

Coolamon Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2011

*"Big enough to serve,
small enough to care"*



Coolamon Shire Council

General Purpose Financial Statements for the financial year ended 30 June 2011

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Overview

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

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

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

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

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

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

(iv) These financial statements were authorised for issue by the Council on 08/09/11.
Council has the power to amend and reissue the financial statements.

Coolamon Shire Council

General Purpose Financial Statements for the financial year ended 30 June 2011

Understanding Council's Financial Statements

Introduction

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

What you will find in the Statements

The Financial Statements set out the financial performance, financial position & cash flows of Council for the financial year ended 30 June 2011.

The format of the Financial Statements is standard across all NSW Councils and complies with both the accounting & reporting requirements of Australian Accounting Standards and requirements as set down by the NSW Division of Local Government.

About the Councillor/Management Statement

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

About the Primary Financial Statements

The Financial Statements incorporate 5 "primary" financial statements:

1. An Income Statement

A summary of Council's financial performance for the year, listing all income & expenses.

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

2. A Statement of Comprehensive Income

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

3. A Balance Sheet

A 30 June snapshot of Council's Financial Position including its Assets & Liabilities.

4. A Statement of Changes in Equity

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

5. A 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 & position, &
2. Their observations on the conduct of the Audit including the Council's financial performance & financial position.

Who uses the Financial Statements ?

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

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

Council is required to forward an audited set of Financial Statements to the Division of Local Government.

Coolamon Shire Council

General Purpose Financial Statements for the financial year ended 30 June 2011

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

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


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

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


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

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


Signed in accordance with a resolution of Council made on 11 August 2011.



Clr Robert Menzies
MAYOR



Clr John Seymour
COUNCILLOR



Terrey Kiss
GENERAL MANAGER



Courtney Armstrong
RESPONSIBLE ACCOUNTING OFFICER

Coolamon Shire Council

Income Statement

for the financial year ended 30 June 2011

Budget ⁽¹⁾				Actual	Actual
2011	\$ '000		Notes	2011	2010
Income from Continuing Operations					
Revenue:					
2,484	Rates & Annual Charges		3a	2,494	2,382
902	User Charges & Fees		3b	1,017	1,018
435	Interest & Investment Revenue		3c	630	498
383	Other Revenues		3d	442	414
4,462	Grants & Contributions provided for Operating Purposes		3e,f	6,667	5,772
1,544	Grants & Contributions provided for Capital Purposes		3e,f	956	914
Other Income:					
168	Net gains from the disposal of assets		5	-	174
5	Net Share of interests in Joint Ventures & Associated Entities using the equity method		19	6	2
10,383	Total Income from Continuing Operations			12,212	11,174
Expenses from Continuing Operations					
3,907	Employee Benefits & On-Costs		4a	4,203	4,040
50	Borrowing Costs		4b	51	47
2,411	Materials & Contracts		4c	3,319	2,747
1,672	Depreciation & Amortisation		4d	2,744	1,427
-	Impairment		4d	-	-
1,227	Other Expenses		4e	1,196	1,149
-	Interest & Investment Losses		3c	-	-
-	Net Losses from the Disposal of Assets		5	222	-
-	Net Share of interests in Joint Ventures & Associated Entities using the equity method		19	-	-
9,267	Total Expenses from Continuing Operations			11,735	9,410
1,116	Operating Result from Continuing Operations			477	1,764
Discontinued Operations					
-	Net Profit/(Loss) from Discontinued Operations		24	-	-
1,116	Net Operating Result for the Year			477	1,764
1,116	Net Operating Result attributable to Council			477	1,764
-	Net Operating Result attributable to Minority Interests			-	-
(428)	Net Operating Result for the year before Grants and Contributions provided for Capital Purposes			(479)	850

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

Coolamon Shire Council

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

\$ '000	Notes	Actual 2011	Actual 2010
Net Operating Result for the year (as per Income statement)		477	1,764
Other Comprehensive Income			
Gain (loss) on revaluation of I,PP&E	20b (ii)	1,492	53,387
Gain (loss) on revaluation of available-for-sale investments	20b (ii)	-	-
Gain (loss) on revaluation of other reserves	20b (ii)	-	-
Realised (gain) loss on available-for-sale investments recognised in P&L	20b (ii)	-	-
Realised (gain) loss from other reserves recognised in P&L	20b (ii)	-	-
Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	-
Other Movements in Reserves (rounding adjustment)	20b (ii)	(3)	-
De-recognition of land under roads			-
Adjustment to correct prior period depreciation errors			-
Total Other Comprehensive Income for the year		1,489	53,387
Total Comprehensive Income for the Year		1,966	55,151
Total Comprehensive Income attributable to Council		1,966	55,151
Total Comprehensive Income attributable to Minority Interests			-

Coolamon Shire Council

Balance Sheet

as at 30 June 2011

\$ '000	Notes	Actual 2011	Actual 2010
ASSETS			
Current Assets			
Cash & Cash Equivalents	6a	3,393	2,219
Investments	6b	7,500	7,979
Receivables	7	1,298	728
Inventories	8	69	165
Other	8	-	-
Total Current Assets		12,260	11,091
Non-Current Assets			
Investments	6b	200	200
Receivables	7	13	135
Inventories	8	282	183
Infrastructure, Property, Plant & Equipment	9	135,942	134,565
Investments accounted for using the equity method	19	91	85
Investment Property	14	-	-
Other	8	-	-
Total Non-Current Assets		136,528	135,168
TOTAL ASSETS		148,788	146,259
LIABILITIES			
Current Liabilities			
Payables	10	4,693	4,314
Borrowings	10	-	-
Provisions	10	1,773	1,401
Total Current Liabilities		6,466	5,715
Non-Current Liabilities			
Payables	10	13	11
Borrowings	10	-	-
Provisions	10	830	1,020
Investments accounted for using the equity method	19	-	-
Total Non-Current Liabilities		843	1,031
TOTAL LIABILITIES		7,309	6,746
Net Assets		141,479	139,513
EQUITY			
Retained Earnings	20	73,572	73,095
Revaluation Reserves	20	67,907	66,418
Council Equity Interest		141,479	139,513
Minority Equity Interest		-	-
Total Equity		141,479	139,513

Coolamon Shire Council

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

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Equity Interest	Minority Interest	Total Equity
2011						
Opening Balance (as per Last Year's Audited Accounts)		73,095	66,418	139,513	-	139,513
a. Correction of Prior Period Errors	20 (c)	-	-	-	-	-
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
Revised Opening Balance (as at 1/7/10)		73,095	66,418	139,513	-	139,513
c. Net Operating Result for the Year		477		477	-	477
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)		1,492	1,492	-	1,492
- Revaluations: Other Reserves	20b (ii)		-	-	-	-
- Transfers to Income Statement	20b (ii)		-	-	-	-
- Impairment (loss) reversal relating to I,PP&E	20b (ii)		-	-	-	-
- Other Movements (rounding adjustment)	20b (ii)		(3)	(3)	-	(3)
Other Comprehensive Income		-	1,489	1,489	-	1,489
Total Comprehensive Income (c&d)		477	1,489	1,966	-	1,966
e. Distributions to/(Contributions from) Minority Interests				-	-	-
f. Transfers between Equity		-	-	-	-	-
Equity - Balance at end of the reporting period		73,572	67,907	141,479	-	141,479

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Equity Interest	Minority Interest	Total Equity
2010						
Opening Balance (as per Last Year's Audited Accounts)		82,512	13,031	95,543	-	95,543
a. Correction of Prior Period Errors	20 (c)	(11,181)	-	(11,181)	-	(11,181)
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
Revised Opening Balance (as at 1/7/09)		71,331	13,031	84,362	-	84,362
c. Net Operating Result for the Year		1,764	-	1,764	-	1,764
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	53,387	53,387	-	53,387
- Revaluations: Other Reserves	20b (ii)	-	-	-	-	-
- Transfers to Income Statement	20b (ii)	-	-	-	-	-
- Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	-	-	-	-
- Other Movements (enter details here)	20b (ii)	-	-	-	-	-
Other Comprehensive Income		-	53,387	53,387	-	53,387
Total Comprehensive Income (c&d)		1,764	53,387	55,151	-	55,151
e. Distributions to/(Contributions from) Minority Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
Equity - Balance at end of the reporting period		73,095	66,418	139,513	-	139,513

Coolamon Shire Council

Statement of Cash Flows

for the financial year ended 30 June 2011

Budget 2011	\$ '000	Notes	Actual 2011	Actual 2010
Cash Flows from Operating Activities				
Receipts:				
2,475	Rates & Annual Charges		2,524	2,334
902	User Charges & Fees		1,016	1,021
436	Investment & Interest Revenue Received		694	399
6,005	Grants & Contributions		6,957	6,517
384	Other		435	476
Payments:				
(3,794)	Employee Benefits & On-Costs		(4,052)	(3,795)
(2,411)	Materials & Contracts		(2,805)	(2,629)
(1,219)	Other		(1,196)	(1,149)
<u>2,777</u>	Net Cash provided (or used in) Operating Activities	11b	<u>3,573</u>	<u>3,174</u>
Cash Flows from Investing Activities				
Receipts:				
	Sale of Investment Securities		479	-
150	Sale of Real Estate Assets		100	150
167	Sale of Infrastructure, Property, Plant & Equipment		307	266
13	Deferred Debtors Receipts		132	2
Payments:				
	Purchase of Investment Securities		-	(2,379)
(3,371)	Purchase of Infrastructure, Property, Plant & Equipment		(3,168)	(3,279)
	Purchase of Real Estate Assets		(99)	(4)
	Deferred Debtors & Advances Made		-	(3)
<u>(3,042)</u>	Net Cash provided (or used in) Investing Activities		<u>(2,249)</u>	<u>(5,247)</u>
Cash Flows from Financing Activities				
Receipts:				
	Proceeds from Borrowings & Advances		541	1,025
Payments:				
(160)	Repayment of Borrowings & Advances		(691)	(763)
<u>(160)</u>	Net Cash Flow provided (used in) Financing Activities		<u>(150)</u>	<u>262</u>
(425)	Net Increase/(Decrease) in Cash & Cash Equivalents		1,174	(1,811)
2,632	plus: Cash & Cash Equivalents - beginning of year	11a	2,219	4,030
<u>2,208</u>	Cash & Cash Equivalents - end of the year	11a	<u>3,393</u>	<u>2,219</u>
Additional Information:				
	plus: Investments on hand - end of year	6b	7,700	8,179
Total Cash, Cash Equivalents & Investments			<u>11,093</u>	<u>10,398</u>

Please refer to Note 11 for information on the following:

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

Coolamon Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

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n/a - not applicable

Coolamon Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies

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

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

(a) Basis of preparation

(i) Background

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

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

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

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

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

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

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

(iii) Basis of Accounting

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

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

(iv) Changes in Accounting Policies

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

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

(v) Critical Accounting Estimates

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

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

(b) Revenue recognition

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

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

Coolamon Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies (continued)

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

Revenue is measured on major income categories as follows:

Rates, Annual Charges, Grants and Contributions

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

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

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

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

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

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

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

Whilst Council generally incorporates these amounts as part of a Development Consents Order, such developer contributions are only recognised as income upon their physical receipt by Council, due to the possibility that individual Development Consents

may not be acted upon by the applicant and accordingly would not be payable to Council.

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

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

User Charges, Fees and Other Income

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

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

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

Sale of Infrastructure, Property, Plant and Equipment

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

Interest and Rents

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

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

(c) Principles of Consolidation

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

Coolamon Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies (continued)

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

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

(i) The Consolidated Fund

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

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

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

- General Purpose Operations including:
 - Allawah Lodge Aged Persons Hostel,
 - Allawah Village,
 - Coolamon Early Childhood Centre
- Sewerage Service
- Domestic Waste Management Service

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

- Ardlethan Community Progress
- Ardlethan Cultural Development Committee
- Ardlethan Memorial Hall Committee
- Mullins Centre Committee
- Ardlethan Preschool Committee
- Ardlethan Showground Committee
- Beckom Hall Committee
- Coolamon Heritage & Advancement Society
- Coolamon Showground Committee
- Ganmain Progress Committee
- Ganmain Hall Committee
- Ganmain Retirement Village Committee
- Marrar Community Progress Committee
- Matong Park Committee

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

Total income from continuing operations	\$158,000
Total expenditure from continuing operations	\$137,000
Total net assets held (ie Equity)	\$92,000

Note:

Where actual figures are not known, best estimates have been applied.

(ii) The Trust Fund

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

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

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

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

(iii) Joint Ventures

Jointly Controlled Assets & Operations

The proportionate interests in the assets, liabilities and expenses of a Joint Venture Activity have been incorporated throughout the financial statements under the appropriate headings.

Coolamon Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies (continued)

Jointly Controlled Entities

Any interests in Joint Venture Entities & Partnerships are accounted for using the equity method and is carried at cost.

Under the equity method, the share of the profits or losses of the partnership is recognised in the income statement, and the share of movements in retained earnings & reserves is recognised in the balance sheet.

(iv) Associated Entities

Where Council has the power to participate in the financial and operating decisions (of another entity), ie. where Council is deemed to have "significant influence" over the other entities operations but neither controls nor jointly controls the entity, then Council accounts for such interests using the Equity Method of Accounting – in a similar fashion to Joint Venture Entities & Partnerships.

Such entities are usually termed Associates.

(v) County Councils

Council is a member of the following County Councils (which are bodies corporate under the Local Government Act);

- **Goldenfields Water County Council**
Goldenfields Water County Council was proclaimed under the Local Government Act on 27 April 1997, and from 1 July 1997 became responsible for water supply functions within the Local Government areas of Bland, Coolamon, Cootamundra, Harden, Junee, Temora, Young and part of Narrandera

The governing body of the County Council is responsible for managing its own affairs.

Council is of the opinion that it neither controls nor significantly influences the above County Council and accordingly this entity has not been consolidated or otherwise included within these financial statements.

(vi) Additional Information

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

(d) Leases

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

Finance Leases

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

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

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

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

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

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

Operating Leases

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

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

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

Coolamon Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies (continued)

(e) Cash and Cash Equivalents

Cash and cash equivalents includes;

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

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

(f) Investments and Other Financial Assets

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

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

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

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

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

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

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

Assets in this category are primarily classified as current assets as they are primarily held for trading

&/or are expected to be realised within 12 months of the balance sheet date.

(ii) Loans and receivables

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

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

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

(iii) Held-to-maturity investments

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

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

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

(iv) Available-for-sale financial assets

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

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

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

They are generally included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet

Coolamon Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies (continued)

date or the term to maturity from the reporting date is less than 12 months.

Financial Assets – Reclassification

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

Financial assets other than loans and receivables are permitted to be reclassified out of the held-for-trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term.

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

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

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

General Accounting & Measurement of Financial Instruments:

(i) Initial Recognition

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

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

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Council

has transferred substantially all the risks and rewards of ownership.

(ii) Subsequent Measurement

Available-for-sale financial assets and **financial assets at fair value through profit and loss** are subsequently carried at fair value.

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

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

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

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

Impairment

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

Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

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

Coolamon Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies (continued)

(iii) Types of Investments

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

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

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

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

(g) Fair value estimation

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

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

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

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

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

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

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

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

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

(h) Receivables

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

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

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

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

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

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

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

Coolamon Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies (continued)

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

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

(i) Inventories

Raw Materials and Stores, Work in Progress and Finished Goods

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

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

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

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

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

Land Held for Resale/Capitalisation of Borrowing Costs

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

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

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

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

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

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

Acquisition of assets

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

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

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

Initial Recognition

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

Where settlement of any part of an asset's cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the

Coolamon Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies (continued)

date of recognition (ie. date of exchange) of the asset to arrive at fair value.

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

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

Subsequent costs

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

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

Asset Revaluations (including Indexation)

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

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

Sewerage network assets are not indexed annually between full revaluations in accordance with the latest indices provided in the NSW Office of Water - Rates Reference Manual due to immateriality.

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
- land under roads (purchases after 30/6/08)	100% Capitalised

Plant & Equipment

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

Buildings & Land Improvements

Park Furniture & Equipment	> \$2,000
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Building

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

Other Structures	> \$2,000
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Sewer Assets

Reticulation extensions	> \$5,000
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

Coolamon Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies (continued)

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	5 to 10 years
- Office furniture	10 to 20 years
- Computer Equipment	4 years
- Vehicles	5 to 10 years
- Heavy Plant/Road Making equip.	5 to 10 years
- Other plant and equipment	5 to 10 years

Other Equipment

- Playground equipment	5 to 15 years
- Benches, seats etc	10 to 20 years

Buildings

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

Stormwater Drainage

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

Transportation Assets

- Sealed Roads : Surface	1 to 31 years
- Sealed Roads : Structure	25 to 70 years
- Unsealed roads	1 to 15 years
- Bridge : Concrete	27 to 51 years
- Kerb, Gutter & Paths	5 to 60 years

Sewer Assets

- Dams and reservoirs	80 to 100 years
- Reticulation pipes : PVC	62 to 70 years
- Reticulation pipes : Other	40 to 44 years
- Pumps and telemetry	25 to 50 years

Other Infrastructure Assets

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

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

Disposal and De-recognition

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

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

(k) Land

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

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

(l) Land under roads

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

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

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

(m) Intangible Assets

Council has not classified any assets as Intangible.

Coolamon Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies (continued)

(n) Crown Reserves

Crown Reserves under Council's care and control are recognised as assets of the Council.

While ownership of the reserves remains with the Crown, Council retains operational control of the reserves and is responsible for their maintenance and use in accordance with the specific purposes to which the reserves are dedicated.

Improvements on Crown Reserves are also recorded as assets, while maintenance costs incurred by Council and revenues relating the reserves are recognised within Council's Income Statement.

Representations are currently being sought across State and Local Government to develop a consistent accounting treatment for Crown Reserves across both tiers of government.

