

# Coolamon Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2014

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



# Coolamon Shire Council

## General Purpose Financial Statements for the financial year ended 30 June 2014

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

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

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

- (iii) All figures presented in these financial statements are presented in Australian Currency.
- (iv) These financial statements were authorised for issue by the Council on 31 October 2014. Council has the power to amend and reissue these financial statements.
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## Coolamon Shire Council

### General Purpose Financial Statements for the financial year ended 30 June 2014

### 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:**

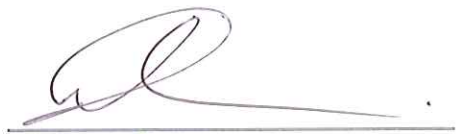
- present fairly the Council's operating result and financial position for the year, and
- accords with Council's accounting and other records.

**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 18 September 2014.**



Clr Bruce Hutcheon  
DEPUTY MAYOR



Clr David McCann  
COUNCILLOR



Tony Donoghue  
GENERAL MANAGER



Courtney Armstrong  
RESPONSIBLE ACCOUNTING OFFICER

## Coolamon Shire Council

## Income Statement

for the financial year ended 30 June 2014

Budget <sup>1</sup> 2014	\$ '000	Notes	Actual 2014	Actual 2013
<b>Income from Continuing Operations</b>				
<i>Revenue:</i>				
2,845	Rates & Annual Charges	3a	2,910	2,794
988	User Charges & Fees	3b	1,159	1,060
466	Interest & Investment Revenue	3c	454	502
452	Other Revenues	3d	502	425
5,616	Grants & Contributions provided for Operating Purposes	3e,f	6,113 <sup>2</sup>	7,769
406	Grants & Contributions provided for Capital Purposes	3e,f	497	324
<i>Other Income:</i>				
65	Net gains from the disposal of assets	5	39	18
5	Net Share of interests in Joint Ventures & Associated Entities using the equity method	19	8	4
<b>10,843</b>	<b>Total Income from Continuing Operations</b>		<b>11,682</b>	<b>12,896</b>
<b>Expenses from Continuing Operations</b>				
4,937	Employee Benefits & On-Costs	4a	4,479	4,902
62	Borrowing Costs	4b	62	58
3,166	Materials & Contracts	4c	2,944	3,237
2,606	Depreciation & Amortisation	4d	2,663	2,424
-	Impairment	4d	-	-
1,349	Other Expenses	4e	1,478	1,395
-	Interest & Investment Losses	3c	-	-
-	Net Losses from the Disposal of Assets	5	-	-
-	Net Share of interests in Joint Ventures & Associated Entities using the equity method	19	-	-
<b>12,120</b>	<b>Total Expenses from Continuing Operations</b>		<b>11,626</b>	<b>12,016</b>
<b>(1,277)</b>	<b>Operating Result from Continuing Operations</b>		<b>56</b>	<b>880</b>
<b>Discontinued Operations</b>				
	Net Profit/(Loss) from Discontinued Operations	24	-	-
<b>(1,277)</b>	<b>Net Operating Result for the Year</b>		<b>56</b>	<b>880</b>
(1,277)	Net Operating Result attributable to Council		56	880
	Net Operating Result attributable to Non-controlling Interests		-	-
<b>(1,683)</b>	<b>Net Operating Result for the year before Grants and Contributions provided for Capital Purposes</b>		<b>(441)</b>	<b>556</b>

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

<sup>2</sup> Financial Assistance Grants for 13/14 are lower, reflecting a timing difference due to a change in how the grant is paid - refer Note 3 (e)

## Coolamon Shire Council

## Statement of Comprehensive Income

for the financial year ended 30 June 2014

\$ '000	Notes	Actual 2014	Actual 2013
<b>Net Operating Result for the year</b> (as per Income statement)		<b>56</b>	<b>880</b>
<b>Other Comprehensive Income:</b>			
Amounts which will not be reclassified subsequently to the Operating Result			
Gain (loss) on revaluation of I,PP&E	20b (ii)	-	6,047
<b>Total Items which will not be reclassified subsequently to the Operating Result</b>		-	6,047
Amounts which will be reclassified subsequently to the Operating Result when specific conditions are met			
Other Movements in reserves (enter details here)	20b (ii)	-	2
<b>Total Items which will be reclassified subsequently to the Operating Result when specific conditions are met</b>		-	2
<b>Total Other Comprehensive Income for the year</b>		-	<b>6,049</b>
<b>Total Comprehensive Income for the Year</b>		<b>56</b>	<b>6,929</b>
Total Comprehensive Income attributable to Council		56	6,929
Total Comprehensive Income attributable to Non-controlling Interests		-	-

## Coolamon Shire Council

## Statement of Financial Position

as at 30 June 2014

\$ '000	Notes	Actual 2014	Actual 2013
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash & Cash Equivalents	6a	444	919
Investments	6b	10,700	10,700
Receivables	7	625	645
Inventories	8	133	150
<b>Total Current Assets</b>		<b>11,902</b>	<b>12,414</b>
<b>Non-Current Assets</b>			
Investments	6b	-	-
Receivables	7	11	18
Inventories	8	282	282
Infrastructure, Property, Plant & Equipment	9	147,985	147,210
Investments accounted for using the equity method	19	124	116
<b>Total Non-Current Assets</b>		<b>148,402</b>	<b>147,626</b>
<b>TOTAL ASSETS</b>		<b>160,304</b>	<b>160,040</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	10	5,013	4,810
Provisions	10	1,648	1,698
<b>Total Current Liabilities</b>		<b>6,661</b>	<b>6,508</b>
<b>Non-Current Liabilities</b>			
Payables	10	9	13
Provisions	10	1,006	947
<b>Total Non-Current Liabilities</b>		<b>1,015</b>	<b>960</b>
<b>TOTAL LIABILITIES</b>		<b>7,676</b>	<b>7,468</b>
<b>Net Assets</b>		<b>152,628</b>	<b>152,572</b>
<b>EQUITY</b>			
Retained Earnings	20	75,659	75,603
Revaluation Reserves	20	76,969	76,969
Council Equity Interest		152,628	152,572
Non-controlling Interests		-	-
<b>Total Equity</b>		<b>152,628</b>	<b>152,572</b>

## Coolamon Shire Council

Statement of Changes in Equity  
for the financial year ended 30 June 2014

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non-controlling Interest	Total Equity
<b>2014</b>						
<b>Opening Balance</b> (as per Last Year's Audited Accounts)		75,603	76,969	152,572	-	152,572
a. Correction of Prior Period Errors	20 (c)	-	-	-	-	-
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
<b>Revised Opening Balance</b> (as at 1/7/13)		<b>75,603</b>	<b>76,969</b>	<b>152,572</b>	<b>-</b>	<b>152,572</b>
<b>c. Net Operating Result for the Year</b>		<b>56</b>	<b>-</b>	<b>56</b>	<b>-</b>	<b>56</b>
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	-	-	-	-
- Revaluations: Other Reserves	20b (ii)	-	-	-	-	-
- Transfers to Income Statement	20b (ii)	-	-	-	-	-
- Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	-	-	-	-
<b>Other Comprehensive Income</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Comprehensive Income</b> (c&d)		<b>56</b>	<b>-</b>	<b>56</b>	<b>-</b>	<b>56</b>
e. Distributions to/(Contributions from) Non-controlling Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
<b>Equity - Balance at end of the reporting period</b>		<b>75,659</b>	<b>76,969</b>	<b>152,628</b>	<b>-</b>	<b>152,628</b>

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non-controlling Interest	Total Equity
<b>2013</b>						
<b>Opening Balance</b> (as per Last Year's Audited Accounts)		74,722	70,921	145,643	-	145,643
a. Correction of Prior Period Errors	20 (c)	-	-	-	-	-
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
<b>Revised Opening Balance</b> (as at 1/7/12)		<b>74,722</b>	<b>70,921</b>	<b>145,643</b>	<b>-</b>	<b>145,643</b>
<b>c. Net Operating Result for the Year</b>		<b>880</b>	<b>-</b>	<b>880</b>	<b>-</b>	<b>880</b>
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	6,047	6,047	-	6,047
- 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)	20a	1	1	2	-	2
<b>Other Comprehensive Income</b>		<b>1</b>	<b>6,048</b>	<b>6,049</b>	<b>-</b>	<b>6,049</b>
<b>Total Comprehensive Income</b> (c&d)		<b>881</b>	<b>6,048</b>	<b>6,929</b>	<b>-</b>	<b>6,929</b>
e. Distributions to/(Contributions from) Non-controlling Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
<b>Equity - Balance at end of the reporting period</b>		<b>75,603</b>	<b>76,969</b>	<b>152,572</b>	<b>-</b>	<b>152,572</b>

## Coolamon Shire Council

## Statement of Cash Flows

for the financial year ended 30 June 2014

Budget 2014	\$ '000	Notes	Actual 2014	Actual 2013
<b>Cash Flows from Operating Activities</b>				
<b>Receipts:</b>				
2,836	Rates & Annual Charges		2,863	2,771
986	User Charges & Fees		1,170	1,309
466	Investment & Interest Revenue Received		425	527
6,021	Grants & Contributions		6,664	7,921
	Bonds, Deposits & Retention amounts received		332	740
452	Other		552	427
<b>Payments:</b>				
(4,884)	Employee Benefits & On-Costs		(4,528)	(5,079)
(3,166)	Materials & Contracts		(2,731)	(3,034)
-	Borrowing Costs		-	-
(140)	Bonds, Deposits & Retention amounts refunded		-	(445)
(1,339)	Other		(1,834)	(1,375)
<u>1,232</u>	<b>Net Cash provided (or used in) Operating Activities</b>	11b	<u>2,913</u>	<u>3,762</u>
<b>Cash Flows from Investing Activities</b>				
<b>Receipts:</b>				
	Sale of Investment Securities		10,700	7,700
106	Sale of Infrastructure, Property, Plant & Equipment		238	286
8	Deferred Debtors Receipts		11	10
<b>Payments:</b>				
	Purchase of Investment Securities		(10,700)	(10,700)
(3,099)	Purchase of Infrastructure, Property, Plant & Equipment		(3,637)	(4,141)
(1)	Deferred Debtors & Advances Made		-	(12)
<u>(2,986)</u>	<b>Net Cash provided (or used in) Investing Activities</b>		<u>(3,388)</u>	<u>(6,857)</u>
<b>Cash Flows from Financing Activities</b>				
<b>Receipts:</b>				
Nil				
<b>Payments:</b>				
Nil				
<u>-</u>	<b>Net Cash Flow provided (used in) Financing Activities</b>		<u>-</u>	<u>-</u>
<u>(1,754)</u>	<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>		<u>(475)</u>	<u>(3,095)</u>
	plus: <b>Cash &amp; Cash Equivalents - beginning of year</b>	11a	919	4,014
<u>(1,754)</u>	<b>Cash &amp; Cash Equivalents - end of the year</b>	11a	<u>444</u>	<u>919</u>
Additional Information:				
	plus: <b>Investments on hand - end of year</b>	6b	10,700	10,700
	<b>Total Cash, Cash Equivalents &amp; Investments</b>		<u>11,144</u>	<u>11,619</u>

Please refer to Note 11 for information on the following:

- Non Cash Financing & Investing Activities.
- Financing Arrangements.



## Coolamon Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2014

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## Coolamon Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2014

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

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

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

##### (a) Basis of preparation

###### (i) Background

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

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

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

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

Because AASBs are sector neutral, some standards either:

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

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

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

###### (iii) New and amended standards adopted by Council

During the current year, the following relevant standards became mandatory for Council and have been adopted:

- AASB 13 Fair Value Measurement
- AASB 119 Employee Benefits

AASB 13 Fair Value Measurement has not affected the assets or liabilities which are to be measured at fair value, however it provides detailed guidance on how to measure fair value in accordance with the accounting standards.

It introduces the concept of highest and best use for non-financial assets and has caused the Council to review their valuation methodology.

The level of disclosures regarding fair value have increased significantly and have been included in the financial statements at Note 27.

AASB 119 Employee Benefits introduced revised definitions for short-term employee benefits.

Whilst the Council has reviewed the annual leave liability to determine the level of annual leave which is expected to be paid more than 12 months after the end of the reporting period, there has been no effect on the amounts disclosed as leave liabilities since Council's existing valuation policy was to discount annual leave payable more than 12 months after the end of the reporting period to present values.

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

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

Refer further to paragraph (ab) relating to a summary of the effects of Standards with future operative dates.

## Coolamon Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2014

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

##### (v) Basis of Accounting

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

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

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

##### (vi) Changes in Accounting Policies

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

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

##### (vii) Critical Accounting Estimates

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

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

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

##### **Critical accounting estimates and assumptions**

Council makes estimates and assumptions concerning the future.

The resulting accounting estimates will, by definition, seldom equal the related actual results.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below:

- (i) Estimated fair values of infrastructure, property, plant and equipment.
- (ii) Estimated remediation provisions.

##### **Critical judgements in applying Council's accounting policies**

- (i) Impairment of Receivables - Council has made a significant judgement about the impairment of a number of its receivables in Note 7.
- (ii) Projected Section 94 Commitments - Council has used significant judgement in determining future Section 94 income and expenditure in Note 17.

##### (b) Revenue recognition

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

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

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

Revenue is measured on major income categories as follows:

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

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

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

## Coolamon Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2014

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

A provision for the impairment on rates receivables has been established.

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 are recognised as revenue when the service has been provided, the payment is received, or when the penalty has been applied, whichever first occurs.

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

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

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

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

#### Interest and Rents

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

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

#### Other Income

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

#### (c) Principles of Consolidation

These financial statements incorporate **(i)** the assets and liabilities of Council and any entities (or operations) that it **controls** (as at 30 June 2014) and **(ii)** all the related operating results (for the financial year ended the 30th June 2014).

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.

## Coolamon Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2014

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

##### (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:

- Advance Ardlethan Committee
- Beckom Hall & Community Committee
- Coolamon Showground Management Committee
- Advance Ganmain Committee
- Advance Marrar Committee
- Matong Park Committee
- Rannock Community Centre Committee

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

<b>Total income from continuing operations</b>	\$40,000
<b>Total expenditure from continuing operations</b>	\$50,000
<b>Total net assets held (ie Equity)</b>	\$80,000

**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.

###### 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.

## Coolamon Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2014

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

##### (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 each 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

Council did not have any Finance or Operating Leases during the year or at year's end.

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

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

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

##### (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.



## Coolamon Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 1. Summary of Significant Accounting Policies

### (iii) Held-to-maturity investments

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

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

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

### (iv) Available-for-sale financial assets

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

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

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

They are generally included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date or the term to maturity from the reporting date is less than 12 months.

### 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.

## Coolamon Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2014

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

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.

A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

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 (eg. loans and receivables), the amount of 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) discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

As a practical expedient, the group may measure impairment on the basis of an instrument's fair value using an observable market price.

#### (iii) Types of Investments

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

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

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

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

#### (g) 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



## Coolamon Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2014

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

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 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**

## Coolamon Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2014

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

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

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

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

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

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

#### Subsequent costs

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

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

#### Asset Revaluations (including Indexation)

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

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

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 the results being immaterial.

## Coolamon Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2014

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

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

#### 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	20 to 25 years
- Sealed Roads : Structure	48 to 100 years
- Unsealed roads	65 to 100 years
- Bridge : Concrete	103 years
- Road Pavements	60 years
- Kerb, Gutter & Paths	40 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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## Coolamon Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2014

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

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

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

##### Disposal and De-recognition

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

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

##### (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.

##### (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.

Council held no investment property during the year or at year's end.

## Coolamon Shire Council

### Notes to the Financial Statements for the financial year ended 30 June 2014

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

##### **(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 discount is disclosed as a borrowing cost in Note 4(b).

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

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

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

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

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

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

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

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

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

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

## Coolamon Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2014

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

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

Council did not hold any non-current assets "Held for Sale" or undertake any operations that were discontinued during the year or at year's end.

##### **(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.

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

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

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

##### **(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 held no borrowings during the year or at year's end.

##### **(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.



## Coolamon Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2014

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

##### (x) Employee benefits

###### (i) Short Term Obligations

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

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

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

All other short-term employee benefit obligations are presented as payables.

Wages & salaries and annual leave all classified as Current Liabilities.

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

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

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

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

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

Due to the nature of when and how Long Service Leave can be taken, all Long Service Leave for employees with 4 or more years of service has been classified as Current, as it has been deemed that Council does not have the unconditional right to

defer settlement beyond 12 months – even though it is not anticipated that all employees with more than 4 years service (as at reporting date) will apply for and take their leave entitlements in the next 12 months.

###### (iii) Retirement benefit obligations

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

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

##### Defined Benefit Plans

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

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

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

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

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

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

The last valuation of the Scheme was performed by Mr Martin Stephenson BSc, FIA, FIAA on 20

## Coolamon Shire Council

### Notes to the Financial Statements for the financial year ended 30 June 2014

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

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February 2013 and covered the period ended 30 June 2013.

However the position is monitored annually and the Actuary has estimated that as at 30 June 2014 the prior period deficit still exists.

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

The amount of employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense and disclosed as part of Superannuation Expenses at Note 4(a) for the year ending 30 June 2014 was \$ 51,759.

The amount of additional contributions included in the total employer contribution advised above is \$23,304.96.

The share of this deficit that can be broadly attributed to Council is estimated to be in the order of \$ 93,219.84 as at 30 June 2014.

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.

#### **Defined Contribution Plans**

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

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

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

These amounts include Superannuation and Workers Compensation expenses which will be payable upon the future payment of certain Leave Liabilities accrued as at 30/6/14.

#### **(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).



## Coolamon Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2014

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

##### Goods & Services Tax (GST)

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

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

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

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

Operating cash flows within the Cash Flow Statement are on a 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 interpretations

Certain new (or amended) accounting standards and interpretations have been published that are not mandatory for reporting periods ending 30 June 2014.

**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, associated standards, AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory***

***Effective Date of AASB 9 and transitional disclosures and AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments (effective from 1 January 2017)***

AASB 9 Financial Instruments addresses the classification, measurement and de-recognition of financial assets and financial liabilities.

The standard is not applicable until 1 January 2015 but is available for early adoption.

When adopted, the standard will affect in particular 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 although there is currently a proposal by the IASB to introduce a Fair value through Other Comprehensive Income category for debt instruments.

There will be no impact on Council's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and Council does not have any such liabilities.

The de-recognition rules have been transferred from AASB 139 Financial Instruments: Recognition and Measurement and have not been changed.

The Council has not yet fully assessed the impact on the reporting financial position and performance on adoption of AASB 9.

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

***AASB 2013-3 Amendments to AASB 136 Recoverable Amount Disclosures for Non-Financial Assets (effective for 30 June 2015 Financial Statements)***

There are no changes to reported financial position or performance from AASB 2013 – 3, however additional disclosures may be required.

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

## Coolamon Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2014

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

**AASB 10 Consolidated Financial Statements, AASB 11 Joint Arrangements, AASB 12 Disclosure of Interests in Other Entities, revised AASB 127 Separate Financial Statements and AASB 128 Investments in Associates and Joint Ventures and AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards** (effective for 30 June 2015 Financial Statements for not-for-profit entities)

This suite of five new and amended standards address the accounting for joint arrangements, consolidated financial statements and associated disclosures.

AASB 10 replaces all of the guidance on control and consolidation in AASB 127 Consolidated and Separate Financial Statements, and Interpretation 12 Consolidation – Special Purpose Entities.

The core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the mechanics of consolidation. However, the standard introduces a single definition of control that applies to all entities.

It focuses on the need to have both power and rights or exposure to variable returns.

Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both.

Control exists when the investor can use its power to affect the amount of its returns.

There is also new guidance on participating and protective rights and on agent/principal relationships. Council does not expect the new standard to have a significant impact on its composition.

AASB 11 introduces a principles based approach to accounting for joint arrangements.

The focus is no longer on the legal structure of joint arrangements, but rather on how rights and obligations are shared by the parties to the joint arrangement.

Based on the assessment of rights and obligations, a joint arrangement will be classified as either a joint operation or a joint venture.

Joint ventures are accounted for using the equity method, and the choice to proportionately consolidate will no longer be permitted.

Parties to a joint operation will account their share of revenues, expenses, assets and liabilities in much the same way as under the previous standard.

AASB 11 also provides guidance for parties that participate in joint arrangements but do not share joint control.

Council's investment in the joint venture partnership will be classified as a joint venture under the new rules.

As Council already applies the equity method in accounting for this investment, AASB 11 will not have any impact on the amounts recognised in its financial statements.

AASB 12 sets out the required disclosures for entities reporting under the two new standards, AASB 10 and AASB 11, and replaces the disclosure requirements currently found in AASB 127 and AASB 128.

Application of this standard by Council will not affect any of the amounts recognised in the financial statements, but will impact the type of information disclosed in relation to Council's investments.

Amendments to AASB 128 provide clarification that an entity continues to apply the equity method and does not remeasure its retained interest as part of ownership changes where a joint venture becomes an associate, and vice versa.

The amendments also introduce a "partial disposal" concept.

Council is still assessing the impact of these amendments.

Council does not expect to adopt the new standards before their operative date.

They would therefore be first applied in the financial statements for the annual reporting period ending 30 June 2015.

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

None

## Coolamon Shire Council

### Notes to the Financial Statements for the financial year ended 30 June 2014

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

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There are no other standards that are “not yet effective” and expected to have a material impact on Council in the current or future reporting periods and on foreseeable future transactions.

##### **(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 2014

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

Functions/Activities	Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 2(b).												
	Income from Continuing Operations			Expenses from Continuing Operations			Operating Result from Continuing Operations			Grants included in Income from Continuing Operations		Total Assets held (Current & Non-current)	
	Original Budget	Actual	Actual	Original Budget	Actual	Actual	Original Budget	Actual	Actual	Actual	Actual	Actual	Actual
	2014	2014	2013	2014	2014	2013	2014	2014	2013	2014	2013	2014	2013
Governance	-	-	-	617	496	594	(617)	(496)	(594)	-	-	-	-
Administration	107	184	135	-	-	-	107	184	135	-	-	9,500	10,149
Public Order & Safety	152	119	61	376	368	284	(224)	(249)	(223)	-	-	530	540
Health	20	20	20	223	186	176	(203)	(166)	(156)	-	-	1,002	1,015
Environment	565	548	544	820	663	657	(255)	(115)	(113)	73	-	2,432	2,393
Community Services & Education	951	954	1,014	1,116	1,060	1,103	(165)	(106)	(89)	386	438	1,511	1,528
Housing & Community Amenities	196	225	275	364	551	554	(168)	(326)	(279)	-	25	4,344	4,508
Sewerage Services	453	457	475	417	555	542	36	(98)	(67)	13	55	14,497	14,619
Recreation & Culture	41	137	55	923	1,227	996	(882)	(1,090)	(941)	34	40	10,424	10,834
Mining, Manufacturing & Construction	20	43	26	285	293	285	(265)	(250)	(259)	-	-	288	307
Transport & Communication	2,879	2,960	3,013	4,943	4,356	4,960	(2,064)	(1,396)	(1,947)	628	789	100,240	99,223
Economic Affairs	1,653	1,936	2,009	2,036	1,871	1,865	(383)	65	144	870	997	15,412	14,808
<b>Total Functions &amp; Activities</b>	<b>7,037</b>	<b>7,583</b>	<b>7,627</b>	<b>12,120</b>	<b>11,626</b>	<b>12,016</b>	<b>(5,083)</b>	<b>(4,043)</b>	<b>(4,389)</b>	<b>2,004</b>	<b>2,344</b>	<b>160,180</b>	<b>159,924</b>
Share of gains/(losses) in Associates & Joint Ventures (using the Equity Method)	5	8	4	-	-	-	5	8	4	-	-	124	116
General Purpose Income <sup>1</sup>	3,801	4,091	5,265	-	-	-	3,801	4,091	5,265	1,612	2,866	-	-
<b>Operating Result from Continuing Operations</b>	<b>10,843</b>	<b>11,682</b>	<b>12,896</b>	<b>12,120</b>	<b>11,626</b>	<b>12,016</b>	<b>(1,277)</b>	<b>56</b>	<b>880</b>	<b>3,616</b>	<b>5,210</b>	<b>160,304</b>	<b>160,040</b>

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 2014

### 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, child care, youth services, other family and children, aged and disabled, migrant services, other community services, education.

