

Coolamon Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2016

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



Coolamon Shire Council

General Purpose Financial Statements

for the year ended 30 June 2016

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Overview

- (i) These financial statements are General Purpose Financial Statements and cover the 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 1993* (LGA).

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

- the ability to provide goods, services and facilities, and to carry out activities appropriate to the current and 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 28 October 2016. Council has the power to amend and reissue these financial statements.
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Coolamon Shire Council

General Purpose Financial Statements for the year ended 30 June 2016

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

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

- the *Local Government Act 1993 (NSW)* (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
- 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 20 October 2016.



John Seymour
Mayor



Bruce Hutcheon
Councillor



Anthony Donoghue
General Manager



Samantha Jennings
Responsible Accounting Officer

Coolamon Shire Council

Income Statement

for the year ended 30 June 2016

Budget ¹ 2016	\$ '000	Notes	Actual 2016	Actual 2015
Income from continuing operations				
Revenue:				
3,191	Rates and annual charges	3a	3,250	3,140
2,570	User charges and fees	3b	2,609	2,591
377	Interest and investment revenue	3c	477	457
540	Other revenues	3d	686	674
5,250	Grants and contributions provided for operating purposes	3e,f	6,561	5,463
1,539	Grants and contributions provided for capital purposes	3e,f	720	861
Other income:				
2	Net gains from the disposal of assets	5	78	17
5	Net share of interests in joint ventures and associates using the equity method	19	21	15
13,474	Total income from continuing operations		14,402	13,218
Expenses from continuing operations				
4,865	Employee benefits and on-costs	4a	4,630	4,443
60	Borrowing costs	4b	4	67
1,943	Materials and contracts	4c	2,678	2,557
2,619	Depreciation and amortisation	4d	2,525	2,675
–	Impairment	4d	–	–
1,501	Other expenses	4e	1,377	1,431
–	Interest and investment losses	3c	–	–
–	Net losses from the disposal of assets	5	–	–
–	Net share of interests in joint ventures and associates using the equity method	19	–	–
10,988	Total expenses from continuing operations		11,214	11,173
2,486	Operating result from continuing operations		3,188	2,045
Discontinued operations				
–	Net profit/(loss) from discontinued operations	24	–	–
2,486	Net operating result for the year		3,188	2,045
2,486	Net operating result attributable to Council		3,188	2,045
–	Net operating result attributable to non-controlling interests		–	–
947	Net operating result for the year before grants and contributions provided for capital purposes		2,468	1,184

¹ Original budget as approved by Council – refer Note 16

Coolamon Shire Council

Statement of Comprehensive Income

for the year ended 30 June 2016

\$ '000	Notes	Actual 2016	Actual 2015
Net operating result for the year (as per Income Statement)		3,188	2,045
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of I,PP&E	20b (ii)	21	13,211
Adjustment to correct prior period errors			–
Impairment (loss) reversal relating to I,PP&E	20b (ii)	–	–
Other comprehensive income – joint ventures and associates	19b	–	–
Other movements in reserves (enter details here)	20b (ii)		–
Other movements in reserves (enter details here)	20b (ii)		–
Other movements in reserves (enter details here)	20b (ii)		–
Other movements in reserves (enter details here)	20b (ii)		–
Other movements			–
Total items which will not be reclassified subsequently to the operating result		21	13,211
Amounts which will be reclassified subsequently to the operating result when specific conditions are met			
Nil			
Realised (gain) loss on available-for-sale investments recognised in P&L	20b (ii)	–	–
Gain (loss) on revaluation of available-for-sale investments	20b (ii)	–	–
Realised (gain) loss from other reserves recognised in P&L	20b (ii)	–	–
Gain (loss) on revaluation of other reserves	20b (ii)	–	–
Other movements in reserves (enter details here)	20b (ii)	–	–
Other movements in reserves (enter details here)	20b (ii)		–
Other movements in reserves (enter details here)	20b (ii)		–
Other movements in reserves (enter details here)	20b (ii)		–
Other movements			–
Total items which will be reclassified subsequently to the operating result when specific conditions are met		–	–
Total other comprehensive income for the year		21	13,211
Total comprehensive income for the year		3,209	15,256
Total comprehensive income attributable to Council		3,209	15,256
Total comprehensive income attributable to non-controlling interests		–	–

