
| Payables                                       | -              | -              |
| Interest bearing liabilities                   | 6,816          | 6,941          |
| Provisions                                     | 8              | 7              |
| <b>Total Non-Current Liabilities</b>           | <b>6,824</b>   | <b>6,948</b>   |
| <b>TOTAL LIABILITIES</b>                       | <b>7,125</b>   | <b>7,262</b>   |
| <b>NET ASSETS</b>                              | <b>34,933</b>  | <b>33,990</b>  |
| <b>EQUITY</b>                                  |                |                |
| Retained earnings                              | 19,220         | 18,756         |
| Revaluation reserves                           | 15,713         | 15,234         |
| Council equity interest                        | 34,933         | 33,990         |
| Non-controlling equity interest                | -              | -              |
| <b>TOTAL EQUITY</b>                            | <b>34,933</b>  | <b>33,990</b>  |

## Cowra Shire Council

### Special Purpose Financial Statements

for the financial year ended 30 June 2015

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

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

## Cowra Shire Council

### Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2015

#### Note 1. Significant Accounting Policies

These financial statements are a Special Purpose Financial Statements (SPFS) prepared for use by Council and the Office 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); and
- Australian Accounting Interpretations.

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

- the Local Government Act and Regulations; 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 Office of Local Government in July 1997 has also been adopted.

The pricing and 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

## Cowra Shire Council

### Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2015

#### Note 1. Significant Accounting Policies

this is the case, they are disclosed in these statements as a cost of operations just like all other costs.

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

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

#### Notional Rate Applied %

##### Corporate Income Tax Rate – 30%

Land Tax – The first **\$432,000** of combined land values attracts **0%**. From \$432,001 to \$2,641,000 the rate is **1.6% + \$100**. For the remaining combined land value that exceeds \$2,641,000, a premium marginal rate of **2.0%** applies.

Payroll Tax – **5.45%** on the value of taxable salaries and wages in excess of \$750,000.

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 to in the Best Practice Management of Water Supply and Sewerage Guides 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 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's 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 2015

#### 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) represent 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 3.02% at 30/6/15.

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 2015 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 2015

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

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

2015

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

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

|       |  |        |
|-------|--|--------|
| (i)   | Calculated Tax Equivalents                                   | 13,000 |
| (ii)  | No of assessments multiplied by \$3/assessment               | 18,390 |
| (iii) | Amounts payable for Tax Equivalents [lesser of (i) and (ii)] | 13,000 |
| (iv)  | Amounts actually paid for Tax Equivalents                    | -      |

##### 2. Dividend from Surplus

|       |  |             |
|-------|--|-------------|
| (i)   | 50% of Surplus before Dividends<br>[Calculated in accordance with Best Practice Management for Water Supply and Sewerage Guidelines]                   | -           |
| (ii)  | No. of assessments multiplied by \$30/assessment, less tax equivalent charges/assessment   | 170,900     |
| (iii) | Cumulative surplus before Dividends for the 3 years to 30 June 2015, less the cumulative dividends paid for the 2 years to 30 June 2014 & 30 June 2013 | (1,171,900) |

|              |           |               |             |               |         |
|--------------|-----------|---------------|-------------|---------------|---------|
| 2015 Surplus | (195,000) | 2014 Surplus  | (1,083,000) | 2013 Surplus  | 106,100 |
|              |           | 2014 Dividend | -           | 2013 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<br>[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  | YES |
|       | 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 2015Note 2. Water Supply Business  
Best Practice Management disclosure requirements (continued)

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Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated) 2015


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## National Water Initiative (NWI) Financial Performance Indicators

|         |   |        |        |
|---------|---|--------|--------|
| NWI F1  | Total Revenue (Water)<br>Total Income (w13) - Grants for the Acquisition of Assets (w11a) - Interest Income (w9)<br>- Aboriginal Communities W&S Program Income (w10a)  | \$'000 | 6,826  |
| NWI F4  | Revenue from Residential Usage Charges (Water)<br>Income from Residential Usage Charges (w6b) x 100 divided by the sum of<br>[Income from Residential Usage Charges (w6a) + Income from Residential<br>Access Charges (w6b)]  | %      | 76.70% |
| NWI F9  | Written Down Replacement Cost of Fixed Assets (Water)<br>Written down current cost of system assets (w47)   | \$'000 | 52,869 |
| NWI F11 | Operating Cost (OMA) (Water)<br>Management Expenses (w1) + Operational & Maintenance Expenses (w2)  | \$'000 | 3,970  |
| NWI F14 | Capital Expenditure (Water)<br>Acquisition of fixed assets (w16)  | \$'000 | 1,722  |
| NWI F17 | Economic Real Rate of Return (Water)<br>[Total Income (w13) - Interest Income (w9) - Grants for acquisition of assets (w11a) -<br>Operating Costs (NWI F11) - Current Cost Depreciation (w3)] x 100 divided by<br>[Written Down Current Cost of System Assets (w47) + Plant & Equipment (w33b)] | %      | 1.99%  |
| NWI F26 | Capital Works Grants (Water)<br>Grants for the Acquisition of Assets (w11a)   | \$'000 | 201    |

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

## Cowra Shire Council

Notes to the Special Purpose Financial Statements  
for the financial year ended 30 June 2015Note 3. Sewerage Business  
Best Practice Management disclosure requirements

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

2015

**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               | 11,199 |
| (iii) | Amounts payable for Tax Equivalents [lesser of (i) and (ii)] | 11,199 |
| (iv)  | Amounts actually paid for Tax Equivalents                    | -      |

**2. Dividend from Surplus**

|       |  |         |
|-------|--|---------|
| (i)   | 50% of Surplus before Dividends<br>[Calculated in accordance with Best Practice Management for Water Supply and Sewerage Guidelines]                   | 154,000 |
| (ii)  | No. of assessments x (\$30 less tax equivalent charges per assessment)   | 100,791 |
| (iii) | Cumulative surplus before dividends for the 3 years to 30 June 2015, less the cumulative dividends paid for the 2 years to 30 June 2014 & 30 June 2013 | 864,000 |

|              |         |               |         |               |         |
|--------------|---------|---------------|---------|---------------|---------|
| 2015 Surplus | 308,000 | 2014 Surplus  | 297,600 | 2013 Surplus  | 258,400 |
|              |         | 2014 Dividend | -       | 2013 Dividend | -       |

|      |  |         |
|------|--|---------|
| (iv) | Maximum dividend from surplus [least of (i), (ii) and (iii) above]                           | 100,791 |
| (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<br>[Refer Item 2(a) in Table 1 on page 22 of the Best Practice Guidelines] | YES |
|       | Complying charges (a) Residential [Item 2(c) in Table 1]  | YES |
|       | (b) Non Residential [Item 2(c) in Table 1]  | YES |
|       | (c) Trade Waste [Item 2(d) in Table 1]  | YES |
|       | DSP with Commercial Developer Charges [Item 2(e) in Table 1]  | YES |
|       | Liquid Trade Waste Approvals & Policy [Item 2(f) in Table 1]  | YES |
| (iii) | Complete Performance Reporting Form (by 15 September each year)   | YES |
| (iv)  | a. Integrated Water Cycle Management Evaluation   | YES |
|       | b. Complete and implement Integrated Water Cycle Management Strategy  | NO  |

## Cowra Shire Council

Notes to the Special Purpose Financial Statements  
for the financial year ended 30 June 2015Note 3. Sewerage Business  
Best Practice Management disclosure requirements (continued)

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Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated) 2015


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

|                |   |        |        |
|----------------|---|--------|--------|
| <b>NWI F2</b>  | Total Revenue (Sewerage)<br>Total Income (s14) - Grants for Acquisition of Assets (s12a) - Interest Income (s10)<br>- Aboriginal Communities W&S Program Income (w10a)  | \$'000 | 3,229  |
| <b>NWI F10</b> | Written Down Replacement Cost of Fixed Assets (Sewerage)<br>Written down current cost of system assets (s48)  | \$'000 | 33,047 |
| <b>NWI F12</b> | Operating Cost (Sewerage)<br>Management Expenses (s1) + Operational & Maintenance Expenses (s2)   | \$'000 | 1,567  |
| <b>NWI F15</b> | Capital Expenditure (Sewerage)<br>Acquisition of Fixed Assets (s17)   | \$'000 | 808    |
| <b>NWI F18</b> | Economic Real Rate of Return (Sewerage)<br>[Total Income (s14) - Interest Income (s10) - Grants for acquisition of Assets (s12a)<br>- Operating cost (NWI F12) - Current cost depreciation (s3)] x 100 divided by<br>[Written down current cost (ie. WDCC) of System Assets (s48) + Plant & Equipment (s34b)] | %      | 3.10%  |
| <b>NWI F27</b> | Capital Works Grants (Sewerage)<br>Grants for the Acquisition of Assets (12a)   | \$'000 | -      |