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

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

#### **SEWERAGE SERVICES**

#### **RECREATION & CULTURE**

Public libraries, museums, 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, bus shelters and services, 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 2014

## Note 3. Income from Continuing Operations

\$ '000	Notes	Actual 2014	Actual 2013
<b>(a) Rates &amp; Annual Charges</b>			
<b>Ordinary Rates</b>			
Residential		514	496
Farmland		1,485	1,431
Business		67	65
<b>Total Ordinary Rates</b>		<b>2,066</b>	<b>1,992</b>
<b>Special Rates</b>			
Nil			
<b>Total Special Rates</b>		<b>-</b>	<b>-</b>
<b>Annual Charges</b> (pursuant to s.496, s.496A, s.496B, s.501 & s.611)			
Domestic Waste Management Services		382	346
Sewerage Services		383	367
Tip Access		79	89
<b>Total Annual Charges</b>		<b>844</b>	<b>802</b>
<b>TOTAL RATES &amp; ANNUAL CHARGES</b>		<b>2,910</b>	<b>2,794</b>

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 2014

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

\$ '000	Notes	Actual 2014	Actual 2013
<b>(b) User Charges &amp; Fees</b>			
<b>Specific User Charges</b> (per s.502 - Specific "actual use" charges)			
Sewerage Services		-	5
Ardlethan Effluent		5	4
<b>Total User Charges</b>		<b>5</b>	<b>9</b>
<b>Other User Charges &amp; Fees</b>			
<b>(i) Fees &amp; Charges - Statutory &amp; Regulatory Functions</b> (per s.608)			
Building Regulation		27	25
Inspection Services		17	-
Private Works - Section 67		59	45
Regulatory/ Statutory Fees		3	-
Section 149 Certificates (EPA Act)		10	11
Section 603 Certificates		9	8
Town Planning		12	11
<b>Total Fees &amp; Charges - Statutory/Regulatory</b>		<b>137</b>	<b>100</b>
<b>(ii) Fees &amp; Charges - Other (incl. General User Charges)</b> (per s.608)			
Aged Care		574	553
Caravan Park		29	31
Cemeteries		80	70
Child Care		225	200
Home Care Packages		20	24
Allawah Community Care inc. Community Transport		67	66
Waste Disposal Tipping Fees		11	2
Other		11	5
<b>Total Fees &amp; Charges - Other</b>		<b>1,017</b>	<b>951</b>
<b>TOTAL USER CHARGES &amp; FEES</b>		<b>1,159</b>	<b>1,060</b>

## Coolamon Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

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

\$ '000	Notes	Actual 2014	Actual 2013
<b>(c) Interest &amp; Investment Revenue (incl. losses)</b>			
<b>Interest &amp; Dividends</b>			
- Interest on Overdue Rates & Annual Charges (incl. Special Purpose Rates)		17	19
- Interest earned on Investments (interest & coupon payment income)		430	472
- Interest on Deferred Debtors		7	11
- Interest & Dividend Income (Other)		-	
<b><u>TOTAL INTEREST &amp; INVESTMENT REVENUE</u></b>		<b><u>454</u></b>	<b><u>502</u></b>
<b>Interest Revenue is attributable to:</b>			
<b>Unrestricted Investments/Financial Assets:</b>			
Overdue Rates & Annual Charges (General Fund)		17	12
General Council Cash & Investments		385	395
<b>Restricted Investments/Funds - External:</b>			
Sewerage Fund Operations		49	65
Domestic Waste Management operations		3	30
<b>Restricted Investments/Funds - Internal:</b>			
Internally Restricted Assets			-
<b>Total Interest &amp; Investment Revenue Recognised</b>		<b><u>454</u></b>	<b><u>502</u></b>
<b>(d) Other Revenues</b>			
Rental Income - Other Council Properties		323	305
Other Charges for Overdue Rates & Charges		9	18
Commissions & Agency Fees		8	1
Diesel Rebate		36	-
Insurance Claim Recoveries		12	-
Insurance Incentives		38	30
Recycling Income (non domestic)		-	1
VitalCall Agency		14	12
Zone Rural Fire Service Administration		20	20
Other		42	38
<b><u>TOTAL OTHER REVENUE</u></b>		<b><u>502</u></b>	<b><u>425</u></b>



## Coolamon Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

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

\$ '000	2014 Operating	2013 Operating	2014 Capital	2013 Capital
<b>(e) Grants</b>				
<b>General Purpose (Untied)</b>				
Financial Assistance	1,582	2,834	-	-
Pensioners' Rates Subsidies - General Component	30	32	-	-
<b>Total General Purpose</b>	<b>1,612</b>	<b>2,866</b>	<b>-</b>	<b>-</b>
<sup>1</sup> The Financial Assistance Grant for 13/14 reflects a one off reduction due to the fact that this grant is no longer being paid in advance by up to 50% as has occurred in previous years - it does not represent a loss of income but is instead a timing difference.				
<b>Specific Purpose</b>				
Pensioners' Rates Subsidies:				
- Sewerage	13	13	-	-
- Domestic Waste Management	26	25	-	-
Aged & Disabled (Home Care Packages)	88	111	-	-
Allawah Lodge	870	877	-	-
Ardlethan Preschool	66	66	-	-
HACC Services & Community Transport	230	260	-	-
Heritage & Cultural	9	-	-	-
Library	25	25	-	-
Natural Disaster Funding	-	114	-	-
Noxious Weeds	47	42	-	-
RLCIP	-	-	-	6
Street Lighting	16	-	-	-
Transport (Roads to Recovery)	612	789	-	-
Other	2	16	-	-
<b>Total Specific Purpose</b>	<b>2,004</b>	<b>2,338</b>	<b>-</b>	<b>6</b>
<b>Total Grants</b>	<b>3,616</b>	<b>5,204</b>	<b>-</b>	<b>6</b>
<b>Grant Revenue is attributable to:</b>				
- Commonwealth Funding	3,237	4,743	-	-
- State Funding	379	461	-	-
- Other Funding	-	-	-	6
	<b>3,616</b>	<b>5,204</b>	<b>-</b>	<b>6</b>

## Coolamon Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2014

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

\$ '000	2014 Operating	2013 Operating	2014 Capital	2013 Capital
<b>(f) Contributions</b>				
<b>Developer Contributions:</b>				
<b>(s93 &amp; s94 - EP&amp;A Act, s64 of the LGA):</b>				
S 94 - Contributions towards amenities/services	-	-	2	7
<b>Total Developer Contributions</b> 17	<b>-</b>	<b>-</b>	<b>2</b>	<b>7</b>
<b>Other Contributions:</b>				
Aged Care	-	-	-	-
Allawah Complex	105	148	93	106
Bushfire Services	52	75	-	-
Child Care	241	264	-	-
Cycleways/Footpaths	25	-	-	57
eHousing	-	30	-	-
Recreation & Culture	-	-	86	-
RMS Contributions (Regional Roads, Block Grant)	1,975	1,977	316	125
Sewerage (excl. Section 64 contributions)	-	-	-	23
Flood Mitigation Study	57	-	-	-
Other	42	71	-	-
<b>Total Other Contributions</b>	<b>2,497</b>	<b>2,565</b>	<b>495</b>	<b>311</b>
<b>Total Contributions</b>	<b>2,497</b>	<b>2,565</b>	<b>497</b>	<b>318</b>
<b>TOTAL GRANTS &amp; CONTRIBUTIONS</b>	<b>6,113</b>	<b>7,769</b>	<b>497</b>	<b>324</b>

## Coolamon Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2014

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

\$ '000	Actual 2014	Actual 2013
<b>(g) Restrictions relating to Grants and Contributions</b>		
<b>Certain grants &amp; contributions are obtained by Council on condition that they be spent in a specified manner:</b>		
Unexpended at the Close of the Previous Reporting Period	271	139
<b>add:</b> Grants & contributions recognised in the current period but not yet spent:	218	271
<b>less:</b> Grants & contributions recognised in a previous reporting period now spent:	(214)	(139)
<b>Net Increase (Decrease) in Restricted Assets during the Period</b>	<b>4</b>	<b>132</b>
<b>Unexpended and held as Restricted Assets</b>	<u><u>275</u></u>	<u><u>271</u></u>
<b>Comprising:</b>		
- Specific Purpose Unexpended Grants	275	271
- Developer Contributions	-	-
- Other Contributions	-	-
	<u><u>275</u></u>	<u><u>271</u></u>

## Coolamon Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2014

## Note 4. Expenses from Continuing Operations

\$ '000	Notes	Actual 2014	Actual 2013
<b>(a) Employee Benefits &amp; On-Costs</b>			
Salaries and Wages		3,684	3,585
Travelling		52	49
Employee Leave Entitlements (ELE)		658	730
Superannuation		387	366
Workers' Compensation Insurance		18	371
Fringe Benefit Tax (FBT)		56	17
Payroll Tax		10	14
Training Costs (other than Salaries & Wages)		59	67
Other		5	29
<b>Total Employee Costs</b>		<b>4,929</b>	<b>5,228</b>
less: Capitalised Costs		(450)	(326)
<b>TOTAL EMPLOYEE COSTS EXPENSED</b>		<b>4,479</b>	<b>4,902</b>
Number of "Equivalent Full Time" Employees at year end		<b>63</b>	<b>70</b>
Number of "Equivalent Full Time" Employees at year end (incl. vacancies)		<b>66</b>	<b>70</b>
<b>(b) Borrowing Costs</b>			
<b>(i) Interest Bearing Liability Costs</b>			
Nil			
<b>(ii) Other Borrowing Costs</b>			
Discount adjustments relating to movements in Provisions (other than ELE)		-	-
- Remediation Liabilities	26	62	58
<b>Total Other Borrowing Costs</b>		<b>62</b>	<b>58</b>
<b>TOTAL BORROWING COSTS EXPENSED</b>		<b>62</b>	<b>58</b>

## Coolamon Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2014

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

\$ '000	Notes	Actual 2014	Actual 2013
<b>(c) Materials &amp; Contracts</b>			
Raw Materials & Consumables		2,898	1,643
Contractor & Consultancy Costs		-	1,535
Auditors Remuneration <sup>(1)</sup>		17	17
Legal Expenses:			
- Legal Expenses: Debt Recovery		8	21
- Legal Expenses: Other		21	21
<b>Total Materials &amp; Contracts</b>		<b>2,944</b>	<b>3,237</b>
less: Capitalised Costs		-	-
<b><u>TOTAL MATERIALS &amp; CONTRACTS</u></b>		<b><u>2,944</u></b>	<b><u>3,237</u></b>
<b>1. Auditor Remuneration</b>			
During the year, the following fees were incurred for services provided by the Council's Auditor (& the Auditors of other Consolidated Entities):			
<b>(i) Audit and Other Assurance Services</b>			
- Audit & review of financial statements: Council's Auditor		17	17
<b>Remuneration for audit and other assurance services</b>		<b>17</b>	<b>17</b>
<b>Total Auditor Remuneration</b>		<b>17</b>	<b>17</b>

## Coolamon Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2014

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

\$ '000	Notes	Impairment Costs		Depreciation/Amortisation	
		Actual 2014	Actual 2013	Actual 2014	Actual 2013
Plant and Equipment		-	-	444	444
Office Equipment		-	-	18	15
Land Improvements (depreciable)		-	-	16	15
Buildings - Non Specialised		-	-	199	115
Buildings - Specialised		-	-	197	55
Other Structures		-	-	156	153
Infrastructure:					
- Roads		-	-	1,588	1,563
- Stormwater Drainage		-	-	32	40
- Sewerage Network		-	-	147	147
Asset Reinstatement Costs	9 & 26	-	-	19	19
Intangible Assets	25	-	-	-	-
<b>Total Depreciation &amp; Impairment Costs</b>		<b>-</b>	<b>-</b>	<b>2,816</b>	<b>2,566</b>
less: Capitalised Costs		-	-	(153)	(142)
<b><u>TOTAL DEPRECIATION &amp; IMPAIRMENT COSTS EXPENSED</u></b>		<b><u>-</u></b>	<b><u>-</u></b>	<b><u>2,663</u></b>	<b><u>2,424</u></b>

## Coolamon Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2014

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

\$ '000	Notes	Actual 2014	Actual 2013
<b>(e) Other Expenses</b>			
Other Expenses for the year include the following:			
Advertising		30	19
Bad & Doubtful Debts		18	20
Bank Charges		19	17
Computer / Office Equipment Maintenance		126	95
- Emergency Services Levy (includes FRNSW, SES, and RFS Levies)		9	12
- NSW Fire Brigade Levy		15	15
- NSW Rural Fire Service Levy		149	133
- Regional Library		100	96
Councillor Expenses - Mayoral Fee		12	11
Councillor Expenses - Councillors' Fees		72	75
Councillors' Expenses (incl. Mayor) - Other (excluding fees above)		10	4
Donations, Contributions & Assistance to other organisations (Section 356)		7	16
- Donations, Contributions & Assistance (REROC)		13	-
Election Expenses		-	30
Electricity & Heating		243	224
Insurance		268	271
Postage		17	20
Printing & Stationery		35	18
Street Lighting		64	63
Subscriptions & Publications		68	48
Telephone & Communications		50	49
Valuation Fees		23	34
Water Charges		130	125
<b>Total Other Expenses</b>		<b>1,478</b>	<b>1,395</b>
less: Capitalised Costs		-	-
<b><u>TOTAL OTHER EXPENSES</u></b>		<b><u>1,478</u></b>	<b><u>1,395</u></b>

## Coolamon Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

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

\$ '000	Notes	Actual 2014	Actual 2013
<b>Property</b> (excl. Investment Property)			
Proceeds from Disposal - Property		-	9
less: Carrying Amount of Property Assets Sold / Written Off		(42)	(29)
<b>Net Gain/(Loss) on Disposal</b>		<b>(42)</b>	<b>(20)</b>
<b>Plant &amp; Equipment</b>			
Proceeds from Disposal - Plant & Equipment		238	277
less: Carrying Amount of P&E Assets Sold / Written Off		(157)	(239)
<b>Net Gain/(Loss) on Disposal</b>		<b>81</b>	<b>38</b>
<b>Financial Assets*</b>			
Proceeds from Disposal / Redemptions / Maturities - Financial Assets		10,700	7,700
less: Carrying Amount of Financial Assets Sold / Redeemed / Matured		(10,700)	(7,700)
<b>Net Gain/(Loss) on Disposal</b>		<b>-</b>	<b>-</b>
<b>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</b>		<b>39</b>	<b>18</b>



## Coolamon Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

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

\$ '000	Notes	2014 Actual Current	2014 Actual Non Current	2013 Actual Current	2013 Actual Non Current
<b>Cash &amp; Cash Equivalents (Note 6a)</b>					
Cash on Hand and at Bank		444	-	919	-
Cash-Equivalent Assets <sup>1</sup>					
- Deposits at Call		-	-	-	-
- Managed Funds		-	-	-	-
- Short Term Deposits		-	-	-	-
- NCD's, FRN's		-	-	-	-
- Other Financial Assets		-	-	-	-
<b>Total Cash &amp; Cash Equivalents</b>		<b>444</b>	<b>-</b>	<b>919</b>	<b>-</b>
<b>Investments (Note 6b)</b>					
- Long Term Deposits		10,700	-	10,700	-
<b>Total Investments</b>		<b>10,700</b>	<b>-</b>	<b>10,700</b>	<b>-</b>
<b>TOTAL CASH ASSETS, CASH EQUIVALENTS &amp; INVESTMENTS</b>		<b>11,144</b>	<b>-</b>	<b>11,619</b>	<b>-</b>

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

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

**Cash & Cash Equivalents**

a. "At Fair Value through the Profit & Loss"		444	-	919	-
--	--	-----	---	-----	---

**Investments**

a. "At Fair Value through the Profit & Loss"					
b. "Held to Maturity"	6(b-ii)	10,700	-	10,700	-
c. "Loans & Receivables"	6(b-iii)			-	-
d. "Available for Sale"	6(b-iv)			-	-
<b>Investments</b>		<b>10,700</b>	<b>-</b>	<b>10,700</b>	<b>-</b>

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

## Coolamon Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 6b. Investments (continued)

\$ '000	2014 Actual Current	2014 Actual Non Current	2013 Actual Current	2013 Actual Non Current
<b>Note 6(b-i)</b>				
<b>Reconciliation of Investments classified as "At Fair Value through the Profit &amp; Loss"</b>				
Nil				
<b>Note 6(b-ii)</b>				
<b>Reconciliation of Investments classified as "Held to Maturity"</b>				
Balance at the Beginning of the Year	10,700	-	10,700	-
Adjustment on adoption of AASB 132/139			-	-
Amortisation of Premiums & Discounts			-	-
Additions	10,700	-	10,700	-
Impairment (loss)/prior loss reversal (via P&L)			-	-
Disposals (sales & redemptions)	(10,700)		(7,700)	-
Transfers between Current/Non Current			-	-
Transfers from/(to) "At Fair Value"			-	-
Transfers from/(to) "Available for Sale"			-	-
<b>Balance at End of Year</b>	<b>10,700</b>	<b>-</b>	<b>13,700</b>	<b>-</b>
<b>Comprising:</b>				
- Other Long Term Financial Assets	10,700	-	10,700	-
<b>Total</b>	<b>10,700</b>	<b>-</b>	<b>10,700</b>	<b>-</b>
<b>Note 6(b-iii)</b>				
<b>Reconciliation of Investments classified as "Loans &amp; Receivables"</b>				
Nil				
<b>Note 6(b-iv)</b>				
<b>Reconciliation of Investments classified as "Available for Sale"</b>				
Nil				

## Coolamon Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

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

\$ '000	2014	2014	2013	2013
	Actual Current	Actual Non Current	Actual Current	Actual Non Current
<b>Total Cash, Cash Equivalents and Investments</b>	<b>11,144</b>	<b>-</b>	<b>11,619</b>	<b>-</b>
<b>attributable to:</b>				
External Restrictions (refer below)	6,887	-	6,516	-
Internal Restrictions (refer below)	4,230	-	5,083	-
Unrestricted	27	-	20	-
	<b>11,144</b>	<b>-</b>	<b>11,619</b>	<b>-</b>

2014 \$ '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-Sewer (A)	-	-	-	-
RMS (formerly RTA) Advances (B)	-			-
Self Insurance Claims (C)	-			-
Allawah Lodge Bonds	1,230	404	(157)	1,477
Allawah Village Bonds	2,922	370	(343)	2,949
<b>External Restrictions - Included in Liabilities</b>	<b>4,152</b>	<b>774</b>	<b>(500)</b>	<b>4,426</b>

**External Restrictions - Other**

Developer Contributions - General (D)	-	2	(2)	-
RMS (formerly RTA) Contributions (E)	-			-
Specific Purpose Unexpended Grants (F)	271	4	-	275
Sewerage Services (G)	1,461	18	-	1,479
Domestic Waste Management (G)	632	75		707
<b>External Restrictions - Other</b>	<b>2,364</b>	<b>99</b>	<b>(2)</b>	<b>2,461</b>
<b>Total External Restrictions</b>	<b>6,516</b>	<b>873</b>	<b>(502)</b>	<b>6,887</b>

## Coolamon Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

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

2014 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
<b>Internal Restrictions</b>				
Plant & Vehicle Replacement	1,000	315		1,315
Infrastructure Replacement	-			-
Asset Management/Replacement	1,140	450		1,590
Employees Leave Entitlement	1,235		(72)	1,163
Carry Over Works	68		(68)	-
Deposits, Retentions & Bonds	-			-
Ardlethan Preschool	15		(15)	-
Community Housing Program	30			30
Financial Assistance Grant (Pmt received in advance)	1,488		(1,488)	-
Rehabilitation of Gravel Pits	107	10		117
Swimming Pools	-	15		15
<b>Total Internal Restrictions</b>	<b>5,083</b>	<b>790</b>	<b>(1,643)</b>	<b>4,230</b>
<b>TOTAL RESTRICTIONS</b>	<b>11,599</b>	<b>1,663</b>	<b>(2,145)</b>	<b>11,117</b>

- A** Loan moneys which must be applied for the purposes for which the loans were raised.
- B** Advances by Roads and Maritime Services for (RMS) 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** RMS 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 2014

## Note 7. Receivables

\$ '000	Notes	2014		2013	
		Current	Non Current	Current	Non Current
<b>Purpose</b>					
Rates & Annual Charges		247	-	195	-
Interest & Extra Charges		40	-	36	-
User Charges & Fees		-	-	10	-
Private Works		26	-	4	-
Accrued Revenues					
- Interest on Investments		141	-	111	-
- Other Income Accruals		-	-	151	-
Government Grants & Subsidies		25	-	79	-
Coolamon Shire MSO & Community Transport		7	-	7	-
Deferred Debtors		3	11	7	18
Rents		20	-	7	-
Sewerage Connections		13	-	15	-
Allawah Lodge Accommodation Bonds		150	-	-	-
Cemetery		12	-	-	-
Other Debtors		24	-	96	-
<b>Total</b>		<b>708</b>	<b>11</b>	<b>718</b>	<b>18</b>
<b>less: Provision for Impairment</b>					
Rates & Annual Charges		(60)	-	(55)	-
Interest & Extra Charges		(23)	-	(18)	-
<b>Total Provision for Impairment - Receivables</b>		<b>(83)</b>	<b>-</b>	<b>(73)</b>	<b>-</b>
<b><u>TOTAL NET RECEIVABLES</u></b>		<b><u>625</u></b>	<b><u>11</u></b>	<b><u>645</u></b>	<b><u>18</u></b>
<b>Externally Restricted Receivables</b>					
<b>Sewerage Services</b>					
- Rates & Availability Charges		34	-	14	-
- Other		13	-	21	-
<b>Domestic Waste Management</b>		<b>33</b>		<b>37</b>	
<b>Total External Restrictions</b>		<b>80</b>	<b>-</b>	<b>72</b>	<b>-</b>
<b>Internally Restricted Receivables</b>					
Nil					
<b>Internally Restricted Receivables</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Unrestricted Receivables</b>		<b>545</b>	<b>11</b>	<b>573</b>	<b>18</b>
<b><u>TOTAL NET RECEIVABLES</u></b>		<b><u>625</u></b>	<b><u>11</u></b>	<b><u>645</u></b>	<b><u>18</u></b>

**Notes on Debtors above:**

- (i) Rates & Annual Charges Outstanding are secured against the property.
- (ii) Doubtful Rates Debtors are provided for where the value of the property is less than the debt outstanding.  
An allowance for other doubtful debts is made when there is objective evidence that a receivable is impaired.
- (iii) Interest was charged on overdue rates & charges at 9.00% (2013 10.00%).  
Generally all other receivables are non interest bearing.
- (iv) Please refer to Note 15 for issues concerning Credit Risk and Fair Value disclosures.