Coolamon Shire Council

Statement of Financial Position

as at 30 June 2016

\$ '000	Notes	Actual 2016	Actual 2015	Actual 2014
ASSETS				
Current assets				
Cash and cash equivalents	6a	1,322	–	444
Investments	6b	12,700	13,700	10,700
Receivables	7	697	1,195	625
Inventories	8	1,290	450	133
Total current assets		16,009	15,345	11,902
Non-current assets				
Receivables	7	4	10	11
Inventories	8	2	2	282
Infrastructure, property, plant and equipment	9	170,364	167,845	147,520
Investments accounted for using the equity method	19	160	139	124
Total non-current assets		170,530	167,996	147,937
TOTAL ASSETS		186,539	183,341	159,839
LIABILITIES				
Current liabilities				
Payables	10	7,224	6,647	5,012
Borrowings	10	1	466	1
Provisions	10	1,581	1,674	1,648
Total current liabilities		8,806	8,787	6,661
Non-current liabilities				
Payables	10	1	1	2
Borrowings	10	3	6	7
Provisions	10	1,043	1,070	1,006
Total non-current liabilities		1,047	1,077	1,015
TOTAL LIABILITIES		9,853	9,864	7,676
Net assets		176,686	173,477	152,163
EQUITY				
Retained earnings	20	80,720	77,532	75,487
Revaluation reserves	20	95,966	89,887	76,676
Council equity interest		176,686	167,419	152,163
Non-controlling equity interests		–	–	
Total equity		176,686	167,419	152,163

Coolamon Shire Council

Statement of Changes in Equity

for the year ended 30 June 2016

\$ '000	Notes	Retained earnings	Reserves (Refer 20b)	Council interest	Non-controlling Interest	Total equity
2016						
Opening balance (as per last year's audited accounts)		77,532	89,887	167,419	–	167,419
a. Correction of prior period errors	20 (c)		6,058	6,058		6,058
b. Changes in accounting policies (prior year effects)	20 (d)	–		–		–
Revised opening balance (as at 1/7/15)		77,532	95,945	173,477	–	173,477
c. Net operating result for the year		3,188		3,188	–	3,188
d. Other comprehensive income						
– Revaluations: IPP&E asset revaluation rsv	20b (ii)		21	21		21
Other comprehensive income		–	21	21	–	21
Total comprehensive income (c&d)		3,188	21	3,209	–	3,209
e. Distributions to/(contributions from) non-controlling Interests				–	–	–
f. Transfers between equity		–	–	–		–
Equity – balance at end of the reporting period		80,720	95,966	176,686	–	176,686

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non-controlling Interest	Total Equity
2015						
Opening balance (as per last year's audited accounts)		75,952	76,676	152,628	–	152,628
a. Correction of prior period errors	20 (c)	(465)		(465)	–	(465)
b. Changes in accounting policies (prior year effects)	20 (d)	–	–	–	–	–
Revised opening balance (as at 1/7/14)		75,487	76,676	152,163	–	152,163
c. Net operating result for the year		2,045	–	2,045	–	2,045
d. Other comprehensive income						
– Revaluations: IPP&E asset revaluation rsv	20b (ii)		13,211	13,211	–	13,211
Other comprehensive income		–	13,211	13,211	–	13,211
Total comprehensive income (c&d)		2,045	13,211	15,256	–	15,256
e. Distributions to/(contributions from) non-controlling Interests		–	–	–	–	–
f. Transfers between equity		–	–	–	–	–
Equity – balance at end of the reporting period		77,532	89,887	167,419	–	167,419

Coolamon Shire Council

Statement of Cash Flows

for the year ended 30 June 2016

Budget 2016	\$ '000	Notes	Actual 2016	Actual 2015
Cash flows from operating activities				
Receipts:				
3,179	Rates and annual charges		3,280	3,120
2,569	User charges and fees		2,494	2,592
376	Investment and interest revenue received		571	435
6,359	Grants and contributions		7,745	5,852
	Bonds, deposits and retention amounts received		554	1,574
700	Other		719	625
Payments:				
(5,018)	Employee benefits and on-costs		(4,731)	(4,499)
(1,833)	Materials and contracts		(2,654)	(2,412)
(1)	Borrowing costs		(1)	(1)
–	Bonds, deposits and retention amounts refunded		–	–
(1,626)	Other		(1,377)	(1,431)
<u>4,705</u>	Net cash provided (or used in) operating activities	11b	<u>6,600</u>	<u>5,855</u>
Cash flows from investing activities				
Receipts:				
	Sale of investment securities		10,000	11,000
441	Sale of infrastructure, property, plant and equipment		333	185
3	Deferred debtors receipts		3	–
Payments:				
	Purchase of investment securities		(9,000)	(14,000)
(4,596)	Purchase of infrastructure, property, plant and equipment		(5,300)	(3,899)
(1,276)	Purchase of real estate assets		(846)	(44)
	Deferred debtors and advances made		–	(5)
<u>(5,428)</u>	Net cash provided (or used in) investing activities		<u>(4,810)</u>	<u>(6,763)</u>
Cash flows from financing activities				
Payments:				
(2)	Repayment of borrowings and advances		(2)	(2)
<u>(2)</u>	Net cash flow provided (used in) financing activities		<u>(2)</u>	<u>(2)</u>
(725)	Net increase/(decrease) in cash and cash equivalents		1,788	(910)
12,815	Plus: cash and cash equivalents – beginning of year	11a	(466)	444
<u>12,090</u>	Cash and cash equivalents – end of the year	11a	<u>1,322</u>	<u>(466)</u>
Additional Information:				
	plus: Investments on hand – end of year	6b	12,700	13,700
	Total cash, cash equivalents and investments		<u>14,022</u>	<u>13,234</u>