(o) Rural Fire Service assets

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

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

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

(p) Investment property

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

It should be noted that Council had no investment properties for the 2009/2010 or 2010/2011 financial years.

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

Close down, Restoration and Remediation costs include the dismantling and demolition of infrastructure, the removal of residual materials and the remediation of disturbed areas.

Estimated close down and restoration costs are provided for in the accounting period when the obligation arising from the related disturbance occurs, whether this occurs during the development or during the operation phase, based on the net present value of estimated future costs.

Provisions for close down and restoration costs do not include any additional obligations which are expected to arise from future disturbance.

Costs are estimated on the basis of a closure plan.

The cost estimates are calculated annually during the life of the operation to reflect known developments, eg updated cost estimates and revisions to the estimated lives of operations, and are subject to formal review at regular intervals.

Close down, Restoration and Remediation costs are a normal consequence of tip and quarry operations, and the majority of close down and restoration expenditure is incurred at the end of the life of the operations.

Although the ultimate cost to be incurred is uncertain, Council estimates the respective costs based on feasibility and engineering studies using current restoration standards and techniques.

The amortisation or 'unwinding' of the discount applied in establishing the net present value of provisions is charged to the income statement in each accounting period.

This amortisation of the disclosed as a borrowing cost in Note 4(b).

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

Coolamon Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies (continued)

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

Where rehabilitation is conducted systematically over the life of the operation, rather than at the time of closure, provision is made for the estimated outstanding continuous rehabilitation work at each balance sheet date and the cost is charged to the income statement.

Provision is made for the estimated present value of the costs of environmental clean up obligations outstanding at the balance sheet date.

These costs are charged to the income statement.

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

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

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

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

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

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

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

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

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

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

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

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

A Discontinued Operation is a component of the entity that has been disposed of or is classified as "held for sale" and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale.

The results of discontinued operations are presented separately on the face of the income statement.

Coolamon Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies (continued)

(s) Impairment of assets

All Council's I,PP&E is subject to an annual assessment of impairment.

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

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

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

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

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

(t) Payables

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

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

(u) Borrowings

Council had no Borrowings at year's end or during the 2010/2011 financial year.

(v) Borrowing costs

Borrowing costs are expensed.

(w) Provisions

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

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

Provisions are not recognised for future operating losses.

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

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

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

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

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

(x) Employee benefits

(i) Short Term Obligations

Short term employee benefit obligations include liabilities for wages and salaries (including non-monetary benefits), annual leave and vesting sick leave expected to be settled within the 12 months after the reporting period.

Coolamon Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies (continued)

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

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

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

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

(ii) Other Long Term Obligations

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

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

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

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

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

(iii) Retirement benefit obligations

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

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

Defined Benefit Plans

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

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

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

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

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

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

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

Coolamon Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies (continued)

The Local Government Superannuation Scheme has advised member councils that, as a result of the global financial crisis, it has a deficiency of assets over liabilities. The share of this deficit that can be broadly attributed to Coolamon Shire Council was estimated to be in the order of \$125,543 as at 30 June 2011.

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

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

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

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.

Define Contribution Plans

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

(iv) Employee Benefit On-Costs

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

These amounts include Superannuation and Workers Compensation expenses which will be payable upon the future payment of certain Leave Liabilities accrued as at 30/6/11.

(y) Self insurance

Council does not self insure.

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

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

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

Exceptions

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

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

(aa) Taxes

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

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

Goods & Services Tax (GST)

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

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

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

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

Coolamon Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies (continued)

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

Investing and Financing cash flows are treated on a net basis (where recoverable from the ATO), ie. they are exclusive of GST.

Commitments and contingencies are disclosed net of the amount of GST recoverable from (or payable to) the ATO.

(ab) New accounting standards and UIG interpretations

Certain new (or amended) accounting standards and interpretations have been published that are not mandatory for reporting periods ending 30 June 2011.

Council has not adopted any of these standards early.

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

Applicable to Local Government with implications:

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

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

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

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

Applicable to Local Government but no implications for Council;

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

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

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

It permits entities to recognise an asset for a prepayment of contributions made to cover minimum funding requirements. Council does not make any such prepayments.

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

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

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

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

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

None

Not applicable to Local Government per se;

Coolamon Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies (continued)

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

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

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

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

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

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

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

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

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

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

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

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

(ac) Rounding of amounts

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

(ad) Comparative Figures

To ensure comparability with the current reporting period's figures, some comparative period line items and amounts may have been reclassified or individually reported for the first time within these financial statements and/or the notes.

(ae) Disclaimer

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

Coolamon Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

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

Functions/Activities	Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 2(b).												
	Income from Continuing Operations			Expenses from Continuing Operations			Operating Result from Continuing Operations			Grants included in Income from Continuing Operations		Total Assets held (Current & Non-current)	
	Original Budget 2011	Actual 2011	Actual 2010	Original Budget 2011	Actual 2011	Actual 2010	Original Budget 2011	Actual 2011	Actual 2010	Actual 2011	Actual 2010	Actual 2011	Actual 2010
Governance	-	-	1	541	532	573	(541)	(532)	(572)	-	-	-	-
Administration	216	115	237	-	222	-	216	(107)	237	-	-	3,887	8,345
Public Order & Safety	20	49	39	231	269	231	(211)	(220)	(192)	-	-	355	361
Health	21	21	49	163	166	162	(142)	(145)	(113)	-	33	871	881
Environment	457	456	458	537	570	786	(80)	(114)	(328)	44	6	2,225	2,261
Community Services & Education	768	856	883	920	957	908	(152)	(101)	(25)	348	-	6,360	764
Housing & Community Amenities	197	233	216	430	518	470	(233)	(285)	(254)	-	-	4,208	3,798
Water Supplies	-	-	-	-	-	-	-	-	-	-	-	-	-
Sewerage Services	366	413	449	257	452	419	109	(39)	30	25	87	11,571	11,623
Recreation & Culture	52	490	241	842	939	843	(790)	(449)	(602)	446	172	8,110	6,596
Fuel & Energy	-	-	-	-	-	-	-	-	-	-	-	-	-
Agriculture	-	-	-	-	-	-	-	-	-	-	-	-	-
Mining, Manufacturing & Construction	27	26	35	256	236	242	(229)	(210)	(207)	-	-	346	365
Transport & Communication	1,880	2,657	2,089	3,422	5,256	3,187	(1,542)	(2,599)	(1,098)	351	1,600	97,883	98,335
Economic Affairs	1,594	1,674	1,641	1,668	1,618	1,589	(74)	56	52	684	193	12,881	12,845
Total Functions & Activities	5,598	6,990	6,338	9,267	11,735	9,410	(3,669)	(4,745)	(3,072)	1,898	2,091	148,697	146,174
Share of gains/(losses) in Associates & Joint Ventures (using the Equity Method)	5	6	2	-	-	-	5	6	2	-	-	91	85
General Purpose Income ¹	4,780	5,216	4,834	-	-	-	4,780	5,216	4,834	2,805	2,606	-	-
Operating Result from Continuing Operations	10,383	12,212	11,174	9,267	11,735	9,410	1,116	477	1,764	4,703	4,697	148,788	146,259

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

Coolamon Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

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

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

GOVERNANCE

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

ADMINISTRATION

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

PUBLIC ORDER & SAFETY

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

HEALTH

Inspection, immunisations, food control, health centres, other, administration.

ENVIRONMENT

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

COMMUNITY SERVICES & EDUCATION

Administration, family day care, child care, youth services, other family and children, aged and disabled, other community services, education.

HOUSING & COMMUNITY AMENITIES

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

SEWERAGE SERVICES

RECREATION & CULTURE

Public libraries, museums, 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, parking areas, bus shelters and services, water transport, RTA works, other.

ECONOMIC AFFAIRS

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

Coolamon Shire Council

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

Note 3. Income from Continuing Operations

\$ '000	Notes	Actual 2011	Actual 2010
(a). Rates & Annual Charges			
Ordinary Rates			
Residential		454	436
Farmland		1,331	1,289
Business		71	69
Total Ordinary Rates		1,856	1,794
Special Rates			
Nil			
Total Special Rates		-	-
Annual Charges (pursuant to s.496, s.501 & s.611)			
Domestic Waste Management Services		345	305
Sewerage Services		293	283
Total Annual Charges		638	588
TOTAL RATES & ANNUAL CHARGES		2,494	2,382

Council has used 2009 year valuations provided by the NSW Valuer General in calculating its rates.

Coolamon Shire Council

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

Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2011	Actual 2010
(b). User Charges & Fees			
Specific User Charges (per s.502 - Specific "actual use" charges)			
Ardlethan Effluent		4	4
Total User Charges		4	4
Other User Charges & Fees			
(i) Fees & Charges - Statutory & Regulatory Functions (per s608 & 610A)			
Building Regulation		26	34
Private Works - Section 67		93	88
Regulatory/ Statutory Fees		-	2
Regulatory Fees		4	-
Section 149 Certificates (EPA Act)		8	7
Section 603 Certificates		7	6
Tapping Fees		-	-
Town Planning		7	12
Total Fees & Charges - Statutory/Regulatory		145	149
(ii) Fees & Charges - Other (incl. General User Charges (per s.610C))			
Aged Care		498	467
Caravan Park		26	20
Cemeteries		54	45
Child Care		193	195
Community Aged Care Packages		21	23
Effluent Reuse		2	8
MSO & Community Transport		56	71
RTA Charges (State Roads not controlled by Council)		-	25
Waste Disposal Tipping Fees		18	11
Other		-	-
Total Fees & Charges - Other		868	865
TOTAL USER CHARGES & FEES		1,017	1,018

Coolamon Shire Council

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

Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2011	Actual 2010
(c). Interest & Investment Revenue (incl. losses)			
Interest & Dividends			
- Interest on Overdue Rates & Annual Charges		20	22
- Interest earned on Investments (interest & coupon payment income)		594	464
- Interest & Dividend Income - Other		16	12
Fair Value Adjustments			
- Fair Valuation movements in Investments (at FV or Held for Trading)		-	-
- Fair Valuation movements in Investments (other)		-	-
Impairment Losses/Reversals			
- Impairment (Losses)/Reversals - Investments other than AFS		-	-
- Impairment (Losses)/Reversals - Available for Sale Investments	20b(ii)	-	-
Available for Sale Revaluation Reserves realised on Investment sale			
Amortisation of Premiums & Discounts			
- Interest Free (& Interest Reduced) Loans provided		-	-
- "Held to Maturity" Investments		-	-
Fair Valuation of Financial Liabilities on recognition			
- Interest Free (or favourable) Loans & Advances Received		-	-
Other			
		-	-
<u>TOTAL INTEREST & INVESTMENT REVENUE</u>		<u>630</u>	<u>498</u>
Interest Revenue is attributable to:			
Unrestricted Investments/Financial Assets:			
Overdue Rates & Annual Charges		15	13
General Council Cash & Investments		263	253
Restricted Investments/Funds - External:			
Sewerage Fund Operations		73	56
Domestic Waste Management operations		30	29
Restricted Investments/Funds - Internal:			
Internally Restricted Assets		249	147
Total Interest & Investment Revenue Recognised		<u>630</u>	<u>498</u>
(d). Other Revenues			
Rental Income - Other Council Properties		293	278
Legal Fees Recovery - Rates & Charges (Extra Charges)		29	20
Commissions & Agency Fees		-	1
Insurance Incentives		35	14
Sales - Recyclables		-	53
Trainee Subsidy		18	9
Zone Rural Fire Service Administration		20	-
Other		47	39
<u>TOTAL OTHER REVENUE</u>		<u>442</u>	<u>414</u>

Coolamon Shire Council

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

Note 3. Income from Continuing Operations (continued)

\$ '000	2011 Operating	2010 Operating	2011 Capital	2010 Capital
(e). Grants				
General Purpose (Untied)				
Financial Assistance	2,774	2,575	-	-
Pensioners' Rates Subsidies - General Component	31	31	-	-
Total General Purpose	2,805	2,606	-	-
Specific Purpose				
Pensioners' Rates Subsidies:				
- Sewerage	13	13	-	-
- Domestic Waste Management	25	25	-	-
Sewerage Services	-	-	-	-
Aged & Disabled (CACP)	112	115	-	-
Allawah Lodge	673	750	-	-
Ardlethan Preschool	58	79	-	-
Bike Paths	-	-	-	160
Coolamon Shire MSO & Community Transport	174	154	-	-
Flood Mitigation	-	15	-	-
Heritage & Cultural	6	10	-	-
Library	24	25	36	-
Noxious Weeds	31	29	-	-
Public Halls	-	-	-	90
Recreation & Culture	-	-	-	25
Transport (Roads to Recovery)	351	536	-	-
RLCIP	-	-	233	30
Other (CBP - Garth Jones Collection)	13	-	-	-
Other (HACC Capital Strategy)	-	-	134	-
Other	15	25	-	10
Total Specific Purpose	1,495	1,776	403	315
Total Grants	4,300	4,382	403	315
Grant Revenue is attributable to:				
- Commonwealth Funding	3,979	3,976	233	280
- State Funding	321	406	170	35
- Other Funding	-	-	-	-
	4,300	4,382	403	315

Coolamon Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 3. Income from Continuing Operations (continued)

\$ '000	2011 Operating	2010 Operating	2011 Capital	2010 Capital
(f). Contributions				
Developer Contributions:				
(s93 & s94 - EP&A Act, s64 of the NSW LG Act):				
S 94 - Contributions towards amenities/services	-	-	2	5
S 64 - Sewerage Service Contributions	-	-	-	-
Total Developer Contributions	17	-	2	5
Other Contributions:				
Allawah Complex	3	1	204	193
Aged Care	9	-	-	-
Bushfire Services	74	21	-	-
Child Care	222	227	-	-
Cycleways/Footpaths	-	-	35	49
Ganmain Medical Centre	-	-	-	32
Heritage/Cultural	-	5	-	-
Kerb & Gutter	-	-	-	20
NSW Planning LEP Developmen	15	15	-	-
Recreation & Culture	17	-	-	18
Road Safety Officer	121	71	-	-
Roads & Bridges	28	-	-	49
RTA Contributions (Regional/Local, Block Grant)	1,813	1,035	278	140
Sewerage (excl. Section 64 contributions)	-	-	29	87
Other (ACDC Project)	51	-	-	-
Other	14	15	5	6
Total Other Contributions	2,367	1,390	551	594
Total Contributions	2,367	1,390	553	599
TOTAL GRANTS & CONTRIBUTIONS	6,667	5,772	956	914

Coolamon Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 3. Income from Continuing Operations (continued)

\$ '000	Actual 2011	Actual 2010
(g). Restrictions relating to Grants and Contributions		
Certain grants & contributions are obtained by Council on condition that they be spent in a specified manner:		
Unexpended at the Close of the Previous Reporting Period	388	391
add: Grants and contributions recognised in the current period which have not been spent:	270	107
less: Grants and contributions recognised in a previous reporting period which have been spent in the current reporting period:	(277)	(110)
Net Increase (Decrease) in Restricted Assets during the Current Reporting Period	(7)	(3)
Unexpended at the Close of this Reporting Period and held as Restricted Assets	381	388
Comprising:		
- Specific Purpose Unexpended Grants	240	272
- Developer Contributions	-	-
- Other Contributions	141	116
	381	388

Coolamon Shire Council

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

Note 4. Expenses from Continuing Operations

\$ '000	Notes	Actual 2011	Actual 2010
(a) Employee Benefits & On-Costs			
Salaries and Wages		3,258	3,118
Travelling		46	55
Employee Leave Entitlements (ELE)		681	711
Superannuation		332	311
Workers' Compensation Insurance		43	144
Fringe Benefit Tax (FBT)		12	11
Payroll Tax		-	-
Training Costs (other than Salaries & Wages)		58	26
Other		32	19
Total Employee Costs		4,462	4,395
less: Capitalised Costs		(259)	(355)
TOTAL EMPLOYEE COSTS EXPENSED		4,203	4,040
Number of "Equivalent Full Time" Employees at year end		73	64
Number of "Equivalent Full Time" Employees at year end (incl. vacancies)		74	65
(b) Borrowing Costs			
(i) Interest Bearing Liability Costs			
Nil			
Total Interest Bearing Liability Costs		-	-
less: Capitalised Costs		-	-
Total Interest Bearing Liability Costs Expensed		-	-
(ii) Other Borrowing Costs			
Fair Value Adjustments on Recognition of Advances & Deferred Debtor			
- Interest Free (or favourable) Loans and Advances made by Council		-	-
Fair Value Adjustment on Loans (to Council)		-	-
Discount adjustments relating to movements in Provisions (other than ELE)			
- Remediation Liabilities	26	51	47
- Other Liabilities		-	-
Interest applicable on Interest Free (& favourable) Loans to Council		-	-
Other Costs		-	-
Total Other Borrowing Costs		51	47
TOTAL BORROWING COSTS EXPENSED		51	47

Coolamon Shire Council

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

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2011	Actual 2010
(c) Materials & Contracts			
Raw Materials & Consumables		2,170	1,674
Contractor & Consultancy Costs		1,079	979
Auditors Remuneration			
- Audit Services: Council's Auditor		14	15
Legal Expenses:			
- Legal Expenses: Planning & Development		7	42
- Legal Expenses: Other		16	14
- Legal Expenses: Debt Recovery		33	23
Total Materials & Contracts		3,319	2,747
less: Capitalised Costs		-	-
<u>TOTAL MATERIALS & CONTRACTS</u>		<u>3,319</u>	<u>2,747</u>