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

|                |   |        |        |
|----------------|---|--------|--------|
| <b>NWI F3</b>  | Total Income (Water & Sewerage)<br>Total Income (w13 + s14) + Gain/Loss on disposal of assets (w14 + s15)<br>minus Grants for acquisition of assets (w11a + s12a) - Interest Income (w9 + s10)  | \$'000 | 10,070 |
| <b>NWI F8</b>  | Revenue from Community Service Obligations (Water & Sewerage)<br>Community Service Obligations (NWI F25) x 100 divided by Total Income (NWI F3)   | %      | 1.11%  |
| <b>NWI F16</b> | Capital Expenditure (Water & Sewerage)<br>Acquisition of Fixed Assets (w16 + s17)   | \$'000 | 2,530  |
| <b>NWI F19</b> | Economic Real Rate of Return (Water & Sewerage)<br>[Total Income (w13 + s14) - Interest Income (w9 + s10) - Grants for acquisition of assets<br>(w11a + s12a) - Operating Cost (NWI F11 + NWI F12) - Current cost depreciation (w3 + s3)] x 100<br>divided by [Written down replacement cost of fixed assets (NWI F9 + NWI F10)<br>+ Plant & equipment (w33b + s34b)] | %      | 2.42%  |
| <b>NWI F20</b> | Dividend (Water & Sewerage)<br>Dividend paid from surplus (2(v) of Note 2 + 2(v) of Note 3)   | \$'000 | -      |
| <b>NWI F21</b> | Dividend Payout Ratio (Water & Sewerage)<br>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 2015Note 3. Sewerage Business  
Best Practice Management disclosure requirements (continued)

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Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated) 2015


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

|         |  |        |       |
|---------|--|--------|-------|
| NWI F22 | Net Debt to Equity (Water & Sewerage)<br>Overdraft (w36 + s37) + Borrowings (w38 + s39) - Cash & Investments (w30 + s31)<br>x 100 divided by [Total Assets (w35 + s36) - Total Liabilities (w40 + s41)]  | %      | 5.69% |
| NWI F23 | Interest Cover (Water & Sewerage)<br>Earnings before Interest & Tax (EBIT) divided by Net Interest<br><br>Earnings before Interest & Tax (EBIT): <span style="border: 1px solid black; padding: 2px;">2,207</span><br>Operating Result (w15a + s16a) + Interest expense (w4a + s4a) - Interest Income (w9 + s10)<br>- Gain/Loss on disposal of assets (w14 + s15) + Miscellaneous Expenses (w4b + w4c + s4b + s4c)<br><br>Net Interest: <span style="border: 1px solid black; padding: 2px;">1,018</span><br>Interest Expense (w4a + s4a) - Interest Income (w9 + s10) |        | 2     |
| NWI F24 | Net Profit After Tax (Water & Sewerage)<br>Surplus before dividends (w15a + s16a) - Tax equivalents paid (Note 2-1(iv) + Note 3-1(iv))   | \$'000 | 291   |
| NWI F25 | Community Service Obligations (Water & Sewerage)<br>Grants for Pensioner Rebates (w11b + s12b)   | \$'000 | 112   |

- 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 2015, comprising the Statement by Council, Income Statement by Business Activities, Statement of Financial Position 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 Office 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 2015 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.

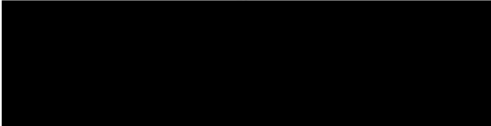
### Basis of Accounting

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 Office 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 Office of Local Government or for any purpose other than for which the statements were prepared.




intentus

14 Sale Street  
Orange NSW  
Dated: 27 October 2015



John O'Malley  
Director



# Cowra Shire Council

SPECIAL SCHEDULES  
for the year ended 30 June 2015

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





# Cowra Shire Council

## Special Schedules

for the financial year ended 30 June 2015

### Contents

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

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| - Special Schedule No. 2(a)            | Statement of Long Term Debt (all purposes)           | 4   |
| - Special Schedule No. 2(b)            | Statement of Internal Loans (Sect. 410(3) LGA 1993)  | n/a |
| - Special Schedule No. 3               | Water Supply Operations - incl. Income Statement     | 5   |
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<sup>1</sup> Special Schedules are not audited (with the exception of Special Schedule 9).

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#### Background

- (i) These Special Schedules have been designed to meet the requirements of special purpose users such as:
- the NSW Grants Commission
  - the Australian Bureau of Statistics (ABS),
  - the NSW Office of Water (NOW), and
  - the Office of Local Government (OLG).
- (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 2015

\$'000

| Function or Activity                                   | Expenses from Continuing Operations | Income from continuing operations |            | Net Cost of Services |
|--|-------------------------------------|-----------------------------------|------------|----------------------|
|  |                                     | Non Capital                       | Capital    |                      |
| <b>Governance</b>                                      | 296                                 | -                                 | -          | (296)                |
| <b>Administration</b>                                  | 3,716                               | 411                               | -          | (3,305)              |
| <b>Public Order and Safety</b>                         |                                     |                                   |            |                      |
| Fire Service Levy, Fire Protection, Emergency Services | 334                                 | 66                                | 25         | (243)                |
| Beach Control  | -                                   | -                                 | -          | -                    |
| Enforcement of Local Govt. Regulations                 | -                                   | -                                 | -          | -                    |
| Animal Control   | 215                                 | 137                               | -          | (78)                 |
| Other  | -                                   | -                                 | -          | -                    |
| <b>Total Public Order &amp; Safety</b>                 | <b>549</b>                          | <b>203</b>                        | <b>25</b>  | <b>(321)</b>         |
| <b>Health</b>  | 2                                   | 20                                | -          | 18                   |
| <b>Environment</b>                                     |                                     |                                   |            |                      |
| Noxious Plants and Insect/Vermin Control               | 265                                 | 75                                | -          | (190)                |
| Other Environmental Protection                         | 53                                  | -                                 | -          | (53)                 |
| Solid Waste Management                                 | 3,098                               | 2,935                             | 67         | (96)                 |
| Street Cleaning  | 89                                  | -                                 | -          | (89)                 |
| Drainage   | 294                                 | -                                 | -          | (294)                |
| Stormwater Management                                  | -                                   | -                                 | -          | -                    |
| <b>Total Environment</b>                               | <b>3,799</b>                        | <b>3,010</b>                      | <b>67</b>  | <b>(722)</b>         |
| <b>Community Services and Education</b>                |                                     |                                   |            |                      |
| Administration & Education                             | 14                                  | 9                                 | -          | (5)                  |
| Social Protection (Welfare)                            | -                                   | -                                 | -          | -                    |
| Aged Persons and Disabled                              | -                                   | -                                 | -          | -                    |
| Children's Services                                    | -                                   | -                                 | -          | -                    |
| <b>Total Community Services &amp; Education</b>        | <b>14</b>                           | <b>9</b>                          | <b>-</b>   | <b>(5)</b>           |
| <b>Housing and Community Amenities</b>                 |                                     |                                   |            |                      |
| Public Cemeteries                                      | 233                                 | 270                               | -          | 37                   |
| Public Conveniences                                    | 81                                  | -                                 | -          | (81)                 |
| Street Lighting  | 276                                 | 66                                | -          | (210)                |
| Town Planning  | 1,177                               | 497                               | 65         | (615)                |
| Other Community Amenities                              | 41                                  | -                                 | -          | (41)                 |
| <b>Total Housing and Community Amenities</b>           | <b>1,808</b>                        | <b>833</b>                        | <b>65</b>  | <b>(910)</b>         |
| <b>Water Supplies</b>                                  | <b>6,225</b>                        | <b>6,043</b>                      | <b>210</b> | <b>28</b>            |
| <b>Sewerage Services</b>                               | <b>2,647</b>                        | <b>3,111</b>                      | <b>-</b>   | <b>464</b>           |

## Cowra Shire Council

Special Schedule No. 1 - Net Cost of Services (continued)  
for the financial year ended 30 June 2015