Please refer to Note 11 for information on the following:

- Non-cash financing and investing activities
- Financing arrangements
- Net cash flow disclosures relating to any discontinued operations

Coolamon Shire Council

Notes to the Financial Statements

for the year ended 30 June 2016

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n/a – not applicable

Coolamon Shire Council

Notes to the Financial Statements

for the year ended 30 June 2016

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)* and 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 IFRSs, 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)*, Regulation and Local Government Code of Accounting Practice and 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

There have been no new accounting standards adopted in this year's financial statements which have had any material impact on reported financial position, performance or cash flows.

(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 2015, except for AASB2015-7 Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities, which has reduced the fair value disclosures for Level 3 assets.

For summary information relating to the effects of standards with future operative dates refer further to paragraph (ab).

(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 and equipment and investment property) 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.

Coolamon Shire Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 1. Summary of significant accounting policies (continued)

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.

Significant judgements in applying Council's accounting policies include the impairment of receivables – Council has made significant judgements about the impairment of a number of its receivables in Note 7. Council has also used significant judgement in determining Section 94 income 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.

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

Control over granted assets/contributed 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.

Coolamon Shire Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 1. Summary of significant accounting policies (continued)

The Council has obligations to provide facilities from contribution revenues levied on developers under the provisions of s94 of the *EPA Act 1979*.

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

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

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

User charges, fees and other income

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

A 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 and 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 consolidated financial statements include the financial position and performance of controlled entities from the date on which control is obtained until the date that control is lost.

(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 Retirement Village & Coolamon Early Childhood Centre.
- Domestic Waste Management Services
- Council's entitlement of the Riverina Regional Library.

Due to their immaterial value and nature, the following committees, entities and operations have been excluded from consolidation:

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

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

Total income from continuing operations	\$50,000
Total expenditure from continuing operations	\$40,000
Total net assets held (i.e. equity)	\$80,000

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

Coolamon Shire Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 1. Summary of significant accounting policies (continued)

(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 that 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) Interests in other entities

Subsidiaries

Council has no interest in any subsidiaries.

Joint arrangements

Joint ventures

Joint ventures represent operational arrangements where the joint control parties have rights to the net assets of the arrangement.

Any interests in joint ventures are accounted for using the equity method and are carried at cost.

Under the equity method, Council's share of the operation's profits/(losses) are recognised in the income statement, and its share of movements in retained earnings and reserves are recognised in the balance sheet.

Detailed information relating to Council's joint ventures can be found at Note 19 (b).

Associates

Council has no interest in any associates.

County councils

Council is a member of the following county councils (which are bodies incorporated 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 the 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.

Unconsolidated structured entities

Council has no interest in any unconsolidated structured entities.

(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 that are subject to an insignificant risk of changes in value, and
- bank overdrafts.

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

Coolamon Shire Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 1. Summary of significant accounting policies (continued)

(f) Investments and other financial assets

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

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

Each classification depends on the purpose or intention for which the investment was acquired and 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 and/or are expected to be realised within 12 months of the balance sheet date.

(ii) Loans and receivables

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

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

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

(iii) Held-to-maturity investments

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

In contrast to the 'loans and 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.

Coolamon Shire Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 1. Summary of significant accounting policies (continued)

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 and measurement of financial instruments:

(i) Initial recognition

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

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

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

(ii) Subsequent measurement

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

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

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

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

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

Impairment

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

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.

Coolamon Shire Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 1. Summary of significant accounting policies (continued)

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 invest 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 – financial instruments

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.

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

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

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

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

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

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

(h) Receivables

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

Receivables (excluding rates and 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 that are known to be uncollectible are written off in accordance with Council's policy.

A provision for impairment (i.e. an allowance account) relating to receivables is established when objective evidence shows that 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.

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.

Coolamon Shire Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 1. Summary of significant accounting policies (continued)

(i) Inventories

(i) 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.