Coolamon Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Impairment Costs		Depreciation/Amortisation	
		Actual 2011	Actual 2010	Actual 2011	Actual 2010
(d) Depreciation, Amortisation & Impairment					
Plant and Equipment		-	-	398	421
Office Equipment		-	-	10	13
Land Improvements (depreciable)		-	-	14	14
Buildings - Non Specialised		-	-	8	8
Buildings - Specialised		-	-	154	153
Other Structures		-	-	144	140
Infrastructure:					
- Roads, Bridges & Footpaths		-	-	1,973	737
- Stormwater Drainage		-	-	31	18
- Sewerage Network		-	-	90	89
Asset Reinstatement Costs	9 & 26	-	-	19	19
Total Depreciation & Impairment Costs		-	-	2,841	1,612
less: Capitalised Costs		-	-	(97)	(185)
less: Impairments offset in ARR (Equity)	9a	-	-	-	-
<u>TOTAL DEPRECIATION & IMPAIRMENT COSTS EXPENSED</u>		-	-	<u>2,744</u>	<u>1,427</u>

Coolamon Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2011	Actual 2010
(e) Other Expenses			
Other Expenses for the year include the following:			
Advertising		19	17
Bad & Doubtful Debts		13	17
Bank Charges		16	16
Computer / Office Equipment Maintenance		92	77
Contributions/Levies to Other Levels of Government			
- Emergency Services Levy		24	27
- NSW Fire Brigade Levy		15	14
- NSW Rural Fire Service Levy		126	79
- Regional Library		89	85
Councillor Expenses - Mayoral Fee		12	12
Councillor Expenses - Councillors' Fees		65	63
Councillors' Expenses (incl. Mayor) - Other (excluding fees above)		8	11
Donations, Contributions & Assistance to other organisations (Section 356)		29	23
- Donations, Contributions & Assistance (Coolamon Sport & Rec Club - Bowlin)		37	-
Electricity & Heating		152	135
Insurance		231	259
Postage		15	14
Printing & Stationery		26	30
Street Lighting		42	40
Subscriptions & Publications		34	42
Telephone & Communications		49	55
Valuation Fees		19	18
Water Charges		53	96
Other		30	19
Total Other Expenses		1,196	1,149
less: Capitalised Costs		-	-
<u>TOTAL OTHER EXPENSES</u>		<u>1,196</u>	<u>1,149</u>

Coolamon Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 5. Gains or Losses from the Disposal of Assets

\$ '000	Notes	Actual 2011	Actual 2010
Property (excl. Investment Property)			
Proceeds from Disposal		-	-
less: Carrying Amount of Property Assets Sold / Written Off		(343)	-
Net Gain/(Loss) on Disposal		(343)	-
Plant & Equipment			
Proceeds from Disposal		307	266
less: Carrying Amount of P&E Assets Sold		(224)	(149)
Net Gain/(Loss) on Disposal		83	117
Infrastructure			
Proceeds from Disposal		-	-
less: Carrying Amount of Infrastructure Assets Sold / Written Off		-	-
Net Gain/(Loss) on Disposal		-	-
Real Estate Assets Held For Sale			
Proceeds from Disposal		100	150
less: Carrying Amount of Real Estate Assets Sold		(62)	(93)
Net Gain/(Loss) on Disposal		38	57
Investment Properties			
Proceeds from Disposal		-	-
less: Carrying Amount of Investment Properties Sold / Written Off		-	-
Net Gain/(Loss) on Disposal		-	-
Financial Assets*			
Proceeds from Disposal / Redemptions		479	-
less: Carrying Amount of Financial Assets Sold / Redeemed		(479)	-
Net Gain/(Loss) on Disposal		-	-
Non Current Assets Classified as "Held for Sale"			
Proceeds from Disposal		-	-
less: Carrying Amount of 'Held for Sale' Assets Sold / Written Off		-	-
Net Gain/(Loss) on Disposal		-	-
NET GAIN/(LOSS) ON DISPOSAL OF ASSETS		(222)	174

*** Financial Assets disposals / redemptions include:**

- Net Gain/(Loss) from Financial Instruments "At Fair Value through profit & loss"	-	-
- Net Gain/(Loss) from Financial Instruments designated "Held for Trading"	-	-
- Net Gain/(Loss) from Financial Instruments designated "Available for Sale"	-	-
- Net Gain/(Loss) from Financial Instruments designated "Held to Maturity"	-	-
- Net Gain/(Loss) from Financial Instruments designated "Loans and Receivables"	-	-
Net Gain/(Loss) on Disposal of Financial Instruments	-	-

Coolamon Shire Council

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

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

\$ '000	Notes	2011 Actual Current	2011 Actual Non Current	2010 Actual Current	2010 Actual Non Current
Cash & Cash Equivalents (Note 6a)					
Cash on Hand and at Bank		1,393	-	1,219	-
Cash-Equivalent Assets ¹					
- Short Term Deposits		2,000	-	1,000	-
Total Cash & Cash Equivalents		3,393	-	2,219	-
Investment Securities (Note 6b)					
- Long Term Deposits		7,000	-	7,479	-
- Subordinated Debt		500	200	500	200
Total Investment Securities		7,500	200	7,979	200
TOTAL CASH ASSETS, CASH EQUIVALENTS & INVESTMENTS		10,893	200	10,198	200

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

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

Cash & Cash Equivalents

a. "At Fair Value through the Profit & Loss"		3,393	-	2,219	-
--	--	--------------	----------	--------------	----------

Investments

a. "At Fair Value through the Profit & Loss"					
- "Held for Trading"	6(b-i)	6,000		7,479	-
- "Designated at Fair Value on Initial Recognition"	6(b-i)			-	-
b. "Held to Maturity"	6(b-ii)	1,500	200	500	200
c. "Loans & Receivables"	6(b-iii)			-	-
d. "Available for Sale"	6(b-iv)			-	-
Investments		7,500	200	7,979	200

Coolamon Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 6b. Investments (continued)

\$ '000	2011 Actual Current	2011 Actual Non Current	2010 Actual Current	2010 Actual Non Current
Note 6(b-i)				
Reconciliation of Investments classified as "At Fair Value through the Profit & Loss"				
Balance at the Beginning of the Year	7,479	-	5,100	-
Adjustment on adoption of AASB 132/139			-	-
Revaluations (through the Income Statement)	-		-	-
Additions	-	-	2,379	-
Disposals (sales & redemptions)	(479)		-	-
Transfers between Current/Non Current	-		-	-
Transfers from/(to) "Held to Maturity"			-	-
Transfers from/(to) "Loans/Receivables"			-	-
Transfers from/(to) "Available for Sale"			-	-
Balance at End of Year	7,000	-	7,479	-
Comprising:				
- Other Long Term Financial Assets	7,000	-	7,479	-
Total	7,000	-	7,479	-
Note 6(b-ii)				
Reconciliation of Investments classified as "Held to Maturity"				
Balance at the Beginning of the Year	500	200	-	700
Adjustment on adoption of AASB 132/139			-	-
Amortisation of Premiums & Discounts	-		-	-
Additions	-	-	-	-
Impairment (loss)/prior loss reversal (via P&L)			-	-
Disposals (sales & redemptions)			-	-
Transfers between Current/Non Current			500	(500)
Transfers from/(to) "At Fair Value"			-	-
Transfers from/(to) "Available for Sale"			-	-
Balance at End of Year	500	200	500	200
Comprising:				
- Subordinated Debt	500	200	500	200
Total	500	200	500	200

Coolamon Shire Council

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

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

\$ '000	2011 Actual Current	2011 Actual Non Current	2010 Actual Current	2010 Actual Non Current
Total Cash, Cash Equivalents and Investment Securities	10,893	200	10,198	200
attributable to:				
External Restrictions (refer below)	5,848	-	5,662	200
Internal Restrictions (refer below)	5,044	200	4,536	-
Unrestricted	1	-	-	-
	10,893	200	10,198	200

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

Details of Restrictions

External Restrictions - Included in Liabilities

Specific Purpose Unexpended Loans-General (A)	-			-
Specific Purpose Unexpended Loans-Water (A)	-	-	-	-
Specific Purpose Unexpended Loans-Sewer (A)	-	-	-	-
RTA Advances (B)	-			-
Self Insurance Claims (C)	-			-
Allawah Lodge Accommodation Bonds	1,002		(119)	883
Allawah Village Loan - Licence	2,902		(28)	2,874
Other	-			-
External Restrictions - Included in Liabilities	3,904	-	(147)	3,757

External Restrictions - Other

Developer Contributions - General (D)	-	2	(2)	-
RTA Contributions (E)	-			-
Specific Purpose Unexpended Grants (F)	272	-	(32)	240
Sewerage Services (G)	1,161	76	-	1,237
Domestic Waste Management (G)	409	64		473
Other	116	25		141
External Restrictions - Other	1,958	167	(34)	2,091
Total External Restrictions	5,862	167	(181)	5,848

Coolamon Shire Council

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

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

2011 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
Internal Restrictions				
Plant & Vehicle Replacement	1,000			1,000
Asset Management/Replacement	441	990		1,431
Employees Leave Entitlement	1,250	150		1,400
Carry Over Works	698	553	(698)	553
Deposits, Retentions & Bonds	-			-
Aged Persons Future Development - Allawah Lodge	166		(166)	-
Ardlethan Preschool	34		(11)	23
Community Housing Program	30			30
Coolamon Bowling Green Replacement	25		(25)	-
Coolamon Early Childhood Centre	128		(128)	-
Financial Assistance Grant (Pmt received in advance)	672	705	(672)	705
Rehabilitation of Gravel Pits	77	10		87
Swimming Pools	15			15
Total Internal Restrictions	4,536	2,408	(1,700)	5,244
TOTAL RESTRICTIONS	10,398	2,575	(1,881)	11,092

- A** Loan moneys which must be applied for the purposes for which the loans were raised.
- B** Advances by the Roads and Traffic Authority for works on the State's classified roads.
- C** Self Insurance liability resulting from reported claims or incurred claims not yet reported.
- D** Development contributions which are not yet expended for the provision of services and amenities in accordance with contributions plans (refer Note 17).
- E** RTA Contributions which are not yet expended for the provision of services and amenities in accordance with those contributions.
- F** Grants which are not yet expended for the purposes for which the grants were obtained. (refer Note 1)
- G** Water, Sewerage, Domestic Waste Management (DWM) & other Special Rates/Levies/Charges are externally restricted assets and must be applied for the purposes for which they were raised.

Coolamon Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 7. Receivables

\$ '000	Notes	2011		2010	
		Current	Non Current	Current	Non Current
Purpose					
Rates & Annual Charges		209	-	256	-
Interest & Extra Charges		30	-	40	-
User Charges & Fees		23	-	14	-
Private Works		5	-	13	-
Accrued Revenues					
- Interest on Investments		95	-	165	-
- Other Income Accruals		660	-	18	-
Coolamon Shire MSO & Community Transport		7	-	21	-
Deferred Debtors		7	13	17	135
Grants & Contributions		259	-	221	-
Rents		5	-	13	-
Sewerage Connections		34	-	34	-
Other Debtors		16	-	1	-
Total		1,350	13	813	135
less: Provision for Impairment					
Rates & Annual Charges		(40)	-	(67)	-
Interest & Extra Charges		(12)	-	(18)	-
Total Provision for Impairment - Receivables		(52)	-	(85)	-
<u>TOTAL NET RECEIVABLES</u>		<u>1,298</u>	<u>13</u>	<u>728</u>	<u>135</u>
Externally Restricted Receivables					
Sewerage Services					
- Rates & Availability Charges		20	-	36	-
- Other		34	-	35	-
Domestic Waste Management		42	-	48	-
Total External Restrictions		96	-	119	-
Internally Restricted Receivables		-	-	-	-
Unrestricted Receivables		1,202	13	609	135
TOTAL NET RECEIVABLES		1,298	13	728	135

Notes on Debtors above:

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

Coolamon Shire Council

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

Note 8. Inventories & Other Assets

\$ '000	Notes	2011		2010	
		Current	Non Current	Current	Non Current
Inventories					
Real Estate for resale (refer below)		31	282	124	183
Stores & Materials		38	-	41	-
Total Inventories		69	282	165	183
Other Assets					
Other		-	-	-	-
Total Other Assets		-	-	-	-
TOTAL INVENTORIES / OTHER ASSETS		69	282	165	183

Externally Restricted Assets

There are no restrictions applicable to the above assets.

Coolamon Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 8. Inventories & Other Assets (continued)

\$ '000	2011		2010	
	Current	Non Current	Current	Non Current
(i) Other Disclosures				
(a) Details for Real Estate Development				
Residential	31	282	124	183
Total Real Estate for Resale	31	282	124	183
(Valued at the lower of cost and net realisable value)				
Represented by:				
Acquisition Costs	4	175	16	175
Development Costs	26	107	105	8
Other Holding Costs	1	-	3	-
Total Costs	31	282	124	183
less: Provision for Under Recovery	-	-	-	-
Total Real Estate for Resale	31	282	124	183
Movements:				
Real Estate assets at beginning of the year	124	183	218	179
- Purchases and other costs	-	99	-	4
- Transfers in from (out to) Note 9	(31)	-	-	-
- WDV of Sales (exp) 5	(62)	-	(93)	-
- Transfer between Current/Non Current	-	-	-	-
- Other	-	-	(1)	-
Total Real Estate for Resale	31	282	124	183

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

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

	2011	2010
Real Estate for Resale	-	-
Other	-	-
	<u>-</u>	<u>-</u>

(c) Inventories recognised as an expense for the year included:

- Real Estate for Resale	-	-
- Stores & Materials	158	216
- Trading Stock	-	-

(d) 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 2011

Note 9a. Infrastructure, Property, Plant & Equipment

\$ '000	as at 30/6/2010					Asset Movements during the Reporting Period							as at 30/6/2011				
	At	At	Accumulated		Carrying	Asset Additions	WDV of Asset Disposals	Depreciation Expense	WIP Transfers	Tfrs from/(to) Real Estate Assets (Note 8)	Revaluation Decrements to Equity (ARR)	Revaluation Increments to Equity (ARR)	At	At	Accumulated		Carrying
	Cost	Fair Value	Deprec.	Impairment	Value								Cost	Fair Value	Dep'n	Impairment	Value
Capital Work in Progress	99	-	-	-	99	298			(88)				309	-	-	-	309
Plant & Equipment	-	4,302	2,601	-	1,701	746	(224)	(398)					-	4,338	2,513	-	1,825
Office Equipment	-	356	340	-	16			(10)					-	210	204	-	6
Land:																	
- Operational Land	-	2,495	-	-	2,495	64				31			-	2,590	-	-	2,590
- Community Land	37	-	-	-	37							1,560	-	1,597	-	-	1,597
Land Improvements - depreciable	-	576	93	-	483			(14)					-	576	107	-	469
Buildings - Non Specialised	-	799	16	-	783			(8)					-	799	24	-	775
Buildings - Specialised	-	22,591	7,520	-	15,071	494		(154)	85				-	23,170	7,674	-	15,496
Other Structures	-	11,015	5,826	-	5,189	104	(343)	(144)	3		(68)		-	10,651	5,910	-	4,741
Infrastructure:																	
- Roads, Bridges, Footpaths	-	76,635	28,965	-	47,670	1,525		(1,973)					-	78,159	30,937	-	47,222
- Bulk Earthworks (non-depreciable)	-	50,454	-	-	50,454								-	50,454	-	-	50,454
- Stormwater Drainage	-	3,176	1,434	-	1,742			(31)					-	3,176	1,465	-	1,711
- Sewerage Network	-	10,715	2,255	-	8,460	31		(90)					-	10,746	2,345	-	8,401
Reinstatement, Rehabilitation & Restoration Assets (refer Note 26)																	
- Quarry Asset	480	-	115	-	365			(19)					-	480	134	-	346
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIP.	616	183,114	49,165	-	134,565	3,262	(567)	(2,841)	-	31	(68)	1,560	309	186,946	51,313	-	135,942

Coolamon Shire Council

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

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

\$ '000 Class of Asset	Actual 2011				Actual 2010			
	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value
Sewerage Services								
Land								
- Operational Land		578		578	-	578	-	578
Other Structures		2,752	1,452	1,300	-	2,752	1,399	1,353
Infrastructure		10,747	2,345	8,402	-	10,715	2,255	8,460
Total Sewerage Services	-	14,077	3,797	10,280	-	14,045	3,654	10,391
Domestic Waste Management								
Buildings		46	18	28	-	46	18	28
Other Assets		196	164	32	-	196	162	34
Total DWM	-	242	182	60	-	242	180	62
TOTAL RESTRICTED I,PP&E	-	14,319	3,979	10,340	-	14,287	3,834	10,453

Coolamon Shire Council

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

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

\$ '000	Notes	Actual 2011	Actual 2010
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Council has recognised no impairment losses during the reporting period nor reversed any prior period losses.

Coolamon Shire Council

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

Note 10a. Payables, Borrowings & Provisions

\$ '000	Notes	2011		2010	
		Current	Non Current	Current	Non Current
Payables					
Goods & Services - operating expenditure		48	13	44	-
Goods & Services - capital expenditure		-	-	-	-
Accrued Expenses:					
- Salaries & Wages		51	-	31	-
- Other Expenditure Accruals		837	-	334	9
Advances		3,757	-	3,905	2
Other		-	-	-	-
Total Payables		4,693	13	4,314	11
Borrowings					
Nil					
Total Borrowings		-	-	-	-
Provisions					
Employee Benefits;					
Annual Leave		476	-	462	-
Long Service Leave		1,278	59	927	300
Rostered Days Off		19	-	12	-
Sub Total - Aggregate Employee Benefits		1,773	59	1,401	300
Asset Remediation/Restoration (Future Works)	26	-	771	-	720
Total Provisions		1,773	830	1,401	1,020
Total Payables, Borrowings & Provisions		6,466	843	5,715	1,031

(i) Liabilities relating to Restricted Assets

	2011		2010	
	Current	Non Current	Current	Non Current
Externally Restricted Assets				
Domestic Waste Management	7	-	1	-
Sewer	10	-	10	-
Other	3,757	-	3,904	-
Liabilities relating to externally restricted assets	3,774	-	3,915	-
Internally Restricted Assets				
Nil				
Total Liabilities relating to restricted assets	3,774	-	3,915	-

¹ Loans are secured over the General Rating Income of Council

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

Coolamon Shire Council

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

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

\$ '000	2011	2010
(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	1,472	1,105
Payables - Security Bonds, Deposits & Retentions	3,589	3,708
Other Liabilities: Specify		-
	5,061	4,813

Note 10b. Description of and movements in Provisions

Class of Provision	2010			2011		Closing Balance as at 30/6/11
	Opening Balance as at 1/7/10	Additional Provisions	Decrease due to Payments	Remeasurement effects due to Discounting	Unused amounts reversed	
Annual Leave	462	322	(308)			476
Long Service Leave	1,227	143	(33)			1,337
Rostered Days Off	12	7				19
Asset Remediation	720	51				771
TOTAL	2,421	523	(341)	-	-	2,603

- 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. Self Insurance Provisions represent both (i) Claims Incurred but Not reported and (ii) Claims Reported & Estimated as a result of Council's being a self insurer up to certain levels of Excess.
- c. Asset Remediation, Reinstatement & Restoration Provisions represent the Present Value estimate of future costs Council will incur in order to remove, restore & remediate assets &/or activities as a result of past operations.