\$'000

| Function or Activity  | Expenses from Continuing Operations | Income from continuing operations |            | Net Cost of Services |
|---|-------------------------------------|-----------------------------------|------------|----------------------|
|   |                                     | Non Capital                       | Capital    |                      |
| <b>Recreation and Culture</b>   |                                     |                                   |            |                      |
| Public Libraries  | 307                                 | 51                                | -          | (256)                |
| Museums   | -                                   | -                                 | -          | -                    |
| Art Galleries   | 258                                 | 70                                | -          | (188)                |
| Community Centres and Halls   | 101                                 | 24                                | -          | (77)                 |
| Performing Arts Venues  | -                                   | 21                                | -          | 21                   |
| Other Performing Arts   | -                                   | -                                 | -          | -                    |
| Other Cultural Services   | 101                                 | 11                                | -          | (90)                 |
| Sporting Grounds and Venues   | 238                                 | 21                                | -          | (217)                |
| Swimming Pools  | 389                                 | 187                               | -          | (202)                |
| Parks & Gardens (Lakes)   | 1,829                               | 26                                | 52         | (1,751)              |
| Other Sport and Recreation  | 73                                  | -                                 | -          | (73)                 |
| <b>Total Recreation and Culture</b>   | <b>3,296</b>                        | <b>411</b>                        | <b>52</b>  | <b>(2,833)</b>       |
| <b>Fuel &amp; Energy</b>  | -                                   | -                                 | -          | -                    |
| <b>Agriculture</b>  | -                                   | -                                 | -          | -                    |
| <b>Mining, Manufacturing and Construction</b>                                       |                                     |                                   |            |                      |
| Building Control  | -                                   | 210                               | -          | 210                  |
| Other Mining, Manufacturing & Construction  | 27                                  | -                                 | -          | (27)                 |
| <b>Total Mining, Manufacturing and Const.</b>                                       | <b>27</b>                           | <b>210</b>                        | -          | <b>183</b>           |
| <b>Transport and Communication</b>  |                                     |                                   |            |                      |
| Urban Roads (UR) - Local  | 397                                 | -                                 | 15         | (382)                |
| Urban Roads - Regional  | -                                   | -                                 | -          | -                    |
| Sealed Rural Roads (SRR) - Local  | 1,932                               | 906                               | -          | (1,026)              |
| Sealed Rural Roads (SRR) - Regional   | 493                                 | 493                               | -          | -                    |
| Unsealed Rural Roads (URR) - Local  | -                                   | -                                 | -          | -                    |
| Unsealed Rural Roads (URR) - Regional   | -                                   | -                                 | -          | -                    |
| Bridges on UR - Local   | 5                                   | -                                 | -          | (5)                  |
| Bridges on SRR - Local  | 6                                   | -                                 | -          | (6)                  |
| Bridges on URR - Local  | -                                   | -                                 | -          | -                    |
| Bridges on Regional Roads   | -                                   | -                                 | -          | -                    |
| Parking Areas   | -                                   | -                                 | -          | -                    |
| Footpaths   | -                                   | 80                                | -          | 80                   |
| Aerodromes  | 140                                 | 20                                | -          | (120)                |
| Other Transport & Communication   | -                                   | -                                 | 54         | 54                   |
| <b>Total Transport and Communication</b>  | <b>2,973</b>                        | <b>1,499</b>                      | <b>69</b>  | <b>(1,405)</b>       |
| <b>Economic Affairs</b>   |                                     |                                   |            |                      |
| Camping Areas & Caravan Parks   | 103                                 | 208                               | -          | 105                  |
| Other Economic Affairs  | 5,952                               | 7,215                             | -          | 1,263                |
| <b>Total Economic Affairs</b>   | <b>6,055</b>                        | <b>7,423</b>                      | -          | <b>1,368</b>         |
| <b>Totals – Functions</b>   | <b>31,407</b>                       | <b>23,183</b>                     | <b>488</b> | <b>(7,736)</b>       |
| <b>General Purpose Revenues</b> <sup>(2)</sup>                                      |                                     | <b>11,041</b>                     |            | <b>11,041</b>        |
| <b>Share of interests - joint ventures &amp; associates using the equity method</b> | -                                   | -                                 |            | -                    |
| <b>NET OPERATING RESULT</b> <sup>(1)</sup>  | <b>31,407</b>                       | <b>34,224</b>                     | <b>488</b> | <b>3,305</b>         |

(1) As reported in the Income Statement

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

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

for the financial year ended 30 June 2015

\$'000

| Classification of Debt      | Principal outstanding at beginning of the year |               |               | New Loans raised during the year | Debt redemption during the year |               | Transfers to Sinking Funds | Interest applicable for Year | Principal outstanding at the end of the year |               |               |
|-----------------------------|--|---------------|---------------|----------------------------------|---------------------------------|---------------|----------------------------|------------------------------|--|---------------|---------------|
|                             | Current  | Non Current   | Total         |                                  | From Revenue                    | Sinking Funds |                            |                              | Current                                      | Non Current   | Total         |
| <b>Loans (by Source)</b>    |  |               |               |                                  |                                 |               |                            |                              |  |               |               |
| Commonwealth Government     | -  | -             | -             | -                                | -                               | -             | -                          | -                            | -  | -             | -             |
| Treasury Corporation        | -  | -             | -             | -                                | -                               | -             | -                          | -                            | -  | -             | -             |
| Other State Government      | -  | -             | -             | -                                | -                               | -             | -                          | -                            | -  | -             | -             |
| Public Subscription         | -  | -             | -             | -                                | -                               | -             | -                          | -                            | -  | -             | -             |
| Financial Institutions      | 1,061  | 19,281        | 20,342        | -                                | 1,061                           | -             | -                          | 1,416                        | 1,007  | 18,274        | 19,281        |
| Other                       | -  | -             | -             | -                                | -                               | -             | -                          | -                            | -  | -             | -             |
| <b>Total Loans</b>          | <b>1,061</b>                                   | <b>19,281</b> | <b>20,342</b> | <b>-</b>                         | <b>1,061</b>                    | <b>-</b>      | <b>-</b>                   | <b>1,416</b>                 | <b>1,007</b>                                 | <b>18,274</b> | <b>19,281</b> |
| <b>Other Long Term Debt</b> |  |               |               |                                  |                                 |               |                            |                              |  |               |               |
| Ratepayers Advances         | -  | -             | -             | -                                | -                               | -             | -                          | -                            | -  | -             | -             |
| Government Advances         | -  | -             | -             | -                                | -                               | -             | -                          | -                            | -  | -             | -             |
| Finance Leases              | -  | -             | -             | -                                | -                               | -             | -                          | -                            | -  | -             | -             |
| Deferred Payments           | -  | -             | -             | -                                | -                               | -             | -                          | -                            | -  | -             | -             |
| <b>Total Long Term Debt</b> | <b>-</b>                                       | <b>-</b>      | <b>-</b>      | <b>-</b>                         | <b>-</b>                        | <b>-</b>      | <b>-</b>                   | <b>-</b>                     | <b>-</b>                                     | <b>-</b>      | <b>-</b>      |
| <b>Total Debt</b>           | <b>1,061</b>                                   | <b>19,281</b> | <b>20,342</b> | <b>-</b>                         | <b>1,061</b>                    | <b>-</b>      | <b>-</b>                   | <b>1,416</b>                 | <b>1,007</b>                                 | <b>18,274</b> | <b>19,281</b> |

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

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

## Cowra Shire Council

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

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
for the financial year ended 30 June 2015

| \$'000   | Actuals<br>2015 | Actuals<br>2014 |
|--|-----------------|-----------------|
| <b>A Expenses and Income Expenses</b>              |                 |                 |
| <b>1. Management expenses</b>                      |                 |                 |
| a. Administration                                  | 31              | 49              |
| b. Engineering and Supervision                     | 269             | 245             |
| <b>2. Operation and Maintenance expenses</b>       |                 |                 |
| - <b>Dams &amp; Weirs</b>                          |                 |                 |
| a. Operation expenses                              | -               | -               |
| b. Maintenance expenses                            | -               | -               |
| - <b>Mains</b>                                     |                 |                 |
| c. Operation expenses                              | 89              | 87              |
| d. Maintenance expenses                            | 550             | 567             |
| - <b>Reservoirs</b>                                |                 |                 |
| e. Operation expenses                              | -               | -               |
| f. Maintenance expenses                            | 62              | 83              |
| - <b>Pumping Stations</b>                          |                 |                 |
| g. Operation expenses (excluding energy costs)     | 51              | 57              |
| h. Energy costs                                    | 449             | 413             |
| i. Maintenance expenses                            | -               | -               |
| - <b>Treatment</b>                                 |                 |                 |
| j. Operation expenses (excluding chemical costs)   | 541             | 416             |
| k. Chemical costs                                  | 230             | 194             |
| l. Maintenance expenses                            | 45              | 124             |
| - <b>Other</b>                                     |                 |                 |
| m. Operation expenses                              | 1,316           | 1,244           |
| n. Maintenance expenses                            | 3               | -               |
| o. Purchase of water                               | 334             | 319             |
| <b>3. Depreciation expenses</b>                    |                 |                 |
| a. System assets                                   | 1,645           | 1,545           |
| b. Plant and equipment                             | 111             | 100             |
| <b>4. Miscellaneous expenses</b>                   |                 |                 |
| a. Interest expenses                               | 469             | 281             |
| b. Revaluation Decrements                          | -               | -               |
| c. Other expenses                                  | 830             | 852             |
| d. Impairment - System assets                      | -               | -               |
| e. Impairment - Plant and equipment                | -               | -               |
| f. Aboriginal Communities Water & Sewerage Program | -               | -               |
| g. Tax Equivalent Dividends (actually paid)        | -               | -               |
| <b>5. Total expenses</b>                           | <b>7,025</b>    | <b>6,576</b>    |