## Coolamon Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2014

## Note 8. Inventories &amp; Other Assets

\$ '000	Notes	2014		2013	
		Current	Non Current	Current	Non Current
<b>Inventories</b>					
Real Estate for resale (refer below)		-	282	-	282
Stores & Materials		133	-	150	-
<b>Total Inventories</b>		<b>133</b>	<b>282</b>	<b>150</b>	<b>282</b>
<b>Other Assets</b>					
Nil		-	-	-	-
<b>Total Other Assets</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL INVENTORIES / OTHER ASSETS</b>		<b>133</b>	<b>282</b>	<b>150</b>	<b>282</b>

**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 2014

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

\$ '000	2014		2013	
	Current	Non Current	Current	Non Current
<b>(i) Other Disclosures</b>				
<b>(a) Details for Real Estate Development</b>				
Residential	-	282	-	282
<b>Total Real Estate for Resale</b>	<b>-</b>	<b>282</b>	<b>-</b>	<b>282</b>
(Valued at the lower of cost and net realisable value)				
<b>Represented by:</b>				
Acquisition Costs	-	282	-	282
Development Costs	-	-	-	-
Borrowing Costs	-	-	-	-
Other Holding Costs	-	-	-	-
Other Properties - Book Value	-	-	-	-
<b>Total Costs</b>	<b>-</b>	<b>282</b>	<b>-</b>	<b>282</b>
less: Provision for Under Recovery	-	-	-	-
<b>Total Real Estate for Resale</b>	<b>-</b>	<b>282</b>	<b>-</b>	<b>282</b>
<b>Movements:</b>				
Real Estate assets at beginning of the year	-	282	-	282
- Purchases and other costs	-	-	-	-
- Transfers in from (out to) Note 9	-	-	-	-
- WDV of Sales (exp) 5	-	-	-	-
- Transfer between Current/Non Current	-	-	-	-
- Other	-	-	-	-
<b>Total Real Estate for Resale</b>	<b>-</b>	<b>282</b>	<b>-</b>	<b>282</b>
<b>(b) Current Assets not anticipated to be settled within the next 12 months</b>				
The following Inventories & Other Assets, even though classified as current are not expected to be recovered in the next 12 months;				
			<b>2014</b>	<b>2013</b>
Real Estate for Resale			-	-
			-	-
<b>(c) Inventories recognised as an expense for the year included:</b>				
- Real Estate for Resale			-	-
- Stores & Materials			347	322
- 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 2014

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

\$ '000	as at 30/6/2013					Asset Movements during the Reporting Period				as at 30/6/2014				
	At	At	Accumulated		Carrying	Asset Additions	WDV of Asset Disposals	Depreciation Expense	WIP Transfers	At	At	Accumulated		Carrying
	Cost	Fair Value	Dep'n	Impairment	Value					Cost	Fair Value	Dep'n	Impairment	Value
Capital Work in Progress	153	-	-	-	153				(153)	-	-	-	-	-
Plant & Equipment	-	4,604	2,558	-	2,046	637	(156)	(444)		-	4,742	2,659	-	2,083
Office Equipment	-	289	221	-	68	109		(18)	135	-	533	239	-	294
<b>Land:</b>														
- Operational Land	-	2,755	-	-	2,755					-	2,755	-	-	2,755
- Community Land	-	1,596	-	-	1,596					-	1,596	-	-	1,596
Land Improvements - depreciable	-	597	141	-	456	43		(16)		-	640	157	-	483
Buildings - Non Specialised	-	19,936	6,135	-	13,801	49		(199)		-	19,985	6,334	-	13,651
Buildings - Specialised	-	16,891	7,771	-	9,120	54	(14)	(197)		-	16,897	7,934	-	8,963
Other Structures	-	12,003	6,383	-	5,620	287	(28)	(156)	18	-	12,249	6,508	-	5,741
<b>Infrastructure:</b>														
- Roads	-	83,057	34,487	-	48,570	2,609		(1,588)		-	85,667	36,076	-	49,591
- Bulk Earthworks (non-depreciable)	-	50,454	-	-	50,454					-	50,454	-	-	50,454
- Stormwater Drainage	-	3,176	1,537	-	1,639			(32)		-	3,176	1,569	-	1,607
- Sewerage Network	-	13,491	2,866	-	10,625	1		(147)		-	13,492	3,013	-	10,479
<b>Reinstatement, Rehabilitation &amp; Restoration Assets</b> (refer Note 26):														
- Quarry Assets	-	480	173	-	307			(19)		-	480	192	-	288
<b>TOTAL INFRASTRUCTURE, PROPERTY, PLANT &amp; EQUIP.</b>	<b>153</b>	<b>209,329</b>	<b>62,272</b>	<b>-</b>	<b>147,210</b>	<b>3,789</b>	<b>(198)</b>	<b>(2,816)</b>	<b>-</b>	<b>-</b>	<b>212,666</b>	<b>64,681</b>	<b>-</b>	<b>147,985</b>

Additions to Buildings & Infrastructure Assets are made up of Asset Renewals (\$2,634,000) and New Assets (\$79,000). Renewals are defined as the replacement of existing assets (as opposed to the acquisition of new assets).

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



## Coolamon Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2014

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

\$ '000

\$ '000 Class of Asset	Actual 2014				Actual 2013			
	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value
<b>Sewerage Services</b>								
Land								
- Operational Land		587		<b>587</b>	-	587	-	<b>587</b>
Buildings				-	-	-	-	-
Other Structures		3,727	1,822	<b>1,905</b>	-	3,671	1,760	<b>1,911</b>
Infrastructure		13,492	3,013	<b>10,479</b>	-	13,491	2,866	<b>10,625</b>
<b>Total Sewerage Services</b>	-	<b>17,806</b>	<b>4,835</b>	<b>12,971</b>	-	<b>17,749</b>	<b>4,626</b>	<b>13,123</b>
<b>Domestic Waste Management</b>								
Buildings		105	44	<b>61</b>	-	105	42	<b>63</b>
Other Assets		196	172	<b>24</b>	-	196	170	<b>26</b>
<b>Total DWM</b>	-	<b>301</b>	<b>216</b>	<b>85</b>	-	<b>301</b>	<b>212</b>	<b>89</b>
<b>TOTAL RESTRICTED I,PP&amp;E</b>	-	<b>18,107</b>	<b>5,051</b>	<b>13,056</b>	-	<b>18,050</b>	<b>4,838</b>	<b>13,212</b>

## Coolamon Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2014

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

\$ '000	Notes	Actual 2014	Actual 2013
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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 2014

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

\$ '000	Notes	2014		2013	
		Current	Non Current	Current	Non Current
<b>Payables</b>					
Goods & Services - operating expenditure		332	9	132	13
Payments Received In Advance		23	-	-	-
Accrued Expenses:					
- Salaries & Wages		80	-	76	-
- Other Expenditure Accruals		-	-	356	-
Security Bonds, Deposits & Retentions		4,578	-	4,246	-
<b>Total Payables</b>		<b>5,013</b>	<b>9</b>	<b>4,810</b>	<b>13</b>
<b>Borrowings</b>					
Nil					
<b>Provisions</b>					
<b>Employee Benefits;</b>					
Annual Leave		462	-	445	-
Long Service Leave		1,172	62	1,232	65
Other Leave (RDO/TIL)		14	-	21	-
Sub Total - Aggregate Employee Benefits		1,648	62	1,698	65
Asset Remediation/Restoration (Future Works)	26	-	944	-	882
<b>Total Provisions</b>		<b>1,648</b>	<b>1,006</b>	<b>1,698</b>	<b>947</b>
<b>Total Payables, Borrowings &amp; Provisions</b>		<b>6,661</b>	<b>1,015</b>	<b>6,508</b>	<b>960</b>

## (i) Liabilities relating to Restricted Assets

	2014		2013	
	Current	Non Current	Current	Non Current
<b>Externally Restricted Assets</b>				
Sewer	-	-	10	-
Domestic Waste Management			-	-
Other	4,426		4,245	-
Liabilities relating to externally restricted assets	4,426	-	4,255	-
<b>Internally Restricted Assets</b>				
Nil				
<b>Total Liabilities relating to restricted assets</b>	4,426	-	4,255	-
<b>Total Liabilities relating to Unrestricted Assets</b>	2,235	1,015	2,253	960
<b>TOTAL PAYABLES, BORROWINGS &amp; PROVISIONS</b>	<b>6,661</b>	<b>1,015</b>	<b>6,508</b>	<b>960</b>

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

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

## Coolamon Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2014

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

\$ '000	Actual 2014	Actual 2013
<b>(ii) Current Liabilities not anticipated to be settled within the next 12 months</b>		
The following Liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions - Employees Benefits	1,100	1,154
Payables - Security Bonds, Deposits & Retentions	4,298	4,154
	<b>5,398</b>	<b>5,308</b>

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

Class of Provision	2013		2014			Closing Balance as at 30/6/14
	Opening Balance as at 1/7/13	Additional Provisions	Decrease due to Payments	Remeasurement effects due to Discounting	Unused amounts reversed	
Annual Leave	445	312	(295)			462
Sick Leave	-	-				-
Long Service Leave	1,297	107	(170)			1,234
Other Leave (RDO/TIL)	21	1	(8)			14
Asset Remediation	882	62				944
<b>TOTAL</b>	<b>2,645</b>	<b>482</b>	<b>(473)</b>	-	-	<b>2,654</b>

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

## Coolamon Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

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

\$ '000	Notes	Actual 2014	Actual 2013
<b>(a) Reconciliation of Cash Assets</b>			
Total Cash & Cash Equivalent Assets	6a	444	919
Less Bank Overdraft	10	-	-
<b>BALANCE as per the STATEMENT of CASH FLOWS</b>		<b>444</b>	<b>919</b>
<b>(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities</b>			
<b>Net Operating Result from Income Statement</b>		<b>56</b>	<b>880</b>
Adjust for non cash items:			
Depreciation & Amortisation		2,663	2,424
Net Losses/(Gains) on Disposal of Assets		(39)	(18)
Unwinding of Discount Rates on Reinstatement Provisions		62	58
Share of Net (Profits) or Losses of Associates/Joint Ventures		(8)	(4)
+/- Movement in Operating Assets and Liabilities & Other Cash Items:			
Decrease/(Increase) in Receivables		6	89
Increase/(Decrease) in Provision for Doubtful Debts		10	11
Decrease/(Increase) in Inventories		17	(82)
Decrease/(Increase) in Other Assets		-	-
Increase/(Decrease) in Payables		196	72
Increase/(Decrease) in accrued Interest Payable		-	-
Increase/(Decrease) in other accrued Expenses Payable		(352)	207
Increase/(Decrease) in Other Liabilities		355	294
Increase/(Decrease) in Employee Leave Entitlements		(53)	(170)
Increase/(Decrease) in Other Provisions		-	-
<b>NET CASH PROVIDED FROM/(USED IN) OPERATING ACTIVITIES from the STATEMENT of CASH FLOWS</b>		<b>2,913</b>	<b>3,762</b>

## Coolamon Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2014

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

\$ '000	Notes	Actual 2014	Actual 2013
<b>(c) Non-Cash Investing &amp; Financing Activities</b>			
Nil			
<b>(d) Financing Arrangements</b>			
<b>(i) Unrestricted access was available at balance date to the following lines of credit:</b>			
Bank Overdraft Facilities <sup>(1)</sup>		-	-
Credit Cards / Purchase Cards		20	20
<b>Total Financing Arrangements</b>		<b>20</b>	<b>20</b>
<b>Amounts utilised as at Balance Date:</b>			
- Bank Overdraft Facilities		-	-
- Credit Cards / Purchase Cards		2	4
<b>Total Financing Arrangements Utilised</b>		<b>2</b>	<b>4</b>

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

**(ii) Secured Loan Liabilities**

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

**(e) Bank Guarantees**

Nil

**(f) 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 2014

## Note 12. Commitments for Expenditure

\$ '000	Notes	Actual 2014	Actual 2013
<b>(a) Capital Commitments (exclusive of GST)</b>			
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
<b>Property, Plant &amp; Equipment</b>			
Buildings		-	-
Plant & Equipment		-	275
Other		-	-
<b>Total Commitments</b>		<b>-</b>	<b>275</b>
<b>These expenditures are payable as follows:</b>			
Within the next year		-	275
Later than one year and not later than 5 years		-	-
Later than 5 years		-	-
<b>Total Payable</b>		<b>-</b>	<b>275</b>
<b>Sources for Funding of Capital Commitments:</b>			
Unrestricted General Funds		-	85
Internally Restricted Reserves		-	190
<b>Total Sources of Funding</b>		<b>-</b>	<b>275</b>

**(b) Finance Lease Commitments**

Nil

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

Nil

**Conditions relating to Finance & Operating Leases:**

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

**(d) Investment Property Commitments**

Nil

**(e) Investment in Associates / Joint Ventures - Commitments**

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

## Coolamon Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

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

\$ '000	Amounts 2014	Indicator 2014	Prior Periods	
			2013	2012
<b>Local Government Industry Indicators - Consolidated</b>				
<b>1. Operating Performance Ratio</b>				
Total continuing operating revenue <sup>(1)</sup>				
<u>(excl. Capital Grants &amp; Contributions) - Operating Expenses</u>	<u>(488)</u>			
Total continuing operating revenue <sup>(1)</sup>	11,138	-4.38%	4.25%	3.35%
(excl. Capital Grants & Contributions)				
<b>2. Own Source Operating Revenue Ratio</b>				
Total continuing operating revenue <sup>(1)</sup>				
<u>(less ALL Grants &amp; Contributions)</u>	<u>5,025</u>			
Total continuing operating revenue <sup>(1)</sup>	11,635	43.19%	37.14%	37.06%
<b>3. Unrestricted Current Ratio</b>				
<u>Current Assets less all External Restrictions <sup>(2)</sup></u>	<u>4,935</u>			
Current Liabilities less Specific Purpose Liabilities <sup>(3, 4)</sup>	1,135	4.35 : 1	5.30	5.29
<b>4. Debt Service Cover Ratio</b>				
Operating Result <sup>(1)</sup> before capital excluding interest and depreciation / impairment / amortisation (EBITDA)	<u>2,237</u>			
Principal Repayments (from the Statement of Cash Flows)	62	36.08	52.00	
+ Borrowing Interest Costs (from the Income Statement)				
<b>5. Rates, Annual Charges, Interest &amp; Extra Charges Outstanding Percentage</b>				
<u>Rates, Annual and Extra Charges Outstanding</u>	<u>204</u>			
Rates, Annual and Extra Charges Collectible	3,094	6.59%	5.31%	5.12%
<b>6. Cash Expense Cover Ratio</b>				
Current Year's Cash and Cash Equivalents including All Term Deposits	<u>11,144</u>			
Payments from cash flow of operating and financing activities	758	14.71	14.04	

## Notes

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

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

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

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

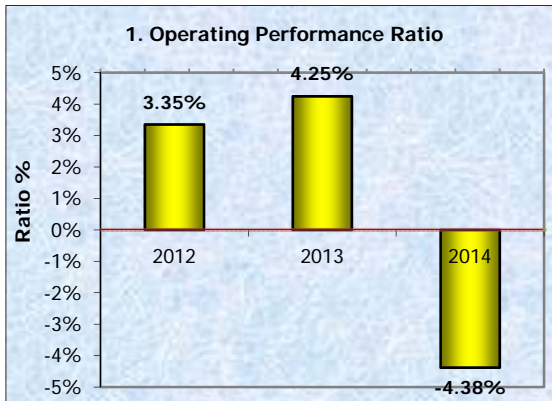
<sup>(4)</sup> Refer to Note 10(a)(ii) - excludes all payables & provisions not expected to be paid in the next 12 months (incl. ELE).



# Coolamon Shire Council

## Notes to the Financial Statements for the financial year ended 30 June 2014

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



— Minimum 0.00%

Source for Benchmark: Code of Accounting Practice and Financial Reporting

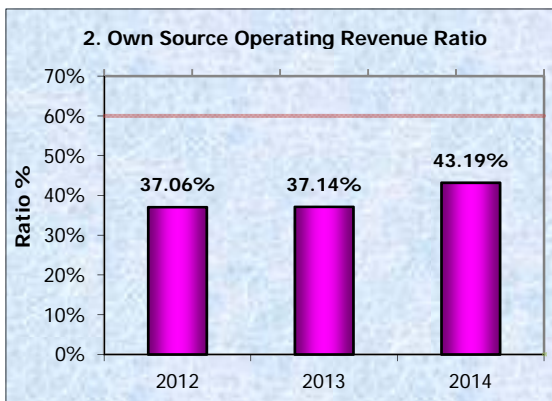
**Purpose of Operating Performance Ratio**

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

**Commentary on 2013/14 Result**

**2013/14 Ratio -4.38%**

This ratio has been distorted for the 2014 Financial Year following the Federal Government's decision to claw back pre-payments made with respect to the Financial Assistance Grant made over the past 6 years. This financial year was impacted in that 1/2 of the yearly grant was received on 6 June 2013.



— Minimum 60.00%

Source for Benchmark: Code of Accounting Practice and Financial Reporting

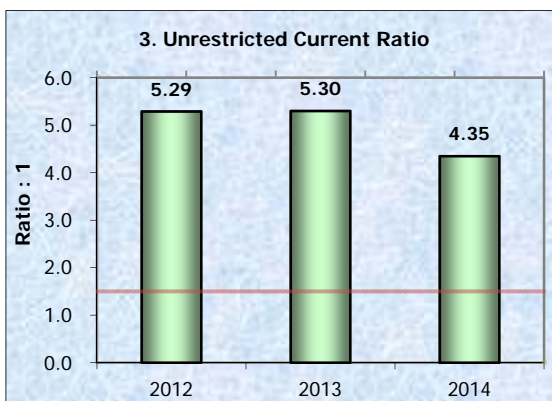
**Purpose of Own Source Operating Revenue Ratio**

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

**Commentary on 2013/14 Result**

**2013/14 Ratio 43.19%**

This ratio is also distorted by the claw back of the Financial Assistance Grant. As Coolamon Shire Council is a rural Council with limited avenues to raise additional own source revenues the ability to increase this ratio to the benchmark of 60% without adjusting for subsidies received where Council has made a conscious decision to take on services that include grants and contributions from other levels of Government.



— Minimum 1.50

Source for Benchmark: Code of Accounting Practice and Financial Reporting

**Purpose of Unrestricted Current Ratio**

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

**Commentary on 2013/14 Result**

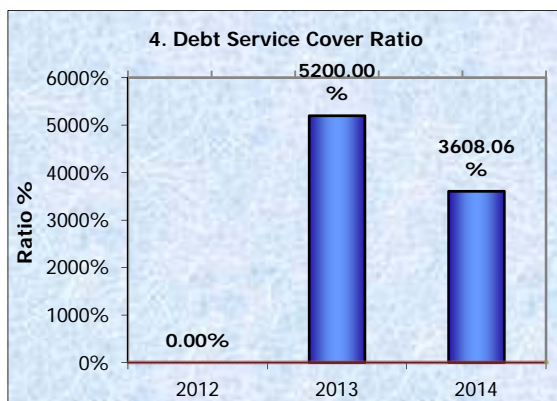
**2013/14 Ratio 4.35 : 1**

Council continues to maintain a strong Unrestricted Current Ratio indicating its ability to satisfy its short term obligations.

# Coolamon Shire Council

## Notes to the Financial Statements for the financial year ended 30 June 2014

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



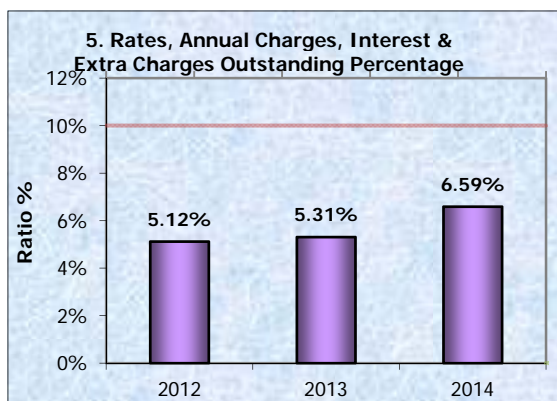
— Minimum 2.00%

Source for Benchmark: NSW Treasury Corporation

**Purpose of Debt Service Cover Ratio**

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

Commentary on 2013/14 Result	
<b>2013/14 Ratio</b>	<b>3608.06%</b>
Council has maintained its enviable debt free status.	



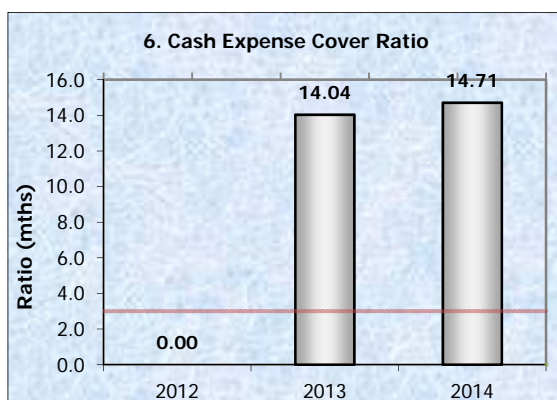
— Maximum 10.00%

Source for Benchmark: Office of Local Govt - Comparative Information (10/11)

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

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

Commentary on 2013/14 Result	
<b>2013/14 Ratio</b>	<b>6.59%</b>
Council continues to focus on the recovery of outstanding rates and charges. An internal review of Council's Debt Recovery Policy and Procedures was undertaken with Council staff currently implementing recommendations made by the review.	



— Minimum 3.00

Source for Benchmark: Code of Accounting Practice and Financial Reporting

**Purpose of Cash Expense Cover Ratio**

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

Commentary on Result	
<b>2013/14 Ratio</b>	<b>14.71</b>
Council continues to hold adequate cash reserves to cover immediate expenses without having to rely on external financing arrangements.	