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

(ii) Land held for resale/capitalisation of borrowing costs

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

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

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

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

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

(j) Infrastructure, property, plant and equipment (I,PP&E)

Acquisition of assets

Council's non-current assets 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:

- **Plant and equipment**
(as approximated by depreciated historical cost)
- **Operational land** (external valuation)
- **Community land** (internal valuation)
- **Land improvements**
(as approximated by depreciated historical cost)
- **Buildings – specialised/non-specialised**
(external valuation)
- **Other structures**
(as approximated by depreciated historical cost)
- **Roads assets including roads, bridges and footpaths**
(internal valuation)
- **Bulk earthworks** (internal valuation)
- **Stormwater drainage** (internal valuation)
- **Sewerage networks**
(external valuation)
- **Swimming pools**
(/internal valuation)
- **Other assets**
(as approximated by depreciated historical cost)

Initial recognition

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

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

Coolamon Shire Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 1. Summary of significant accounting policies (continued)

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 and 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 as it is believed that the indexation would be immaterial.

For 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 and equipment	
Office furniture	> \$1,000
Office equipment	> \$1,000
Other plant and equipment	> \$1,000
Buildings and land improvements	
Park furniture and equipment	> \$2,000
Building	
- Construction/extensions	100% capitalised
- Renovations	> \$10,000
Other structures	> \$2,000
Sewer assets	
Reticulation extensions	> \$5,000
Other	> \$5,000
Stormwater assets	
Drains and culverts	> \$5,000
Other	> \$5,000
Transport assets	
Road construction and reconstruction	> \$10,000
Reseal/re-sheet and major repairs	> \$10,000
Bridge construction and reconstruction	> \$10,000
Other infrastructure assets	
Swimming pools	> \$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 asset's 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 and 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 equipment	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

Coolamon Shire Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 1. Summary of significant accounting policies (continued)

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

Stormwater assets

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

Transportation assets

- Sealed roads: surface	20 to 25 years
- Sealed roads: structure	60 to 80 years
- Unsealed roads	15 years
- Bridge: concrete	80 years
- Kerb, gutter and footpaths	80 years

Other infrastructure assets

- Bulk earthworks	Infinite
- Swimming pools	60 years

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

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

Disposal and derecognition

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 to 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.

Coolamon Shire Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 1. Summary of significant accounting policies (continued)

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 and/or buildings that are principally held for long-term rental yields, capital gains or both, that is not occupied by Council.

Council did not hold any investment property during the year or at year's end.

(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 that 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, e.g. 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.

Coolamon Shire Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 1. Summary of significant accounting policies (continued)

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 about Council's provisions relating to close down, restoration and remediation costs can be found at Note 26.

(r) Non-current assets (or disposal groups) 'held for sale' and discontinued operations

Council did not hold any non-current assets "Held for Sale" or undertaken 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 and 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 that are unpaid.

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

(u) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred.

Borrowings are subsequently measured at amortised cost.

Amortisation results in any difference between the proceeds (net of transaction costs) and the redemption amount being recognised in the Income Statement over the period of the borrowings using the effective interest method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired.

Borrowings are classified as current liabilities unless the Council has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(v) Borrowing costs

Borrowing costs are expensed, except to the extent that they are incurred during the construction of qualifying assets.

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale.

(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,

Coolamon Shire Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 1. Summary of significant accounting policies (continued)

- it is more likely than not that an outflow of resources will be required to settle the obligation, and
- the amount has been reliably estimated.

Provisions are not recognised for future operating losses.

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

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

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

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

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

(x) Employee benefits

(i) Short-term obligations

Short-term employee benefit obligations include liabilities for wages and salaries (including non-monetary benefits), annual leave and vesting sick leave expected to be 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.

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

Wages and salaries, annual leave and vesting sick leave are all classified as current liabilities.

(ii) Other long-term obligations

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

Coolamon Shire Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 1. Summary of significant accounting policies (continued)

Defined benefit plans

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

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

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

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

This scheme has been deemed to be a 'multi-employer fund' for the purposes of AASB 119.

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

The last valuation of the scheme was performed by Mr Richard Boyfield, FIAA on 24th February 2016 and covers the period ended 30 June 2015.

However the position is monitored annually and the actuary has estimated that as at 30 June 2016 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 2016 was \$ 26,810.

The amount of additional contributions included in the total employer contribution advised above is \$23,305.

The share of this deficit that can be broadly attributed to Council is estimated to be in the order of \$45,032 as at 30 June 2016.

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 30/06/16.

Coolamon Shire Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 1. Summary of significant accounting policies (continued)

(y) Self-insurance

Council does not self-insure.

(z) Allocation between current and non-current assets and 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 it is not expected to be settled within the next 12 months.

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

(aa) Taxes

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

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

Goods and 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, i.e. they are exclusive of GST where applicable.

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

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

(ab) New accounting standards and Interpretations issued (not yet effective)

Certain new (or amended) accounting standards and interpretations have been published that are not mandatory for reporting periods ending 30 June 2016.