## Cowra Shire Council

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

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
for the financial year ended 30 June 2015

| \$'000   | Actuals<br>2015 | Actuals<br>2014 |
|--|-----------------|-----------------|
| <b>Income</b>  |                 |                 |
| <b>6. Residential charges</b>  |                 |                 |
| a. Access (including rates)  | 806             | 799             |
| b. Usage charges   | 2,653           | 2,659           |
| <b>7. Non-residential charges</b>                                    |                 |                 |
| a. Access (including rates)  | 554             | 550             |
| b. Usage charges   | 1,679           | 1,247           |
| <b>8. Extra charges</b>  | 27              | 37              |
| <b>9. Interest income</b>  | 12              | 14              |
| <b>10. Other income</b>  | 946             | 123             |
| <b>10a. Aboriginal Communities Water and Sewerage Program</b>        | -               | -               |
| <b>11. Grants</b>  |                 |                 |
| a. Grants for acquisition of assets                                  | 201             | 83              |
| b. Grants for pensioner rebates                                      | 67              | 65              |
| c. Other grants  | 85              | -               |
| <b>12. Contributions</b>   |                 |                 |
| a. Developer charges   | 9               | 4               |
| b. Developer provided assets   | -               | -               |
| c. Other contributions   | -               | -               |
| <b>13. Total income</b>  | <b>7,039</b>    | <b>5,581</b>    |
| <b>14. Gain (or loss) on disposal of assets</b>                      | 14              | 19              |
| <b>15. Operating Result</b>  | <b>28</b>       | <b>(976)</b>    |
| <b>15a. Operating Result (less grants for acquisition of assets)</b> | (173)           | (1,059)         |

## 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 2015

| \$'000   | Actuals<br>2015 | Actuals<br>2014 |
|--|-----------------|-----------------|
| <b>B Capital transactions</b>                                      |                 |                 |
| <b>Non-operating expenditures</b>                                  |                 |                 |
| <b>16. Acquisition of Fixed Assets</b>                             |                 |                 |
| a. New Assets for Improved Standards                               | 1,069           | 2,732           |
| b. New Assets for Growth   | -               | -               |
| c. Renewals  | 520             | 240             |
| d. Plant and equipment   | 133             | -               |
| <b>17. Repayment of debt</b>                                       |                 |                 |
| a. Loans   | 412             | 99              |
| b. Advances  | -               | -               |
| c. Finance leases  | -               | -               |
| <b>18. Transfer to sinking fund</b>                                | -               | -               |
| <b>19. Totals</b>  | <b>2,134</b>    | <b>3,071</b>    |
| <b>Non-operating funds employed</b>                                |                 |                 |
| <b>20. Proceeds from disposal of assets</b>                        | 23              | 53              |
| <b>21. Borrowing utilised</b>                                      |                 |                 |
| a. Loans   | 722             | -               |
| b. Advances  | -               | -               |
| c. Finance leases  | -               | -               |
| <b>22. Transfer from sinking fund</b>                              | -               | -               |
| <b>23. Totals</b>  | <b>745</b>      | <b>53</b>       |
| <b>C Rates and charges</b>   |                 |                 |
| <b>24. Number of assessments</b>                                   |                 |                 |
| a. Residential (occupied)  | 4,694           | 4,510           |
| b. Residential (unoccupied, ie. vacant lot)                        | 460             | 484             |
| c. Non-residential (occupied)                                      | 976             | 1,187           |
| d. Non-residential (unoccupied, ie. vacant lot)                    | -               | -               |
| <b>25. Number of ETs for which developer charges were received</b> | - ET            | 1 ET            |
| <b>26. Total amount of pensioner rebates (actual dollars)</b>      | \$ 122,167      | \$ 117,697      |

## Cowra Shire Council

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

for the financial year ended 30 June 2015

| \$'000  | Yes                      | No                       | Amount                         |
|---|--------------------------|--------------------------|--------------------------------|
| <b>D Best practice annual charges and developer charges*</b>  |                          |                          |                                |
| <b>27. Annual charges</b>   |                          |                          |                                |
| a. Does Council have best-practice water supply annual charges and usage charges*?  | <input type="checkbox"/> | <input type="checkbox"/> |                                |
| If Yes, go to 28a.  |                          |                          |                                |
| If No, please report if council has removed <b>land value</b> from access charges (ie rates)?   |                          |                          |                                |
| <p><b>NB.</b> Such charges for both residential customers and non-residential customers comply with section 3.2 of Water Supply, Sewerage and Trade Waste Pricing Guidelines, NSW Office of Water, December, 2002. Such charges do not involve significant cross subsidies.</p> |                          |                          |                                |
| b. Cross-subsidy <b>from</b> residential customers using less than allowance (page 25 of Guidelines)  |                          |                          | <input type="text"/>           |
| c. Cross-subsidy <b>to</b> non-residential customers (page 24 of Guidelines)  |                          |                          | <input type="text"/>           |
| d. Cross-subsidy <b>to</b> large connections in unmetered supplies (page 26 of Guidelines)  |                          |                          | <input type="text"/>           |
| <b>28. Developer charges</b>  |                          |                          |                                |
| a. Has council completed a water supply Development Servicing** Plan?   | <input type="checkbox"/> | <input type="checkbox"/> |                                |
| b. Total cross-subsidy in water supply developer charges for 2014/15 (page 47 of Guidelines)  |                          |                          | <input type="text"/>           |
| ** In accordance with page 9 of Developer Charges Guidelines for Water Supply, Sewerage and Stormwater, NSW Office of Water, December, 2002.  |                          |                          |                                |
| <b>29. Disclosure of cross-subsidies</b>  |                          |                          |                                |
| <b>Total of cross-subsidies (27b +27c + 27d + 28b)</b>  |                          |                          | <input type="text" value="-"/> |

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

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



## 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 2015

| \$'000  | Actuals<br>Current | Actuals<br>Non Current | Actuals<br>Total |
|---|--------------------|------------------------|------------------|
| <b>ASSETS</b>   |                    |                        |                  |
| <b>30. Cash and investments</b>                                   |                    |                        |                  |
| a. Developer charges  | 600                | -                      | 600              |
| b. Special purpose grants   | -                  | -                      | -                |
| c. Accrued leave  | -                  | -                      | -                |
| d. Unexpended loans   | -                  | -                      | -                |
| e. Sinking fund   | -                  | -                      | -                |
| f. Other  | 3,111              | -                      | 3,111            |
| <b>31. Receivables</b>  |                    |                        |                  |
| a. Specific purpose grants  | 66                 | -                      | 66               |
| b. Rates and Availability Charges                                 | 523                | -                      | 523              |
| c. User Charges   | 1,388              | -                      | 1,388            |
| d. Other  | -                  | -                      | -                |
| <b>32. Inventories</b>  | 3                  | -                      | 3                |
| <b>33. Property, plant and equipment</b>                          |                    |                        |                  |
| a. System assets  | -                  | 52,869                 | 52,869           |
| b. Plant and equipment  | -                  | 2,467                  | 2,467            |
| <b>34. Other assets</b>   | -                  | -                      | -                |
| <b>35. Total assets</b>   | <u>5,691</u>       | <u>55,336</u>          | <u>61,027</u>    |
| <b>LIABILITIES</b>  |                    |                        |                  |
| <b>36. Bank overdraft</b>   | -                  | -                      | -                |
| <b>37. Creditors</b>  | 58                 | -                      | 58               |
| <b>38. Borrowings</b>   |                    |                        |                  |
| a. Loans  | 432                | 7,303                  | 7,735            |
| b. Advances   | -                  | -                      | -                |
| c. Finance leases   | -                  | -                      | -                |
| <b>39. Provisions</b>   |                    |                        |                  |
| a. Tax equivalents  | -                  | -                      | -                |
| b. Dividend   | -                  | -                      | -                |
| c. Other  | 215                | 4                      | 219              |
| <b>40. Total liabilities</b>                                      | <u>705</u>         | <u>7,307</u>           | <u>8,012</u>     |
| <b>41. NET ASSETS COMMITTED</b>                                   | <u>4,986</u>       | <u>48,029</u>          | <u>53,015</u>    |
| <b>EQUITY</b>   |                    |                        |                  |
| <b>42. Accumulated surplus</b>                                    |                    |                        | 17,138           |
| <b>43. Asset revaluation reserve</b>                              |                    |                        | 35,877           |
| <b>44. TOTAL EQUITY</b>   |                    |                        | <u>53,015</u>    |
| <b>Note to system assets:</b>                                     |                    |                        |                  |
| <b>45. Current replacement cost</b> of system assets              |                    |                        | 126,523          |
| <b>46. Accumulated current cost</b> depreciation of system assets |                    |                        | (73,654)         |
| <b>47. Written down current cost</b> of system assets             |                    |                        | <u>52,869</u>    |