## Coolamon Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

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

\$ '000	Water 2014	Sewer 2014	General <sup>5</sup> 2014
<b>Local Government Industry Indicators - by Fund</b>			
<b>1. Operating Performance Ratio</b>			
Total continuing operating revenue <sup>(1)</sup>			
<u>(excl. Capital Grants &amp; Contributions) - Operating Expenses</u>	<b>n/a</b>	<b>-22.75%</b>	<b>-3.54%</b>
Total continuing operating revenue <sup>(1)</sup>			
(excl. Capital Grants & Contributions)	prior period: 0.00%	-21.33%	5.28%
<b>2. Own Source Operating Revenue Ratio</b>			
Total continuing operating revenue <sup>(1)</sup>			
<u>(less ALL Grants &amp; Contributions)</u>	<b>n/a</b>	<b>97.34%</b>	<b>40.82%</b>
Total continuing operating revenue <sup>(1)</sup>			
	prior period: 0.00%	92.89%	34.86%
<b>3. Unrestricted Current Ratio</b>			
<u>Current Assets less all External Restrictions<sup>(2)</sup></u>	<b>n/a</b>	No Liabilities	<b>4.35 : 1</b>
Current Liabilities less Specific Purpose Liabilities <sup>(3, 4)</sup>			
	prior period: No Liabilities	136.00	5.30
<b>4. Debt Service Cover Ratio</b>			
<u>Operating Result<sup>(1)</sup> before capital excluding interest and depreciation / impairment / amortisation (EBITDA)</u>	<b>n/a</b>	<b>-</b>	<b>34.48</b>
Principal Repayments (from the Statement of Cash Flows) + Borrowing Interest Costs (from the Income Statement)			
	prior period: -	-	50.17
<b>5. Rates, Annual Charges, Interest &amp; Extra Charges Outstanding Percentage</b>			
<u>Rates, Annual and Extra Charges Outstanding</u>	<b>n/a</b>	<b>8.19%</b>	<b>6.35%</b>
Rates, Annual and Extra Charges Collectible			
	prior period: 0.00%	0.00%	6.50%
<b>6. Cash Expense Cover Ratio</b>			
<u>Current Year's Cash and Cash Equivalents including All Term Deposits</u> x12	<b>n/a</b>	<b>0.00</b>	<b>12.75</b>
Payments from cash flow of operating and financing activities			
	prior period: 0.00	0.00	12.27

## Notes

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

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

## Coolamon Shire Council

### Notes to the Financial Statements for the financial year ended 30 June 2014

#### Note 14. Investment Properties

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\$ '000	Notes	Actual 2014	Actual 2013
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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 2014

## 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	
	2014	2013	2014	2013
<b>Financial Assets</b>				
Cash and Cash Equivalents	444	919	444	1,919
Investments				
- "Held for Trading"	-	-	10,700	9,700
Receivables	636	663	636	663
Other Financial Assets	-	-	-	-
<b>Total Financial Assets</b>	<b>11,780</b>	<b>12,282</b>	<b>11,780</b>	<b>12,282</b>
<b>Financial Liabilities</b>				
Bank Overdraft	-	-	-	-
Payables	4,999	4,823	4,999	4,823
Loans / Advances	-	-	-	-
Lease Liabilities	-	-	-	-
Other Financial Liabilities	-	-	-	-
<b>Total Financial Liabilities</b>	<b>4,999</b>	<b>4,823</b>	<b>4,999</b>	<b>4,823</b>

Fair Value is determined as follows:

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

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

## Coolamon Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2014

## Note 15. Financial Risk Management (continued)

\$ '000

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

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

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

The risks associated with the investments held are:

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

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

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

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

2014	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	128	128	(128)	(128)
<b>2013</b>				
Possible impact of a 10% movement in Market Values				
Possible impact of a 1% movement in Interest Rates	116	116	(116)	(116)

## Coolamon Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 15. Financial Risk Management (continued)

\$ '000

**(b) Receivables**

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

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

Council manages this risk by monitoring outstanding debt and employing stringent debt recovery procedures. It also encourages ratepayers to pay their rates by the due date through incentives.

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

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

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

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:

	2014 Rates & Annual Chgs	2014 Other Receivables	2013 Rates & Annual Chgs	2013 Other Receivables
<b>(i) Ageing of Receivables - %</b>				
Current (not yet overdue)	0%	50%	0%	65%
Overdue	100%	50%	100%	35%
	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>
<b>(ii) Ageing of Receivables - value</b>				
Current (not yet overdue)	-	234	-	354
Past due by up to 30 days		38	-	31
Past due between 31 and 180 days	123	181	97	106
Past due between 181 and 365 days	41	3	31	7
Past due by more than 1 year	83	16	67	43
	<u>247</u>	<u>472</u>	<u>195</u>	<u>541</u>
<b>(iii) Movement in Provision for Impairment of Receivables</b>			<b>2014</b>	<b>2013</b>
Balance at the beginning of the year			73	62
+ new provisions recognised during the year			18	15
- amounts provided for but recovered during the year			(8)	(4)
<b>Balance at the end of the year</b>			<u>83</u>	<u>73</u>

## Coolamon Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 15. Financial Risk Management (continued)

\$ '000

## (c) Payables &amp; Borrowings

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

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

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

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

\$ '000	Subject to no maturity	payable in:						Total Cash Outflows	Actual Carrying Values
		≤ 1 Year	1-2 Yrs	2-3 Yrs	3-4 Yrs	4-5 Yrs	> 5 Yrs		
<b>2014</b>									
Bank Overdraft	-							-	-
Trade/Other Payables	4,578	415	1	1	1	1	2	4,999	4,999
Loans & Advances								-	-
Lease Liabilities								-	-
<b>Total Financial Liabilities</b>	<b>4,578</b>	<b>415</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>4,999</b>	<b>4,999</b>
<b>2013</b>									
Bank Overdraft	-	-	-	-	-	-	-	-	-
Trade/Other Payables	4,246	570	1	1	1	1	3	4,823	4,823
Loans & Advances	-	-	-	-	-	-	-	-	-
Lease Liabilities	-	-	-	-	-	-	-	-	-
<b>Total Financial Liabilities</b>	<b>4,246</b>	<b>570</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>3</b>	<b>4,823</b>	<b>4,823</b>

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

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

	2014		2013	
	Carrying Value	Average Interest Rate	Carrying Value	Average Interest Rate
Bank Overdraft	-		-	
Trade/Other Payables	4,999		4,823	0.0%
Loans & Advances - Fixed Interest Rate	-		-	
Loans & Advances - Variable Interest Rate	-		-	
Lease Liabilities	-		-	
	<b>4,999</b>		<b>4,823</b>	



## Coolamon Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 16. Material Budget Variations

\$ '000

Council's Original Financial Budget for 13/14 was adopted by the Council on 20 June 2013.

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	2014 Budget	2014 Actual	2014 ----- Variance* -----		
<b>REVENUES</b>					
<b>Rates &amp; Annual Charges</b>	<b>2,845</b>	<b>2,910</b>	<b>65</b>	2%	<b>F</b>
<b>User Charges &amp; Fees</b>	<b>988</b>	<b>1,159</b>	<b>171</b>	17%	<b>F</b>
This favourable variance can be attributed to the income received for the following user charges and fees that exceeded the original budget by the amount indicated: Private Works \$19,000, Cemeteries \$80,000, Aged Care \$54,000 and Caravan Parks \$9,000					
<b>Interest &amp; Investment Revenue</b>	<b>466</b>	<b>454</b>	<b>(12)</b>	(3%)	<b>U</b>
<b>Other Revenues</b>	<b>452</b>	<b>502</b>	<b>50</b>	11%	<b>F</b>
Council received Insurance Incentives of \$38,000 and made a claim on an insurance policy that totalled \$12,000. Both of these items were not included in Council's original budget.					
<b>Operating Grants &amp; Contributions</b>	<b>5,616</b>	<b>6,113</b>	<b>497</b>	9%	<b>F</b>
<b>Capital Grants &amp; Contributions</b>	<b>406</b>	<b>497</b>	<b>91</b>	22%	<b>F</b>
Council received a Grant for \$66,000 for the redevelopment of the Coolamon Tennis Courts which was not included in Council's original budget. Council also received a \$20,000 grant for the installation of solar panels at the Coolamon and Ganmain Swimming Pools which was not included in Council's original budget.					
<b>Net Gains from Disposal of Assets</b>	<b>65</b>	<b>39</b>	<b>(26)</b>	(40%)	<b>U</b>
Council's original budget did not allow for the write off of the written down value of the filtration equipment at the Ardlethan Swimming Pool which was replaced during the financial year.					
<b>Share of Net Profits - Joint Ventures &amp; Associates</b>	<b>5</b>	<b>8</b>	<b>3</b>	60%	<b>F</b>
Council's original budget understated the share of the Riverina Regional Library Joint Venture operating result.					

## Coolamon Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2014

## Note 16. Material Budget Variations (continued)

\$ '000	2014 Budget	2014 Actual	2014 ----- Variance* -----		
<b>EXPENSES</b>					
Employee Benefits & On-Costs	4,937	4,479	458	9%	F
Borrowing Costs	62	62	-	0%	F
Materials & Contracts	3,166	2,944	222	7%	F
Depreciation & Amortisation	2,606	2,663	(57)	(2%)	U
Other Expenses	1,349	1,478	(129)	(10%)	U

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

<b>Cash Flows from Operating Activities</b>	<b>1,232</b>	<b>2,913</b>	<b>1,681</b>	<b>136.4%</b>	<b>F</b>
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In addition to the Revenue Variance detailed in this note, additional income was received in relation to the Financial Assistance Grant (\$258,000) and Aged Care (\$70,000) as compared to the original budget.

The increase in bonds and advances over the year resulting from the departure and entry of residents in Councils retirement village and aged persons hostel has also contributed with a favourable variance of \$472,000

<b>Cash Flows from Investing Activities</b>	<b>(2,986)</b>	<b>(3,388)</b>	<b>(402)</b>	<b>13.5%</b>	<b>U</b>
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Additional capital expenditure during the year has resulted in this unfavourable variance.

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 17. Statement of Developer Contributions

\$ '000

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

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

## SUMMARY OF CONTRIBUTIONS &amp; LEVIES

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Roads	-	2	-	-	-	(2)	-	162	(222)	(60)	(216)
<b>S94 Contributions - under a Plan</b>	-	<b>2</b>	-	-	-	<b>(2)</b>	-	<b>162</b>	<b>(222)</b>	<b>(60)</b>	<b>(216)</b>
<b>S94A Levies - under a Plan</b>	-	-	-	-	-	-	-				-
<b>Total S94 Revenue Under Plans</b>	-	<b>2</b>	-	-	-	<b>(2)</b>	-				<b>(216)</b>
S94 not under Plans	-	-	-	-	-	-	-	-	-	-	-
S93F Planning Agreements	-						-				
S64 Contributions	-						-				
<b>Total Contributions</b>	-	<b>2</b>	-	-	-	<b>(2)</b>	-	<b>162</b>	<b>(222)</b>	<b>(60)</b>	<b>(216)</b>

Coolamon Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2014

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	
Roads	-	2		-	-	(2)	-	162	(222)	(60)	(216)
<b>Total</b>	-	<b>2</b>	-	-	-	<b>(2)</b>	-	<b>162</b>	<b>(222)</b>	<b>(60)</b>	<b>(216)</b>

## Coolamon Shire Council

### Notes to the Financial Statements for the financial year ended 30 June 2014

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

\$ '000

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

#### LIABILITIES NOT RECOGNISED:

##### 1. Guarantees

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

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

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

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

The Local Government Superannuation Scheme however is unable to provide Council with an accurate estimate of its share of the net deficit and accordingly Council has not recorded any net liability from it's 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 2014

#### 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.

##### **(iv) S94 Expenditure in Advance**

The Contributions Plan for Roads is currently in deficit by \$216,000 - 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 2014

## Note 19. Controlled Entities, Associated Entities &amp; 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 Statement of Financial Position.**

(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 Statement of Financial Position.**

	Council's Share of Net Income		Council's Share of Net Assets	
	Actual 2014	Actual 2013	Actual 2014	Actual 2013
Associated Entities	-	-	-	-
Joint Venture Entities	8	4	124	116
<b>Total</b>	<b>8</b>	<b>4</b>	<b>124</b>	<b>116</b>

## Coolamon Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2014

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

\$ '000

## (a) Subsidiaries (ie. Entities &amp; Operations controlled by Council)

Council has no interest in any Subsidiaries.

## (b) Associated Entities &amp; 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	2014	2013
Riverina Regional Library	Provision of Library Services	124	116
<b>Total Carrying Amounts - Joint Venture Entities</b>		<b>124</b>	<b>116</b>

## (b) Relevant Interests

Name of Entity	Interest in Outputs		Interest in Ownership		Proportion of Voting Power	
	2014	2013	2014	2013	2014	2013
Riverina Regional Library	4%	4%	4%	4%	4%	4%

## (c) Movement in Carrying Amounts

	Riverina Regional Library	
	2014	2013
Opening Balance	116	112
Share in Operating Result	8	4
New Capital Contributions	-	-
Distributions Received	-	-
Adjustments to Equity	-	-
<b>Council's Equity Share in the Joint Venture Entity</b>	<b>124</b>	<b>116</b>



## Coolamon Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

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

\$ '000

## (b) Associated Entities &amp; Joint Venture Entities (continued)

## (d) Share of Joint Ventures Assets &amp; Liabilities

	Assets		Liabilities		Net Assets
	Current	Non Current	Current	Non Current	
<b>2014</b>					
Riverina Regional Library	44	103	23	-	124
<b>Totals</b>	<b>44</b>	<b>103</b>	<b>23</b>	<b>-</b>	<b>124</b>
<b>2013</b>					
Riverina Regional Library	59	75	18	-	116
<b>Totals</b>	<b>59</b>	<b>75</b>	<b>18</b>	<b>-</b>	<b>116</b>

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

	2014			2013		
	Revenues	Expenses	Result	Revenues	Expenses	Result
Riverina Regional Library	84	76	8	77	73	4
<b>Totals</b>	<b>84</b>	<b>76</b>	<b>8</b>	<b>77</b>	<b>73</b>	<b>4</b>

## (f) Share of Joint Venture Entities Expenditure Commitments

	2014	2013
Capital Commitments	-	-
Other Expenditure Commitments	-	-
Lease Commitments	-	-

## (g) Contingent Liabilities of Joint Venture Entities

	2014	2013
Share of Contingent Liabilities incurred jointly with other Participants	-	-
Share of Contingent Liabilities for which Council is severally liable	-	-

No material losses are anticipated in respect of any of the above contingent liabilities

## Coolamon Shire Council

### Notes to the Financial Statements for the financial year ended 30 June 2014

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

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\$ '000

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##### (c) Joint Venture Operations

Council has no interest in any Joint Venture Operations.

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

The following Subsidiaries, Associated Entities & Joint Ventures have not been recognised in this Financial Report.

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 2014

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

\$ '000	Notes	Actual 2014	Actual 2013
<b>(a) Retained Earnings</b>			
<b>Movements in Retained Earnings were as follows:</b>			
Balance at beginning of Year (from previous years audited accounts)		75,603	74,722
a. Correction of Prior Period Errors	20 (c)	-	-
b. Changes in Accounting Policies (prior period effects)	20 (d)	-	-
c. Other Comprehensive Income (excl. direct to Reserves transactions)		-	1
d. Net Operating Result for the Year		56	880
e. Distributions to/(Contributions from) Non-controlling Interests		-	-
f. Transfers between Equity		-	-
g. Other Changes (disclosure required)		-	1
<b>Balance at End of the Reporting Period</b>		<b>75,659</b>	<b>75,604</b>

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

- Infrastructure, Property, Plant & Equipment Revaluation Reserve		76,969	76,969
- "Available for Sale" Financial Investments Revaluation Reserve		-	-
- Other Reserves (Specify)		-	-
<b>Total</b>		<b>76,969</b>	<b>76,969</b>

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

- Opening Balance		76,969	70,921
- Revaluations for the year	9(a)	-	6,047
- (Impairment of revalued assets) / Impairment reversals	9(a),(c)	-	-
- Transfer to Retained Earnings for Asset disposals		-	-
- Correction of Prior Period Errors	20(c)	-	-
- Other movements (disclosure required)		-	1
<b>- Balance at End of Year</b>		<b>76,969</b>	<b>76,969</b>

**TOTAL VALUE OF RESERVES**

<b>76,969</b>	<b>76,969</b>
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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 2014

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

\$ '000	Notes	Actual 2014	Actual 2013
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## (c) Correction of Error/s relating to a Previous Reporting Period

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

## (d) Voluntary Changes in Accounting Policies

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

## Coolamon Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

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

\$ '000

Income Statement by Fund \$ '000	Actual 2014	Actual 2014	Actual 2014	Actual 2014
	Other	Water	Sewer	General <sup>1</sup>
<b>Continuing Operations</b>				
<b>Income from Continuing Operations</b>				
Rates & Annual Charges		-	413	2,497
User Charges & Fees		-	5	1,154
Interest & Investment Revenue		-	49	405
Other Revenues		-	8	494
Grants & Contributions provided for Operating Purposes		-	13	6,100
Grants & Contributions provided for Capital Purposes		-	-	497
<b>Other Income</b>				
Net Gains from Disposal of Assets		-	-	39
Share of interests in Joint Ventures & Associates using the Equity Method				8
<b>Total Income from Continuing Operations</b>	<b>-</b>	<b>-</b>	<b>488</b>	<b>11,194</b>
<b>Expenses from Continuing Operations</b>				
Employee Benefits & on-costs		-	139	4,340
Borrowing Costs		-	-	62
Materials & Contracts		-	156	2,788
Depreciation & Amortisation		-	210	2,453
Other Expenses		-	94	1,384
<b>Total Expenses from Continuing Operations</b>	<b>-</b>	<b>-</b>	<b>599</b>	<b>11,027</b>
<b>Operating Result from Continuing Operations</b>	<b>-</b>	<b>-</b>	<b>(111)</b>	<b>167</b>
<b>Discontinued Operations</b>				
Net Profit/(Loss) from Discontinued Operations		-	-	-
<b>Net Operating Result for the Year</b>	<b>-</b>	<b>-</b>	<b>(111)</b>	<b>167</b>
<b>Net Operating Result attributable to each Council Fund</b>	<b>-</b>	<b>-</b>	<b>(111)</b>	<b>167</b>
<b>Net Operating Result attributable to Non-controlling Interests</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Operating Result for the year before Grants and Contributions provided for Capital Purposes</b>	<b>-</b>	<b>-</b>	<b>(111)</b>	<b>(330)</b>

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

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 2014

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

\$ '000

Statement of Financial Position by Fund \$ '000	Actual 2014	Actual 2014	Actual 2014	Actual 2014
	Other	Water	Sewer	General <sup>1</sup>
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash & Cash Equivalents		-	1,479	(1,035)
Investments		-	-	10,700
Receivables		-	47	578
Inventories		-	-	133
<b>Total Current Assets</b>	<b>-</b>	<b>-</b>	<b>1,526</b>	<b>10,376</b>
<b>Non-Current Assets</b>				
Investments		-	-	-
Receivables		-	-	11
Inventories		-	-	282
Infrastructure, Property, Plant & Equipment		-	12,971	135,014
Investments Accounted for using the equity method		-	-	124
<b>Total Non-Current Assets</b>	<b>-</b>	<b>-</b>	<b>12,971</b>	<b>135,431</b>
<b>TOTAL ASSETS</b>	<b>-</b>	<b>-</b>	<b>14,497</b>	<b>145,807</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Payables		-	-	5,013
Borrowings		-	-	-
Provisions		-	-	1,648
<b>Total Current Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,661</b>
<b>Non-Current Liabilities</b>				
Payables		-	-	9
Borrowings		-	-	-
Provisions		-	-	1,006
<b>Total Non-Current Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,015</b>
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,676</b>
<b>Net Assets</b>	<b>-</b>	<b>-</b>	<b>14,497</b>	<b>138,131</b>
<b>EQUITY</b>				
Retained Earnings		-	5,985	69,674
Revaluation Reserves		-	8,512	68,457
<b>Council Equity Interest</b>	<b>-</b>	<b>-</b>	<b>14,497</b>	<b>138,131</b>
<b>Non-controlling Interests</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Equity</b>	<b>-</b>	<b>-</b>	<b>14,497</b>	<b>138,131</b>

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

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 2014

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

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**\$ '000**

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

## Coolamon Shire Council

### Notes to the Financial Statements for the financial year ended 30 June 2014

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

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\$ '000

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Events that occur between the end of the reporting period (ending 30 June 2014) and the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

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

Accordingly, the "authorised for issue" date is 31/10/14.

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

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

These financial statements (and the figures therein) incorporate all "adjusting events" that provided evidence of conditions that existed at 30 June 2014.

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

These financial statements (& figures therein) do not incorporate any "non-adjusting events" that have occurred after 30 June 2014 and which are only indicative of conditions that arose after 30 June 2014.

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 2014

#### Note 24. Discontinued Operations

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**\$ '000**

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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 2014

#### Note 25. Intangible Assets

	Actual	Actual
\$ '000	2014	2013

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 2014

## Note 26. Reinstatement, Rehabilitation &amp; 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	
		2014	2013
Various Gravel Pit Sites across the Shire	2029	944	882
<b>Balance at End of the Reporting Period</b>	10(a)	<b>944</b>	<b>882</b>

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

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

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

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

Balance at beginning of year	882	825
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)	62	58
Other (rounding entry)		(1)
Expenditure incurred attributable to Provisions		-
<b>Total - Reinstatement, rehabilitation and restoration provision</b>	<b>944</b>	<b>882</b>

## Coolamon Shire Council

### Notes to the Financial Statements for the financial year ended 30 June 2014

#### Note 27. Fair Value Measurement

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\$ '000

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

- Infrastructure, Property, Plant and Equipment
- Financial Assets & Liabilities

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

The objective of using a valuation technique is to estimate the price at which an orderly transaction to sell or to transfer the liability would take place between market participants at the measurement date under current market conditions. Three widely used valuation techniques are the market approach, the cost approach and the income approach. Coolamon Shire Council use valuation techniques consistent with one or more of those approaches to measure fair value.

**'Cost Approach'** – A valuation technique that reflects the amount what would be required to replace the service capacity of an asset (current replacement cost)

**Income Approach:** Valuation technique that converts future amounts (cash flows inflows/outflows) to signal current (i.e. discounted) amount. The fair value measurement is determined on the basis if the value indicated to current market expectations about these future amounts.

**Market Approach:** A valuation technique that uses prices and other relevant information generated by the market transactions involving identical or comparable (similar) assets, liabilities or a group of assets and liabilities such as a business.

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

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

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

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

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

## Coolamon Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2014

## Note 27. Fair Value Measurement

\$ '000

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

2014	Date of latest Valuation	Fair Value Measurement Hierarchy			Total
		Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	
<b>Recurring Fair Value Measurements</b>					
<b>Financial Assets</b>					
Investments					
- "Held to Maturity"	30/06/14	10,700			10,700
Cash and Short Term Deposits	30/06/14	444			444
Receivables	30/06/14		625		625
<b>Total Financial Assets</b>		<b>11,144</b>	<b>625</b>	<b>-</b>	<b>11,769</b>

2014	Date of latest Valuation	Fair Value Measurement Hierarchy			Total
		Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	
<b>Recurring Fair Value Measurements (continued)</b>					
<b>Financial Liabilities</b>					
Payables	30/06/14		5,013		5,013
<b>Total Financial Liabilities</b>		<b>-</b>	<b>5,013</b>	<b>-</b>	<b>5,013</b>

<b>Infrastructure, Property, Plant &amp; Equipment</b>					
Plant & Equipment	30/06/14			2,083	2,083
Office Furniture	30/06/14			294	294
Operational Land	30/06/14		2,755		2,755
Community Land	30/06/14			1,596	1,596
Land Improvements	30/06/14			483	483
Buildings - Non-specialised	30/06/14		13,651		13,651
Buildings - Specialised	30/06/14			8,963	8,963
Other Structures	30/06/14			5,741	5,741
Roads, Bridge & Footpaths	30/06/14			49,591	49,591
Bulk Earthworks	30/06/14			50,454	50,454
Stormwater Drainage	30/06/14			1,607	1,607
Sewerage Network	30/06/14			10,479	10,479
Swimming Pools	30/06/14				-
Other Assets	30/06/14			288	288
<b>Total Infrastructure, Property, Plant &amp; Equipment</b>		<b>-</b>	<b>16,406</b>	<b>131,579</b>	<b>147,985</b>

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

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

## Coolamon Shire Council

### Notes to the Financial Statements for the financial year ended 30 June 2014

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

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\$ '000

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#### (3). Reconciliation of Movements

##### a. The following tables present the changes in Level 3 Fair Value Assets.

	Total
Opening Balance 1 July 2013	130,654
Purchases (GBV)	3,740
Disposals (WDV)	(198)
Depreciation & Impairment	(2,617)
FV income approach. Coolamon Shire Council use valuation technique	-
Impairment Reinstatement	-
Impairment Reversal	-
<b>Closing Balance - 30/6/14</b>	<b><u>131,579</u></b>

Further details for the individual asset classes is available in Note 9a

##### b. Information relating to the transfers into and out of the Level 3 Fair Valuation hierarchy (as disclosed in the Table above) includes:

Not applicable.

## Coolamon Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2014

## Note 27. Fair Value Measurement (continued)

\$ '000

**(4) Significant unobservable valuation inputs used (for Level 3 asset classes) and their relationship to fair value.**

The following table summarises the quantitative information relating to the significant unobservable inputs used in deriving the various Level 3 Asset Class fair values.