Council has not adopted any of these standards early.

Apart from the AASB disclosures below, there are no other standards that are 'not yet effective' that are expected to have a material impact on Council in the current or future reporting periods and on foreseeable future transactions.

Council's assessment of the impact of upcoming new standards and interpretations that are likely to have an effect are set out below.

AASB 9 – Financial Instruments

AASB 9 replaces AASB 139 Financial Instruments: Recognition and Measurement and has an effective date for reporting periods beginning on or after 1 January 2018 (and must be applied retrospectively).

The overriding impact of AASB 9 is to change the requirements for the classification, measurement and disclosures associated with financial assets and financial liabilities.

These requirements are designed to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139.

Coolamon Shire Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 1. Summary of significant accounting policies (continued)

Under the new requirements the four current categories of financial assets stipulated in AASB 139 will be replaced with two measurement categories:

- fair value, and
- amortised cost (where financial assets will only be able to be measured at amortised cost when very specific conditions are met).

Council is yet to undertake a detailed assessment of the impact of AASB 9.

AASB 15 – Revenue from Contracts with Customers and associated amending standards

AASB 15 will replace AASB 118 which covers contracts for goods and services and AASB 111 which covers construction contracts.

AASB 15 will introduce a 5-step process for revenue recognition with the core principle of the new standard being that entities recognise revenue so as to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the entity expects to be entitled in exchange for those goods or services.

The changes in revenue recognition requirements in AASB 15 may cause changes to accounting policies relating to the timing and amount of revenue recorded in the financial statements, as well as additional disclosures.

The effective date of this standard is for annual reporting periods beginning on or after 1 January 2018.

Council is yet to undertake a detailed assessment of the impact of AASB 15.

AASB ED 260 Income of Not-for-Profit Entities

The AASB previously issued exposure draft AASB ED 260 on Income of Not-for-Profit Entities in April 2015.

The exposure draft proposed specific not-for-profit entity requirements and guidance when applying the principles of AASB 15 to income from certain transactions.

Much of the material in AASB 1004 is expected to be replaced by material included in AASB ED 260.

Specific revenue items that may considerably change are Grants and Contributions.

The most likely financial statement impact is the deferred recognition of Grants and Contributions (i.e. recognition as unearned revenue [liability]) until Council has met the associated performance obligation/s relating to the Grants or Contribution.

At this stage there is no specific date of release for a standard nor a date of applicability.

AASB16 – Leases

AASB 116 Leases replaces AASB 117 Leases and some associated lease-related Interpretations.

AASB 16 introduces a single lease accounting model (for lessees) that will require all leases to be accounted for on the balance sheet (ie. recognition of both a right-of-use asset and a corresponding lease) for all leases with a term of more than 12 months unless the underlying assets are determined to be of 'low value'. There will also be detailed disclosure requirements for all lessees.

The effective date of this standard is for annual reporting periods beginning on or after 1 January 2019.

Council is yet to undertake a detailed assessment of the accounting impacts from AASB 16. However, based on preliminary assessments, impacts from the first time adoption of the standard are likely to include:

- a significant increase in lease assets and financial liabilities recognised on the balance sheet,
- a reduction in reported equity as the carrying amount of lease assets will reduce more quickly than the carrying amount of lease liabilities,
- lower operating cash outflows and higher financing cash flows in the statement of cash flows as principal repayments on all lease liabilities will now be included in financing activities rather than operating activities.

Coolamon Shire Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 1. Summary of significant accounting policies (continued)

AASB2015-6 – Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities

From 1 July 2016, AASB 124 Related Party Disclosures will apply to Council.

This means that Council will be required to disclose information about related parties and Council transactions with those related parties.

Related parties will more than likely include the Mayor, Councillors and certain Council staff. In addition, the close family members of those people and any organisations that they control or are associated with will be classified as related parties (and fall under the related party reporting requirements).

AASB 2014 – 10 Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture

The amendments address an acknowledged inconsistency between the requirements in AASB 10 and those in AASB 128 (2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not).

A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

The effective date of this standard is for annual reporting periods beginning on or after 1 January 2018.

This standard will only impact Council where there has been a sale or contribution of assets between the entity and the associate/joint venture.