## 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 2015

| \$'000  | Actuals<br>2015 | Actuals<br>2014 |
|---|-----------------|-----------------|
| <b>A Expenses and Income</b>  |                 |                 |
| <b>Expenses</b>   |                 |                 |
| <b>1. Management expenses</b>   |                 |                 |
| a. Administration   | 296             | 300             |
| b. Engineering and Supervision  | 338             | 324             |
| <b>2. Operation and Maintenance expenses</b>  |                 |                 |
| <b>- Mains</b>  |                 |                 |
| a. Operation expenses   | -               | -               |
| b. Maintenance expenses   | 233             | 231             |
| <b>- Pumping Stations</b>   |                 |                 |
| c. Operation expenses (excluding energy costs)  | 67              | 32              |
| d. Energy costs   | 25              | 32              |
| e. Maintenance expenses   | 62              | 35              |
| <b>- Treatment</b>  |                 |                 |
| f. Operation expenses (excl. chemical, energy, effluent & biosolids management costs) | 120             | 126             |
| g. Chemical costs   | 94              | 55              |
| h. Energy costs   | 111             | 118             |
| i. Effluent Management  | -               | -               |
| j. Biosolids Management   | -               | 22              |
| k. Maintenance expenses   | 69              | 45              |
| <b>- Other</b>  |                 |                 |
| l. Operation expenses   | 150             | 160             |
| m. Maintenance expenses   | 2               | -               |
| <b>3. Depreciation expenses</b>   |                 |                 |
| a. System assets  | 540             | 517             |
| b. Plant and equipment  | 15              | 14              |
| <b>4. Miscellaneous expenses</b>  |                 |                 |
| a. Interest expenses  | 572             | 586             |
| b. Revaluation Decrements   | -               | -               |
| c. Other expenses   | 83              | 66              |
| d. Impairment - System assets   | -               | -               |
| e. Impairment - Plant and equipment   | -               | -               |
| f. Aboriginal Communities Water & Sewerage Program                                    | -               | -               |
| g. Tax Equivalents Dividends (actually paid)  | -               | -               |
| <b>5. Total expenses</b>  | <b>2,777</b>    | <b>2,663</b>    |

## Cowra Shire Council

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

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
for the financial year ended 30 June 2015

| \$'000   | Actuals<br>2015 | Actuals<br>2014 |
|--|-----------------|-----------------|
| <b>Income</b>  |                 |                 |
| <b>6. Residential charges</b> (including rates)                      | 2,307           | 2,311           |
| <b>7. Non-residential charges</b>                                    |                 |                 |
| a. Access (including rates)  | 588             | 583             |
| b. Usage charges   | 65              | 56              |
| <b>8. Trade Waste Charges</b>  |                 |                 |
| a. Annual Fees   | -               | -               |
| b. Usage charges   | -               | -               |
| c. Excess mass charges   | -               | -               |
| d. Re-inspection fees  | -               | -               |
| <b>9. Extra charges</b>  | 16              | 22              |
| <b>10. Interest income</b>   | 11              | 12              |
| <b>11. Other income</b>  | 208             | 78              |
| <b>11a. Aboriginal Communities Water &amp; Sewerage Program</b>      | -               | -               |
| <b>12. Grants</b>  |                 |                 |
| a. Grants for acquisition of assets                                  | -               | 16              |
| b. Grants for pensioner rebates                                      | 45              | 43              |
| c. Other grants  | -               | -               |
| <b>13. Contributions</b>   |                 |                 |
| a. Developer charges   | -               | 5               |
| b. Developer provided assets   | -               | -               |
| c. Other contributions   | -               | -               |
| <b>14. Total income</b>  | <u>3,240</u>    | <u>3,126</u>    |
| <b>15. Gain (or loss) on disposal of assets</b>                      | 1               | -               |
| <b>16. Operating Result</b>  | <u>464</u>      | <u>463</u>      |
| <b>16a. Operating Result (less grants for acquisition of assets)</b> | 464             | 447             |

## Cowra Shire Council

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

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
for the financial year ended 30 June 2015

| \$'000   | Actuals<br>2015 | Actuals<br>2014 |
|--|-----------------|-----------------|
| <b>B Capital transactions</b>                                      |                 |                 |
| <b>Non-operating expenditures</b>                                  |                 |                 |
| <b>17. Acquisition of Fixed Assets</b>                             |                 |                 |
| a. New Assets for Improved Standards                               | -               | -               |
| b. New Assets for Growth   | -               | -               |
| c. Renewals  | 779             | 529             |
| d. Plant and equipment   | 29              | -               |
| <b>18. Repayment of debt</b>                                       |                 |                 |
| a. Loans   | 125             | 760             |
| b. Advances  | -               | -               |
| c. Finance leases  | -               | -               |
| <b>19. Transfer to sinking fund</b>                                | -               | -               |
| <b>20. Totals</b>  | <b>933</b>      | <b>1,289</b>    |
| <b>Non-operating funds employed</b>                                |                 |                 |
| <b>21. Proceeds from disposal of assets</b>                        | 1               | -               |
| <b>22. Borrowing utilised</b>                                      |                 |                 |
| a. Loans   | -               | -               |
| b. Advances  | -               | -               |
| c. Finance leases  | -               | -               |
| <b>23. Transfer from sinking fund</b>                              | -               | -               |
| <b>24. Totals</b>  | <b>1</b>        | <b>-</b>        |
| <b>C Rates and charges</b>   |                 |                 |
| <b>25. Number of assessments</b>                                   |                 |                 |
| a. Residential (occupied)  | 3,195           | 3,190           |
| b. Residential (unoccupied, ie. vacant lot)                        | 225             | 240             |
| c. Non-residential (occupied)                                      | 313             | 295             |
| d. Non-residential (unoccupied, ie. vacant lot)                    | -               | -               |
| <b>26. Number of ETs for which developer charges were received</b> | - ET            | 1 ET            |
| <b>27. Total amount of pensioner rebates (actual dollars)</b>      | \$ 80,968       | \$ 78,522       |

## Cowra Shire Council

Special Schedule No. 5 - Sewerage Service Cross Subsidies  
for the financial year ended 30 June 2015

| \$'000   | Yes                          | No                       | Amount                         |
|--|------------------------------|--------------------------|--------------------------------|
| <b>D Best practice annual charges and developer charges*</b>   |                              |                          |                                |
| <b>28. Annual charges</b>  |                              |                          |                                |
| <b>a.</b> Does Council have best-practice sewerage annual charges, usage charges and trade waste fees & charges*?  | <input type="checkbox"/> Yes | <input type="checkbox"/> |                                |
| If Yes, go to 29a.   |                              |                          |                                |
| If No, please report if council has removed <b>land value</b> from access charges (ie rates)?  | <input type="checkbox"/>     | <input type="checkbox"/> |                                |
| <b>NB.</b> Such charges for both residential customers and non-residential customers comply with section 4.2 & 4.3 of the Water Supply, Sewerage and Trade Waste Pricing Guidelines, NSW Office of Water, December, 2002. Such charges do not involve significant cross subsidies. |                              |                          |                                |
| <b>b.</b> Cross-subsidy <b>to</b> non-residential customers (page 45 of Guidelines)  |                              |                          | <input type="text"/>           |
| <b>c.</b> Cross-subsidy <b>to</b> trade waste discharges (page 46 of Guidelines)   |                              |                          | <input type="text"/>           |
| <b>29. Developer charges</b>   |                              |                          |                                |
| <b>a.</b> Has council completed a sewerage Development Servicing** Plan?   | <input type="checkbox"/> Yes | <input type="checkbox"/> |                                |
| <b>b.</b> Total cross-subsidy in sewerage developer charges for 2014/15 (page 47 of Guidelines)  |                              |                          | <input type="text"/>           |
| ** In accordance with page 9 of Developer Charges Guidelines for Water Supply, Sewerage and Stormwater, NSW Office of Water, December, 2002.   |                              |                          |                                |
| <b>30. Disclosure of cross-subsidies</b>   |                              |                          |                                |
| <b>Total of cross-subsidies (28b + 28c + 29b)</b>  |                              |                          | <input type="text" value="-"/> |