Coolamon Shire Council

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

Note 11. Statement of Cash Flows - Additional Information

\$ '000	Notes	Actual 2011	Actual 2010
(a) Reconciliation of Cash Assets			
Total Cash & Cash Equivalent Assets	6a	3,393	2,219
Less Bank Overdraft	10	-	-
BALANCE as per the STATEMENT of CASH FLOWS		3,393	2,219
(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities			
Net Operating Result from Income Statement		477	1,764
Adjust for non cash items:			
Depreciation & Amortisation		2,744	1,427
Net Losses/(Gains) on Disposal of Assets		222	(174)
Unwinding of Discount Rates on Reinstatement Provisions		51	47
Share of Net (Profits) or Losses of Associates/Joint Ventures		(6)	(2)
+/- Movement in Operating Assets and Liabilities & Other Cash Items:			
Decrease/(Increase) in Receivables		(547)	(263)
Increase/(Decrease) in Provision for Doubtful Debts		(33)	12
Decrease/(Increase) in Inventories		3	(10)
Increase/(Decrease) in Payables		17	44
Increase/(Decrease) in other accrued Expenses Payable		514	84
Increase/(Decrease) in Employee Leave Entitlements		131	245
NET CASH PROVIDED FROM/(USED IN) OPERATING ACTIVITIES from the STATEMENT of CASH FLOWS		3,573	3,174

Coolamon Shire Council

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

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

\$ '000	Notes	Actual 2011	Actual 2010
(c) Non-Cash Investing & Financing Activities			
Nil			
Total Non-Cash Investing & Financing Activities		-	-
(d) Financing Arrangements			
(i) Unrestricted access was available at balance date to the following lines of credit:			
Bank Overdraft Facilities ⁽¹⁾			-
Credit Cards / Purchase Cards			-
Lease Facilities			-
Standby Credit Facilities			-
Other			-
Total Financing Arrangements		-	-
Amounts utilised as at Balance Date:			
- Bank Overdraft Facilities			-
- Credit Cards / Purchase Cards			-
- Lease Facilities			-
- Standby Credit Facilities			-
- Other			-
Total Financing Arrangements Utilised		-	-

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.

(e) Net Cash Flows Attributable to Discontinued Operations

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

Coolamon Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 12. Commitments for Expenditure

\$ '000	Notes	Actual 2011	Actual 2010
(a) Capital Commitments (exclusive of GST)			
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
Property, Plant & Equipment			
Buildings		197	375
Plant & Equipment		77	-
Other		-	-
Total Commitments		274	375
These expenditures are payable as follows:			
Within the next year		274	375
Later than one year and not later than 5 years		-	-
Later than 5 years		-	-
Total Payable		274	375
Sources for Funding of Capital Commitments:			
Unrestricted General Funds		-	-
Future Grants & Contributions		-	332
Internally Restricted Reserves		274	43
Total Sources of Funding		274	375
(b) Other Expenditure Commitments (exclusive of GST)			
Other Non Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
Audit Services		28	42
General Maintenance Contract		-	67
Total Commitments		28	109
These expenditures are payable as follows:			
Within the next year		14	81
Later than one year and not later than 5 years		14	28
Later than 5 years		-	-
Total Payable		28	109

Coolamon Shire Council

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

Note 12. Commitments for Expenditure (continued)

\$ '000	Notes	Actual 2011	Actual 2010
(c) Finance Lease Commitments			
Nil			
(d) Operating Lease Commitments (Non Cancellable)			
Nil			
(e) Investment Property Commitments			
Nil			
(f) Remuneration Commitments			
Commitments for the payment of salaries & other remuneration under long-term employment contracts in existence at reporting date but not recognised as liabilities are payable:			
Within the next year		186	412
Later than one year and not later than 5 years		558	424
Later than 5 years		-	-
Total Payable		744	836

(g) Investment in Associates / Joint Ventures - Commitments

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

Coolamon Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

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

\$ '000	Amounts 2011	Indicator 2011	Prior Periods 2010 2009	
Local Government Industry Indicators				
1. Unrestricted Current Ratio				
Current Assets less all External Restrictions ⁽¹⁾	<u>6,316</u>	5.18 : 1	5.96	9.77
Current Liabilities less Specific Purpose Liabilities ^(2,3)	<u>1,220</u>			
2. Debt Service Ratio				
Debt Service Cost	<u>-</u>	0.00%	0.00%	0.00%
Income from Continuing Operations excluding Capital Items & Specific Purpose Grants/Contributions	<u>7,394</u>			
3. Rates & Annual Charges Coverage Ratio				
Rates & Annual Charges	<u>2,494</u>	20.42%	21.32%	19.52%
Income from Continuing Operations	<u>12,212</u>			
4. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage				
Rates, Annual & Extra Charges Outstanding	<u>187</u>	6.79%	8.17%	6.26%
Rates, Annual & Extra Charges Collectible	<u>2,754</u>			
5. Building & Infrastructure Renewals Ratio				
Asset Renewals ⁽⁴⁾ [Buildings & Infrastructure]	<u>1,744</u>	77.30%	182.59%	268.47%
Depreciation, Amortisation & Impairment (Building & Infrastructure Assets)	<u>2,256</u>			

Notes

(1) Refer Notes 6-8 inclusive.

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

(2) Refer to Note 10(a).

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

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

Coolamon Shire Council

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

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

<p>1. Unrestricted Current Ratio</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio : 1</th> </tr> </thead> <tbody> <tr> <td>2008</td> <td>6.66</td> </tr> <tr> <td>2009</td> <td>9.77</td> </tr> <tr> <td>2010</td> <td>5.96</td> </tr> <tr> <td>2011</td> <td>5.18</td> </tr> </tbody> </table>	Year	Ratio : 1	2008	6.66	2009	9.77	2010	5.96	2011	5.18	<p>Purpose of Unrestricted Current Ratio</p> <p>To assess the adequacy of working capital and its ability to satisfy obligations in the short term for the unrestricted activities of Council.</p>	<p>Commentary on 2010/11 Result</p> <p>2010/11 Ratio 5.18 : 1</p> <p>Council continues to hold adequate liquidity to meet its short term obligations.</p>
Year	Ratio : 1											
2008	6.66											
2009	9.77											
2010	5.96											
2011	5.18											
<p>2. Debt Service Ratio</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2008</td> <td>0.00%</td> </tr> <tr> <td>2009</td> <td>0.00%</td> </tr> <tr> <td>2010</td> <td>0.00%</td> </tr> <tr> <td>2011</td> <td>0.00%</td> </tr> </tbody> </table>	Year	Ratio %	2008	0.00%	2009	0.00%	2010	0.00%	2011	0.00%	<p>Purpose of Debt Service Ratio</p> <p>To assess the impact of loan principal & interest repayments on the discretionary revenue of council.</p>	<p>Commentary on 2010/11 Result</p> <p>2010/11 Ratio 0.00%</p> <p>Council's policy of internally financing capital works and equipment purchases remains in force. It is not Council's intention to take up any external borrowings in the 2011/2012 financial year.</p>
Year	Ratio %											
2008	0.00%											
2009	0.00%											
2010	0.00%											
2011	0.00%											
<p>3. Rates & Annual Charges Coverage Ratio</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2008</td> <td>21.58%</td> </tr> <tr> <td>2009</td> <td>19.52%</td> </tr> <tr> <td>2010</td> <td>21.32%</td> </tr> <tr> <td>2011</td> <td>20.42%</td> </tr> </tbody> </table>	Year	Ratio %	2008	21.58%	2009	19.52%	2010	21.32%	2011	20.42%	<p>Purpose of Rates & Annual Charges Coverage Ratio</p> <p>To assess the degree of Council's dependence upon revenue from rates and annual charges and to assess the security of Council's income.</p>	<p>Commentary on 2010/11 Result</p> <p>2010/11 Ratio 20.42%</p> <p>Due to additional grant and contribution income received in the financial year, this ratio has reduced as compared to the previous year.</p>
Year	Ratio %											
2008	21.58%											
2009	19.52%											
2010	21.32%											
2011	20.42%											
<p>4. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2008</td> <td>7.75%</td> </tr> <tr> <td>2009</td> <td>6.26%</td> </tr> <tr> <td>2010</td> <td>8.17%</td> </tr> <tr> <td>2011</td> <td>6.79%</td> </tr> </tbody> </table>	Year	Ratio %	2008	7.75%	2009	6.26%	2010	8.17%	2011	6.79%	<p>Purpose of Rates & Annual Charges Outstanding Ratio</p> <p>To assess the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of recovery efforts.</p>	<p>Commentary on 2010/11 Result</p> <p>2010/11 Ratio 6.79%</p> <p>Council has made some progress during the 2010/2011 financial year in recovery of outstanding rates and charges. The engagement of a debt collection agency has streamlined this process</p>
Year	Ratio %											
2008	7.75%											
2009	6.26%											
2010	8.17%											
2011	6.79%											
<p>5. Building & Infrastructure Renewals</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2008</td> <td>264.40%</td> </tr> <tr> <td>2009</td> <td>268.47%</td> </tr> <tr> <td>2010</td> <td>182.59%</td> </tr> <tr> <td>2011</td> <td>77.30%</td> </tr> </tbody> </table>	Year	Ratio %	2008	264.40%	2009	268.47%	2010	182.59%	2011	77.30%	<p>Purpose of Bldg & Infrastructure Renewals Ratio</p> <p>To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.</p>	<p>Commentary on Result</p> <p>2010/11 Ratio 77.30%</p> <p>This ratio has been affected by the increased depreciation expense following the revaluation of Roads, Bridges & Footpaths and Drainage assets undertaken in 2009/2010. Council's decision to undertake more maintenance works as opposed to capital works has also affected the ratio.</p>
Year	Ratio %											
2008	264.40%											
2009	268.47%											
2010	182.59%											
2011	77.30%											

Coolamon Shire Council

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

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

\$ '000	Water 2011	Sewer 2011	General ¹ 2011
Local Government Industry Indicators			
1. Unrestricted Current Ratio			
<u>Current Assets less all External Restrictions</u> ⁽¹⁾	n/a	129.10 : 1	5.18 : 1
Current Liabilities less Specific Purpose Liabilities ^(2,3)			
2. Debt Service Ratio			
<u>Debt Service Cost</u>	n/a	0.00%	0.00%
Income from Continuing Operations excluding Capital Items & Specific Purpose Grants/Contributions			
3. Rates & Annual Charges Coverage Ratio			
<u>Rates & Annual Charges</u>	n/a	72.54%	18.49%
Income from Continuing Operations			
4. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage			
<u>Rates, Annual & Extra Charges Outstanding</u>	n/a	5.52%	6.98%
Rates, Annual & Extra Charges Collectible			
5. Building & Infrastructure Renewals Ratio			
<u>Asset Renewals</u> ⁽⁴⁾ [Buildings & Infrastructure]	n/a	0.00%	80.48%
Depreciation, Amortisation & Impairment (Building & Infrastructure Assets)			

Notes

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

Coolamon Shire Council

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

Note 14. Investment Properties

\$ '000	Notes	Actual 2011	Actual 2010
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Council has not classified any Land or Buildings as "Investment Properties"

Coolamon Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 15. Financial Risk Management

\$ '000

Risk Management

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

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

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

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

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

	Carrying Value		Fair Value	
	2011	2010	2011	2010
Financial Assets				
Cash and Cash Equivalents	3,393	2,219	4,393	2,219
Investments				
- "Held for Trading"	6,000	7,479	6,000	7,479
- "Designated At Fair Value on Initial Recognition"	-	-	-	-
- "Held to Maturity"	1,700	700	700	700
- "Loans & Receivables"	-	-	-	-
- "Available for Sale"	-	-	-	-
Receivables	1,311	863	1,311	863
Other Financial Assets	-	-	-	-
Total Financial Assets	12,404	11,261	12,404	11,261
Financial Liabilities				
Bank Overdraft	-	-	-	-
Payables	4,706	4,325	4,706	4,325
Loans / Advances	-	-	-	-
Lease Liabilities	-	-	-	-
Other Financial Liabilities	-	-	-	-
Total Financial Liabilities	4,706	4,325	4,706	4,325

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 far 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.

Coolamon Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 15. Financial Risk Management (continued)

\$ '000

(a) Fair Value Measurements

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

AASB 7 Financial Instruments: Disclosures, requires the disclosure of how fair valuations have been arrived at for all financial assets and financial liabilities that have been measured at fair value.

Arriving at fair values for financial assets and liabilities can be broken up into 3 distinct measurement hierarchies:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)

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

The following table presents the financial assets and financial liabilities that have been measured and recognised at fair values:

2011	Level 1	Level 2	Level 3	Total
Financial Assets				
Investments				
- "Held for Trading"	6,000			6,000
- Other (Held to Maturity Investments)	700			700
- Other (Receivables)	1,311			1,311
Total Financial Assets	8,011	-	-	8,011
Financial Liabilities				
- Other (Payables)	4,706			4,706
Total Financial Liabilities	4,706	-	-	4,706

2010	Level 1	Level 2	Level 3	Total
Financial Assets				
Investments				
- "Held for Trading"	7,479	-	-	7,479
- Other (Held to Maturity Investments)	700	-	-	700
- Other (Receivables)	863	-	-	863
Total Financial Assets	9,042	-	-	9,042
Financial Liabilities				
- Other (Payables)	4,325	-	-	4,325
Total Financial Liabilities	4,325	-	-	4,325

Coolamon Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 15. Financial Risk Management (continued)

\$ '000

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

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

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

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

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

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

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

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

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

2011	Increase of Values/Rates		Decrease of Values/Rates	
	Profit	Equity	Profit	Equity
Possible impact of a 10% movement in Market Values				
Possible impact of a 1% movement in Interest Rates	109	109	109	109
2010				
Possible impact of a 10% movement in Market Values	-	-	-	-
Possible impact of a 1% movement in Interest Rates	101	101	101	101

Coolamon Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 15. Financial Risk Management (continued)

\$ '000

(c) Receivables

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

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

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

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

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

Council makes suitable provision for doubtful receivables as required. *and carries out credit checks on most*

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

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

	2011	2011	2010	2010
	Rates & Annual Charges	Other Receivables	Rates & Annual Charges	Other Receivables
(i) Ageing of Receivables				
Current (not yet overdue)	-	986	-	616
Past due by up to 30 days	-	109	-	8
Past due between 31 and 180 days	112	2	43	8
Past due between 181 and 365 days	31	20	112	7
Past due by more than 1 year	66	37	101	53
	209	1,154	256	692

(ii) Movement in Provision for Impairment of Receivables

	2011	2010
Balance at the beginning of the year	85	73
+ new provisions recognised during the year	13	16
- amounts already provided for & written off this year	(44)	-
- amounts provided for but recovered during the year	(2)	(4)
- previous impairment losses reversed	-	-
Balance at the end of the year	52	85

Coolamon Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 15. Financial Risk Management (continued)

\$ '000

(d) Payables & Borrowings

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

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

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

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

\$ '000	Subject to no maturity		payable in:					Total Cash Outflows	Actual Carrying Values
	≤ 1 Year	1-2 Yrs	2-3 Yrs	3-4 Yrs	4-5 Yrs	> 5 Yrs			
2011									
Bank Overdraft	-	-	-	-	-	-	-	-	-
Trade/Other Payables	3,818	888	-	-	-	-	-	4,706	4,706
Loans & Advances	-	-	-	-	-	-	-	-	-
Lease Liabilities	-	-	-	-	-	-	-	-	-
Total Financial Liabilities	3,818	888	-	-	-	-	-	4,706	4,706
2010									
Bank Overdraft	-	-	-	-	-	-	-	-	-
Trade/Other Payables	3,960	365	-	-	-	-	-	4,325	4,325
Loans & Advances	-	-	-	-	-	-	-	-	-
Lease Liabilities	-	-	-	-	-	-	-	-	-
Total Financial Liabilities	3,960	365	-	-	-	-	-	4,325	4,325

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

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

	2011		2010	
	Carrying Value	Average Interest Rate	Carrying Value	Average Interest Rate
Bank Overdraft	-	-	-	-
Trade/Other Payables	4,706	0.0%	4,325	0.0%
Loans & Advances - Fixed Interest Rate	-	-	-	-
Loans & Advances - Variable Interest Rate	-	-	-	-
Lease Liabilities	-	-	-	-
	4,706		4,325	

Coolamon Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 16. Material Budget Variations

\$ '000

Council's Original Financial Budget for 10/11 was incorporated as part of its Management Plan and was adopted by the Council on 17 June 2010.