Class	Fair Value (30/6/14) \$'000	Examples of Type Of Asset	Valuation Technique/s	Significant Inputs	Range of Inputs (incl. probable)	Relationship of unobservable inputs to Fair Value
<b>I,PP&amp;E</b>						
Plant & Equipment	2,083	Graders, loaders, trucks, rollers, cars, utes & minor plant	Depreciated replacement cost	Cost per unit, useful life, residual value, condition of asset,	\$1,000 - \$400,000	Increase/decrease in cost of unit or useful life
Office Furniture & Equipment	294	Survey equipment, office furniture, photocopiers, printers, computers	Depreciated replacement cost	Cost per unit, useful life, condition of asset	various	Increase/decrease in cost of unit or useful life
Community Land	1,596	Parks, reserves, sportsgrounds, community facilities	Current replacement cost	Cost per sq metre, Valuer General's valuation	various	Increase/decrease inland values
Land Improvements	483	Sprinkler & watering systems, landscaping	Depreciated replacement cost	Cost per unit, pattern of consumption, useful life, asset condition	various	Increase/decrease in cost of unit or useful life
Specialised buildings	13,651	Administration building, Libraries, Public Amenities, Depot Buildings, Halls & Community Centres, Rural Fire Sheds, Sportings Amenities	Depreciated replacement cost	Cost per sq metre, Consumption rate, Condition, Useful Life	various	Significant increase/decrease in cost per sq metre or useful life

## Coolamon Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2014

## Note 27. Fair Value Measurement (continued)

\$ '000

**(4) Significant unobservable valuation inputs used (for Level 3 asset classes) and their relationship to fair value** (continued).

The following table summarises the quantitative information relating to the significant unobservable inputs used in deriving the various Level 3 Asset Class fair values.

Class	Fair Value (30/6/14) \$'000	Examples of Type Of Asset	Valuation Technique/s	Significant Inputs	Range of Inputs (incl. probable)	Relationship of unobservable inputs to Fair Value
Road infrastructure	49,591	Road pavement, road surface, kerb & guttering, footpaths, bridges other road structures	Depreciated replacement cost	Cost per sq metre, dimensions and specification, pattern of consumption, components, useful life, residual value, asset condition	various	Increase / decrease in materials cost, labour rates, and worker efficiency
Bulk Earthworks	50,454	Non depreciable earthworks	Current replacement cost	Cost per sq metre	various	Increase / decrease in materials cost, labour rates, and worker efficiency
Stormwater Drainage	1,607	Pits, pipes	Depreciated replacement cost	Cost per unit / per metre	various	Increase / decrease in materials cost, labour rates, and worker efficiency
Sewerage Network	10,479	Sewer lines, pump stations, sewer treatment plant, effluent recycling	Depreciated replacement cost	Unit rates, pattern of consumption, components, useful life, residual value, asset condition	Refer Reference Rate Manual	Valued in accordance with NSW Office of Water Reference Rates Manual
Other Assets	288	Gravel pits	Depreciated replacement cost	Unit costs	various	Increase / decrease in materials cost



## Coolamon Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 28. Operating Segments

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 benefits, accrued expenses, other financial liabilities and borrowings.

\$ '000	Residential Aged Care		Other		Consolidated	
	Actual 2014	Actual 2013	Actual 2014	Actual 2013	Actual 2014	Actual 2013
<b>Revenue</b>						
Government Subsidies	870	877	2,746	4,327	3,616	5,204
Resident Charges	574	553	-	-	574	553
Capital Gains	-	-	40	18	40	18
Bond Retentions	51	56	-	-	51	56
Interest Income	85	97	369	405	454	502
Donations	18	91	-	-	18	91
Contributions (Capital & Operating)	-	-	2,941	2,785	2,941	2,785
Other	15	13	4,082	3,783	4,097	3,796
<b>Total Revenue</b>	<b>1,613</b>	<b>1,687</b>	<b>10,178</b>	<b>11,318</b>	<b>11,791</b>	<b>13,005</b>
<b>Expenses</b>						
Care Employee Expenses	978	975	-	-	978	975
Other Employee Expenses	-	-	3,501	3,927	3,501	3,927
Management Fees	99	99	-	-	99	99
Interest Expense	-	-	-	-	-	-
Depreciation & Amortisation	71	48	2,592	2,376	2,663	2,424
Insurances	15	14	253	257	268	271
Electricity & Heating	63	54	180	170	243	224
Telephone	1	2	49	47	50	49
Water	12	12	118	113	130	125
Rates	10	10	-	-	10	10
Audit Fees	2	-	15	17	17	17
Other	261	280	3,515	3,724	3,776	4,004
<b>Total Expenses</b>	<b>1,512</b>	<b>1,494</b>	<b>10,223</b>	<b>10,631</b>	<b>11,735</b>	<b>12,125</b>
<b>Segment Result (pre Tax)</b>	<b>101</b>	<b>193</b>	<b>(45)</b>	<b>687</b>	<b>56</b>	<b>880</b>

## Coolamon Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2014

## Note 28. Operating Segments (continued)

\$ '000	Residential Aged Care		Other		Consolidated	
	Actual 2014	Actual 2013	Actual 2014	Actual 2013	Actual 2014	Actual 2013
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash & Cash Equivalents	1,982	1,652	(1,538)	(733)	444	919
Investments	-		10,700	10,700	10,700	10,700
Receivables	154	97	471	557	625	654
Inventories	-		133	150	133	150
<b>Total Current Assets</b>	<b>2,136</b>	<b>1,749</b>	<b>9,766</b>	<b>10,674</b>	<b>11,902</b>	<b>12,423</b>
<b>Non-current Assets</b>						
Receivables	849	802	11	18	860	820
Inventories	-		282	282	282	282
Infrastructure, PP&E	3,735	3,795	144,250	143,415	147,985	147,210
Investments accounted for using equity method	-		124	116	124	116
<b>Total Non-Current Assets</b>	<b>4,584</b>	<b>4,597</b>	<b>144,667</b>	<b>143,831</b>	<b>149,251</b>	<b>148,428</b>
<b>TOTAL ASSETS</b>	<b>6,720</b>	<b>6,346</b>	<b>154,433</b>	<b>154,505</b>	<b>161,153</b>	<b>160,851</b>
<b>LIABILITIES</b>						
<b>Current Liabilities</b>						
Payables	1,634	1,376	3,379	3,443	5,013	4,819
Provisions	157	141	1,491	1,557	1,648	1,698
<b>Total Current Liabilities</b>	<b>1,791</b>	<b>1,517</b>	<b>4,870</b>	<b>5,000</b>	<b>6,661</b>	<b>6,517</b>
<b>Non-Current Liabilities</b>						
Payables			9	13	9	13
Borrowings			849	802	849	802
Provisions	5	5	1,001	942	1,006	947
<b>Total Non-Current Liabilities</b>	<b>5</b>	<b>5</b>	<b>1,859</b>	<b>1,757</b>	<b>1,864</b>	<b>1,762</b>
<b>TOTAL LIABILITIES</b>	<b>1,796</b>	<b>1,522</b>	<b>6,729</b>	<b>6,757</b>	<b>8,525</b>	<b>8,279</b>
<b>Net Assets</b>	<b>4,924</b>	<b>4,824</b>	<b>147,704</b>	<b>147,748</b>	<b>152,628</b>	<b>152,572</b>

**Component of Segment****Liabilities included above:**

Accommodation Bond Liabilities	1,628	1,324	-	-	1,628	1,324
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**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 and recoveries made between the segments.

## Coolamon Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2014

### Note 29. Council Information & Contact Details

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**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 6930 1800

**Facsimile:** 02 6927 3168

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

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

**Officers**

**GENERAL MANAGER**

Tony Donoghue

**RESPONSIBLE ACCOUNTING OFFICER**

Courtney Armstrong

**PUBLIC OFFICER**

Tony Donoghue

**AUDITORS**

Auswild & Co  
4 Dugan Street  
DEAKIN ACT 2600

**Elected Members**

**MAYOR**

Clr John Seymour

**COUNCILLORS**

Clr Bruce Hutcheon  
Clr Grant Beard  
Clr David McCann  
Clr Kathy Maslin  
Clr Dennis Brill  
Clr Alan White  
Clr Bec Huxtable  
Clr Kerrilee Logan

**Other Information**

**ABN:** 32 573 173 265



## Independent auditor's report to the Councillors of the Coolamon Shire Council and the Chief Executive Officer of the Office 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, Statement of Financial Position as at 30<sup>th</sup> June, 2014, Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows 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, Statement of Cash Flows, Note 2(a) and 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  
31<sup>st</sup> October, 2014

**COOLAMON SHIRE COUNCIL**

**REPORT ON THE CONDUCT  
OF THE AUDIT**

**2014**





# Auswild & Co

CHARTERED ACCOUNTANTS

ABN: 29 725 771 792

31<sup>st</sup> October, 2014

Councillor John Seymour  
Mayor  
Coolamon Shire Council  
P.O. Box 101  
**COOLAMON.** N.S.W. 2701

Dear Cr Seymour,

Having completed an audit examination of the books of account and associated records of the Coolamon Shire Council for the twelve months period ended 30<sup>th</sup> June 2014 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

Council is required to prepare two sets of financial statements for audit each year, these being:

### General Purpose Financial Statements

These financial statements present the actual financial position and performance of the Council. Council has prepared the general purpose financial statements in accordance with:

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

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

These financial statements have been prepared in much the same manner as those of the previous year.

### Special Purpose Financial Statements

These financial statements have been prepared in accordance with the requirements of the National Competition Policy which requires separate financial statements for each declared business activity. Council's declared business activities for the 2014 financial year are:

- Sewer Fund Operations
- Allawah Complex

The principle differences between the general purpose financial statements and the special purpose financial statements are that:

- certain taxes and other costs that would apply if these business activities were operating in the commercial sector have been imputed in the special purpose financial statements (ie income tax and land tax),
- the special purpose financial statements contain additional disclosures such as council subsidies, return on investments and dividends paid.

These financial statements have been prepared in much the same manner as those of the previous year.

### Auditor's Responsibility

As part of our role as auditor of Council, Section 415 (3) of the *Local Government Act 1993* and the *Local Government (General) Regulation* requires us to consider and provide comment on the material items affecting the general purpose financial statements and other matters pertinent to the audit. The following section of this report provides an understanding of Council's financial position as at 30 June 2014, its performance for the year then ended, its cash flows and other material financial matters.



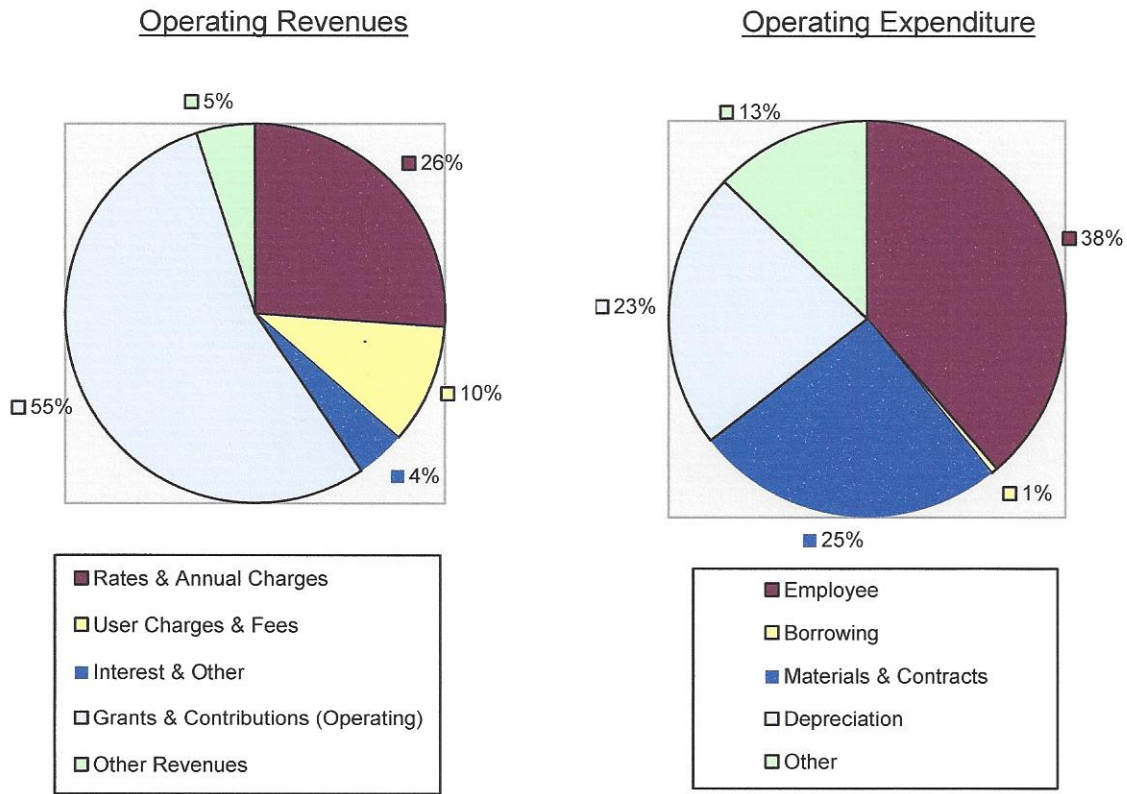


**FINANCIAL RESULTS**

Council reported an operating deficit before capital grants and contributions of \$441,000 for the year ended 30 June 2014 (2013 – surplus of \$556,000). The significant variance in Council’s reported financial results for the current year is primarily due to the changed arrangements for the payment of the Financial Assistance Grant. In 2013/2014 the Australian Government ceased the payment of instalments in advance which has reduced Coolamon Council’s Financial Assistance Grant by \$1.25 million (44%). We note that this reflects a one off reduction and it does not represent a loss of income but is instead a timing difference.

Excluding capital grants & contributions, operating revenues (\$11.19 million) for the year have decreased approx.11.0% on those of the previous year (\$12.57 million) whilst during the same period operating expenses (\$11.63 million) decreased approx. 3.2%.

A breakdown of Council’s operating revenues and expenses from continuing operations for the year are as follows:



In addition to operating revenues, Council received capital grants and contributions amounting to \$497,000 (2013 - \$324,000).

In the twelve months period to 30 June 2014 Council’s operating result from continuing operations’ (**including** capital grants and contributions) was a surplus of \$56,000 compared with a surplus of \$880,000 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 \$121,000.

## **BUDGET COMPARISON**

The net operating surplus for the year of \$56,000 was well above the original budget expectations which anticipated a deficit of \$1.28 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**

- Increased user charges and fees from Private Works, Cemeteries, Aged Care and Caravan Park.
- Insurance incentives and claims received were not included in Council's original budget.
- Unbudgeted capital grants and contributions for Coolamon Tennis Courts (\$66,000), Solar Panels (\$20,000) and Ganmain Swimming Pool were received in the current year.

### **Unfavourable Variances**

- Gains from the disposal of assets fell short of budget expectations due to the write off of the filtration plant at the Ardlethan Swimming Pool.



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## DETAILED AUDIT OBSERVATIONS

### OPERATING INCOME

#### Rates and Annual Charges

Revenue from rates and annual charges (excluding Council owned properties) amounted to \$2.91 million (2013 - \$2.79 million).

In setting the **ordinary rates** for the year, Council resolved to adopt the maximum increase available of 3.4%. This action has resulted in revenues from ordinary rates increasing from \$1.99 million in 2012/2013 to \$2.07 million in the current year.

Council's ordinary rating base again increased during the twelve months period and at year's end 2,920 assessments were subject to ordinary rates.

Council further resolved that other major charges be varied as follows:

- Sewerage connected charges increased \$10 to \$360
- Sewerage unconnected charges increased \$5 to \$155
- Pedestal charges increased \$3 to \$98
- Ardlethan Effluent charges for connected properties increased \$5 to \$155
- Domestic Waste Management collection charges increased \$5 to \$170
- Domestic Recycling charges increased \$2 to \$82

Such increases have resulted in revenues as follows:

<u>Annual Charges</u>	<b>2014</b>	<b>2013</b>
	\$	\$
Sewerage	383,000	367,000
Domestic Waste	382,000	346,000
Tip Access	79,000	89,000

Rebates of \$126,500 were provided to eligible pensioners and a subsidy of \$69,000 was received from the Office of Local Government towards the cost of these rebates.

Interest and extra charges on overdue rates and annual charges for the year were \$17,000 (2013 - \$19,000) and outstanding rates were subject to interest at the rate of 9.00% pa (2013 - 10.00%).





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### User Charges and Fees

Council derived \$142,000 from **Statutory/Regulatory User Charges & Fees** (2013 - \$109,000) and a further \$1.02 million from **Other Fees & Charges** (2013 - \$951,000) imposed during the twelve months period ended 30 June 2014.

Revenues received from user charges and fees included:-

	2014 \$	2013 \$
Child Care	225,000	200,000
Allawah Lodge	574,000	553,000
Caravan Park	29,000	31,000
Private Works	59,000	45,000
Cemeteries	80,000	70,000
MSO and Community Transport	67,000	66,000

### Interest

Interest and investment revenues decreased in the twelve months period, principally in response to reduced interest rates available.

Interest and investments revenues were earned as follows:

	2014 \$	2013 \$
Overdue Rates & Charges	17,000	19,000
Allawah Lodge & Village investments	146,000	183,000
Sewerage Fund	49,000	65,000
Domestic Waste Management	3,000	30,000
General Investments	239,000	205,000
	<u>\$ 454,000</u>	<u>\$ 502,000</u>

Excluding interest attributed to the Allawah Complex investments (\$146,000) investment income represented approximately 15.00% of ordinary rating income and therefore remains an important component of Council's budget.



## **Other Revenues**

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 (\$323,000).

## **Grants, Subsidies and Contributions**

### Operating Grants and Contributions

Operating grants and contributions amounting to \$6.11 million were received in 2013/2014 compared with \$7.77 million received in the previous year.

As we have consistently reported over the past few years, Council had been receiving advance instalments of the untied Financial Assistance Grant (FAG) which was being brought to account as Council income in the year of receipt. Whilst such accounting treatment was in accordance with the accounting standards, this practice has nevertheless significantly improved Council's past operating results. In the current year, the Australian Government has acted to realign the FAG instalments to the years to which they relate and consequently instalments amounting to only \$1.58 million were received compared with instalments amounting to \$2.83 million in the previous year. Importantly, Council had retained the advance instalments as an internally restricted asset and consequently there was no material impact on Council's cash flow.

Other major operating grants and contributions were received for Coolamon Shire MSO & Community Transport (\$230,000), Aged & Disabled CACP (\$88,000), Allawah Lodge (\$870,000), Ardlethan Preschool (\$66,000), Child Care (\$241,000), Regional Roads (\$1.98 million) and Roads to Recovery funding (\$612,000).

### Capital Grants and Contributions

Capital grants and contributions received in 2013/2014 amounted to \$497,000 (2013 - \$324,000) and comprised of funding for Allawah Complex (\$93,000), RMS contributions for regional and local roads (\$316,000) and recreation & culture (\$86,000).

In accordance with the Code of Accounting Practice all grant and contribution monies received in 2013/2014 (both expended and unexpended) have been brought to account as income. Grants and contributions recognised as revenues in the current reporting period but not yet expended in accordance with the conditions attaching thereto amounted to \$218,000. At year end Council held specific purpose unexpended grants and contributions amounting to \$275,000 (2013 - \$271,000) and such funds have been identified as an externally restricted asset.



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## **OPERATING EXPENSES**

Expenses from continuing operations (\$11.63 million) were lower than both budget expectations (\$12.12 million) and those of the previous year (\$12.02 million).

Impacting significantly on operating expenses for the year were:

### **Employee Costs**

Employee costs (\$4.48 million) decreased approx. 8.6% in the twelve months period to 30 June 2014 principally due to:

- Capitalised costs increasing by \$124,000
- Employee leave entitlements reducing by \$72,000
- Workers compensation insurance reducing by \$353,000

At year end Council's full time equivalent employees numbered 63 (2013 – 70).

### **Materials and Contracts**

Materials and contracts expenditure (\$2.94 million) reduced in the current year which can be attributed to increased capital works in lieu of maintenance and repair programs.

### **Depreciation**

Depreciation expenses increased approx. \$239,000 from \$2.42 million in 2012/2013 to \$2.66 million in 2013/2014. This is largely attributable to an increase in buildings depreciation following their revaluation in the previous year.

Whilst such expenses have a significant impact on Council's operating result we note that Coolamon Shire Council's depreciation expenses as a percentage of total expenses are generally lower in comparison with most rural Councils with which we are associated.

### **Net Losses/Gains from the Disposal of Assets**

The sale/disposal of Council assets in the current year has resulted in a profit of \$39,000 being brought to account (2013 – profit \$18,000).





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## ASSETS

### **Cash & Investments**

At balance date Council controlled cash and investments totalling \$11.14 million (2013 - \$11.62 million).

Council utilises its investments to cover both externally and internally imposed requirements and comprises Allawah Complex investments (\$4.43 million), employee entitlements (\$1.16 million), unexpended grants and contributions (\$275,000), sewerage (\$1.48 million), domestic waste management (\$707,000) and monies for future capital works.

Externally restricted investments (including sewerage fund) amounted to \$6.89 million whilst Council has "earmarked" a further \$4.23 million towards the funding of its future long-term objectives.

Council's cash and investments were held as follows:

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
General Fund	4,257,000	5,103,000
Sewerage Fund	1,479,000	1,461,000
Externally Restricted Funds	5,408,000	5,055,000
	<u>11,144,000</u>	<u>11,619,000</u>

and comprised:

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Cash on Hand and at Bank	444,000	919,000
Short Term Deposits	Nil	Nil
Long Term Deposits	10,700,000	10,700,000
	<u>11,144,000</u>	<u>11,619,000</u>

### **Debtors**

#### Rates and Annual Charges

At balance date net outstanding rates, annual charges and associated interest amounted to \$204,000 (2013 - \$158,000) which represented 6.59% of total receivable (2013 – 5.31%).

Council's outstanding arrears percentage remains at a satisfactory level and importantly it appears as though Council is not materially exposed to the arrears of any one ratepayer.

All outstanding arrears have been subject to interest of 9.00% pa and Council has maintained a provision for doubtful debts amounting to \$83,000.



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## Real Estate

In the twelve months period to 30 June 2014 there were no movements in Council's real estate holdings.

At year end Council held largely undeveloped land with a book value of \$282,000.

## Property, Plant & Equipment excluding Real Estate

During the reporting period Council expended \$3.64 million (2013 - \$4.14 million) on the acquisition of assets. The principal items being:-

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Plant & Equipment	637,000	639,000
Buildings	103,000	278,000
Roads, Bridges & Footpaths	2,609,000	2,577,000
Other Structures	287,000	210,000

Additionally, we report that Council sold assets with a book value of \$198,000. The sale of these assets has resulted in a profit of \$39,000 being brought to account (2013 – profit \$18,000).

Asset movements have resulted in the written down value of property, plant and equipment increasing from \$147.21 million in 2013 to \$147.99 million as at 30 June 2014.

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

## LIABILITIES

### Provisions

At 30 June 2014 the Provision for Employee Accrued Entitlements totalled \$1,710,000. The components of the liability are:-

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Annual Leave	462,000	445,000
Long Service Leave	1,234,000	1,297,000
Other	14,000	21,000





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The average leave entitlement per employee as at 30 June 2014 was \$27,000 (2013 - \$25,200). At year end Council had set aside funds amounting to \$1,163,000 or 68.00% 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 \$62,000 and at year end amounted to \$944,000.