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

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

## 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 2015

| \$'000  | Actuals<br>Current | Actuals<br>Non Current | Actuals<br>Total |
|---|--------------------|------------------------|------------------|
| <b>ASSETS</b>   |                    |                        |                  |
| <b>31. Cash and investments</b>                                   |                    |                        |                  |
| a. Developer charges  | 578                | -                      | 578              |
| b. Special purpose grants   | -                  | -                      | -                |
| c. Accrued leave  | -                  | -                      | -                |
| d. Unexpended loans   | -                  | -                      | -                |
| e. Sinking fund   | -                  | -                      | -                |
| f. Other  | 5,381              | -                      | 5,381            |
| <b>32. Receivables</b>  |                    |                        |                  |
| a. Specific purpose grants  | 1                  | -                      | 1                |
| b. Rates and Availability Charges                                 | 279                | -                      | 279              |
| c. User Charges   | 40                 | -                      | 40               |
| d. Other  | 24                 | -                      | 24               |
| <b>33. Inventories</b>  | -                  | -                      | -                |
| <b>34. Property, plant and equipment</b>                          |                    |                        |                  |
| a. System assets  | -                  | 33,047                 | 33,047           |
| b. Plant and equipment  | -                  | 2,708                  | 2,708            |
| <b>35. Other assets</b>   | -                  | -                      | -                |
| <b>36. Total Assets</b>   | <b>6,303</b>       | <b>35,755</b>          | <b>42,058</b>    |
| <b>LIABILITIES</b>  |                    |                        |                  |
| <b>37. Bank overdraft</b>   | -                  | -                      | -                |
| <b>38. Creditors</b>  | 105                | -                      | 105              |
| <b>39. Borrowings</b>   |                    |                        |                  |
| a. Loans  | 125                | 6,816                  | 6,941            |
| b. Advances   | -                  | -                      | -                |
| c. Finance leases   | -                  | -                      | -                |
| <b>40. Provisions</b>   |                    |                        |                  |
| a. Tax equivalents  | -                  | -                      | -                |
| b. Dividend   | -                  | -                      | -                |
| c. Other  | 71                 | 8                      | 79               |
| <b>41. Total Liabilities</b>                                      | <b>301</b>         | <b>6,824</b>           | <b>7,125</b>     |
| <b>42. NET ASSETS COMMITTED</b>                                   | <b>6,002</b>       | <b>28,931</b>          | <b>34,933</b>    |
| <b>EQUITY</b>   |                    |                        |                  |
| <b>42. Accumulated surplus</b>                                    |                    |                        | 19,220           |
| <b>44. Asset revaluation reserve</b>                              |                    |                        | 15,713           |
| <b>45. TOTAL EQUITY</b>   |                    |                        | <b>34,933</b>    |
| <b>Note to system assets:</b>                                     |                    |                        |                  |
| <b>46. Current replacement cost</b> of system assets              |                    |                        | 48,260           |
| <b>47. Accumulated current cost</b> depreciation of system assets |                    |                        | (15,213)         |
| <b>48. Written down current cost</b> of system assets             |                    |                        | <b>33,047</b>    |

## Cowra Shire Council

### Notes to Special Schedule Numbers 3 & 5 for the financial year ended 30 June 2015

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

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

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

#### Engineering and supervision <sup>(1)</sup>

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

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

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

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

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

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

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

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

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

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

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

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

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

#### Notes:

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

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

Cowra Shire Council

Special Schedule No. 7 - Report on Infrastructure Assets  
as at 30 June 2015

\$'000

| Asset Class | Asset Category                           | Estimated cost to bring up to a satisfactory standard refer (1) | Required Annual Maintenance refer (2) | Actual Maintenance 2014/15 refer (3) | Written Down Value (WDV) refer (4) | Assets in Condition as a % of WDV |               |               |              |              |
|-------------|--|---|---------------------------------------|--------------------------------------|------------------------------------|-----------------------------------|---------------|---------------|--------------|--------------|
|             |  |   |                                       |                                      |                                    | 1                                 | 2             | 3             | 4            | 5            |
|             |  |   |                                       |                                      |                                    | refer (4) & (5)                   |               |               |              |              |
| Buildings   | Council Offices / Administration Centres | -   | -                                     | 19                                   | 4,122                              |                                   | 100.00%       |               |              | 0.00%        |
|             | Council Works Depot                      | 14  | -                                     | 22                                   | 734                                |                                   | 34.57%        | 65.43%        |              | 0.00%        |
|             | Council Public Halls                     | 54  | 20                                    | -                                    | 3,838                              |                                   | 99.28%        | 0.45%         |              | 0.27%        |
|             | Libraries                                | -   | 36                                    | 12                                   | 2,071                              |                                   | 100.00%       |               |              | 0.00%        |
|             | Council Houses                           | 223   | 195                                   | 8                                    | 579                                |                                   |               | 100.00%       |              | 0.00%        |
|             | RFS Sheds                                | -   | -                                     | 4                                    | 519                                |                                   | 50.00%        | 50.00%        |              | 0.00%        |
|             | Amenities/Toilets                        | 33  | 10                                    | 123                                  | 2,715                              | 14.08%                            | 56.24%        | 24.31%        | 5.37%        | 0.00%        |
|             | Other                                    | 159   | -                                     | 41                                   | 6,329                              | 32.84%                            | 36.82%        | 27.84%        | 2.17%        | 0.33%        |
|             | <b>sub total</b>                         | <b>483</b>  | <b>261</b>                            | <b>229</b>                           | <b>20,907</b>                      | <b>11.77%</b>                     | <b>68.75%</b> | <b>17.98%</b> | <b>1.35%</b> | <b>0.15%</b> |
| Roads       | Sealed Roads Surface                     | 270   | 470                                   | 1,066                                | 19,727                             | 30.94%                            | 61.26%        | 7.63%         | 0.17%        | 0.00%        |
|             | Sealed Roads Structure                   | 257   | 493                                   | 887                                  | 48,447                             | 27.13%                            | 67.65%        | 5.22%         |              | 0.00%        |
|             | Unsealed Roads                           | 235   | 1,060                                 | 924                                  | 12,204                             | 33.21%                            | 55.42%        | 9.34%         | 2.03%        | 0.00%        |
|             | Bridges                                  | 138   | 20                                    | 7                                    | 23,864                             | 48.35%                            | 47.20%        | 1.27%         | 3.18%        | 0.00%        |
|             | Footpaths                                | 36  | 75                                    | 38                                   | 7,129                              | 30.41%                            | 67.15%        | 2.44%         |              | 0.00%        |
|             | Cycle ways                               | -   | -                                     | -                                    | 771                                | 100.00%                           |               |               |              | 0.00%        |
|             | Kerb and Gutter                          | 73  | 70                                    | 85                                   | 17,380                             | 16.71%                            | 81.72%        | 1.05%         | 0.52%        | 0.00%        |
|             | Other Road Assets                        | -   | -                                     | 22                                   | 1,634                              |                                   | 50.00%        | 50.00%        |              | 0.00%        |
|             | Culverts & Pipes                         | 171   | 50                                    | 137                                  | 12,295                             | 5.37%                             | 88.62%        | 5.24%         | 0.77%        | 0.00%        |
|             | Road Furniture                           | -   | 1                                     | 56                                   | 59                                 |                                   |               | 100.00%       |              | 0.00%        |
|             | <b>sub total</b>                         | <b>1,180</b>  | <b>2,239</b>                          | <b>3,222</b>                         | <b>143,510</b>                     | <b>28.81%</b>                     | <b>65.21%</b> | <b>5.12%</b>  | <b>0.85%</b> | <b>0.00%</b> |



Cowra Shire Council

Special Schedule No. 7 - Report on Infrastructure Assets (continued)  
as at 30 June 2015

\$'000

| Asset Class                     | Asset Category            | Estimated cost to bring up to a satisfactory standard refer (1) | Required Annual Maintenance refer (2) | Actual Maintenance 2014/15 refer (3) | Written Down Value (WDV) refer (4) | Assets in Condition as a % of WDV |               |               |               |               |
|---------------------------------|---------------------------|---|---------------------------------------|--------------------------------------|------------------------------------|-----------------------------------|---------------|---------------|---------------|---------------|
|                                 |                           |   |                                       |                                      |                                    | 1                                 | 2             | 3             | 4             | 5             |
|                                 |                           |   |                                       |                                      |                                    | refer (4) & (5)                   |               |               |               |               |
| Water Supply Network            | Mains                     | 2,098   | 570                                   | 734                                  | 38,853                             | 26.32%                            | 31.02%        | 31.86%        | 10.35%        | 0.45%         |
|                                 | Reservoirs                | 470   | 230                                   | 132                                  | 6,154                              |                                   | 0.35%         | 78.61%        | 21.04%        | 0.00%         |
|                                 | Pumping Station/s         | 382   | 75                                    | 51                                   | 1,818                              |                                   | 18.30%        | 79.56%        | 2.14%         | 0.00%         |
|                                 | Treatment                 | -   | 250                                   | 261                                  | 5,541                              |                                   | 100.00%       |               |               | 0.00%         |
|                                 | Meters                    | 20  | 200                                   | 233                                  | 503                                |                                   |               | 50.00%        | 50.00%        | 0.00%         |
|                                 | <b>sub total</b>          |   | <b>2,970</b>                          | <b>1,325</b>                         | <b>1,411</b>                       | <b>52,869</b>                     | <b>19.34%</b> | <b>33.95%</b> | <b>35.78%</b> | <b>10.60%</b> |
| Sewerage Network                | Mains                     | 393   | 299                                   | 813                                  | 18,209                             | 18.31%                            | 11.43%        | 58.95%        | 11.31%        | 0.00%         |
|                                 | Pumping Station/s         | 21  | 23                                    | 96                                   | 1,137                              |                                   | 17.01%        | 70.32%        | 12.67%        | 0.00%         |
|                                 | Treatment                 | -   | 147                                   | 148                                  | 13,701                             |                                   | 100.00%       |               |               | 0.00%         |
|                                 | <b>sub total</b>          |   | <b>414</b>                            | <b>469</b>                           | <b>1,057</b>                       | <b>33,047</b>                     | <b>10.09%</b> | <b>48.34%</b> | <b>34.90%</b> | <b>6.67%</b>  |
| Stormwater Drainage             | Stormwater Conduits       | 264   | 132                                   | 92                                   | 20,468                             | 17.49%                            | 26.79%        | 46.33%        | 9.30%         | 0.09%         |
|                                 | Inlet and Junction Pits   | 82  | 46                                    | 30                                   | 7,180                              | 40.25%                            | 23.45%        | 28.52%        | 7.56%         | 0.22%         |
|                                 | <b>sub total</b>          |   | <b>346</b>                            | <b>178</b>                           | <b>122</b>                         | <b>27,648</b>                     | <b>23.40%</b> | <b>25.92%</b> | <b>41.70%</b> | <b>8.85%</b>  |
| Open Space/ Recreational Assets | Swimming Pools            | 116   | 23                                    | 21                                   | 1,278                              |                                   |               | 100.00%       |               | 0.00%         |
|                                 | Other Recreational Assets | 107   | 43                                    | 39                                   | 2,267                              |                                   | 50.00%        | 25.00%        | 25.00%        | 0.00%         |
|                                 | <b>sub total</b>          |   | <b>223</b>                            | <b>66</b>                            | <b>60</b>                          | <b>3,545</b>                      | <b>0.00%</b>  | <b>31.97%</b> | <b>52.04%</b> | <b>15.99%</b> |