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

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

Note that for Variations* of Budget to Actual :

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

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

\$ '000	2011 Budget	2011 Actual	2011 ----- Variance* -----		
REVENUES					
Rates & Annual Charges	2,484	2,494	10	0%	F
User Charges & Fees	902	1,017	115	13%	F
Cemetery Fees exceeded Council's original budget of \$42,000 by \$12,000.					
Aged Care Fees exceeded Council's original budget of \$462,000 by \$36,000, due in part to the income levels and needs of residents.					
Caravan Park Fees exceeded Council's original budget of \$16,000 by \$10,000 due to higher occupancy rates.					
Private Works income exceeded Council's original budget of \$50,000 by \$43,000 due in the main to level crossing reconstructions undertaken by ARTC and the need for temporary crossings to be established.					
Interest & Investment Revenue	435	630	195	45%	F
Council's original budget forecast for an average interest rate of 4.5% to be achieved. Council's investment portfolio earned an average interest rate of 5.86% for the financial year.					
Other Revenues	383	442	59	15%	F
Legal Fees Recovery revenue was not included in Council's budget, but Council levied \$29,000 in recoverable fees against ratepayers during the financial year.					
Council's original budget did not include Insurance Incentives, but Council earned \$35,000 through various incentive and bonus schemes relating to it's insurance policies.					

Coolamon Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 16. Material Budget Variations (continued)

\$ '000	2011 Budget	2011 Actual	2011 ----- Variance* -----		
REVENUES cont.					
Operating Grants & Contributions	4,462	6,667	2,205	49%	F
<p>Due to a change in accounting policy in relation to the allocation of grants between operating and capital, Council's original budget accounted for RTA Block Grant (\$529,000) and Roads to Recovery (\$577,000) as capital, whereas they have been treated as operating in the 2011 Actuals.</p> <p>Council received an additional \$235,000 in relation to the original budget for it's Financial Assistance Grant. Council received an additional \$40,000 in relation to it's Multi Service Outlet.</p> <p>received.</p> <p>Allawah Subsidy income was \$127,000 less than Council's original budget, due to the continuing effect of the ACFI funding model for aged care and the reduction towards low care facilities.</p> <p>CCB funding for the Coolamon Early Childhood Centre exceeded Council's original budget by \$20,000</p> <p>Funding for the Road Safety Officer Program exceeded Council's original budget by \$45,000</p> <p>Council received an additional \$77,000 reimbursement from the NSW RFS.</p> <p>Works undertaken as part of the RTA's PAMPS program during the financial year were capitalised so the \$20,000 funding that was originally included as operating was accounted for as capital.</p>					
Capital Grants & Contributions	1,544	956	(588)	(38%)	U
<p>Due to a change in accounting policy in relation to the allocation of grants between operating and capital, Council's original budget accounted for RTA Block Grant (\$529,000) and Roads to Recovery (\$577,000) as capital, whereas they have been treated as operating in the 2011 Actuals.</p> <p>Council's original budget did not include the remaining funds (\$233,000) due for the refurbishment/upgrade of the Up-to-Date Store Precinct under the Federal Government RLCIP funding program.</p> <p>Council's original budget did not allow for the \$134,000 received by Council under the NSW HACC Capital Strategy Program. These funds will be expended during the 2011/2012 financial year</p> <p>\$35,000 was received from the RTA under the PAMPS funding program. Council had originally budgeted for this to be an operating income.</p> <p>Council received \$36,000 under the NSW Library Development Program which was not included in Council's original budget.</p>					
Net Gains from Disposal of Assets	168	-	(168)	(100%)	U
<p>Council only sold two of the projected three allotments remaining in the Stinson Street Subdivision. It is hoped that the final allotment will be sold early in 2011/2012.</p> <p>Following the transfer of the land upon which the Coolamon Bowling Green is situated from Council to the Coolamon Sport & Recreation Club by NSW Department of Lands, Council was required to write-off the Coolamon Bowling Green Asset. This together with the write-off of the Coolamon Swimming Pool Filtration Plant have resulted in this unfavourable variance being experienced.</p>					
Share of Net Profits - Joint Ventures & Associates	5	6	1	20%	F

Coolamon Shire Council

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

Note 16. Material Budget Variations (continued)

\$ '000	2011 Budget	2011 Actual	2011 ----- Variance* -----		
EXPENSES					
Employee Benefits & On-Costs	3,907	4,203	(296)	(8%)	U
Borrowing Costs	50	51	(1)	(2%)	U
Materials & Contracts	2,411	3,319	(908)	(38%)	U
Additional restoration works on Local and Regional Roads following flood events in March 2010, October 2010 and December 2010 and Council's decision to concentrate on maintenance works as opposed to capital works during the wet weather have contributed to this unfavourable variance.					
Depreciation & Amortisation	1,672	2,744	(1,072)	(64%)	U
Council's original budget did not factor in the Revaluation of Infrastructure assets and the increased depreciation expense following the revaluation.					
Other Expenses	1,227	1,196	31	3%	F
Net Losses from Disposal of Assets	-	222	(222)	0%	U

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

Cash Flows from Operating Activities	2,777	3,573	796	28.6%	F
See variances detailed for revenues and expenses.					
Cash Flows from Investing Activities	(3,042)	(2,249)	793	(26.1%)	F
original budget allowed for all cash, cash equivalents and investments to excluded from the cash flow calculations.					
Sale of Real Estate assets was \$50,000 less than Council's original budget with only two of the three allotments being sold during the financial year.					
Sale of Infrastructure Assets resulted in an additional \$140,000 of cash inflows due to sales of fleet vehicles.					
Receipts from Deferred Debtors exceeded Council's original budget by \$118,000 following accelerated payout by two long term debtors of their loans.					
Council's cash outflows relating to Property, Plant and Equipment were \$335,000 less than Council's original budget due to the transfer of works from capital improvements/enhancements to maintenance works on roads.					
Outflows relating to Real Estate Assets amounting to \$99,000 were experienced during the year, following the deferral of works from the 2002/2010 financial year.					
Cash Flows from Financing Activities	(160)	(150)	10	(6.5%)	F
Following the departure of a number of residents from both Allawah Lodge Aged Persons Hostel and Allawah Village, incoming residents were required to pay larger bonds and loan licence fees than the amounts refunded and retained from existing residents.					

Coolamon Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 17. Statement of Developer Contributions

\$ '000

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

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

SUMMARY OF CONTRIBUTIONS & LEVIES

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage	-	-	-	-	-	-	-	-	-	-	-
Roads	-	2	-	-	-	(2)	-	173	(231)	(58)	231
Traffic Facilities	-	-	-	-	-	-	-	-	-	-	-
Parking	-	-	-	-	-	-	-	-	-	-	-
Open Space	-	-	-	-	-	-	-	-	-	-	-
Community Facilities	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-
S94 Contributions - under a Plan	-	2	-	-	-	(2)	-	173	(231)	(58)	231
S94A Levies - under a Plan	-	-	-	-	-	-	-				-
Total S94 Revenue Under Plans	-	2	-	-	-	(2)	-				231
S94 not under Plans	-	-	-	-	-	-	-	-	-	-	-
S93F Planning Agreements	-										
S64 Contributions	-										
Total Contributions	-	2	-	-	-	(2)	-	173	(231)	(58)	231

Coolamon Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 17. Statement of Developer Contributions (continued)

\$ '000

S94 CONTRIBUTIONS - UNDER A PLAN

CONTRIBUTION PLAN NUMBER 1

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage	-						-			-	
Roads	-	2				(2)	-	173	(231)	(58)	231
Traffic Facilities	-						-			-	
Parking	-						-			-	
Open Space	-						-			-	
Community Facilities	-						-			-	
Other	-						-			-	
Total	-	2	-	-	-	(2)	-	173	(231)	(58)	231

Coolamon Shire Council

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

Note 18. Contingencies & Other Assets/Liabilities Not Recognised

\$ '000

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

LIABILITIES NOT RECOGNISED:

1. Guarantees

(i) Defined Benefit Superannuation Contribution Plans

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

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

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

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

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

(ii) Statewide Limited

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

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

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

(iii) StateCover Limited

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

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

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

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

(iv) Other Guarantees

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

Coolamon Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

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

\$ '000

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

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

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

(ii) S94 Plans

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

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

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

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

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.

(iii) S94 Expenditure in Advance

The Contributions Plan for Roads is currently in deficit by \$231,000 - representing expenditure in advance of Contributions.

Future Contributions will offset this expenditure and replenish Council's General Fund net current assets balance.

Coolamon Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

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

\$ '000

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

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

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

Subsidiaries**Note 19(a)**

Operational Arrangements where Councils Control (but not necessarily Interest) exceeds 50%

Associated Entities & Joint Venture Entities**Note 19(b)(i)&(ii)**

Arrangements in the form of a Separate Entity that deploys the resources of the operation itself. Under Associated Entities, Council significantly influences the operations (but does not control them, whilst for JV Entities, Council Jointly Controls the Operations with other parties.

Joint Venture Operations**Note 19(c)**

Arrangements that do not comprise an actual individual entity which can deploy the resources of the individual participants. Under JV Operations, Council Jointly Controls the operations with the Other Parties involved.

Subsidiaries, Associated Entities and Joint Ventures Not Recognised**Note 19(d)****Accounting Recognition:**

(i) Subsidiaries disclosed under Note 19(a), and Joint Venture Operations disclosed at Note 19(c), are accounted for on a Line by Line Consolidation basis within the Income Statement and Balance Sheet.

(ii) Associated Entities and Joint Venture Entities as per Notes 19(b)(i) & (ii) are accounted for using the Equity Accounting Method - and are disclosed as a 1 line entry in both the Income Statement and Balance Sheet.

	Council's Share of Net Income		Council's Share of Net Assets	
	Actual 2011	Actual 2010	Actual 2011	Actual 2010
Associated Entities	-	-	-	-
Joint Venture Entities	6	2	91	85
Total	6	2	91	85

Coolamon Shire Council

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

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

\$ '000

19(a) Subsidiaries (ie. Entities & Operations controlled by Council)

Council has no interest in any Subsidiaries.

19(b) Associated Entities & Joint Venture Entities

(i) ASSOCIATED ENTITIES

Council has no interest in any Associated Entities.

(ii) JOINT VENTURE ENTITIES**(a) Carrying Amounts**

Name of Entity	Principal Activity	2011	2010
Riverina Regional Library	Provision of Library Services	91	85
Total Carrying Amounts - Joint Venture Entities		91	85

(b) Relevant Interests

Name of Entity	Interest in Outputs		Interest in Ownership		Proportion of Voting Power	
	2011	2010	2011	2010	2011	2010
Riverina Regional Library	4%	4%	4%	4%	4%	4%

(c) Movement in Carrying Amounts

	Riverina Regional Library	
	2011	2010
Opening Balance	85	83
Share in Operating Result	6	2
New Capital Contributions	-	-
Distributions Received	-	-
Adjustments to Equity	-	-
Councils Equity Share in the Joint Venture Entity	91	85

Coolamon Shire Council

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

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

\$ '000

19(b) Associated Entities & Joint Venture Entities (continued)

(d) Share of Joint Ventures Assets & Liabilities

	Assets		Liabilities		Net Assets
	Current	Non Current	Current	Non Current	
2011					
Riverina Regional Library	44	64	17		91
Totals	44	64	17	-	91
2010					
Riverina Regional Library	45	55	15	-	85
Totals	45	55	15	-	85

(e) Share of Joint Ventures Revenues, Expenses & Results

	2011			2010		
	Revenues	Expenses	Result	Revenues	Expenses	Result
Riverina Regional Library	68	62	6	68	66	2
Totals	68	62	6	68	66	2

(f) Share of Joint Venture Entities Expenditure Commitments

	2011	2010
Capital Commitments	-	-
Other Expenditure Commitments	-	-
Lease Commitments	-	-

(g) Contingent Liabilities of Joint Venture Entities

	2011	2010
Share of Contingent Liabilities incurred jointly with other Participants	-	-
Share of Contingent Liabilities for which Council is severally liable	-	-

19(c) Joint Venture Operations

Council has no interest in any Joint Venture Operations.

19(d) Subsidiaries, Associated Entities & Joint Venture Operations Not Recognised

All Subsidiaries, Associated Entities & Joint Ventures have been recognised in this Financial Report as required.

Coolamon Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 20. Equity - Retained Earnings and Revaluation Reserves

\$ '000	Notes	Actual 2011	Actual 2010
a. Retained Earnings			
Movements in Retained Earnings were as follows:			
Balance at beginning of Year (from previous years audited accounts)		73,095	82,512
a. Correction of Prior Period Errors	20 (c)	-	(11,181)
b. Changes in Accounting Policies (prior period effects)	20 (d)	-	-
c. Other Comprehensive Income (excl. direct to Reserves transactions)		-	-
d. Net Operating Result for the Year		477	1,764
e. Distributions to/(Contributions from) Minority Interests		-	-
f. Transfers between Equity		-	-
g. Other Changes (disclosure required)		-	-
Balance at End of the Reporting Period		<u>73,572</u>	<u>73,095</u>

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

- Infrastructure, Property, Plant & Equipment Revaluation Reserve		67,907	66,418
- "Available for Sale" Financial Investments Revaluation Reserve		-	-
- Other Reserves (Specify)		-	-
Total		<u>67,907</u>	<u>66,418</u>

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

- Opening Balance		66,418	13,031
- Revaluations for the year	9(a)	1,492	53,387
- Impairment of revalued assets (incl. impairment reversals)	9(a)	-	-
- Transfer to Retained Earnings for Asset disposals		-	-
- Correction of Prior Period Errors	20(c)	-	-
- Other movements (rounding adjustment)		(3)	-
- Balance at End of Year		<u>67,907</u>	<u>66,418</u>

TOTAL VALUE OF RESERVES

<u>67,907</u>	<u>66,418</u>
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(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.

Coolamon Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

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

\$ '000	Notes	Actual 2011	Actual 2010
c. Correction of Error/s relating to a Previous Reporting Period			
Council made no correction of errors during the current reporting period.			
Correction of errors reported in last year's financial statements.			
Council revalued various asset classes for the 09/10 Year End.			
This reassessment resulted in a material difference as to where some assets actually sat in with respect to their asset life cycle relative to what the value of accumulated depreciation in Council's Financial Reports had previously indicated.			
Council did not have sufficient and reliable information that would allow the restatement of information prior to 30/6/08 (the closing date for the comparative figures in last year's report).			
As a result, Council adjusted the accumulated depreciation for the Asset Classes below as at 30/6/09 to reflect the correct value of accumulated depreciation;			
- Roads, Bridges & Footpaths	(increase) to accumulated depreciation		(10,822)
- Stormwater Drainage	(increase) to accumulated depreciation		(359)
This adjustment resulted in a net (decrease) in Council's Accumulated Surplus as at 30/6/09.			
In accordance with AASB 108 - Accounting Policies, Changes in Accounting Estimates and Errors, the above Prior Period Errors have been recognised retrospectively.			
These amounted to the following Equity Adjustments:			
- Adjustments to Opening Equity	- 1/7/09		(11,181)
(relating to adjustments for the 30/6/09 reporting year end and prior periods)			
- Adjustments to Closing Equity	- 30/6/10		-
(relating to adjustments for the 30/6/10 year end)			
Total Prior Period Adjustments - Prior Period Errors		-	(11,181)

Coolamon Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

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

\$ '000	Notes	Actual 2011	Actual 2010
d. Voluntary Changes in Accounting Policies			
<p>The Division of Local Government has amended a Policy decision which now sees General Purpose Grants classified as Operating Grants, regardless of whether Council spent the grants on Capital Purposes.</p> <p>This has resulted in the change of disclosure from Capital Grants to Operating Grants for the comparative year figures for the following line items</p>			
Transport (Roads to Recovery)			536
RTA Contributions (Block Grant)			641
<p>As a result of the above disclosure changes:</p> <ul style="list-style-type: none"> - The overall Operating Result did not change, - The reported figure of "Net Operating Result for the year before Grants and Contributions provided for Capital Purposes" increases by: 			
			1,177
<p>In accordance with AASB 108 - Accounting Policies, Changes in Accounting Estimates and Errors, the above changes in Accounting Policy have been recognised retrospectively.</p>			
<p>These amounted to the following Equity Adjustments:</p>			
- Adjustments to Opening Equity - 1/7/09			-
(relating to adjustments for the 30/6/09 reporting year end and prior periods)			
- Adjustments to Closing Equity - 30/6/10			-
(relating to adjustments for the 30/6/10 year end)			
Total Prior Period Adjustments - Accounting Policy Changes		-	-

Coolamon Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 21. Financial Result & Financial Position by Fund

Income Statement by Fund \$ '000	Actual 2011	Actual 2011	Actual 2011	Actual 2011
	Other	Water	Sewer	General ¹
Continuing Operations				
Income from Continuing Operations				
Rates & Annual Charges	367	-	317	1,857
User Charges & Fees	18	-	2	997
Interest & Investment Revenue	30	-	73	527
Other Revenues	3	-	3	518
Grants & Contributions provided for Operating Purposes	25	-	13	6,629
Grants & Contributions provided for Capital Purposes		-	29	927
Other Income				
Net Gains from Disposal of Assets		-	-	-
Share of interests in Joint Ventures & Associates using the Equity Method				6
Total Income from Continuing Operations	443	-	437	11,461
Expenses from Continuing Operations				
Employee Benefits & on-costs	20	-	161	4,022
Borrowing Costs	-	-	-	51
Materials & Contracts	319	-	115	2,885
Depreciation & Amortisation	3	-	142	2,599
Impairment				-
Other Expenses	46	-	71	1,208
Interest & Investment Losses				-
Net Losses from the Disposal of Assets		-	-	222
Share of interests in Joint Ventures & Associates using the Equity Method				-
Total Expenses from Continuing Operations	388	-	489	10,987
Operating Result from Continuing Operations	55	-	(52)	474
Discontinued Operations				
Net Profit/(Loss) from Discontinued Operations		-	-	-
Net Operating Result for the Year	55	-	(52)	474
Net Operating Result attributable to each Council Fund	55	-	(52)	474
Net Operating Result attributable to Minority Interests	-	-	-	-
Net Operating Result for the year before Grants and Contributions provided for Capital Purposes	55	-	(81)	(453)

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

* Other represents Domestic Waste Management only

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

Coolamon Shire Council

Notes to the Financial Statements

as at 30 June 2011

Note 21. Financial Result & Financial Position by Fund

Balance Sheet by Fund \$ '000	Actual 2011	Actual 2011	Actual 2011	Actual 2011
ASSETS	Other	Water	Sewer	General¹
Current Assets				
Cash & Cash Equivalents	473	-	1,237	1,683
Investments		-	-	7,500
Receivables	42	-	54	1,202
Inventories		-	-	69
Total Current Assets	515	-	1,291	10,454
Non-Current Assets				
Investments		-	-	200
Receivables		-	-	13
Inventories		-	-	282
Infrastructure, Property, Plant & Equipment	59	-	10,280	125,603
Investments Accounted for using the equity method		-	-	91
Total Non-Current Assets	59	-	10,280	126,189
TOTAL ASSETS	574	-	11,571	136,643
LIABILITIES				
Current Liabilities				
Payables	6	-	10	4,677
Provisions		-	-	1,773
Total Current Liabilities	6	-	10	6,450
Non-Current Liabilities				
Payables		-	-	13
Provisions		-	-	830
Total Non-Current Liabilities	-	-	-	843
TOTAL LIABILITIES	6	-	10	7,293
Net Assets	568	-	11,561	129,350
EQUITY				
Retained Earnings	510	-	6,071	66,991
Revaluation Reserves	58	-	5,490	62,359
Council Equity Interest	568	-	11,561	129,350
Minority Interests		-	-	-
Total Equity	568	-	11,561	129,350

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

* Other represents Domestic Waste Management only

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

Coolamon Shire Council

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

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

\$ '000	2011		2010	
	Current	Non Current	Current	Non Current

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

Coolamon Shire Council

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

Note 23. Events occurring after Balance Sheet Date

\$ '000

Events that occur after the reporting date of 30 June 2011, up to and including the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

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

Accordingly, the "authorised for issue" date is 08/09/11.