### 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:-

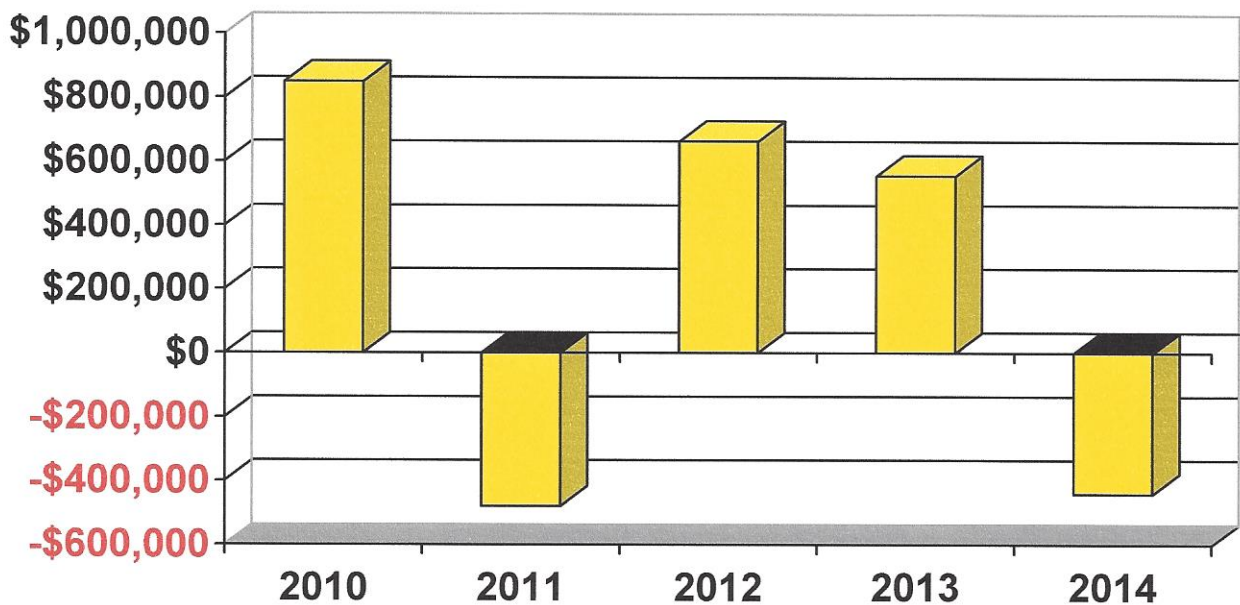
- Operating result before capital amounts (deficit \$441,000)
- Net decrease in cash and investments held (\$475,000)
- Internal and unrestricted investments (\$4,257,000) and Sewerage investments (\$1,479,000)
- Performance ratios



**Operating Result**

Council reported an operating deficit before capital amounts of \$441,000 for the twelve months period to 30 June 2014. This deficit result has been reported after allowing for depreciation expenses of \$2.66 million and although it was significantly higher than the original budget expectations (deficit - \$1.68 million) it was well below the operating surplus of \$556,000 reported in 2012/2013.

**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)	
	2014	2013
	\$	\$
General Fund	(451,000)	446,000
Sewerage Fund	(111,000)	(103,000)
Allawah Complex	121,000	213,000
<b>Surplus/(Deficit)</b>	<b>(441,000)</b>	<b>556,000</b>

The current year's operating result has continued the declining trend, however we note that the current year's deficit result has been adversely impacted by the timing adjustment relating to the payment of the financial assistance grant instalments. As previously reported, the Australian Government ceased the payment of advance instalments in the current year and Coolamon Shire Council's untied FAG was approx. \$1.25 million below that of the previous year.



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

<u>Income</u>	2014 \$	2013 \$	Variance \$
Interest & Investment Revenue	454,000	502,000	(48,000)
Specific Purpose Operating Grants	2,004,000	2,338,000	(334,000)
<b><u>Expenses</u></b>			
Employee Costs	4,479,000	4,902,000	(423,000)
Raw Materials & Consumables	2,898,000	3,178,000	(280,000)
Depreciation	2,663,000	2,424,000	239,000

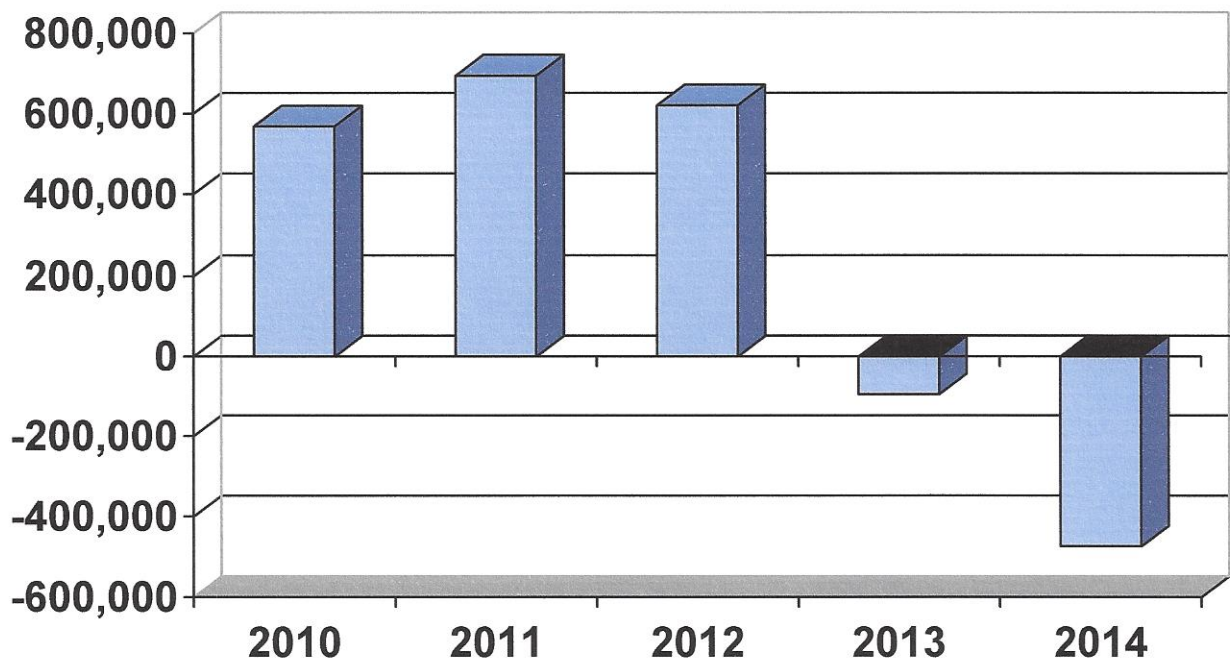
On balance we consider that Council has reported a sound operating result.

### Cash Flow

Council achieved a cash surplus of \$2.91 million (2013 - \$3.76 million) from its operating activities which was principally utilised to purchase assets (\$3.64 million).

These actions together with the proceeds from the sale of property, plant and equipment have resulted in Council reporting a cash flow deficit (including investments) of \$475,000 for the year.

### Cash Flow Surplus/Deficit



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

<b>Activity</b>	<b>Surplus/(Deficit)</b>	
	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
<u>Externally Restricted</u>		
Sewerage Fund	18,000	7,000
Allawah Complex Bonds	274,000	298,000
Other External Restrictions	79,000	161,000
<u>Internally Restricted &amp; Unrestricted</u>		
General Fund	<u>(846,000)</u>	<u>(561,000)</u>
	(\$475,000)	(\$ 95,000)

For comparative purposes, we note the following factors that have impacted on the cash flow deficit in 2013/2014.

- Advance instalments of the financial assistance grant ceased in 2013/2014.
- Capital expenditure amounted to \$3.64 million in the current year compared to \$4.14 million in 2012/2013.
- Payables increased \$199,000 in the current year.

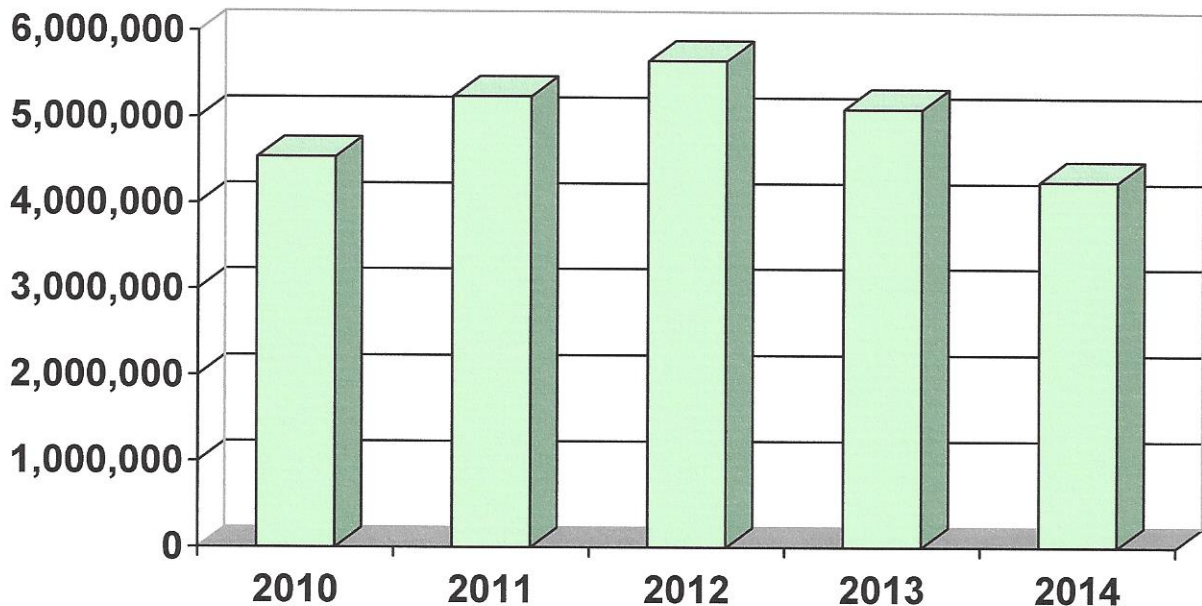




Reserves (Internally and Unrestricted Assets)

As noted previously, Council's internal and unrestricted funds have decreased by \$846,000 during the twelve months period and at year end Council held internally and unrestricted investments amounting to \$4.26 million. In addition to these funds we report that the sewerage fund held cash and investments amounting to \$1.48 million.

Reserves (Internally and Unrestricted Assets)



As illustrated, Council's reserve funds have been declining since 2012 however we do emphasise that the current year's cash position has been adversely impacted by the utilization of the FAG reserve (\$1.49 million) to negate the impact of the cessation of the advance payments.

As we have consistently reported, the adequate funding of reserves is probably the greatest challenge facing local government generally and although Coolamon Shire Council is reasonably well positioned further funding should remain a priority.

Further, we note that Council has real estate holdings (\$282,000) comprising undeveloped residential land, which when sold may further improve Council's liquidity position.



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**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 4.35, the satisfactory rates and annual charges arrears percentage (6.59%) 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  
Principal  
Registered Company Auditor No 1249



# Coolamon Shire Council

SPECIAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2014

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



## Coolamon Shire Council

### Special Purpose Financial Statements

for the financial year ended 30 June 2014

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#### Background

- (i) These Special Purpose Financial Statements have been prepared for the use by both Council and the Office of Local Government in fulfilling their requirements under National Competition Policy.
- (ii) The principle of competitive neutrality is based on the concept of a "level playing field" between persons/entities competing in a market place, particularly between private and public sector competitors.

Essentially, the principle is that government businesses, whether Commonwealth, State or Local, should operate without net competitive advantages over other businesses as a result of their public ownership.

- (iii) For Council, the principle of competitive neutrality & public reporting applies only to declared business activities.

These include **(a)** those activities classified by the Australian Bureau of Statistics as business activities being water supply, sewerage services, abattoirs, gas production and reticulation and **(b)** those activities with a turnover of over \$2 million that Council has formally declared as a Business Activity (defined as Category 1 activities).

- (iv) In preparing these financial statements for Council's self classified Category 1 businesses and ABS defined activities, councils must **(a)** adopt a corporatisation model and **(b)** apply full cost attribution including tax equivalent regime payments & debt guarantee fees (where the business benefits from councils borrowing position by comparison with commercial rates).
-



## Coolamon Shire Council

### Special Purpose Financial Statements for the financial year ended 30 June 2014

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

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

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

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

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

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

Signed in accordance with a resolution of Council made on 18 September 2014.



Clr Bruce Hutcheon  
DEPUTY MAYOR



Clr David McCann  
COUNCILLOR



Tony Donoghue  
GENERAL MANAGER



Courtney Armstrong  
RESPONSIBLE ACCOUNTING OFFICER

## Coolamon Shire Council

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

for the financial year ended 30 June 2014

\$ '000	Actual 2014	Actual 2013
<b>Income from continuing operations</b>		
Access charges	-	-
User charges	-	-
Fees	-	-
Interest	-	-
Grants and contributions provided for non capital purposes	-	-
Profit from the sale of assets	-	-
Other income	-	-
<b>Total income from continuing operations</b>	<b>-</b>	<b>-</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	-	-
Borrowing costs	-	-
Materials and contracts	-	-
Depreciation and impairment	-	-
Water purchase charges	-	-
Loss on sale of assets	-	-
Calculated taxation equivalents	-	-
Debt guarantee fee (if applicable)	-	-
Other expenses	-	-
<b>Total expenses from continuing operations</b>	<b>-</b>	<b>-</b>
<b>Surplus (deficit) from Continuing Operations before capital amounts</b>	<b>-</b>	<b>-</b>
Grants and contributions provided for capital purposes	-	-
<b>Surplus (deficit) from Continuing Operations after capital amounts</b>	<b>-</b>	<b>-</b>
Surplus (deficit) from discontinued operations	-	-
<b>Surplus (deficit) from ALL Operations before tax</b>	<b>-</b>	<b>-</b>
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	-
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>-</b>	<b>-</b>
plus Opening Retained Profits	-	-
plus/less: Prior Period Adjustments	-	-
plus/less: Other Adjustments ( <a href="#">details here...</a> )	-	-
plus Adjustments for amounts unpaid:		
- Taxation equivalent payments	-	-
- Debt guarantee fees	-	-
- Corporate taxation equivalent	-	-
less:		
- Tax Equivalent Dividend paid	-	-
- Surplus dividend paid	-	-
<b>Closing Retained Profits</b>	<b>-</b>	<b>-</b>
<b>Return on Capital %</b>	<b>n/a</b>	<b>n/a</b>
<b>Subsidy from Council</b>	<b>-</b>	<b>-</b>
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	-	-
less: Capital grants and contributions (excluding developer contributions)	-	-
<b>Surplus for dividend calculation purposes</b>	<b>-</b>	<b>-</b>
<b>Potential Dividend calculated from surplus</b>	<b>-</b>	<b>-</b>

## Coolamon Shire Council

## Income Statement of Council's Sewerage Business Activity

for the financial year ended 30 June 2014

\$ '000	Actual 2014	Actual 2013
<b>Income from continuing operations</b>		
Access charges	413	397
User charges	5	5
Liquid Trade Waste charges	-	-
Fees	-	-
Interest	49	65
Grants and contributions provided for non capital purposes	13	13
Profit from the sale of assets	-	-
Other income	8	3
<b>Total income from continuing operations</b>	<b>488</b>	<b>483</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	139	132
Borrowing costs	-	-
Materials and contracts	156	148
Depreciation and impairment	210	209
Loss on sale of assets	-	-
Calculated taxation equivalents	-	-
Debt guarantee fee (if applicable)	-	-
Other expenses	94	97
<b>Total expenses from continuing operations</b>	<b>599</b>	<b>586</b>
<b>Surplus (deficit) from Continuing Operations before capital amounts</b>	<b>(111)</b>	<b>(103)</b>
Grants and contributions provided for capital purposes	-	23
<b>Surplus (deficit) from Continuing Operations after capital amounts</b>	<b>(111)</b>	<b>(80)</b>
Surplus (deficit) from discontinued operations	-	-
<b>Surplus (deficit) from ALL Operations before tax</b>	<b>(111)</b>	<b>(80)</b>
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	-
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>(111)</b>	<b>(80)</b>
<b>plus Opening Retained Profits</b>	<b>6,096</b>	<b>6,176</b>
<b>plus/less: Prior Period Adjustments</b>		-
<b>plus/less: Other Adjustments (details here...)</b>		-
<b>plus Adjustments for amounts unpaid:</b>		
- Taxation equivalent payments	-	-
- Debt guarantee fees	-	-
- Corporate taxation equivalent	-	-
<b>less:</b>		
- Tax Equivalent Dividend paid		-
- Surplus dividend paid		-
<b>Closing Retained Profits</b>	<b>5,985</b>	<b>6,096</b>
<b>Return on Capital %</b>	<b>-0.9%</b>	<b>-0.8%</b>
<b>Subsidy from Council</b>	<b>573</b>	<b>598</b>
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	(111)	(80)
less: Capital grants and contributions (excluding developer contributions)	-	-
<b>Surplus for dividend calculation purposes</b>	<b>-</b>	<b>-</b>
<b>Potential Dividend calculated from surplus</b>	<b>-</b>	<b>-</b>

## Coolamon Shire Council

## Income Statement of Council's Other Business Activities

for the financial year ended 30 June 2014

Allawah Complex

\$ '000	Category 2	
	Actual 2014	Actual 2013
	0	
<b>Income from continuing operations</b>		
Access charges	-	-
User charges	574	553
Fees	-	-
Interest	146	183
Grants and contributions provided for non capital purposes	975	1,024
Profit from the sale of assets	-	-
Other income	128	116
<b>Total income from continuing operations</b>	<b>1,823</b>	<b>1,876</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	993	984
Borrowing costs	-	-
Materials and contracts	283	317
Depreciation and impairment	139	98
Loss on sale of assets	-	-
Calculated taxation equivalents	-	-
Debt guarantee fee (if applicable)	-	-
Other expenses	287	264
<b>Total expenses from continuing operations</b>	<b>1,702</b>	<b>1,663</b>
<b>Surplus (deficit) from Continuing Operations before capital amounts</b>	<b>121</b>	<b>213</b>
Grants and contributions provided for capital purposes	92	105
<b>Surplus (deficit) from Continuing Operations after capital amounts</b>	<b>213</b>	<b>318</b>
Surplus (deficit) from discontinued operations	-	-
<b>Surplus (deficit) from ALL Operations before tax</b>	<b>213</b>	<b>318</b>
less: Corporate Taxation Equivalent (30%) [based on result before capital]	(36)	(64)
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>177</b>	<b>254</b>
plus Opening Retained Profits	6,437	6,119
plus/less: Prior Period Adjustments	-	-
plus/less: Other Adjustments (details here...)	-	-
plus Adjustments for amounts unpaid:		
- Taxation equivalent payments	-	-
- Debt guarantee fees	-	-
- Corporate taxation equivalent	36	64
add:		
- Subsidy Paid/Contribution To Operations	-	-
less:		
- TER dividend paid	-	-
- Dividend paid	-	-
<b>Closing Retained Profits</b>	<b>6,650</b>	<b>6,437</b>
Return on Capital %	1.3%	2.3%
Subsidy from Council	208	140

## Coolamon Shire Council

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

as at 30 June 2014

\$ '000	Actual 2014	Actual 2013
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	-	-
Investments	-	-
Receivables	-	-
Inventories	-	-
Other	-	-
Non-current assets classified as held for sale	-	-
<b>Total Current Assets</b>	<b>-</b>	<b>-</b>
<b>Non-Current Assets</b>		
Investments	-	-
Receivables	-	-
Inventories	-	-
Infrastructure, property, plant and equipment	-	-
Investments accounted for using equity method	-	-
Investment property	-	-
Other	-	-
<b>Total non-Current Assets</b>	<b>-</b>	<b>-</b>
<b>TOTAL ASSETS</b>	<b>-</b>	<b>-</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Bank Overdraft	-	-
Payables	-	-
Interest bearing liabilities	-	-
Provisions	-	-
<b>Total Current Liabilities</b>	<b>-</b>	<b>-</b>
<b>Non-Current Liabilities</b>		
Payables	-	-
Interest bearing liabilities	-	-
Provisions	-	-
<b>Total Non-Current Liabilities</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>
<b>NET ASSETS</b>	<b>-</b>	<b>-</b>
<b>EQUITY</b>		
Retained earnings	-	-
Revaluation reserves	-	-
Council equity interest	-	-
Non-controlling equity interest	-	-
<b>TOTAL EQUITY</b>	<b>-</b>	<b>-</b>

## Coolamon Shire Council

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

as at 30 June 2014

\$ '000	Actual 2014	Actual 2013
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	1,479	1,461
Investments	-	-
Receivables	47	35
Inventories	-	-
Other	-	-
Non-current assets classified as held for sale	-	-
<b>Total Current Assets</b>	<b>1,526</b>	<b>1,496</b>
<b>Non-Current Assets</b>		
Investments	-	-
Receivables	-	-
Inventories	-	-
Infrastructure, property, plant and equipment	12,971	13,123
Investments accounted for using equity method	-	-
Investment property	-	-
Other	-	-
<b>Total non-Current Assets</b>	<b>12,971</b>	<b>13,123</b>
<b>TOTAL ASSETS</b>	<b>14,497</b>	<b>14,619</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Bank Overdraft	-	-
Payables	-	11
Interest bearing liabilities	-	-
Provisions	-	-
<b>Total Current Liabilities</b>	<b>-</b>	<b>11</b>
<b>Non-Current Liabilities</b>		
Payables	-	-
Interest bearing liabilities	-	-
Provisions	-	-
<b>Total Non-Current Liabilities</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>11</b>
<b>NET ASSETS</b>	<b>14,497</b>	<b>14,608</b>
<b>EQUITY</b>		
Retained earnings	5,985	6,096
Revaluation reserves	8,512	8,512
Council equity interest	14,497	14,608
Non-controlling equity interest	-	-
<b>TOTAL EQUITY</b>	<b>14,497</b>	<b>14,608</b>

## Coolamon Shire Council

## Statement of Financial Position - Council's Other Business Activities

as at 30 June 2014

Allawah Complex

Category 2

\$ '000	Actual 2014	Actual 2013
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	4,981	4,638
Investments	-	-
Receivables	155	100
Inventories	-	-
Other	-	-
Non-current assets classified as held for sale	-	-
<b>Total Current Assets</b>	<b>5,136</b>	<b>4,738</b>
<b>Non-Current Assets</b>		
Investments	-	-
Receivables	-	-
Inventories	-	-
Infrastructure, property, plant and equipment	9,232	9,357
Investments accounted for using equity method	-	-
Investment property	-	-
Other	-	-
<b>Total Non-Current Assets</b>	<b>9,232</b>	<b>9,357</b>
<b>TOTAL ASSETS</b>	<b>14,368</b>	<b>14,095</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Bank Overdraft	-	-
Payables	4,583	4,303
Interest bearing liabilities	-	-
Provisions	157	141
<b>Total Current Liabilities</b>	<b>4,740</b>	<b>4,444</b>
<b>Non-Current Liabilities</b>		
Payables	-	-
Interest bearing liabilities	-	236
Provisions	5	5
Other Liabilities	-	-
<b>Total Non-Current Liabilities</b>	<b>5</b>	<b>241</b>
<b>TOTAL LIABILITIES</b>	<b>4,745</b>	<b>4,685</b>
<b>NET ASSETS</b>	<b>9,623</b>	<b>9,410</b>
<b>EQUITY</b>		
Retained earnings	6,650	6,437
Revaluation reserves	2,973	2,973
Council equity interest	9,623	9,410
Non-controlling equity interest	-	-
<b>TOTAL EQUITY</b>	<b>9,623</b>	<b>9,410</b>

## Coolamon Shire Council

### Special Purpose Financial Statements

for the financial year ended 30 June 2014

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

Note	Details	Page
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2	Water Supply Business Best Practice Management disclosure requirements	13-14
3	Sewerage Business Best Practice Management disclosure requirements	15-16



## Coolamon Shire Council

### Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2014

#### Note 1. Significant Accounting Policies

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

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

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

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

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

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

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

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

#### National Competition Policy

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

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

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

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

#### Declared Business Activities

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

##### Category 1

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

Nil

##### Category 2

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

##### a. Coolamon Shire Sewerage Service

*Council's sewerage reticulation & treatment activities.*

##### b. Allawah Complex

*Provision of Hostel & Retirement Accommodation and associated services for the aged.*

#### Monetary Amounts

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

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

#### (i) Taxation Equivalent Charges

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

## Coolamon Shire Council

### Notes to the Special Purpose Financial Statements for the financial year ended 30 June 2014

#### Note 1. Significant Accounting Policies

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

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

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

#### Notional Rate Applied %

##### Corporate Income Tax Rate – 30%

Land Tax – The first **\$412,000** of combined land values attracts **0%**. From \$412,001 to \$2,519,000 the rate is **1.6% + \$100**. For the remaining combined land value that exceeds \$2,519,000, a premium marginal rate of **2.0%** applies.