Special Schedule No. 7 - Report on Infrastructure Assets (continued)  
as at 30 June 2015

\$'000

| Asset Class | Asset Category            | Estimated cost to bring up to a satisfactory standard refer (1) | Required Annual Maintenance refer (2) | Actual Maintenance 2014/15 refer (3) | Written Down Value (WDV) refer (4) | Assets in Condition as a % of WDV |               |               |              |              |
|-------------|---------------------------|---|---------------------------------------|--------------------------------------|------------------------------------|-----------------------------------|---------------|---------------|--------------|--------------|
|             |                           |   |                                       |                                      |                                    | 1                                 | 2             | 3             | 4            | 5            |
|             |                           |   |                                       |                                      |                                    | refer (4) & (5)                   |               |               |              |              |
|             | <b>TOTAL - ALL ASSETS</b> | <b>5,616</b>  | <b>4,538</b>                          | <b>6,101</b>                         | <b>281,526</b>                     | <b>22.67%</b>                     | <b>53.35%</b> | <b>19.51%</b> | <b>4.38%</b> | <b>0.09%</b> |

Notes:

- (1). Satisfactory is defined as "satisfying expectations or needs, leaving no room for complaint, causing satisfaction, adequate".  
The estimated cost to bring assets to a satisfactory standard is the amount of money that is required to be spent on an asset to ensure that it is in a satisfactory standard.  
This estimated cost should not include any planned enhancements (ie.to heighten, intensify or improve the facilities).
- (2). Required Annual Maintenance is "what should be spent to maintain assets in a satisfactory standard".
- (3). Actual Maintenance is what has been spent in the current year to maintain the assets.  
Actual Maintenance may be higher or lower than the required annual maintenance due to the timing of when the maintenance actually occurs.
- (4). Written Down Value is in accordance with Note 9 of Council's General Purpose Financial Statements.
- (5). **Infrastructure Asset Condition Assessment "Key"**

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

## Cowra Shire Council

Special Schedule No. 7 - Report on Infrastructure Assets (continued)  
for the financial year ended 30 June 2015

| \$ '000  | Amounts<br>2015 | Indicator<br>2015 | Prior Periods |        |
|--|-----------------|-------------------|---------------|--------|
|  |                 |                   | 2014          | 2013   |
| <b>Infrastructure Asset Performance Indicators Consolidated</b>  |                 |                   |               |        |
| <b>1. Building, Infrastructure &amp; Other Structures Renewals Ratio</b>                                       |                 |                   |               |        |
| Asset Renewals   |                 |                   |               |        |
| <u>(Building, Infrastructure &amp; Other Structures) <sup>(1)</sup></u>  | <u>4,320</u>    | <b>94.72%</b>     | 72.84%        | 48.30% |
| Depreciation, Amortisation & Impairment  | 4,561           |                   |               |        |
| <b>2. Infrastructure Backlog Ratio</b>   |                 |                   |               |        |
| Estimated Cost to bring Assets to a Satisfactory Condition   | <u>5,616</u>    |                   |               |        |
| Total value <sup>(2)</sup> of Infrastructure, Building, Other Structures & depreciable Land Improvement Assets | <u>281,526</u>  | <b>1.99%</b>      | 4.38%         | 4.63%  |
| <b>3. Asset Maintenance Ratio</b>  |                 |                   |               |        |
| Actual Asset Maintenance   | <u>6,101</u>    |                   |               |        |
| Required Asset Maintenance   | 4,538           | <b>1.34</b>       | 0.78          | 0.76   |
| <b>4. Capital Expenditure Ratio</b>  |                 |                   |               |        |
| Annual Capital Expenditure   | <u>6,601</u>    |                   |               |        |
| Annual Depreciation  | 5,886           | <b>1.12</b>       | 1.26          | 0.84   |

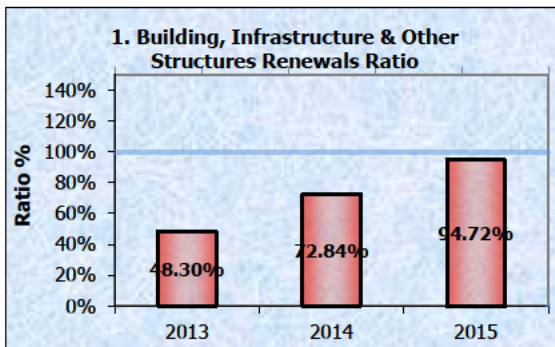
**Notes**

<sup>(1)</sup> Asset Renewals represent the replacement &/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance. Asset Renewals include building, infrastructure & Other Structure assets only.

<sup>(2)</sup> Written Down Value

Cowra Shire Council

Special Schedule No. 7 - Report on Infrastructure Assets (continued)  
for the financial year ended 30 June 2015



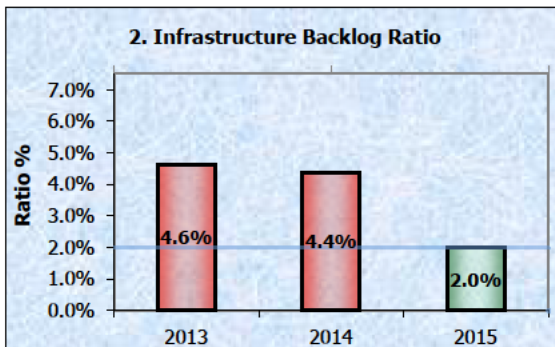
**Purpose of Asset Renewals Ratio**

To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.

|                      |               |
|----------------------|---------------|
| <b>2014/15 Ratio</b> | <b>94.72%</b> |
|----------------------|---------------|

Benchmark: —— Minimum  $\geq 100.00\%$   
Source for Benchmark: Code of Accounting Practice and Financial Reporting #23

■ Ratio is within Benchmark  
■ Ratio is outside Benchmark



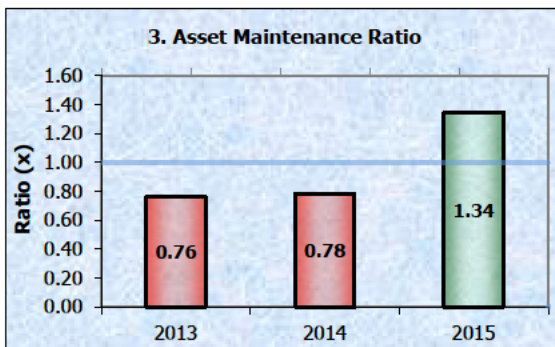
**Purpose of Infrastructure Backlog Ratio**

This ratio shows what proportion the backlog is against the total value of a Council's infrastructure.

|                      |              |
|----------------------|--------------|
| <b>2014/15 Ratio</b> | <b>1.99%</b> |
|----------------------|--------------|

Benchmark: —— Maximum  $< 0.02$   
Source for Benchmark: Code of Accounting Practice and Financial Reporting #23