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

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

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

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

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

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

Coolamon Shire Council

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

Note 24. Discontinued Operations

	Actual	Actual
\$ '000	2011	2010

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

Coolamon Shire Council

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

Note 25. Intangible Assets

\$ '000

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

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

Coolamon Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 26. Reinstatement, Rehabilitation & Restoration Liabilities

\$ '000

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

Asset/Operation	Estimated year of restoration	NPV of Provision	
		2011	2010
Various Gravel Pit Sites across the Shire	2029	771	720
Balance at End of the Reporting Period	10	771	720

Under AASB 116 - Property, Plant & Equipment, where the use of an asset results in the obligation to dismantle or remove the asset and restore the site on which the asset stands, an estimate of such costs is required to be included in the cost of the asset.

An equivalent liability must be recognised under AASB 137 - Provisions, Contingent Liabilities and Contingent Assets.

The provision has been calculated by determining the present value of the future expenditures expected to be incurred. The discount rate used is the risk free borrowing rate applicable to Council.

Specific uncertainties relating to the final costs and the assumptions made in determining the amounts of provisions include:

- the actual scope of works required at the time of remediation may increase or reduce Council's actual costs
- the actual cpi index associated with the planned works may increase or decrease Council's actual costs

Reconciliation of movement in Provision for year:

Balance at beginning of year	720	673
Amounts capitalised to new or existing assets:		
Effect of a change in discount rates used in PV calculations		-
Effect of a change in other calculation estimates used		-
Amortisation of discount (expensed to borrowing costs)	51	47
Expenditure incurred attributable to Provisions		-
Total - Reinstatement, rehabilitation and restoration provision	771	720

Coolamon Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 27. Segment Note

\$ '000

As a not for profit entity the Coolamon Shire Council is not required to comply with the requirements of accounting standard AASB 114 "Segment Reporting". However a condition of the Australian Government's Conditional Adjustment Payment (CAP) requires approved providers to provide information by treating residential aged care services as a reportable segment.

Accounting Policy

Segment revenues and expenses are those directly attributable to the segment and include any joint revenue and expenses where a reasonable basis of allocation exists.

Segment assets include all assets used by a segment and consist principally of cash, receivables, property, plant and equipment (net of accumulated depreciation). While most such assets can be directly attributed to individual segments, the carrying amount of certain assets used jointly by two or more segments is allocated to the segments on a reasonable basis. Segment liabilities consist principally of accounts payable, employee benefit accrued expenses, other financial liabilities and borrowings.

	Residential Aged Care		Other		Consolidated	
	Actual 2011	Actual 2010	Actual 2011	Actual 2010	Actual 2011	Actual 2010
Revenue						
Government Subsidies	673	750	3,627	3,096	4,300	3,846
Resident Charges	498	467	-	-	498	467
Capital Grants		-	403	851	403	851
Bond retentions	68	66		-	68	66
Interest Income	84	78	546	420	630	498
Donations	3	1			3	1
Contributions (capital & operating)			2,918	1,922	2,918	1,922
Other	15	12	3,520	3,634	3,535	3,646
Total Revenue	1,341	1,374	11,014	9,923	12,355	11,297
Expenses						
Care employee expenses	864	852			864	852
Other employee expenses			3,339	3,188	3,339	3,188
Management Fees	135	114			135	114
Interest expense			51	47	51	47
Depreciation & amortisation	48	46	2,696	1,381	2,744	1,427
Insurances	11	11	220	248	231	259
Electricity & Heating	43	45	109	90	152	135
Telephone	2	2	47	53	49	55
Water	7	8	46	88	53	96
Rates	8	9		-	8	9
Audit Fees		2	14	13	14	15
Other	217	224	4,021	3,112	4,238	3,336
Total Expense	1,335	1,313	10,543	8,220	11,878	9,533
Segment Results (Pre Tax)	6	61	471	1,703	477	1,764

Coolamon Shire Council

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

Note 27. Segment Note

\$ '000

	Residential Aged Care		Other		Consolidated	
	Actual 2011	Actual 2010	Actual 2011	Actual 2010	Actual 2011	Actual 2010
Assets						
Current Assets	1,182	1,171	11,194	9,920	12,376	11,091
Non-current Assets	3,980	3,998	133,350	131,972	137,330	135,970
Total Assets	5,162	5,169	144,544	141,892	149,706	147,061
Liabilities						
Current Liabilities	1,175	1,171	5,407	4,544	6,582	5,715
Non-current Liabilities	4	20	1,641	1,813	1,645	1,833
Total Liabilities	1,179	1,191	7,048	6,357	8,227	7,548
Net Assets	3,983	3,978	137,496	135,535	141,479	139,513

Component of Segment Liabilities included above:

Accommodation bond liabilities	883	1,002	-	-	883	1,002
Interest bearing borrowings	-	-	-	-	-	-

Business Segments:

Residential Aged Care - Allawah Lodge Aged Persons Hostel provides residential aged care services
Other - provides other Local Government Services

Geographical Segments:

Coolamon Shire Council operates in the Coolamon Shire Local Government Area in New South Wales

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

Coolamon Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 28. Council Information & Contact Details

Principal Place of Business:

55 Cowabbie Street
Coolamon NSW 2701

Contact Details**Mailing Address:**

PO Box 101
Coolamon NSW 2701

Opening Hours:

General Business 8.30am to 5.00pm
Cashier 8.30am to 4.00pm

Telephone: 02 6927 3206

Facsimile: 02 6927 3168

Internet: www.coolamon.nsw.gov.au

Email: council@coolamon.nsw.gov.au

Officers**GENERAL MANAGER**

Terrey Kiss

RESPONSIBLE ACCOUNTING OFFICER

Courtney Armstrong

PUBLIC OFFICER

Terrey Kiss

AUDITORS

Auswild & Co

Elected Members**MAYOR**

Clr Robert Menzies

COUNCILLORS

Clr John Seymour

Clr John O'Brien

Clr Barrie Logan

Clr Geoff Glass

Clr Bruce Hutcheon

Clr Dennis Brill

Clr David Brill

Clr David McCann

Clr Grant Beard

Other Information

ABN: 32 573 173 265



Auswild & Co

CHARTERED ACCOUNTANTS

ABN: 29 725 771 792

Independent auditor's report to the Councillors of the Coolamon Shire Council and the Chief Executive Officer of the Division of Local Government

We have audited the accompanying general purpose financial report of the Coolamon Shire Council, which comprises the Statement by Councillors and Management, Balance Sheet as at 30th June, 2011, Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity and Cash Flow Statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes.

Councils' Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

Our audit responsibility does not extend to the original budget information included in the Income Statement, Cash Flow Statement, Note 2(a) or the budget variation explanations disclosed in Note 16. Nor does our responsibility extend to the projected future developer contributions and costs disclosed in Note 17. Accordingly, no opinion is expressed on these matters. In addition, our audit did not include an analysis of the prudence of business decisions made by Council or management.

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.

Auditor's 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; and
- (b) The general purpose financial report
 - (i) has been prepared in accordance with the requirements of this Division;
 - (ii) is consistent with the Council's accounting records;
 - (iii) presents fairly the Council's financial position, the results of its operations and its cash flows; and
 - (iv) is in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia.
- (c) all information relevant to the conduct of the audit has been obtained; and
- (d) there are no material deficiencies in the accounting records or financial report that have come to light during the course of the audit.

AUSWILD & CO.



G.J. BRADLEY
Principal
Registered Auditor No: 1249

CANBERRA
8th September, 2011

COOLAMON SHIRE COUNCIL

**REPORT ON THE CONDUCT
OF THE AUDIT**

2011



Auswild & Co

CHARTERED ACCOUNTANTS

ABN: 29 725 771 792

8th September, 2011

Councillor Robert Menzies
Mayor
Coolamon Shire Council
P.O. Box 101
COOLAMON. N.S.W. 2701

Dear Cr Menzies,

Having completed an audit examination of the books of account and associated records of the Coolamon Shire Council for the twelve months period ended 30th June 2011 we have pleasure in submitting our report on the conduct of the audit in accordance with Section 417 (3) of the Local Government Act 1993.

Background

The financial statements for the year ended 30th June, 2011 have been prepared in accordance with

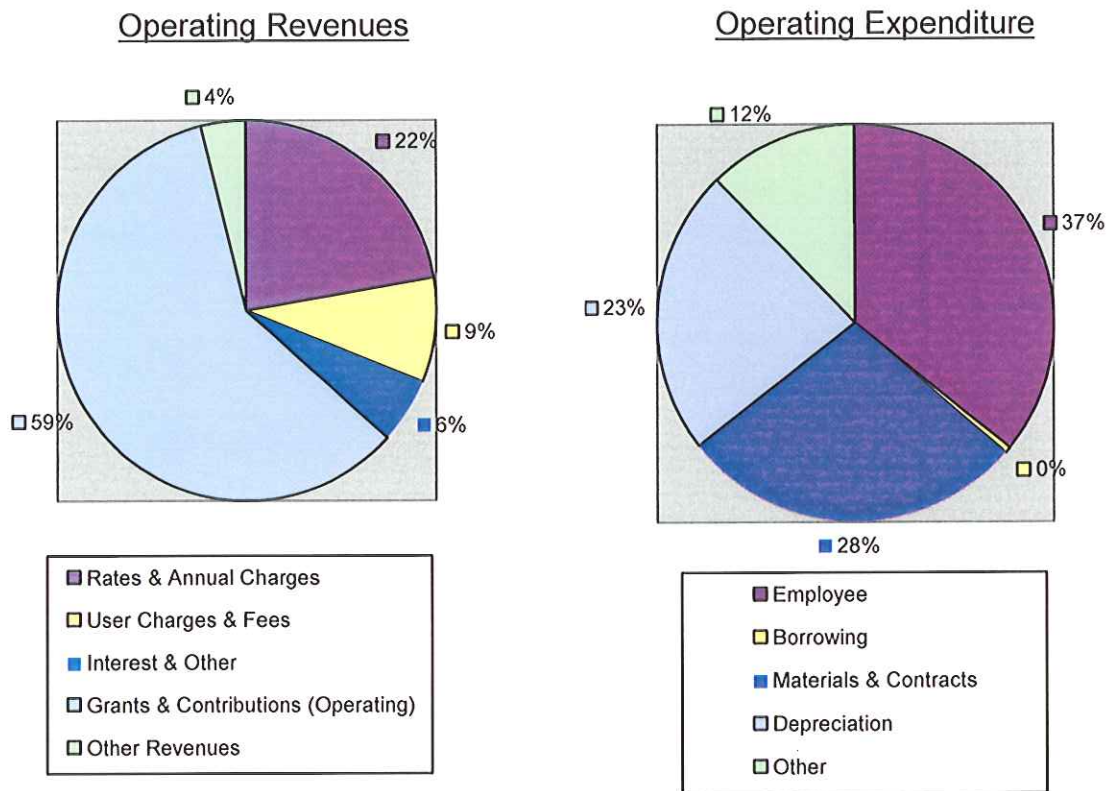
- Australian Accounting Standards
- Other authoritative pronouncements of the Australian Accounting Standards Board
- Urgent Issues Group Interpretations
- the Local Government Act 1993 and Regulations, and
- the Local Government Code of Accounting Practice and Financial Reporting (the Code).

In accordance with the timetable determined by the Division of Local Government, Coolamon Shire Council conducted a revaluation of its community land, land improvements and other structures in the current year. All Council infrastructure, property, plant and equipment assets have now been revalued to fair value.

Financial Results

Council reported an operating deficit before capital grants and contributions of \$479,000 for the year ended 30 June 2011 (2010 – surplus of \$850,000). Operating revenues (\$11.26 million) increased approximately 9.71% on those of the previous year (\$10.26 million) with significant increases being reported in RTA contributions. Operating expenses (including depreciation expenses of \$2.74 million) increased approximately 24.71% or \$2.33 million primarily in response to increased roads depreciation and material expenses.

A breakdown of Council's operating revenues and expenses for the year is as follows:



In addition to operating revenues, Council received capital grants and contributions amounting to \$956,000 (2010 - \$914,000).

In the twelve months period to 30 June 2011 Council's operating result from continuing operations' (**including** capital grants and contributions) was \$477,000 compared with \$1.76 million in the previous year.



Further, we note that the Allawah Aged Persons Complex (which is deemed to be controlled by Council) was again consolidated in Council's statements in accordance with the Code of Accounting Practice. The Allawah Complex improved Council's operating result before capital grants and contributions by \$37,000.

Budget Comparison

The net operating surplus for the year of \$477,000 was well below original budget expectations which anticipated a surplus of \$1.12 million.

Details of material variations between the original budget and actual results are detailed in Note 16 to the General Purpose Financial Reports. In essence, the variances can be attributed to:-

Favourable Variances

- User charge fees (including Cemetery, Aged Care, Caravan Park and Private Works) were well above budget expectations.
- Better than anticipated interest rates have boosted interest revenues.
- "Other Revenues" exceed budget expectations primarily through the receipt of increased insurance incentives and legal fees recovery

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Rates and Annual Charges

Revenue from rates and annual charges (excluding Council owned properties) amounted to \$2.49 million (2010 - \$2.38 million).

In setting the **ordinary rates** for the year, Council resolved to adopt the maximum increase available of 2.6%. This action, together with an increase in the number of assessments has resulted in revenues from ordinary rates increasing from \$1.79 million in 2009/2010 to \$1.86 million in the current year.

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Such movements have resulted in revenues as follows:

<u>Annual Charges</u>	2011	2010
	\$	\$
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Revenues received from user charges and fees included:-

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Interest and investments revenues were earned as follows:

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	<u>\$ 630,000</u>	<u>\$ 498,000</u>



Excluding interest attributed to the Allawah Complex investments (\$241,000) investment income represented approximately 20.96% of ordinary rating income and therefore remains an important component of Council's budget.

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Coolamon Shire has again received important revenues from a number of non core activities. Predominately, such income has been earned from the lease rentals of property including Aged Persons Units.

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Operating Expenditure

Expenses from continuing operations (\$11.74 million) were significantly higher than both budget expectations (\$9.27 million) and those of the previous year (\$9.41 million).

Impacting significantly on operating expenses for the year were:

Materials and Contracts

Materials & contracts expenditure (\$3.32 million) increased approx. 20.82% in response to Council's decision to focus on grant and maintenance work.

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Depreciation expenses (\$2.74 million) were significantly higher than those of the previous year and accounted for approximately 23.38% of Council's total operating expenses. Whilst such expenses have a significant impact on Council's operating result we note that Council's increased depreciation expense has primarily resulted from the revaluation of Council's roads, bridges and footpath assets as at 30th June, 2010.

Net Losses from the Disposal of Assets

The sale/disposal of Council assets in the current year has resulted in a loss of \$222,000 being brought to account (2010 – profit \$174,000). The losses reported in 2010/2011 mainly relate to the transfer of the Coolamon Bowling Green from Council to the Coolamon Sport & Recreation Club.



Capital Expenditure

During the reporting period Council expended \$3.17 million (2010 - \$3.28 million) on the acquisition of assets. The principal items being:-

	2011	2010
	\$	\$
Plant & Equipment	746,000	612,000
Buildings	494,000	218,000
Roads, Bridges & Footpaths	1,428,000	1,865,000
Other Structures	104,000	274,000
Sewerage Network	31,000	118,000

The expenditure associated with buildings and infrastructure has given Council a assets renewals ratio 77.30%. This ratio assesses the rate at which assets are being renewed against the rate at which they are depreciating.

Cash & Investments

At balance date Council controlled cash and investments totalling \$11.09 million (2010 - \$10.40 million).

Council utilises its investments to cover both externally and internally imposed requirements and comprises Allawah Complex investments (\$3.76 million), employee entitlements (\$1.40 million), unexpended grants and contributions (\$381,000), sewerage (\$1.24 million), domestic waste management (\$473,000) and monies for future capital works.