(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 year ended 30 June 2016

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
	2016	2016	2015	2016	2016	2015	2016	2016	2015	2016	2015	2016	2015
Governance	–	–	–	681	580	728	(681)	(580)	(728)	–	–	–	–
Administration	63	283	155	–	–	–	63	283	155	–	–	10,553	10,078
Public order and safety	56	56	101	263	272	344	(207)	(216)	(243)	–	–	512	519
Health	21	20	18	169	138	(3)	(148)	(118)	21	–	–	979	989
Environment	678	686	672	897	791	778	(219)	(105)	(106)	45	93	3,100	3,341
Community services and education	1,011	1,086	1,024	912	1,236	1,087	99	(150)	(63)	198	154	1,657	1,601
Housing and community amenities	254	247	250	523	585	620	(269)	(338)	(370)	26	16	4,434	3,821
Sewerage services	914	584	563	544	562	499	370	22	64	13	13	14,479	14,509
Recreation and culture	59	110	103	1,147	1,100	1,144	(1,088)	(990)	(1,041)	57	61	10,319	10,460
Mining, manufacturing and construction	26	35	38	270	200	268	(244)	(165)	(230)	–	–	229	269
Transport and communication	2,799	3,439	2,473	3,459	3,546	3,696	(660)	(107)	(1,223)	2,076	1,070	121,725	119,865
Economic affairs	1,815	1,949	2,025	2,123	2,204	2,012	(308)	(255)	13	–	73	18,392	17,750
Total functions and activities	7,696	8,495	7,422	10,988	11,214	11,173	(3,292)	(2,719)	(3,751)	2,415	1,480	186,379	183,202
Share of gains/(losses) in associates and joint ventures (using the equity method)	5	21	15	–	–	–	5	21	15	–	–	160	139
General purpose income ¹	5,772	5,886	5,781	–	–	–	5,772	5,886	5,781	3,279	3,223	–	–
Operating result from continuing operations	13,474	14,402	13,218	10,988	11,214	11,173	2,486	3,188	2,045	5,694	4,703	186,539	183,341

1. Includes: rates and annual charges (incl. ex-gratia), untied general purpose grants and unrestricted interest and investment income.

Coolamon Shire Council

Notes to the Financial Statements

for the year ended 30 June 2016

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 AND SAFETY

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

HEALTH

Inspection, 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 AND EDUCATION

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

HOUSING AND COMMUNITY AMENITIES

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

SEWERAGE SERVICES

RECREATION AND CULTURE

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

MINING, MANUFACTURING AND CONSTRUCTION

Building control, quarries and pits, other.

TRANSPORT AND COMMUNICATION

Urban roads, sealed rural roads, unsealed rural roads, bridges, footpaths, parking areas, 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 year ended 30 June 2016

Note 3. Income from continuing operations

\$ '000	Notes	Actual 2016	Actual 2015
(a) Rates and annual charges			
Ordinary rates			
Residential		563	548
Farmland		1,534	1,515
Mining		–	–
Business		95	92
Total ordinary rates		2,192	2,155
Special rates			
Nil		–	–
Total special rates		–	–
Annual charges (pursuant to s.496, s.496A, s.496B, s.501 & s.611)			
Domestic waste management services		449	407
Stormwater management services		44	44
Sewerage services		463	427
Waste management services (non-domestic)		13	12
Tip access		89	95
Total annual charges		1,058	985
TOTAL RATES AND ANNUAL CHARGES		3,250	3,140

Council has used 2013 year valuations provided by the NSW Valuer General in calculating its rates.

Coolamon Shire Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 3. Income from continuing operations (continued)

\$ '000	Notes	Actual 2016	Actual 2015
(b) User charges and fees			
Specific user charges (per s.502 – specific 'actual use' charges)			
Ardlethan effluent		7	6
Total user charges		7	6
Other user charges and fees			
(i) Fees and charges – statutory and regulatory functions (per s.608)			
Building regulation		23	23
Inspection services		13	14
Private works – section 67		127	48
Regulatory/ statutory fees		5	3
Section 149 certificates (EPA Act)		10	10
Section 603 certificates		9	8
Town planning		20	33
Total fees and charges – statutory/regulatory		207	139
(ii) Fees and charges – other (incl. general user charges (per s.608))			
Aged care		1,419	1,481
Allawah community care inc. community transport		279	263
Caravan park		35	36
Cemeteries		105	95
Child care		507	484
Home care packages		12	55
Waste disposal tipping fees		17	17
Other		21	15
Total fees and charges – other		2,395	2,446
TOTAL USER CHARGES AND FEES		2,609	2,591

Coolamon Shire Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 3. Income from continuing operations (continued)