■ Ratio is within Benchmark  
■ Ratio is outside Benchmark



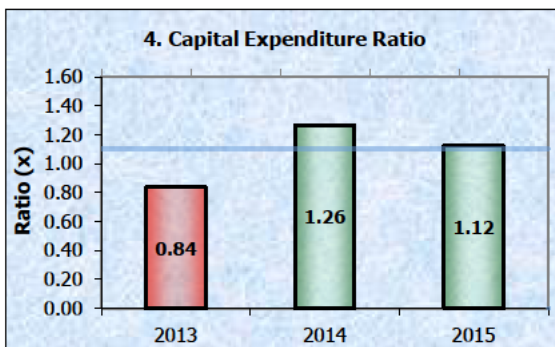
**Purpose of Asset Maintenance Ratio**

Compares actual vs. required annual asset maintenance. A ratio above 1.0 indicates Council is investing enough funds to stop the Infrastructure Backlog growing.

|                      |               |
|----------------------|---------------|
| <b>2014/15 Ratio</b> | <b>1.34 x</b> |
|----------------------|---------------|

Benchmark: —— Minimum  $> 1.00$   
Source for Benchmark: Code of Accounting Practice and Financial Reporting #23

■ Ratio is within Benchmark  
■ Ratio is outside Benchmark



**Purpose of Capital Expenditure Ratio**

To assess the extent to which a Council is expanding its asset base through capital expenditure on both new assets and the replacement and renewal of existing assets.

|                      |               |
|----------------------|---------------|
| <b>2014/15 Ratio</b> | <b>1.12 x</b> |
|----------------------|---------------|

Benchmark: —— Minimum  $> 1.10$   
Source for Benchmark: Code of Accounting Practice and Financial Reporting #23

■ Ratio is within Benchmark  
■ Ratio is outside Benchmark

## Cowra Shire Council

Special Schedule No. 7 - Report on Infrastructure Assets (continued)  
for the financial year ended 30 June 2015

| \$ '000   | Water<br>2015 | Sewer<br>2015  | General <sup>(1)</sup><br>2015 |
|---|---------------|----------------|--------------------------------|
| <b>Infrastructure Asset Performance Indicators<br/>By Fund</b>  |               |                |                                |
| <b>1. Building, Infrastructure &amp; Other Structures<br/>Renewals Ratio</b>                                      |               |                |                                |
| Asset Renewals<br>(Building, Infrastructure & Other Structures) <sup>(2)</sup>                                    | <b>30.92%</b> | <b>141.62%</b> | <b>129.69%</b>                 |
| Depreciation, Amortisation & Impairment   |               |                |                                |
| prior period:   | 15.17%        | 103.58%        | 93.97%                         |
| <b>2. Infrastructure Backlog Ratio</b>  |               |                |                                |
| Estimated Cost to bring Assets to a<br>Satisfactory Condition   |               |                |                                |
| Total value <sup>(3)</sup> of Infrastructure, Building, Other Structures<br>& Depreciable Land Improvement Assets | <b>5.62%</b>  | <b>1.25%</b>   | <b>1.14%</b>                   |
| prior period:   | 11.09%        | 2.68%          | 2.77%                          |
| <b>3. Asset Maintenance Ratio</b>   |               |                |                                |
| Actual Asset Maintenance  |               |                |                                |
| Required Asset Maintenance  | <b>1.06</b>   | <b>2.25</b>    | <b>1.32</b>                    |
| prior period:   | 0.79          | 0.74           | 0.79                           |
| <b>4. Capital Expenditure Ratio</b>   |               |                |                                |
| Annual Capital Expenditure  |               |                |                                |
| Annual Depreciation   | <b>0.98</b>   | <b>1.46</b>    | <b>1.14</b>                    |
| prior period:   | 1.79          | 1.00           | 1.12                           |

**Notes**

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

<sup>(2)</sup> Asset Renewals represent the replacement &/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance. Asset Renewals include building, infrastructure & Other Structure assets only.

<sup>(3)</sup> Written Down Value

## Cowra Shire Council

## Special Schedule No. 9 - Permissible Income Calculation

for the financial year ended 30 June 2016

| \$'000  |                 | Calculation<br>2014/15 | Calculation<br>2015/16 |
|---|-----------------|------------------------|------------------------|
| <b>Notional General Income Calculation <sup>(1)</sup></b>           |                 |                        |                        |
| Last Year Notional General Income Yield                             | a               | 6,010                  | 6,179                  |
| Plus or minus Adjustments <sup>(2)</sup>                            | b               | 24                     | 79                     |
| <b>Notional General Income</b>                                      | c = (a + b)     | <b>6,034</b>           | <b>6,258</b>           |
| <b>Permissible Income Calculation</b>                               |                 |                        |                        |
| Special variation percentage <sup>(3)</sup>                         | d               |                        |                        |
| or Rate peg percentage  | e               | 2.30%                  | 2.40%                  |
| or Crown land adjustment (incl. rate peg percentage)                | f               |                        |                        |
| less expiring Special variation amount                              | g               | -                      | -                      |
| plus Special variation amount                                       | h = d x (c-g)   | -                      | -                      |
| or plus Rate peg amount   | i = c x e       | 139                    | 150                    |
| or plus Crown land adjustment and rate peg amount                   | j = c x f       | -                      | -                      |
| <b>sub-total</b>  | k = (c+g+h+i+j) | <b>6,173</b>           | <b>6,408</b>           |
| plus (or minus) last year's Carry Forward Total                     | l               | 7                      | (0)                    |
| less Valuation Objections claimed in the previous year              | m               | -                      | -                      |
| <b>sub-total</b>  | n = (l + m)     | <b>7</b>               | <b>(0)</b>             |
| <b>Total Permissible income</b>                                     | o = k + n       | <b>6,180</b>           | <b>6,408</b>           |
| less Notional General Income Yield                                  | p               | 6,179                  | 6,344                  |
| <b>Catch-up or (excess) result</b>                                  | q = o - p       | <b>1</b>               | <b>64</b>              |
| plus Income lost due to valuation objections claimed <sup>(4)</sup> | r               | -                      | -                      |
| less Unused catch-up <sup>(5)</sup>                                 | s               | (1)                    | -                      |
| <b>Carry forward to next year</b>                                   | t = q + r - s   | <b>(0)</b>             | <b>64</b>              |

**Notes**

- The Notional General Income will not reconcile with rate income in the financial statements in the corresponding year. The statements are reported on an accrual accounting basis which include amounts that relate to prior years' rates income.
- Adjustments account for changes in the number of assessments and any increase or decrease in land value occurring during the year. The adjustments are called "supplementary valuations" as defined in the Valuation of Land Act 1916.
- The Special Variation Percentage is inclusive of the Rate Peg percentage and where applicable crown land adjustment.
- Valuation objections are unexpected changes in land values as a result of land owners successfully objecting to the land value issued by the Valuer-General. Councils can claim the value of the income lost due to valuation objections in any single year.
- Unused catch-up amounts will be deducted if they are not caught up within 2 years. Usually councils will have a nominal carry forward figure. These amounts can be adjusted for in setting the rates in a future year.
- Carry forward amounts which are in excess (an amount that exceeds the permissible income) require Ministerial approval by order published in the NSW Government Gazette in accordance with section 512 of the Local Government Act 1993. The OLG will extract these amounts from councils' Special Schedule 9 in the Financial Data Return (FDR) to administer this process.

**INDEPENDENT AUDITOR'S REPORT  
PERMISSIBLE GENERAL INCOME OF COWRA SHIRE COUNCIL**

**Scope**

We have audited the special purpose financial report comprising the reconciliation of total permissible general income of Cowra Shire Council for 2015-'16.

The Council is responsible for the preparation and presentation of the report in accordance with a directive of the Chief Executive, Local Government, Department of Premier and Cabinet. We have conducted an independent audit of the report in order to express an opinion on its preparation and presentation.

The report has been prepared for the Office of Local Government in the Department of Premier and Cabinet for the purpose of ensuring compliance by the Council with its financial reporting requirements under the Local Government Act 1993.

Our audit has been conducted in accordance with Australian Auditing Standards so as to provide reasonable assurance as to whether the report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the report. We have not examined forecasts of expenditure or the impact of present or future policy decisions on the report. These procedures have been undertaken to form an opinion as to whether, in all material respects, the report is presented fairly in accordance with the requirements of the Chief Executive, Local Government.

The audit opinion expressed in this report has been formed on the above basis.

**Audit Opinion**

In our opinion, the reconciliation of Council's total permissible general income which shows a carry forward total for 2015-'16 of **sixty four thousand and ten dollars \$64,010** is properly drawn up in accordance with the requirements of the Chief Executive, Local Government and in accordance with the books and records of the Council.


**Basis of Accounting and Restriction on Distribution**

Without modifying our opinion, we draw attention to the fact that the reconciliation of total permissible general income is a special purpose financial report which has been prepared for distribution to the Council and the Office of Local Government for the purpose of fulfilling the requirements of the directive of the Chief Executive, Local Government, Department of Premier and Cabinet. As a result, the financial report 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 Office of Local Government or for any purpose other than for which the financial report was prepared.



intentus

14 Sale Street  
Orange  
Dated: 27 October 2015



John O'Malley  
Director

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