Externally restricted investments (including sewerage fund) amounted to \$5.85 million whilst Council has "earmarked" a further \$5.24 million towards the funding of its future long-term objectives.

Council's cash and investments were held as follows:

	2011	2010
	\$	\$
General Fund	5,245,000	4,536,000
Sewerage Fund	1,237,000	1,161,000
Externally Restricted Funds	4,611,000	4,701,000
	<u>11,093,000</u>	<u>10,398,000</u>



and comprised:

	2011 \$	2010 \$
Cash on Hand and at Bank	1,393,000	1,219,000
Short Term Deposits	2,000,000	1,000,000
Long Term Deposits	7,000,000	7,479,000
Subordinated Debt	700,000	700,000
	<u>11,093,000</u>	<u>10,398,000</u>

Council appears to have continued with its highly liquid investment strategy, however we do note that Council's investments have a heavy weighting towards one financial institution. We report therefore that a substantial proportion of Council's investments would not be presently covered by the Australian Government's deposit guarantee.

Debtors

Rates and Annual Charges

At balance date net outstanding rates, annual charges and associated interest amounted to \$187,000 (2010 - \$211,000) which represented 6.79% of total receivable (2010 - 8.17%). It is pleasing to note the improved arrears percentage and the fact that Council is not materially exposed to the arrears of any one ratepayer. At year end the ten highest arrears collectively amounted to approx. \$59,000 (2010 - \$57,000)

We note the following outstanding rates position:

<u>Outstanding Assessment Amount</u>	<u>Number of Assessments</u>
\$3,000 - \$4,000	4
\$4,001 - \$5,000	1
\$5,001 - \$6,000	2
\$6,001 - \$8,000	1
Greater than \$8,000	2

All outstanding arrears have been subject to interest of 9.00% pa and Council has maintained a provision for doubtful debts amounting to \$52,000.



Real Estate

During the year Council sold two lots of land in the Stinson Street Stage 2 subdivision which realised a profit of \$38,000. At year end Council had available for sale one lot of developed land with a book value of \$31,000 together with undeveloped land valued at \$282,000.

Property, Plant & Equipment excluding Real Estate

During the year Council acquired assets to the value of \$3.26 million and disposed of assets with a written down value of \$567,000. The disposal of these assets has resulted in a loss of \$260,000 being brought to account (2010 – profit \$117,000).

Further, we report that community land controlled by Council was revalued to fair value in the current year which has resulted in an increase of \$1.56 million to \$1.60 million.

The combined action of asset movements and revaluations has resulted in the written down value of property, plant and equipment increasing from \$134.56 million in 2010 to \$135.94 million as at 30 June 2011.

Major acquisitions during the year were again funded from grants, contributions and cash & investments.

Provisions

At 30 June 2011 the Provision for Employee Accrued Entitlements totalled \$1,832,000. The components of the liability are:-

	2011	2010
	\$	\$
Annual Leave	476,000	462,000
Long Service Leave	1,337,000	1,227,000
Other	19,000	12,000

The average leave entitlement per employee as at 30 June 2011 was \$25,096 (2010 - \$26,578). At year end Council had set aside funds amounting to \$1,400,000 or 76.42% of the employees leave entitlement liability and such funds have been identified as an internally restricted asset.

Council's provision for Tip remediation/restoration was increased by \$51,000 and at year end amounted to \$771,000.



Loans and Debt Servicing

Once again, Council has been able to conduct its operations without the need for external loan borrowings and has therefore maintained its enviable debt free status.

SUMMARY

In analysing Council's financial results for the year, particular attention must be given to the following:-

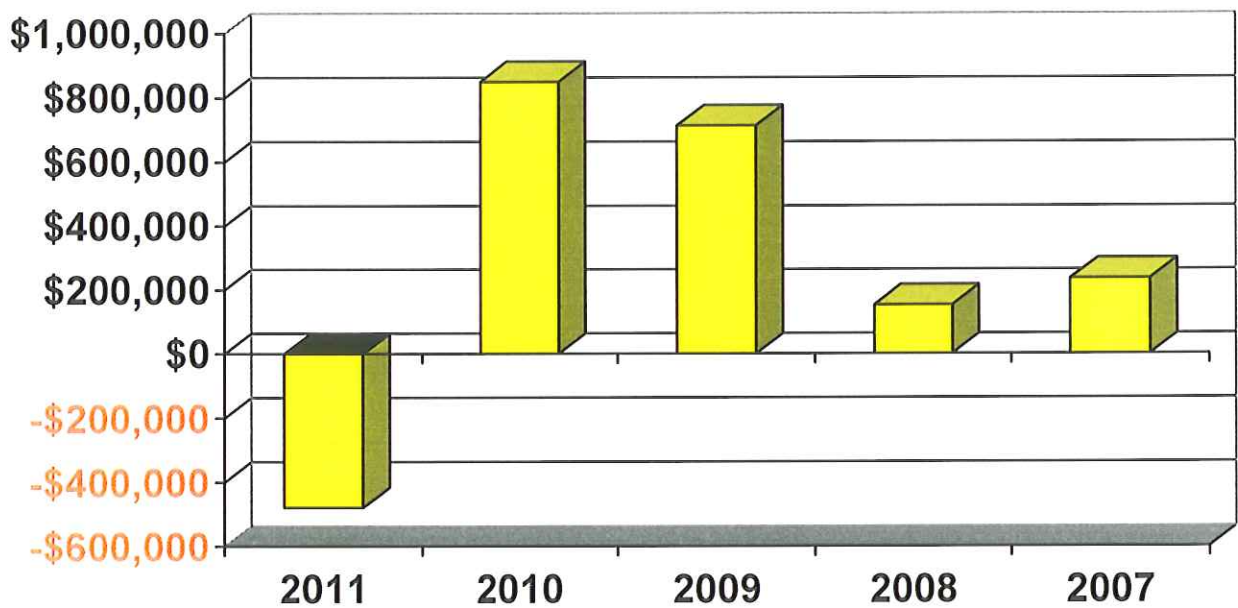
- Operating result before capital amounts (deficit \$479,000)
- Net increase in cash and investments held (\$695,000)
- Internal and unrestricted investments (\$5,245,000) and Sewerage investments (\$1,237,000)
- Performance ratios



Operating Result

Council recorded an operating deficit before capital amounts of \$479,000 for the twelve months period to 30 June 2011. This result has been reported after allowing for depreciation expenses of \$2,744,000 and although marginally greater than the budget expectation (deficit - \$428,000) it was significantly lower than the result of the previous year (surplus - \$850,000).

Operating Surplus before Capital Amounts



The contribution of the individual funds/activities to the consolidated operating result before capital grants and contributions was as follows:

	Surplus/(Deficit)	
	2011	2010
	\$	\$
General Fund	(435,000)	931,000
Sewerage Fund	(81,000)	(69,000)
Allawah Complex	37,000	(12,000)
	<u>(479,000)</u>	<u>850,000</u>



The significant decline in the operating surplus can be directly attributed to factors beyond Council's control, namely the \$1.32 million increase in depreciation expenses following the revaluation of Council's roads, bridges and footpath assets in 2009/2010.

Although the increased depreciation expenses will have minimal impact on Council's financial position in the short term, the ramifications (and relevance) of depreciation expenses will need to be carefully examined in the coming years.

Other income and expenditure items that have materially impacted on Council's operating result for the year included:

<u>Income</u>	2011 \$	2010 \$	Variance \$
Interest	630,000	498,000	132,000
RTA Contributions	1,813,000	1,035,000	778,000
<u>Expenses</u>			
Raw Materials	2,170,000	1,674,000	(496,000)
Profit/(Loss) on disposals	(222,000)	174,000	(396,000)

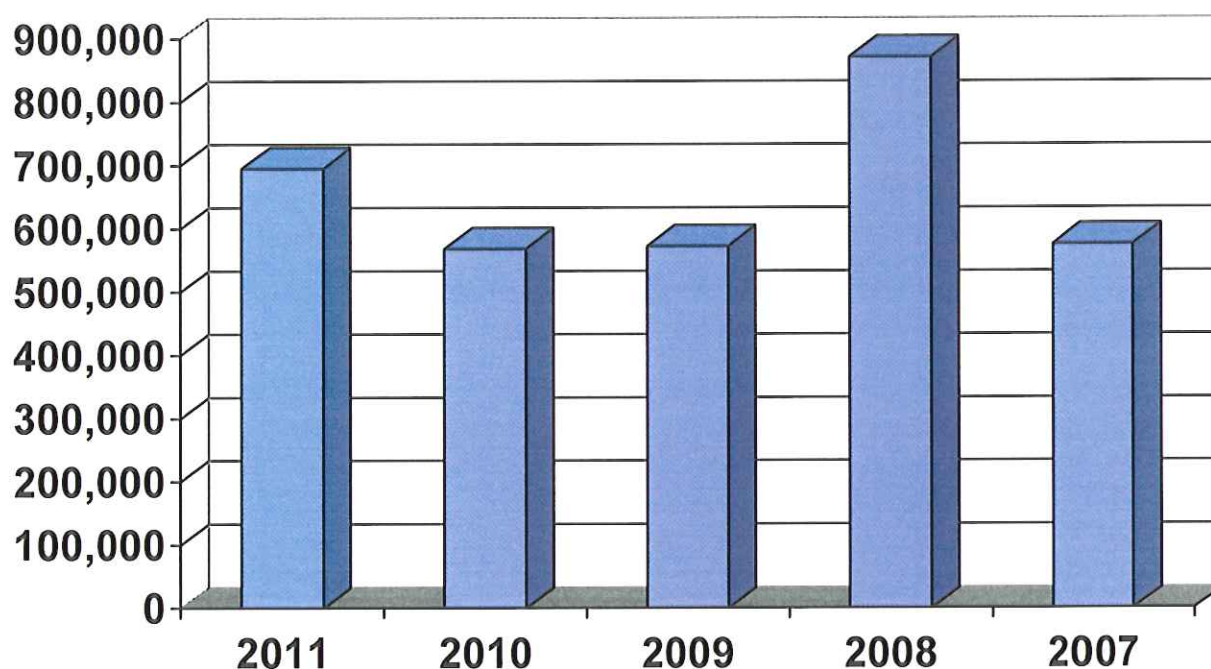
On balance we consider that Council has reported a sound operating result.



Cash Flow

Council achieved a cash surplus of \$3.57 million (2010 - \$3.17 million) from its operating activities which was principally utilised to purchase assets (\$3.17 million). These actions together with the proceeds from the sale of property, plant and equipment have resulted in Council achieving a cash flow surplus (including investments) of \$695,000 for the year.

Cash Flow Surplus/Deficit



Upon analysis the cash flow surplus can be identified as follows:

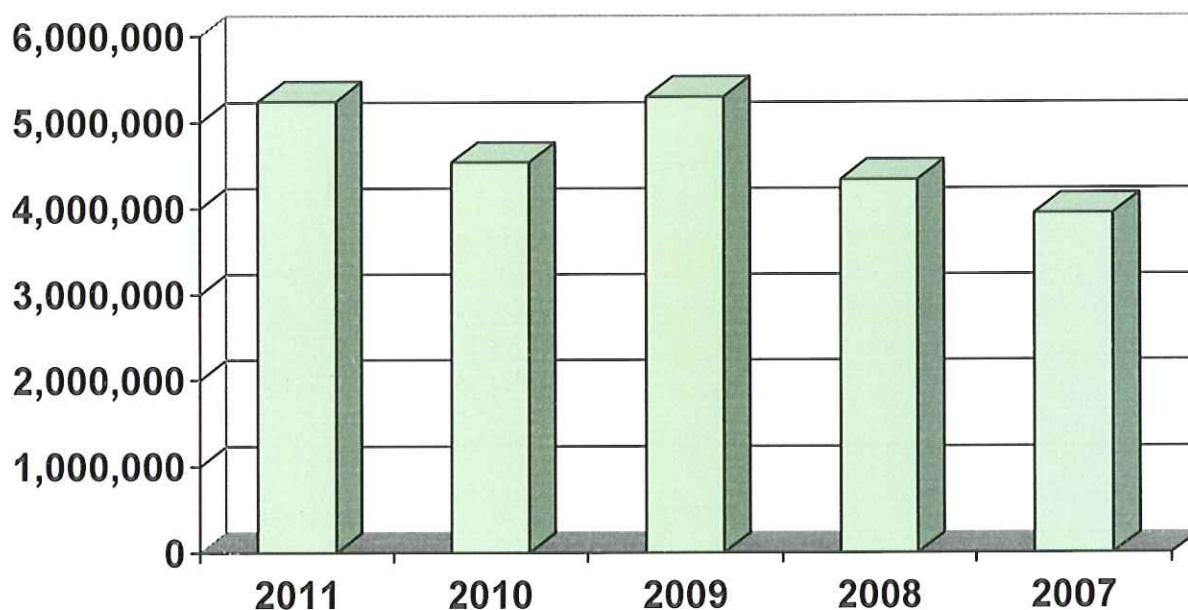
<u>Activity</u>	Surplus/(Deficit)	
	2011	2010
	\$	\$
<u>Externally Restricted</u>		
Sewerage Fund	76,000	47,000
Other External Restrictions	(90,000)	1,283,000
<u>Internally Restricted & Unrestricted</u>		
General Fund	<u>709,000</u>	<u>(762,000)</u>
	\$ 695,000	\$ 568,000



Reserves (Internally and Unrestricted Assets)

As noted above, Council's internal and unrestricted funds have increased by \$709,000 during the twelve months period and at year end Council held internally and unrestricted investments amounting to \$5.25 million. In addition to these funds we report that the sewerage fund held cash and investments amounting to \$1.24 million.

Reserves (Internally and Unrestricted Assets)



The adequate funding of reserves is probably the greatest challenge facing local government generally and we again encourage Council to maintain reserve funding as a priority strategy.

Performance Ratios

Council's relatively sound financial position has again been reflected in its performance ratios.

In particular, we note the unrestricted current ratio (which is a measurement of Council's ability to meet its financial obligations) of 5.18, the declining rates and annual charges arrears percentage (6.79%) and Council's enviable debt free status.



In addition to the above, a number of matters of a minor nature were discussed with the appropriate staff who have actioned or undertaken to see that appropriate action is taken with respect to each.

Council's books of account and other records appear to have been maintained in a satisfactory and up-to-date manner and the requirements of the Local Government Act and Regulations well observed.

In conclusion we wish to acknowledge the courteous assistance and co-operation extended to us by the General Manager and staff during the conduct of the audit, from whom we have obtained all the information and explanations which we required.

Yours faithfully,
AUSWILD & CO.

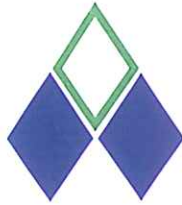
per:



G.J. BRADLEY

Certificated Local Government
Auditor No. 608





Auswild & Co

CHARTERED ACCOUNTANTS

ABN: 29 725 771 792

Independent auditor's report to the Councillors of the Coolamon Shire Council and the Chief Executive Officer of the Division of Local Government

We have audited the accompanying general purpose financial report of the Coolamon Shire Council, which comprises the Statement by Councillors and Management, Balance Sheet as at 30th June, 2011, Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity and Cash Flow Statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes.

Councils' Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

Our audit responsibility does not extend to the original budget information included in the Income Statement, Cash Flow Statement, Note 2(a) or the budget variation explanations disclosed in Note 16. Nor does our responsibility extend to the projected future developer contributions and costs disclosed in Note 17. Accordingly, no opinion is expressed on these matters. In addition, our audit did not include an analysis of the prudence of business decisions made by Council or management.

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.

Auditor's 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; and
- (b) The general purpose financial report
 - (i) has been prepared in accordance with the requirements of this Division;
 - (ii) is consistent with the Council's accounting records;
 - (iii) presents fairly the Council's financial position, the results of its operations and its cash flows; and
 - (iv) is in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia.
- (c) all information relevant to the conduct of the audit has been obtained; and
- (d) there are no material deficiencies in the accounting records or financial report that have come to light during the course of the audit.

AUSWILD & CO.



G.J. BRADLEY
Principal
Registered Auditor No: 1249

CANBERRA
8th September, 2011

COOLAMON SHIRE COUNCIL

REPORT ON THE CONDUCT
OF THE AUDIT

2011



Auswild & Co

CHARTERED ACCOUNTANTS

ABN: 29 725 771 792

8th September, 2011

Councillor Robert Menzies
Mayor
Coolamon Shire Council
P.O. Box 101
COOLAMON. N.S.W. 2701

Dear Cr Menzies,

Having completed an audit examination of the books of account and associated records of the Coolamon Shire Council for the twelve months period ended 30th June 2011 we have pleasure in submitting our report on the conduct of the audit in accordance with Section 417 (3) of the Local Government Act 1993.