\$ '000	Notes	Actual 2016	Actual 2015
(c) Interest and investment revenue (including losses)			
Interest			
– Interest on overdue rates and annual charges (incl. special purpose rates)		20	20
– Interest earned on investments (interest and coupon payment income)		456	436
– Interest on deferred debtors		1	1
<u>TOTAL INTEREST AND INVESTMENT REVENUE</u>		<u>477</u>	<u>457</u>
Interest revenue is attributable to:			
Unrestricted investments/financial assets:			
Overdue rates and annual charges (general fund)		13	20
General Council cash and investments		402	383
Restricted investments/funds – external:			
Sewerage fund operations		58	51
Domestic waste management operations		4	3
Restricted investments/funds – internal:			
Internally restricted assets			–
Total interest and investment revenue recognised		<u>477</u>	<u>457</u>
(d) Other revenues			
Rental income – other council properties		313	330
Legal fees recovery – rates and charges (extra charges)		16	11
Allawah complex		148	148
Commissions and agency fees		5	6
Diesel rebate		57	39
Insurance claim recoveries		21	–
Insurance incentives		28	35
Vitalcall agency		–	11
Zone rural fire service administration		29	29
Other		69	65
<u>TOTAL OTHER REVENUE</u>		<u>686</u>	<u>674</u>

Coolamon Shire Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 3. Income from continuing operations (continued)

\$ '000	2016 Operating	2015 Operating	2016 Capital	2015 Capital
(e) Grants				
General purpose (untied)				
Financial assistance	3,247	3,192	–	–
Pensioners' rates subsidies – general component	32	31	–	–
Total general purpose	3,279	3,223	–	–
Specific purpose				
Pensioners' rates subsidies:				
– Sewerage	13	13	–	–
– Domestic waste management	26	43	–	–
Ardlethan preschool	81	85	–	–
Caravan park	–	–	–	73
Child care	16	–	–	–
Heritage and cultural	6	7	–	–
Library	25	41	–	–
Links to learning	95	65	–	–
Noxious weeds	45	50	–	–
Recreation and culture	26	–	–	13
Street lighting	16	16	–	–
Transport (roads to recovery)	1,665	599	–	–
Transport (other roads and bridges funding)	–	23	395	448
Other	6	4	–	–
Total specific purpose	2,020	946	395	534
Total grants	5,299	4,169	395	534
Grant revenue is attributable to:				
– Commonwealth funding	4,912	3,791	–	–
– State funding	387	378	395	534
– Other funding	–	–	–	–
	5,299	4,169	395	534

Coolamon Shire Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 3. Income from continuing operations (continued)

\$ '000	2016 Operating	2015 Operating	2016 Capital	2015 Capital
(f) Contributions				
Developer contributions:				
(s93 & s94 – EP&A Act, s64 of the LGA):				
S 94 – contributions towards amenities/services	–	–	2	17
Total developer contributions	–	–	2	17
Other contributions:				
Bushfire services	42	50	–	–
Child care	36	36	–	–
Cycleways/footpaths	–	–	24	34
Flood mitigation study	4	43	–	–
Recreation and culture	–	8	47	–
RMS contributions (regional roads, block grant)	1,091	1,116	216	218
Sewerage (excl. section 64 contributions)	–	–	36	58
Other	89	41	–	–
Total other contributions	1,262	1,294	323	310
Total contributions	1,262	1,294	325	327
TOTAL GRANTS AND CONTRIBUTIONS	6,561	5,463	720	861

Coolamon Shire Council

Notes to the Financial Statements
for the year ended 30 June 2016

Note 3. Income from continuing operations (continued)

\$ '000	Actual 2016	Actual 2015
(g) Restrictions relating to grants and contributions		
Certain grants and contributions are obtained by Council on condition that they be spent in a specified manner:		
Unexpended at the close of the previous reporting period	254	275
Add: grants and contributions recognised in the current period but not yet spent:	–	409
Less: grants and contributions recognised in a previous reporting period now spent:	(254)	(430)
Net increase (decrease) in restricted assets during the period	(254)	(21)
Unexpended and held as restricted assets	–	254
Comprising:		
– Specific purpose unexpended grants	–	254
– Developer contributions	–	–
– Other contributions	–	–
	–	254

Coolamon Shire Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 4. Expenses from continuing operations

\$ '000	Notes	Actual 2016	Actual 2015
(a) Employee benefits and on-costs			
Salaries and wages		3,911	3,597
Travel expenses		5	59
Employee leave entitlements (ELE)		829	805
Superannuation		438	411
Workers' compensation insurance		122	39
Fringe benefit tax (FBT)		23	43
Payroll tax		–	14
Training costs (other than salaries and wages)		33	67
Other		2	2
Total employee costs		5,363	5,037
Less: capitalised costs		(733)	(594)
TOTAL EMPLOYEE COSTS EXPENSED		4,630	4,443
Number of 'full-time equivalent' employees (FTE) at year end		63	68
Number of 'full-time equivalent' employees (FTE) at year end (incl. vacancies)		65	68
(b) Borrowing costs			
(i) Interest bearing liability costs			
Interest on loans		1	1
Total interest bearing liability costs		1	1
Less: capitalised costs		–	–
Total interest bearing liability costs expensed		1	1
(ii) Other borrowing costs			
Discount adjustments relating to movements in provisions (other than ELE)		–	–
– Remediation liabilities	26	3	66
Total other borrowing costs		3	66
TOTAL BORROWING COSTS EXPENSED		4	67