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

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

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

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

#### Income Tax

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

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

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

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

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

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

#### Local Government Rates & Charges

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

#### Loan & Debt Guarantee Fees

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

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

## Coolamon Shire Council

### Notes to the Special Purpose Financial Statements for the financial year ended 30 June 2014

#### Note 1. Significant Accounting Policies

##### (ii) Subsidies

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

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

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

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

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

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

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

The Rate of Return on Capital is calculated as follows:

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

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

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 3.56% at 30/6/14.

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

##### (iv) Dividends

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

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

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

- (i) 50% of this surplus in any one year, or
- (ii) the number of water supply or sewerage assessments at 30 June 2014 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

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

# Coolamon Shire Council

## Notes to the Special Purpose Financial Statements for the financial year ended 30 June 2014

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

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

**2014**

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

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

(i)	Calculated Tax Equivalents	<input type="text" value="-"/>
(ii)	No of assessments multiplied by \$3/assessment	<input type="text" value="-"/>
(iii)	Amounts payable for Tax Equivalents [lesser of (i) and (ii)]	<input type="text" value="-"/>
(iv)	Amounts actually paid for Tax Equivalents	<input type="text"/>

#### 2. Dividend from Surplus

(i)	50% of Surplus before Dividends [Calculated in accordance with Best Practice Management for Water Supply and Sewerage Guidelines]	<input type="text" value="-"/>
(ii)	No. of assessments multiplied by \$30/assessment, less tax equivalent charges/assessment	<input type="text" value="-"/>
(iii)	Cumulative surplus before Dividends for the 3 years to 30 June 2014, less the cumulative dividends paid for the 2 years to 30 June 2013 & 30 June 2012	<input type="text" value="-"/>

2014 Surplus	-	2013 Surplus	-	2012 Surplus	
		2013 Dividend	-	2012 Dividend	

(iv)	Maximum dividend from surplus [least of (i), (ii) and (iii) above]	<input type="text" value="-"/>
(v)	Dividend actually paid from surplus [refer below for required pre-dividend payment Criteria]	<input type="text"/>

#### 3. Required outcomes for 6 Criteria

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

(i)	Completion of Strategic Business Plan (including Financial Plan)	<input type="text"/>
(ii)	Full Cost Recovery, without significant cross subsidies [Refer Item 2(a) in Table 1 on page 22 of the Best Practice Guidelines]	<input type="text"/>
	- Complying charges [Item 2(b) in Table 1]	<input type="text"/>
	- DSP with Commercial Developer Charges [Item 2(e) in Table 1]	<input type="text"/>
	- If Dual Water Supplies, Complying Charges [Item 2(g) in Table 1]	<input type="text"/>
(iii)	Sound Water Conservation and Demand Management implemented	<input type="text"/>
(iv)	Sound Drought Management implemented	<input type="text"/>
(v)	Complete Performance Reporting Form (by 15 September each year)	<input type="text"/>
(vi)	a. Integrated Water Cycle Management Evaluation	<input type="text"/>
	b. Complete and implement Integrated Water Cycle Management Strategy	<input type="text"/>

## Coolamon Shire Council

Notes to the Special Purpose Financial Statements  
for the financial year ended 30 June 2014Note 2. Water Supply Business  
Best Practice Management disclosure requirements (continued)

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

2014

## National Water Initiative (NWI) Financial Performance Indicators

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

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

## Coolamon Shire Council

Notes to the Special Purpose Financial Statements  
for the financial year ended 30 June 2014Note 3. Sewerage Business  
Best Practice Management disclosure requirements

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

2014

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

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

(i)	Calculated Tax Equivalents	-
(ii)	No of assessments multiplied by \$3/assessment	3,165
(iii)	Amounts payable for Tax Equivalents [lesser of (i) and (ii)]	-
(iv)	Amounts actually paid for Tax Equivalents	-

**2. Dividend from Surplus**

(i)	50% of Surplus before Dividends [Calculated in accordance with Best Practice Management for Water Supply and Sewerage Guidelines]	-
(ii)	No. of assessments x (\$30 less tax equivalent charges per assessment)	31,650
(iii)	Cumulative surplus before dividends for the 3 years to 30 June 2014, less the cumulative dividends paid for the 2 years to 30 June 2013 & 30 June 2012	(196,009)

2014 Surplus	(111,000)	2013 Surplus	(80,009)	2012 Surplus	(5,000)
		2013 Dividend	-	2012 Dividend	-

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

**3. Required outcomes for 4 Criteria**

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

(i)	Completion of Strategic Business Plan (including Financial Plan)	YES
(ii)	Pricing with full cost-recovery, without significant cross subsidies [Refer Item 2(a) in Table 1 on page 22 of the Best Practice Guidelines]	NO
	Complying charges (a) Residential [Item 2(c) in Table 1]	NO
	(b) Non Residential [Item 2(c) in Table 1]	NO
	(c) Trade Waste [Item 2(d) in Table 1]	NO
	DSP with Commercial Developer Charges [Item 2(e) in Table 1]	YES
	Liquid Trade Waste Approvals & Policy [Item 2(f) in Table 1]	NO
(iii)	Complete Performance Reporting Form (by 15 September each year)	YES
(iv)	a. Integrated Water Cycle Management Evaluation	NO
	b. Complete and implement Integrated Water Cycle Management Strategy	NO

## Coolamon Shire Council

## Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2014

## Note 3. Sewerage Business

## Best Practice Management disclosure requirements (continued)

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Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated) 2014


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## National Water Initiative (NWI) Financial Performance Indicators

NWI F2	Total Revenue (Sewerage) Total Income (s14) - Grants for Acquisition of Assets (s12a) - Interest Income (s10) - Aboriginal Communities W&S Program Income (w10a)	\$'000	441
NWI F10	Written Down Replacement Cost of Fixed Assets (Sewerage) Written down current cost of system assets (s48)	\$'000	10,479
NWI F12	Operating Cost (Sewerage) Management Expenses (s1) + Operational & Maintenance Expenses (s2)	\$'000	318
NWI F15	Capital Expenditure (Sewerage) Acquisition of Fixed Assets (s17)	\$'000	57
NWI F18	Economic Real Rate of Return (Sewerage) [Total Income (s14) - Interest Income (s10) - Grants for acquisition of Assets (s12a) - Operating cost (NWI F12) - Current cost depreciation (s3)] x 100 divided by [Written down current cost (ie. WDCC) of System Assets (s48) + Plant & Equipment (s34b)]	%	-0.70%
NWI F27	Capital Works Grants (Sewerage) Grants for the Acquisition of Assets (12a)	\$'000	-

---

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

NWI F3	Total Income (Water & Sewerage) Total Income (w13 + s14) + Gain/Loss on disposal of assets (w14 + s15) minus Grants for acquisition of assets (w11a + s12a) - Interest Income (w9 + s10)	\$'000	441
NWI F8	Revenue from Community Service Obligations (Water & Sewerage) Community Service Obligations (NWI F25) x 100 divided by Total Income (NWI F3)	%	2.95%
NWI F16	Capital Expenditure (Water & Sewerage) Acquisition of Fixed Assets (w16 + s17)	\$'000	57
NWI F19	Economic Real Rate of Return (Water & Sewerage) [Total Income (w13 + s14) - Interest Income (w9 + s10) - Grants for acquisition of assets (w11a + s12a) - Operating Cost (NWI F11 + NWI F12) - Current cost depreciation (w3 + s3)] x 100 divided by [Written down replacement cost of fixed assets (NWI F9 + NWI F10) + Plant & equipment (w33b + s34b)]	%	-0.70%
NWI F20	Dividend (Water & Sewerage) Dividend paid from surplus (2(v) of Note 2 + 2(v) of Note 3)	\$'000	-
NWI F21	Dividend Payout Ratio (Water & Sewerage) Dividend (NWI F20) x 100 divided by Net Profit after tax (NWI F24)	%	0.00%



## Coolamon Shire Council

## Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2014

## Note 3. Sewerage Business

## Best Practice Management disclosure requirements (continued)

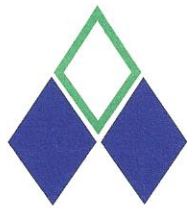
Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated)

2014

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

<b>NWI F22</b>	Net Debt to Equity (Water & Sewerage) Overdraft (w36 + s37) + Borrowings (w38 + s39) - Cash & Investments (w30 + s31) x 100 divided by [Total Assets (w35 + s36) - Total Liabilities (w40 + s41)]	%	-10.20%
<b>NWI F23</b>	Interest Cover (Water & Sewerage) Earnings before Interest & Tax (EBIT) divided by Net Interest		-
	Earnings before Interest & Tax (EBIT):		87
	Operating Result (w15a + s16a) + Interest expense (w4a + s4a) - Interest Income (w9 + s10) - Gain/Loss on disposal of assets (w14 + s15) + Miscellaneous Expenses (w4b + w4c + s4b + s4c)		
	Net Interest:		47
	Interest Expense (w4a + s4a) - Interest Income (w9 + s10)		
<b>NWI F24</b>	Net Profit After Tax (Water & Sewerage) Surplus before dividends (w15a + s16a) - Tax equivalents paid (Note 2-1(iv) + Note 3-1(iv))	\$'000	(111)
<b>NWI F25</b>	Community Service Obligations (Water & Sewerage) Grants for Pensioner Rebates (w11b + s12b)	\$'000	13

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



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

We have audited the accompanying financial report, being a special purpose financial report, of the Coolamon Shire Council, which comprises the statement by councillors and management, statement of financial position as at 30<sup>th</sup> June, 2014 and the income statement for the year then ended, a summary of significant accounting policies and other explanatory notes.

**Councils' Responsibility for the Financial Report**

The council is responsible for the preparation and fair presentation of the financial report and have determined that the accounting policies described in Note 1 to the financial statements which form part of the financial report are appropriate to meet the financial requirements of National Competition Policy reporting and are appropriate to meet the needs of the council. The council's responsibility also 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. No opinion is expressed as to whether the accounting policies used, as described in Note 1, are appropriate to meet the needs of the members. 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.

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

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

**Independence**

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

**Auditor's Opinion**

In our opinion, the special purpose financial report presents fairly, in all material respects the financial position of Coolamon Shire Council as at 30 June, 2014 and its financial performance for the year then ended in accordance with the accounting policies described in Note 1 to the financial statements.

**AUSWILD & CO.**



G.J. BRADLEY

Principal

Registered Auditor No: 1249

CANBERRA  
31<sup>st</sup> October, 2014

# Coolamon Shire Council

SPECIAL SCHEDULES  
for the year ended 30 June 2014

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



# Coolamon Shire Council

## Special Schedules

for the financial year ended 30 June 2014

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<sup>1</sup> Special Schedules are not audited (with the exception of Special Schedule 9).

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#### Background

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

## Coolamon Shire Council

## Special Schedule No. 1 - Net Cost of Services

for the financial year ended 30 June 2014

\$'000

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
<b>Governance</b>	<b>496</b>	-	-	<b>(496)</b>
<b>Administration</b>	-	<b>184</b>	-	<b>184</b>
<b>Public Order and Safety</b>				
Fire Service Levy, Fire Protection, Emergency Services	349	109	-	<b>(240)</b>
Animal Control	19	10	-	<b>(9)</b>
<b>Total Public Order &amp; Safety</b>	<b>368</b>	<b>119</b>	-	<b>(249)</b>
<b>Health</b>	<b>186</b>	<b>20</b>	-	<b>(166)</b>
<b>Environment</b>				
Noxious Plants and Insect/Vermin Control	187	48	-	<b>(139)</b>
Other Environmental Protection	2	-	-	<b>(2)</b>
Solid Waste Management	400	500	-	<b>100</b>
Street Cleaning	23	-	-	<b>(23)</b>
Drainage	51	-	-	<b>(51)</b>
<b>Total Environment</b>	<b>663</b>	<b>548</b>	-	<b>(115)</b>
<b>Community Services and Education</b>				
Administration & Education	42	9	-	<b>(33)</b>
Social Protection (Welfare)	-	-	-	-
Aged Persons and Disabled	355	405	-	<b>50</b>
Children's Services	663	540	-	<b>(123)</b>
<b>Total Community Services &amp; Education</b>	<b>1,060</b>	<b>954</b>	-	<b>(106)</b>
<b>Housing and Community Amenities</b>				
Public Cemeteries	110	82	-	<b>(28)</b>
Public Conveniences	47	-	-	<b>(47)</b>
Street Lighting	87	16	-	<b>(71)</b>
Town Planning	183	22	-	<b>(161)</b>
Other Community Amenities	124	105	-	<b>(19)</b>
<b>Total Housing and Community Amenities</b>	<b>551</b>	<b>225</b>	-	<b>(326)</b>
<b>Water Supplies</b>	-	-	-	-
<b>Sewerage Services</b>	<b>555</b>	<b>457</b>	-	<b>(98)</b>

## Coolamon Shire Council

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

for the financial year ended 30 June 2014

\$'000

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
<b>Recreation and Culture</b>				
Public Libraries	212	27	-	(185)
Museums	81	9	-	(72)
Art Galleries	-	-	-	-
Community Centres and Halls	120	3	-	(117)
Performing Arts Venues	-	-	-	-
Other Performing Arts	-	-	-	-
Other Cultural Services	23	9	-	(14)
Sporting Grounds and Venues	110	2	66	(42)
Swimming Pools	262	1	20	(241)
Parks & Gardens (Lakes)	419	-	-	(419)
Other Sport and Recreation	-	-	-	-
<b>Total Recreation and Culture</b>	<b>1,227</b>	<b>51</b>	<b>86</b>	<b>(1,090)</b>
<b>Fuel &amp; Energy</b>	-	-	-	-
<b>Agriculture</b>	-	-	-	-
<b>Mining, Manufacturing and Construction</b>				
Building Control	212	43	-	(169)
Other Mining, Manufacturing & Construction	81	-	-	(81)
<b>Total Mining, Manufacturing and Const.</b>	<b>293</b>	<b>43</b>	-	<b>(250)</b>
<b>Transport and Communication</b>				
Urban Roads (UR) - Local	607	30	2	(575)
Urban Roads - Regional	-	-	-	-
Sealed Rural Roads (SRR) - Local	745	637	-	(108)
Sealed Rural Roads (SRR) - Regional	777	1,078	316	617
Unsealed Rural Roads (URR) - Local	2,155	897	-	(1,258)
Unsealed Rural Roads (URR) - Regional	-	-	-	-
Bridges on UR - Local	-	-	-	-
Bridges on SRR - Local	36	-	-	(36)
Bridges on URR - Local	-	-	-	-
Bridges on Regional Roads	-	-	-	-
Parking Areas	-	-	-	-
Footpaths	31	-	-	(31)
Aerodromes	-	-	-	-
Other Transport & Communication	5	-	-	(5)
<b>Total Transport and Communication</b>	<b>4,356</b>	<b>2,642</b>	<b>318</b>	<b>(1,396)</b>
<b>Economic Affairs</b>				
Camping Areas & Caravan Parks	52	29	-	(23)
Other Economic Affairs	1,819	1,814	93	88
<b>Total Economic Affairs</b>	<b>1,871</b>	<b>1,843</b>	<b>93</b>	<b>65</b>
<b>Totals – Functions</b>	<b>11,626</b>	<b>7,086</b>	<b>497</b>	<b>(4,043)</b>
<b>General Purpose Revenues</b> <sup>(2)</sup>		<b>4,091</b>		<b>4,091</b>
<b>Share of interests - joint ventures &amp; associates using the equity method</b>	-	<b>8</b>		<b>8</b>
<b>NET OPERATING RESULT</b> <sup>(1)</sup>	<b>11,626</b>	<b>11,185</b>	<b>497</b>	<b>56</b>

(1) As reported in the Income Statement

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



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

for the financial year ended 30 June 2014

\$'000

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

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

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

# Coolamon Shire Council

## Special Schedule No. 2(b) - Statement of Internal Loans [Section 410(3) LGA 1993]

for the financial year ended 30 June 2014

\$'000

### Summary of Internal Loans

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

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

### Details of Individual Internal Loans

Borrower (by purpose)	Lender (by purpose)	Date of Minister's Approval	Date Raised	Term (years)	Dates of Maturity	Rate of Interest	Amount Originally raised	Total repaid during year (Princ. & Int.)	Principal Outstanding at end of year
<b>Totals</b>							-	-	-

## Coolamon Shire Council

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

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
for the financial year ended 30 June 2014

\$'000	Actuals 2014	Actuals 2013
<b>A Expenses and Income</b>		
<b>Expenses</b>		
<b>1. Management expenses</b>		
a. Administration	-	-
b. Engineering and Supervision	-	-
<b>2. Operation and Maintenance expenses</b>		
<b>- Dams &amp; Weirs</b>		
a. Operation expenses	-	-
b. Maintenance expenses	-	-
<b>- Mains</b>		
c. Operation expenses	-	-
d. Maintenance expenses	-	-
<b>- Reservoirs</b>		
e. Operation expenses	-	-
f. Maintenance expenses	-	-
<b>- Pumping Stations</b>		
g. Operation expenses (excluding energy costs)	-	-
h. Energy costs	-	-
i. Maintenance expenses	-	-
<b>- Treatment</b>		
j. Operation expenses (excluding chemical costs)	-	-
k. Chemical costs	-	-
l. Maintenance expenses	-	-
<b>- Other</b>		
m. Operation expenses	-	-
n. Maintenance expenses	-	-
o. Purchase of water	-	-
<b>3. Depreciation expenses</b>		
a. System assets	-	-
b. Plant and equipment	-	-
<b>4. Miscellaneous expenses</b>		
a. Interest expenses	-	-
b. Revaluation Decrements	-	-
c. Other expenses	-	-
d. Impairment - System assets	-	-
e. Impairment - Plant and equipment	-	-
f. Aboriginal Communities Water & Sewerage Program	-	-
g. Tax Equivalent Dividends (actually paid)	-	-
<b>5. Total expenses</b>	<b>-</b>	<b>-</b>

## Coolamon Shire Council

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

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
for the financial year ended 30 June 2014

\$'000	Actuals 2014	Actuals 2013
<b>Income</b>		
<b>6. Residential charges</b>		
a. Access (including rates)	-	-
b. Usage charges	-	-
<b>7. Non-residential charges</b>		
a. Access (including rates)	-	-
b. Usage charges	-	-
<b>8. Extra charges</b>	-	-
<b>9. Interest income</b>	-	-
<b>10. Other income</b>	-	-
<b>10a. Aboriginal Communities Water and Sewerage Program</b>	-	-
<b>11. Grants</b>		
a. Grants for acquisition of assets	-	-
b. Grants for pensioner rebates	-	-
c. Other grants	-	-
<b>12. Contributions</b>		
a. Developer charges	-	-
b. Developer provided assets	-	-
c. Other contributions	-	-
<b>13. Total income</b>	<u>-</u>	<u>-</u>
<b>14. Gain (or loss) on disposal of assets</b>	-	-
<b>15. Operating Result</b>	<u>-</u>	<u>-</u>
<b>15a. Operating Result (less grants for acquisition of assets)</b>	-	-

## Coolamon Shire Council

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

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
for the financial year ended 30 June 2014

\$'000	Actuals 2014	Actuals 2013
<b>B Capital transactions</b>		
<b>Non-operating expenditures</b>		
<b>16. Acquisition of Fixed Assets</b>		
a. New Assets for Improved Standards	-	-
b. New Assets for Growth	-	-
c. Renewals	-	-
d. Plant and equipment	-	-
<b>17. Repayment of debt</b>		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
<b>18. Transfer to sinking fund</b>	-	-
<b>19. Totals</b>	<u>-</u>	<u>-</u>
<b>Non-operating funds employed</b>		
<b>20. Proceeds from disposal of assets</b>	-	-
<b>21. Borrowing utilised</b>		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
<b>22. Transfer from sinking fund</b>	-	-
<b>23. Totals</b>	<u>-</u>	<u>-</u>
<b>C Rates and charges</b>		
<b>24. Number of assessments</b>		
a. Residential (occupied)		-
b. Residential (unoccupied, ie. vacant lot)		-
c. Non-residential (occupied)		-
d. Non-residential (unoccupied, ie. vacant lot)		-
<b>25. Number of ETs for which developer charges were received</b>	ET	- ET
<b>26. Total amount of pensioner rebates (actual dollars)</b>	\$	-

## Coolamon Shire Council

Special Schedule No. 3 - Water Supply Cross Subsidies  
for the financial year ended 30 June 2014

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

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

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

## Coolamon Shire Council

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

Includes INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
as at 30 June 2014

\$'000	Actuals Current	Actuals Non Current	Actuals Total
<b>ASSETS</b>			
<b>30. Cash and investments</b>			
a. Developer charges	-	-	-
b. Special purpose grants	-	-	-
c. Accrued leave	-	-	-
d. Unexpended loans	-	-	-
e. Sinking fund	-	-	-
f. Other	-	-	-
<b>31. Receivables</b>			
a. Specific purpose grants	-	-	-
b. Rates and Availability Charges	-	-	-
c. User Charges	-	-	-
d. Other	-	-	-
<b>32. Inventories</b>	-	-	-
<b>33. Property, plant and equipment</b>			
a. System assets	-	-	-
b. Plant and equipment	-	-	-
<b>34. Other assets</b>	-	-	-
<b>35. Total assets</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>LIABILITIES</b>			
<b>36. Bank overdraft</b>	-	-	-
<b>37. Creditors</b>	-	-	-
<b>38. Borrowings</b>			
a. Loans	-	-	-
b. Advances	-	-	-
c. Finance leases	-	-	-
<b>39. Provisions</b>			
a. Tax equivalents	-	-	-
b. Dividend	-	-	-
c. Other	-	-	-
<b>40. Total liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>41. NET ASSETS COMMITTED</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EQUITY</b>			
<b>42. Accumulated surplus</b>			-
<b>43. Asset revaluation reserve</b>			-
<b>44. TOTAL EQUITY</b>			<u>-</u>
<b>Note to system assets:</b>			
<b>45. Current replacement cost</b> of system assets			
<b>46. Accumulated current cost</b> depreciation of system assets			-
<b>47. Written down current cost</b> of system assets			-