Background

The financial statements for the year ended 30th June, 2011 have been prepared in accordance with

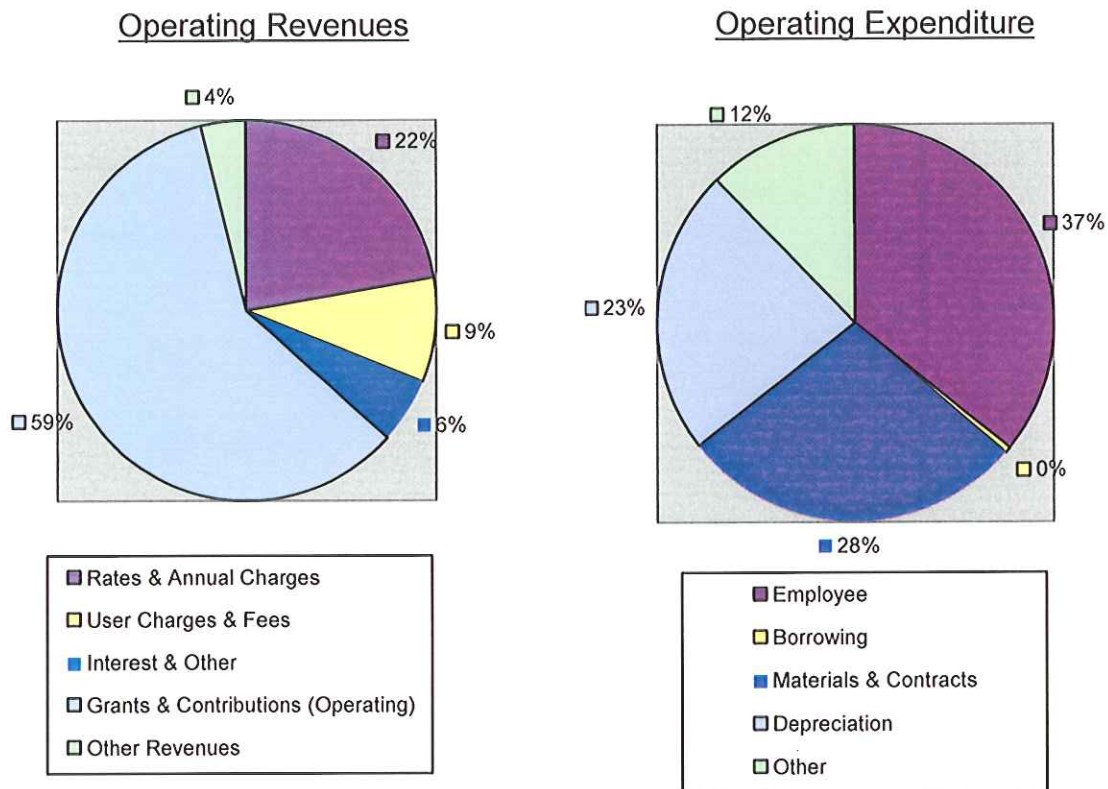
- Australian Accounting Standards
- Other authoritative pronouncements of the Australian Accounting Standards Board
- Urgent Issues Group Interpretations
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The sale/disposal of Council assets in the current year has resulted in a loss of \$222,000 being brought to account (2010 – profit \$174,000). The losses reported in 2010/2011 mainly relate to the transfer of the Coolamon Bowling Green from Council to the Coolamon Sport & Recreation Club.



Capital Expenditure

During the reporting period Council expended \$3.17 million (2010 - \$3.28 million) on the acquisition of assets. The principal items being:-

	2011	2010
	\$	\$
Plant & Equipment	746,000	612,000
Buildings	494,000	218,000
Roads, Bridges & Footpaths	1,428,000	1,865,000
Other Structures	104,000	274,000
Sewerage Network	31,000	118,000

The expenditure associated with buildings and infrastructure has given Council a assets renewals ratio 77.30%. This ratio assesses the rate at which assets are being renewed against the rate at which they are depreciating.

Cash & Investments

At balance date Council controlled cash and investments totalling \$11.09 million (2010 - \$10.40 million).

Council utilises its investments to cover both externally and internally imposed requirements and comprises Allawah Complex investments (\$3.76 million), employee entitlements (\$1.40 million), unexpended grants and contributions (\$381,000), sewerage (\$1.24 million), domestic waste management (\$473,000) and monies for future capital works.

Externally restricted investments (including sewerage fund) amounted to \$5.85 million whilst Council has "earmarked" a further \$5.24 million towards the funding of its future long-term objectives.

Council's cash and investments were held as follows:

	2011	2010
	\$	\$
General Fund	5,245,000	4,536,000
Sewerage Fund	1,237,000	1,161,000
Externally Restricted Funds	4,611,000	4,701,000
	<u>11,093,000</u>	<u>10,398,000</u>



and comprised:

	2011 \$	2010 \$
Cash on Hand and at Bank	1,393,000	1,219,000
Short Term Deposits	2,000,000	1,000,000
Long Term Deposits	7,000,000	7,479,000
Subordinated Debt	700,000	700,000
	11,093,000	10,398,000

Council appears to have continued with its highly liquid investment strategy, however we do note that Council's investments have a heavy weighting towards one financial institution. We report therefore that a substantial proportion of Council's investments would not be presently covered by the Australian Government's deposit guarantee.

Debtors

Rates and Annual Charges

At balance date net outstanding rates, annual charges and associated interest amounted to \$187,000 (2010 - \$211,000) which represented 6.79% of total receivable (2010 - 8.17%). It is pleasing to note the improved arrears percentage and the fact that Council is not materially exposed to the arrears of any one ratepayer. At year end the ten highest arrears collectively amounted to approx. \$59,000 (2010 - \$57,000)

We note the following outstanding rates position:

<u>Outstanding Assessment Amount</u>	<u>Number of Assessments</u>
\$3,000 - \$4,000	4
\$4,001 - \$5,000	1
\$5,001 - \$6,000	2
\$6,001 - \$8,000	1
Greater than \$8,000	2

All outstanding arrears have been subject to interest of 9.00% pa and Council has maintained a provision for doubtful debts amounting to \$52,000.



Real Estate

During the year Council sold two lots of land in the Stinson Street Stage 2 subdivision which realised a profit of \$38,000. At year end Council had available for sale one lot of developed land with a book value of \$31,000 together with undeveloped land valued at \$282,000.

Property, Plant & Equipment excluding Real Estate

During the year Council acquired assets to the value of \$3.26 million and disposed of assets with a written down value of \$567,000. The disposal of these assets has resulted in a loss of \$260,000 being brought to account (2010 – profit \$117,000).

Further, we report that community land controlled by Council was revalued to fair value in the current year which has resulted in an increase of \$1.56 million to \$1.60 million.

The combined action of asset movements and revaluations has resulted in the written down value of property, plant and equipment increasing from \$134.56 million in 2010 to \$135.94 million as at 30 June 2011.

Major acquisitions during the year were again funded from grants, contributions and cash & investments.

Provisions

At 30 June 2011 the Provision for Employee Accrued Entitlements totalled \$1,832,000. The components of the liability are:-

	2011	2010
	\$	\$
Annual Leave	476,000	462,000
Long Service Leave	1,337,000	1,227,000
Other	19,000	12,000

The average leave entitlement per employee as at 30 June 2011 was \$25,096 (2010 - \$26,578). At year end Council had set aside funds amounting to \$1,400,000 or 76.42% of the employees leave entitlement liability and such funds have been identified as an internally restricted asset.

Council's provision for Tip remediation/restoration was increased by \$51,000 and at year end amounted to \$771,000.



Loans and Debt Servicing

Once again, Council has been able to conduct its operations without the need for external loan borrowings and has therefore maintained its enviable debt free status.

SUMMARY

In analysing Council's financial results for the year, particular attention must be given to the following:-

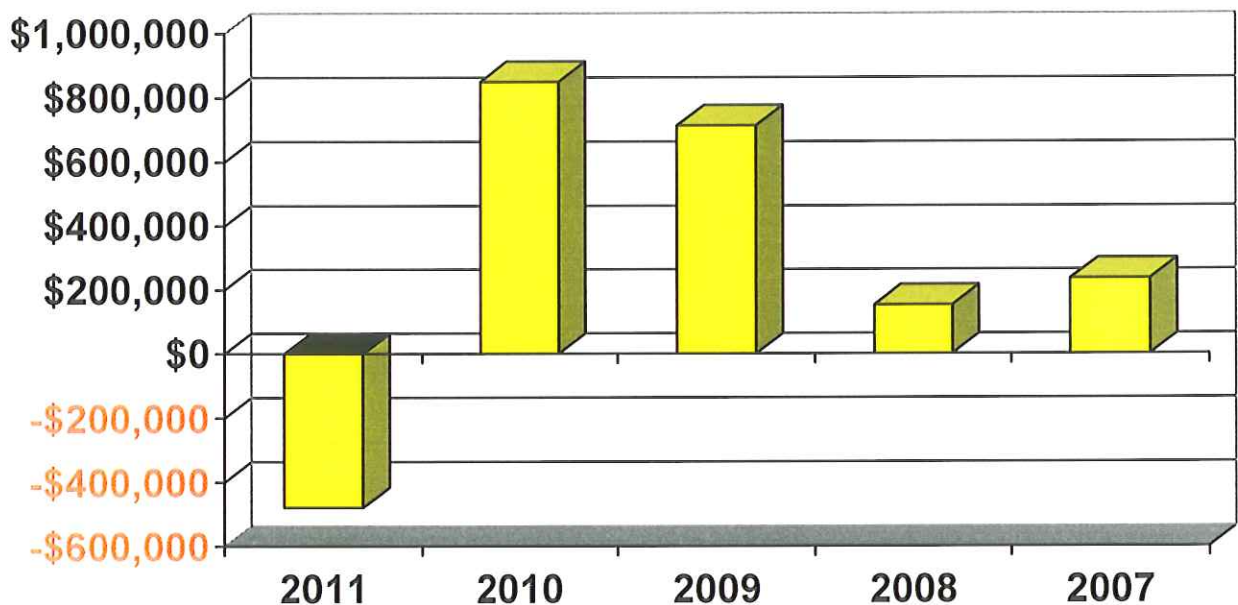
- Operating result before capital amounts (deficit \$479,000)
- Net increase in cash and investments held (\$695,000)
- Internal and unrestricted investments (\$5,245,000) and Sewerage investments (\$1,237,000)
- Performance ratios



Operating Result

Council recorded an operating deficit before capital amounts of \$479,000 for the twelve months period to 30 June 2011. This result has been reported after allowing for depreciation expenses of \$2,744,000 and although marginally greater than the budget expectation (deficit - \$428,000) it was significantly lower than the result of the previous year (surplus - \$850,000).

Operating Surplus before Capital Amounts



The contribution of the individual funds/activities to the consolidated operating result before capital grants and contributions was as follows:

	Surplus/(Deficit)	
	2011	2010
	\$	\$
General Fund	(435,000)	931,000
Sewerage Fund	(81,000)	(69,000)
Allawah Complex	37,000	(12,000)
	<u>(479,000)</u>	<u>850,000</u>



The significant decline in the operating surplus can be directly attributed to factors beyond Council's control, namely the \$1.32 million increase in depreciation expenses following the revaluation of Council's roads, bridges and footpath assets in 2009/2010.

Although the increased depreciation expenses will have minimal impact on Council's financial position in the short term, the ramifications (and relevance) of depreciation expenses will need to be carefully examined in the coming years.

Other income and expenditure items that have materially impacted on Council's operating result for the year included:

<u>Income</u>	2011 \$	2010 \$	Variance \$
Interest	630,000	498,000	132,000
RTA Contributions	1,813,000	1,035,000	778,000
<u>Expenses</u>			
Raw Materials	2,170,000	1,674,000	(496,000)
Profit/(Loss) on disposals	(222,000)	174,000	(396,000)

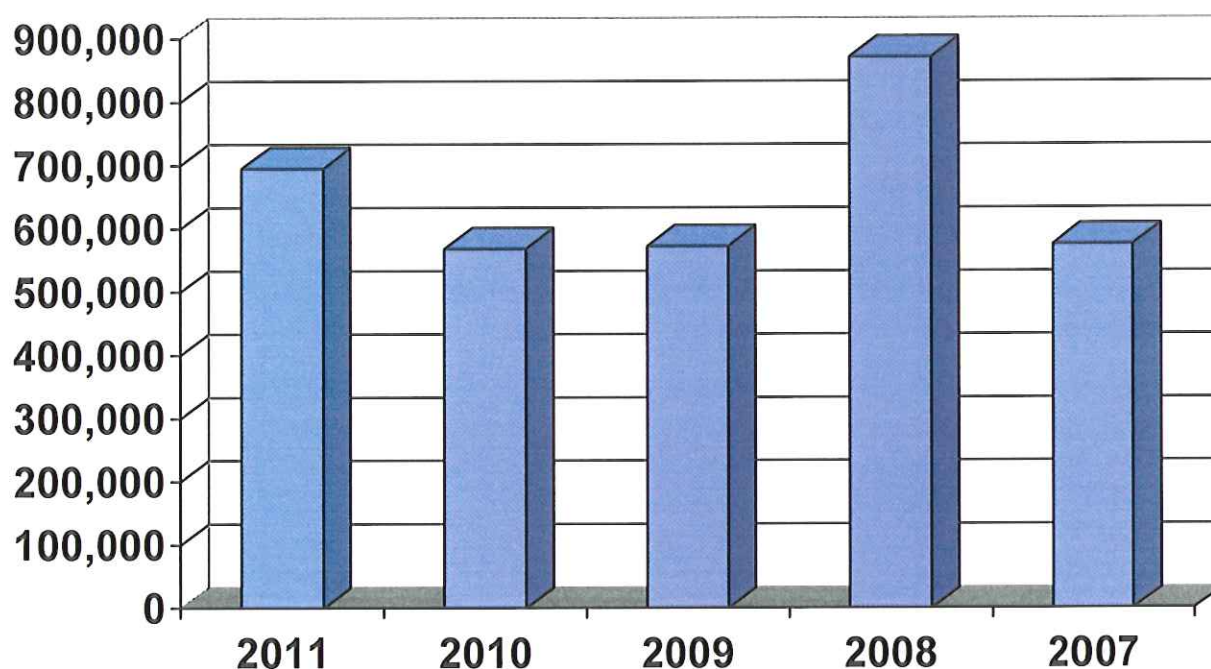
On balance we consider that Council has reported a sound operating result.



Cash Flow

Council achieved a cash surplus of \$3.57 million (2010 - \$3.17 million) from its operating activities which was principally utilised to purchase assets (\$3.17 million). These actions together with the proceeds from the sale of property, plant and equipment have resulted in Council achieving a cash flow surplus (including investments) of \$695,000 for the year.

Cash Flow Surplus/Deficit



Upon analysis the cash flow surplus can be identified as follows:

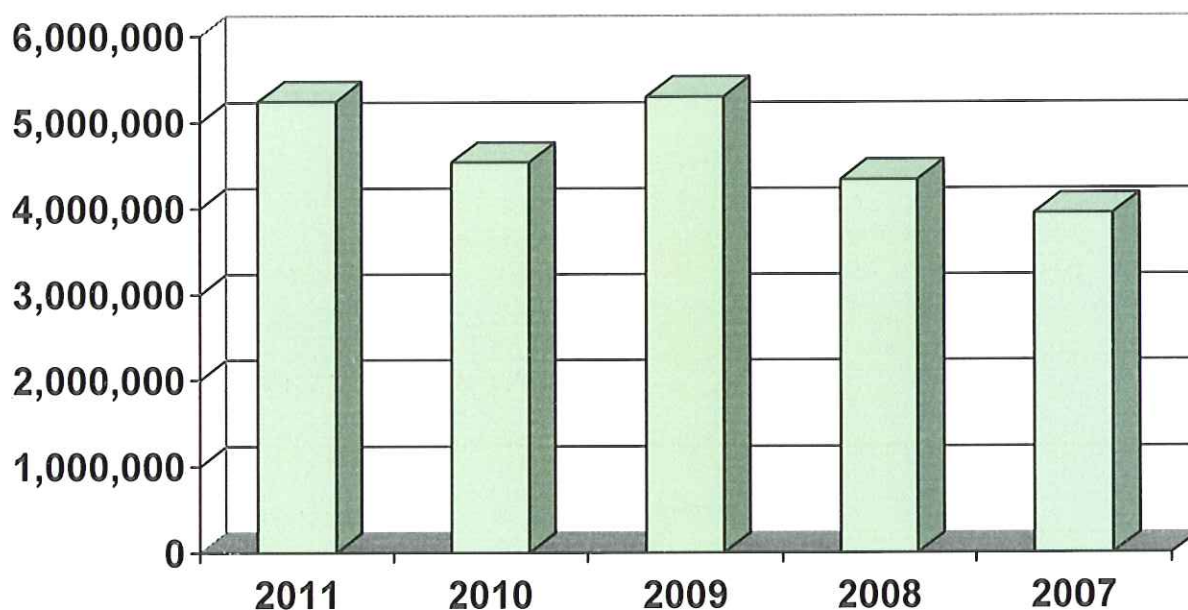
<u>Activity</u>	Surplus/(Deficit)	
	2011	2010
	\$	\$
<u>Externally Restricted</u>		
Sewerage Fund	76,000	47,000
Other External Restrictions	(90,000)	1,283,000
<u>Internally Restricted & Unrestricted</u>		
General Fund	<u>709,000</u>	<u>(762,000)</u>
	\$ 695,000	\$ 568,000



Reserves (Internally and Unrestricted Assets)

As noted above, Council's internal and unrestricted funds have increased by \$709,000 during the twelve months period and at year end Council held internally and unrestricted investments amounting to \$5.25 million. In addition to these funds we report that the sewerage fund held cash and investments amounting to \$1.24 million.

Reserves (Internally and Unrestricted Assets)



The adequate funding of reserves is probably the greatest challenge facing local government generally and we again encourage Council to maintain reserve funding as a priority strategy.

Performance Ratios

Council's relatively sound financial position has again been reflected in its performance ratios.

In particular, we note the unrestricted current ratio (which is a measurement of Council's ability to meet its financial obligations) of 5.18, the declining rates and annual charges arrears percentage (6.79%) and Council's enviable debt free status.



In addition to the above, a number of matters of a minor nature were discussed with the appropriate staff who have actioned or undertaken to see that appropriate action is taken with respect to each.

Council's books of account and other records appear to have been maintained in a satisfactory and up-to-date manner and the requirements of the Local Government Act and Regulations well observed.

In conclusion we wish to acknowledge the courteous assistance and co-operation extended to us by the General Manager and staff during the conduct of the audit, from whom we have obtained all the information and explanations which we required.

Yours faithfully,
AUSWILD & CO.

per:



G.J. BRADLEY

Certificated Local Government
Auditor No. 608