## Coolamon Shire Council

## Special Schedule No. 5 - Sewerage Service Income Statement

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
for the financial year ended 30 June 2014

\$'000	Actuals 2014	Actuals 2013
<b>A Expenses and Income</b>		
<b>Expenses</b>		
<b>1. Management expenses</b>		
a. Administration	52	39
b. Engineering and Supervision	-	14
<b>2. Operation and Maintenance expenses</b>		
<b>- Mains</b>		
a. Operation expenses	-	-
b. Maintenance expenses	53	38
<b>- Pumping Stations</b>		
c. Operation expenses (excluding energy costs)	-	-
d. Energy costs	-	-
e. Maintenance expenses	40	48
<b>- Treatment</b>		
f. Operation expenses (excl. chemical, energy, effluent & biosolids management costs)	120	90
g. Chemical costs	-	-
h. Energy costs	36	42
i. Effluent Management	17	18
j. Biosolids Management	-	-
k. Maintenance expenses	-	-
<b>- Other</b>		
l. Operation expenses	-	-
m. Maintenance expenses	-	-
<b>3. Depreciation expenses</b>		
a. System assets	147	147
b. Plant and equipment	63	62
<b>4. Miscellaneous expenses</b>		
a. Interest expenses	-	-
b. Revaluation Decrements	-	-
c. Other expenses	71	88
d. Impairment - System assets	-	-
e. Impairment - Plant and equipment	-	-
f. Aboriginal Communities Water & Sewerage Program	-	-
g. Tax Equivalents Dividends (actually paid)	-	-
<b>5. Total expenses</b>	<b>599</b>	<b>586</b>

## Coolamon Shire Council

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

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
for the financial year ended 30 June 2014

\$'000	Actuals 2014	Actuals 2013
<b>Income</b>		
<b>6. Residential charges</b> (including rates)	418	326
<b>7. Non-residential charges</b>		
a. Access (including rates)	-	71
b. Usage charges	-	-
<b>8. Trade Waste Charges</b>		
a. Annual Fees	-	-
b. Usage charges	-	-
c. Excess mass charges	-	-
d. Re-inspection fees	-	-
<b>9. Extra charges</b>	2	3
<b>10. Interest income</b>	47	62
<b>11. Other income</b>	8	8
<b>11a. Aboriginal Communities Water &amp; Sewerage Program</b>	-	-
<b>12. Grants</b>		
a. Grants for acquisition of assets	-	-
b. Grants for pensioner rebates	13	13
c. Other grants	-	-
<b>13. Contributions</b>		
a. Developer charges	-	23
b. Developer provided assets	-	-
c. Other contributions	-	-
<b>14. Total income</b>	<u>488</u>	<u>506</u>
<b>15. Gain (or loss) on disposal of assets</b>	-	-
<b>16. Operating Result</b>	<u>(111)</u>	<u>(80)</u>
<b>16a. Operating Result (less grants for acquisition of assets)</b>	(111)	(80)

## Coolamon Shire Council

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

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
for the financial year ended 30 June 2014

\$'000	Actuals 2014	Actuals 2013
<b>B Capital transactions</b>		
<b>Non-operating expenditures</b>		
<b>17. Acquisition of Fixed Assets</b>		
a. New Assets for Improved Standards	43	-
b. New Assets for Growth	1	113
c. Renewals	-	-
d. Plant and equipment	13	-
<b>18. Repayment of debt</b>		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
<b>19. Transfer to sinking fund</b>	-	-
<b>20. Totals</b>	<b>57</b>	<b>113</b>
<b>Non-operating funds employed</b>		
<b>21. Proceeds from disposal of assets</b>	-	-
<b>22. Borrowing utilised</b>		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
<b>23. Transfer from sinking fund</b>	-	-
<b>24. Totals</b>	-	-
<b>C Rates and charges</b>		
<b>25. Number of assessments</b>		
a. Residential (occupied)	832	895
b. Residential (unoccupied, ie. vacant lot)	106	113
c. Non-residential (occupied)	111	40
d. Non-residential (unoccupied, ie. vacant lot)	6	5
<b>26. Number of ETs for which developer charges were received</b>	- ET	7 ET
<b>27. Total amount of pensioner rebates (actual dollars)</b>	\$ 23,759	\$ 23,715

## Coolamon Shire Council

Special Schedule No. 5 - Sewerage Cross Subsidies  
for the financial year ended 30 June 2014

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

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

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

## Coolamon Shire Council

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

Includes INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
as at 30 June 2014

\$'000	Actuals Current	Actuals Non Current	Actuals Total
<b>ASSETS</b>			
<b>31. Cash and investments</b>			
a. Developer charges	-	-	-
b. Special purpose grants	-	-	-
c. Accrued leave	-	-	-
d. Unexpended loans	-	-	-
e. Sinking fund	-	-	-
f. Other	1,479	-	1,479
<b>32. Receivables</b>			
a. Specific purpose grants	-	-	-
b. Rates and Availability Charges	34	-	34
c. User Charges	-	-	-
d. Other	13	-	13
<b>33. Inventories</b>	-	-	-
<b>34. Property, plant and equipment</b>			
a. System assets	-	10,479	10,479
b. Plant and equipment	-	1,904	1,904
<b>35. Other assets</b>	-	587	587
<b>36. Total Assets</b>	<u>1,526</u>	<u>12,970</u>	<u>14,496</u>
<b>LIABILITIES</b>			
<b>37. Bank overdraft</b>	-	-	-
<b>38. Creditors</b>	-	-	-
<b>39. Borrowings</b>			
a. Loans	-	-	-
b. Advances	-	-	-
c. Finance leases	-	-	-
<b>40. Provisions</b>			
a. Tax equivalents	-	-	-
b. Dividend	-	-	-
c. Other	-	-	-
<b>41. Total Liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>42. NET ASSETS COMMITTED</b>	<u>1,526</u>	<u>12,970</u>	<u>14,496</u>
<b>EQUITY</b>			
<b>42. Accumulated surplus</b>			5,984
<b>44. Asset revaluation reserve</b>			8,512
<b>45. TOTAL EQUITY</b>			<u>14,496</u>
<b>Note to system assets:</b>			
<b>46. Current replacement cost</b> of system assets			13,492
<b>47. Accumulated current cost</b> depreciation of system assets			(3,013)
<b>48. Written down current cost</b> of system assets			<u>10,479</u>

## Coolamon Shire Council

### Notes to Special Schedule No.'s 3 & 5 for the financial year ended 30 June 2014

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

#### Notes:

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

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

## Special Schedule No. 7 - Report on Infrastructure Assets

as at 30 June 2014

\$'000

Asset Class	Asset Category	Estimated cost to bring up to a satisfactory standard <sup>(1)</sup>	Required <sup>(2)</sup> Annual Maintenance	Actual <sup>(3)</sup> Maintenance 2013/14	Written Down Value (WDV) <sup>(4)</sup>	Assets in Condition as a % of WDV <sup>(4), (5)</sup>				
						1	2	3	4	5
<b>Buildings</b>	Toilet Blocks	-		26	476	8%	92%			0%
	Admin & Operational	70	50	62	1,915		99%	1%		0%
	Community Facilities	140	47	85	9,339	12%	58%	27%	2%	1%
	Dwellings	40	35	17	2,669	29%	22%	47%	2%	0%
	Aged Care		90	109	8,215	77%	23%			0%
	Other				-					
	<b>sub total</b>	<b>250</b>	<b>222</b>	<b>299</b>	<b>22,614</b>	<b>36.5%</b>	<b>45.2%</b>	<b>16.8%</b>	<b>1.1%</b>	<b>0.4%</b>
<b>Other Structures</b>	Other Structures		481	542	3,850					100%
	<b>sub total</b>	<b>-</b>	<b>481</b>	<b>542</b>	<b>3,850</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>100.0%</b>
<b>Roads</b>	Urban Roads, K&G & Footpath	200	398	168	12,370		1%	98%	1%	0%
	Local Roads Sealed	250	288	277	14,117	10%	33%	57%		0%
	Regional Roads	190	400	304	17,661	10%	64%	25%	1%	0%
	Local Roads Unsealed	250	1,264	1,296	3,996			100%		0%
	Bridges	-	-	-	1,447			100%		0%
	<b>sub total</b>	<b>890</b>	<b>2,350</b>	<b>2,045</b>	<b>49,591</b>	<b>6.4%</b>	<b>32.4%</b>	<b>60.6%</b>	<b>0.6%</b>	<b>0.0%</b>
<b>Sewerage Network</b>	Sewerage Infrastructure	100	113	230	10,479	17%	54%	21%	8%	0%
	Other				-					
	<b>sub total</b>	<b>100</b>	<b>113</b>	<b>230</b>	<b>10,479</b>	<b>17.0%</b>	<b>54.0%</b>	<b>21.0%</b>	<b>8.0%</b>	<b>0.0%</b>



Special Schedule No. 7 - Condition of Public Works (continued)  
as at 30 June 2014

\$'000

Asset Class	Asset Category	Estimated cost to bring up to a satisfactory standard <sup>(1)</sup>	Required <sup>(2)</sup> Annual Maintenance	Actual <sup>(3)</sup> Maintenance 2013/14	Written Down Value (WDV) <sup>(4)</sup>	Assets in Condition as a % of WDV <sup>(4), (5)</sup>				
						1	2	3	4	5
Stormwater Drainage	Stormwater Infrastructure	50	1	7	1,607	15%	21%	60%	4%	0%
	Other				-					
	<b>sub total</b>	<b>50</b>	<b>1</b>	<b>7</b>	<b>1,607</b>	<b>15.0%</b>	<b>21.0%</b>	<b>60.0%</b>	<b>4.0%</b>	<b>0.0%</b>
Open Space/ Recreational	Swimming Pools	200	62	46	1,891		27%	71%	2%	0%
	Other									
	<b>sub total</b>	<b>200</b>	<b>62</b>	<b>46</b>	<b>1,891</b>	<b>0.0%</b>	<b>27.0%</b>	<b>71.0%</b>	<b>2.0%</b>	<b>0.0%</b>
	<b>TOTAL - ALL ASSETS</b>	<b>1,490</b>	<b>3,229</b>	<b>3,169</b>	<b>90,032</b>	<b>14.9%</b>	<b>36.5%</b>	<b>42.6%</b>	<b>1.6%</b>	<b>4.4%</b>

Notes:

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

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

## Coolamon Shire Council

Special Schedule No. 7 - Report on Infrastructure Assets (continued)  
for the financial year ended 30 June 2014

\$ '000	Amounts 2014	Indicator 2014	Prior Periods 2013    2012	
<b>Infrastructure Asset Performance Indicators Consolidated</b>				
<b>1. Building and Infrastructure Renewals Ratio</b>				
Asset Renewals (Building and Infrastructure) <sup>(1)</sup>	<u>2,634</u>	<b>121.78%</b>	119.43%	106.00%
Depreciation, Amortisation & Impairment	<u>2,163</u>			
<b>2. Infrastructure Backlog Ratio</b>				
Estimated Cost to bring Assets to a Satisfactory Condition	<u>1,490</u>	<b>0.02</b>	0.02	0.03
Total value <sup>(2)</sup> of Infrastructure, Building, Other Structures & depreciable Land Improvement Assets	<u>90,515</u>			
<b>3. Asset Maintenance Ratio</b>				
Actual Asset Maintenance	<u>3,169</u>	<b>0.98</b>	1.51	1.32
Required Asset Maintenance	<u>3,229</u>			
<b>4. Capital Expenditure Ratio</b>				
Annual Capital Expenditure	<u>3,591</u>	<b>1.35</b>	1.51	1.50
Annual Depreciation	<u>2,663</u>			

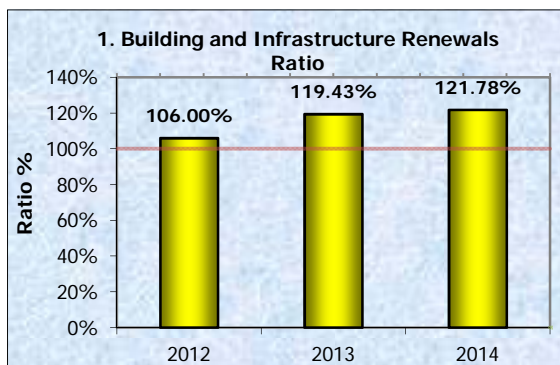
## Notes

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

<sup>(2)</sup> Written down value

# Coolamon Shire Council

## Special Schedule No. 7 - Report on Infrastructure Assets (continued) for the financial year ended 30 June 2014



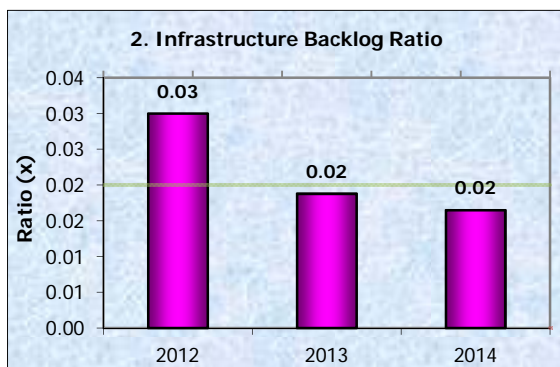
### Purpose of Asset Renewals Ratio

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

2013/14 Ratio 121.78%

— Minimum 100.00%

Source for Benchmark: TCorp Sustainability Review of NSW Local Govt. (2013)



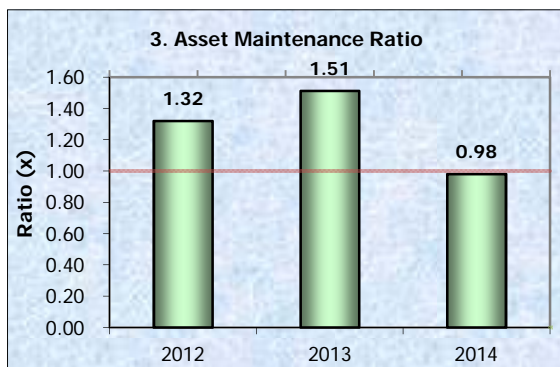
### Purpose of Infrastructure Backlog Ratio

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

2013/14 Ratio 0.02 x

— Maximum .02

Source for Benchmark: TCorp Sustainability Review of NSW Local Govt. (2013)



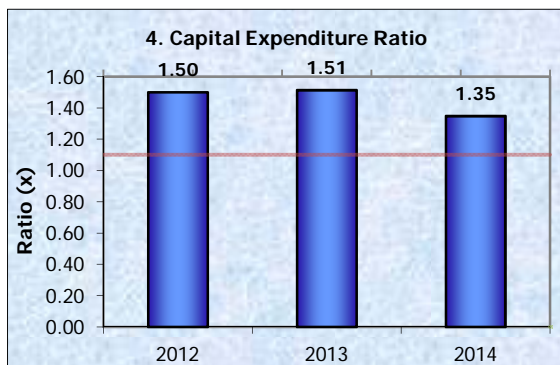
### Purpose of Asset Maintenance Ratio

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

2013/14 Ratio 0.98 x

— Minimum 1.00

Source for Benchmark: TCorp Sustainability Review of NSW Local Govt. (2013)



### Purpose of Capital Expenditure Ratio

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

2013/14 Ratio 1.35 x

— Minimum 1.10

Source for Benchmark: TCorp Sustainability Review of NSW Local Govt. (2013)

## Coolamon Shire Council

Special Schedule No. 7 - Report on Infrastructure Assets (continued)  
for the financial year ended 30 June 2014

\$ '000	Water 2014	Sewer 2014	General <sup>(1)</sup> 2014
<b>Infrastructure Asset Performance Indicators By Fund</b>			
<b>1. Building and Infrastructure Renewals Ratio</b>			
<u>Asset Renewals (Building and Infrastructure) <sup>(1)</sup></u>	<b>n/a</b>	<b>0.00%</b>	<b>130.65%</b>
Depreciation, Amortisation & Impairment			
prior period:	0.00%	0.00%	129.33%
<b>2. Infrastructure Backlog Ratio</b>			
<u>Estimated Cost to bring Assets to a Satisfactory Condition</u>	<b>n/a</b>	<b>0.01</b>	<b>0.02</b>
Total value <sup>(3)</sup> of Infrastructure, Building, Other Structures & Depreciable Land Improvement Assets			
prior period:	0.00	0.00	0.00
<b>3. Asset Maintenance Ratio</b>			
<u>Actual Asset Maintenance</u>	<b>n/a</b>	<b>2.04</b>	<b>0.94</b>
Required Asset Maintenance			
prior period:	0.00	0.00	1.51
<b>4. Capital Expenditure Ratio</b>			
<u>Annual Capital Expenditure</u>	<b>n/a</b>	<b>0.27</b>	<b>1.44</b>
Annual Depreciation			
prior period:	0.00	0.54	1.73

## Notes

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

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

<sup>(3)</sup> Written down value

# Coolamon Shire Council

## Special Schedule No. 8 - Financial Projections

as at 30 June 2014

\$'000	Actual <sup>(1)</sup> 13/14	Forecast <sup>(3)</sup> 14/15	Forecast <sup>(3)</sup> 15/16	Forecast <sup>(3)</sup> 16/17	Forecast <sup>(3)</sup> 17/18	Forecast <sup>(3)</sup> 18/19	Forecast <sup>(3)</sup> 19/20	Forecast <sup>(3)</sup> 20/21	Forecast <sup>(3)</sup> 21/22	Forecast <sup>(3)</sup> 22/23	Forecast <sup>(3)</sup> 23/24
<b>(i) OPERATING BUDGET</b>											
Income from continuing operations	11,682	12,056	11,953	12,016	12,160	12,356	12,652	12,879	13,116	13,364	13,753
Expenses from continuing operations	11,626	10,878	11,117	11,387	11,534	11,722	12,009	12,296	12,479	12,738	13,015
<b>Operating Result from Continuing Operations</b>	<b>56</b>	<b>1,178</b>	<b>836</b>	<b>629</b>	<b>626</b>	<b>634</b>	<b>643</b>	<b>583</b>	<b>637</b>	<b>626</b>	<b>738</b>
<b>(ii) CAPITAL BUDGET</b>											
New Capital Works <sup>(2)</sup>	122	1,428	417	150	121	-	-	-	-	-	1,245
Replacement/Refurbishment of Existing Assets	3,667	3,276	3,309	3,301	3,080	3,738	3,258	3,290	3,323	3,377	3,572
<b>Total Capital Budget</b>	<b>3,789</b>	<b>4,704</b>	<b>3,726</b>	<b>3,451</b>	<b>3,201</b>	<b>3,738</b>	<b>3,258</b>	<b>3,290</b>	<b>3,323</b>	<b>3,377</b>	<b>4,817</b>
<b>Funded by:</b>											
- Loans											
- Asset sales	238	122	490	303	316	270	270	270	270	270	200
- Reserves	602	1,488	954	753	413	1,014	504	504	504	524	1,484
- Grants/Contributions	1,661	1,796	1,478	1,478	1,478	1,478	1,478	1,478	1,478	1,478	1,478
- Recurrent revenue	1,288	1,298	804	917	994	976	1,006	1,038	1,071	1,105	1,655
- Other											
	<b>3,789</b>	<b>4,704</b>	<b>3,726</b>	<b>3,451</b>	<b>3,201</b>	<b>3,738</b>	<b>3,258</b>	<b>3,290</b>	<b>3,323</b>	<b>3,377</b>	<b>4,817</b>

### Notes:

(1) From 13/14 Income Statement.

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

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

## Coolamon Shire Council

## Special Schedule No. 9 - Permissible Income Calculation

for the financial year ended 30 June 2015

\$'000		Calculation 2013/14	Calculation 2014/15
<b>Notional General Income Calculation <sup>(1)</sup></b>			
Last Year Notional General Income Yield	a	2,068	2,149
Plus or minus Adjustments <sup>(2)</sup>	b	9	-
<b>Notional General Income</b>	c	<b>2,077</b>	<b>2,149</b>
<b>Permissible Income Calculation</b>			
Special variation percentage <sup>(3)</sup>	d	0.00%	0.00%
or Rate peg percentage	e	3.40%	2.30%
or Crown land adjustment incl. rate peg percentage	f	0.00%	0.00%
less expiring Special variation amount	g	-	-
plus Special variation amount	h = c x d	-	-
or plus Rate peg amount	i = c x e	71	49
or plus Crown land adjustment and rate peg amount	j = c x f	-	-
<b>sub-total</b>	k = (c+g+h+i+j)	<b>2,148</b>	<b>2,198</b>
plus (or minus) last year's Carry Forward Total	l	9	5
less Valuation Objections claimed in the previous year	m	-	-
<b>sub-total</b>	n = (l + m)	<b>9</b>	<b>5</b>
<b>Total Permissible income</b>	o = k + n	<b>2,157</b>	<b>2,203</b>
less Notional General Income Yield	p	2,149	2,212
<b>Catch-up or (excess) result</b>	q = o - p	<b>8</b>	<b>(9)</b>
plus Income lost due to valuation objections claimed <sup>(4)</sup>	r	-	-
less Unused catch-up <sup>(5)</sup>	s	(3)	-
<b>Carry forward to next year</b>	t = q + r - s	<b>5</b>	<b>(9)</b>

**Notes**

- <sup>1</sup> The Notional General Income will not reconcile with rate income in the financial statements in the corresponding year. The statements are reported on an accrual accounting basis which include amounts that relate to prior years' rates income.
- <sup>2</sup> Adjustments account for changes in the number of assessments and any increase or decrease in land value occurring during the year. The adjustments are called "supplementary valuations" as defined in the Valuation of Land Act 1916.
- <sup>3</sup> The Special Variation Percentage is inclusive of the Rate Peg percentage and where applicable crown land adjustment.
- <sup>4</sup> Valuation objections are unexpected changes in land values as a result of land owners successfully objecting to the land value issued by the Valuer-General. Councils can claim the value of the income lost due to valuation objections in any single year.
- <sup>5</sup> Unused catch-up amounts will be deducted if they are not caught up within 2 years. Usually councils will have a nominal carry forward figure. These amounts can be adjusted for in setting the rates in a future year.

## Coolamon Shire Council

### Special Schedule No. 9 - Independent Auditors Report for the financial year ended 30 June 2015

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#### **Report on Special Schedule No. 9**

We have audited the accompanying special purpose financial statement comprising the reconciliation of total permissible general income (Special Schedule No. 9) of Coolamon Shire Council for the year ending 30 June 2015.

#### **Responsibility of Council for Special Schedule No. 9**

The Council is responsible for the preparation and fair presentation of Special Schedule No. 9 in accordance with the Local Government Code of Accounting Practice and Financial Reporting (Guidelines) Update No. 22. This responsibility includes the maintenance of adequate accounting records and internal controls designed to prevent and detect fraud and error; designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of Special Schedule No. 9 that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on Special Schedule No. 9 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 Special Schedule No. 9 is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in Special Schedule No. 9. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of Special Schedule No. 9, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of Special Schedule No. 9.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with Australian Auditing Standards.

In making our risk assessments, we consider internal controls relevant to the entity's preparation of Special Schedule No. 9 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.

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.

**Audit Opinion**

In our opinion, Special Schedule No. 9 of Coolamon Shire Council for 2014/15 is properly drawn up in accordance with the requirements of the Office of Local Government and in accordance with the books and records of the Council.

**Basis of Accounting**

Without modifying our opinion, we advise that this schedule has been prepared for distribution to the Office of Local Government for the purposes of confirming that Council's reconciliation of Council's total permissible general income is presented fairly. As a result, the schedule may not be suitable for another purpose.

Auswild & Co



Graham Bradley  
Partner

Dated at Canberra this 15th day of October, 2014