Coolamon Shire Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 4. Expenses from continuing operations (continued)

\$ '000	Notes	Actual 2016	Actual 2015
(c) Materials and contracts			
Raw materials and consumables		2,620	2,507
Auditors remuneration ⁽¹⁾		22	20
Legal expenses:			
– Legal expenses: debt recovery		16	14
– Legal expenses: other		20	16
Total materials and contracts		2,678	2,557
Less: capitalised costs		–	–
<u>TOTAL MATERIALS AND CONTRACTS</u>		<u>2,678</u>	<u>2,557</u>
1. Auditor remuneration			
During the year, the following fees were incurred for services provided by the Council's Auditor:			
(i) Audit and other assurance services			
– Audit and review of financial statements: Council's Auditor		22	20
Remuneration for audit and other assurance services		22	20
Total Auditor remuneration		22	20

Coolamon Shire Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 4. Expenses from continuing operations (continued)

\$ '000	Notes	Impairment costs		Depreciation/amortisation	
		Actual 2016	Actual 2015	Actual 2016	Actual 2015
Plant and equipment		–	–	449	444
Office equipment		–	–	47	70
Land improvements (depreciable)		–	–	18	19
Infrastructure:					
– Buildings – non-specialised		–	–	197	193
– Buildings – specialised		–	–	196	197
– Other structures		–	–	145	133
– Roads		–	–	1,425	1,614
– Bridges		–	–	33	–
– Footpaths		–	–	27	–
– Stormwater drainage		–	–	35	32
– Sewerage network		–	–	148	147
– Swimming pools		–	–	28	29
Asset reinstatement costs	9 & 26	–	–	18	19
Total depreciation and impairment costs		–	–	2,766	2,897
Less: capitalised costs		–	–	(241)	(222)
<u>TOTAL DEPRECIATION AND IMPAIRMENT COSTS EXPENSED</u>		<u>–</u>	<u>–</u>	<u>2,525</u>	<u>2,675</u>

Coolamon Shire Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 4. Expenses from continuing operations (continued)

\$ '000	Notes	Actual 2016	Actual 2015
(e) Other expenses			
Other expenses for the year include the following:			
Advertising		45	32
Bad and doubtful debts		20	24
Bank charges		21	20
Computer / office equipment maintenance		147	135
Contributions/levies to other levels of government		–	–
– NSW State Emergency Service Levy		7	6
– NSW Fire & Rescue Levy		16	15
– NSW Rural Fire Service Levy		119	152
– Regional library		89	105
Councillor expenses – mayoral fee		12	12
Councillor expenses – councillors' fees		75	77
Councillors' expenses (incl. mayor) – other (excluding fees above)		10	10
Donations, contributions and assistance to other organisations (Section 356)		7	8
– REROC		14	14
Electricity and heating		127	160
Insurance		249	244
Postage		18	15
Printing and stationery		39	36
Street lighting		70	64
Subscriptions and publications		68	76
Telephone and communications		46	44
Valuation fees		25	24
Water charges		153	158
Total other expenses		1,377	1,431
Less: capitalised costs		–	–
TOTAL OTHER EXPENSES		1,377	1,431

Coolamon Shire Council

Notes to the Financial Statements
for the year ended 30 June 2016

Note 5. Gains or losses from the disposal of assets

\$ '000	Notes	Actual 2016	Actual 2015
Property (excl. investment property)			
Proceeds from disposal – property		127	47
Less: carrying amount of property assets sold/written off		(143)	(78)
Net gain/(loss) on disposal		(16)	(31)
Plant and equipment			
Proceeds from disposal – plant and equipment		206	138
Less: carrying amount of plant and equipment assets sold/written off		(112)	(90)
Net gain/(loss) on disposal		94	48
Financial assets *			
Proceeds from disposal/redemptions/maturities – financial assets		10,000	11,000
Less: carrying amount of financial assets sold/redeemed/matured		(10,000)	(11,000)
Net gain/(loss) on disposal		-	-
<u>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</u>		<u>78</u>	<u>17</u>

Coolamon Shire Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 6a. – Cash assets and Note 6b. – investments

\$ '000	Notes	2016	2016	2015	2015
		Actual Current	Actual Non-current	Actual Current	Actual Non-current
Cash and cash equivalents (Note 6a)					
Cash on hand and at bank		1,322	–	–	–
Total cash and cash equivalents		1,322	–	–	–
Investments (Note 6b)					
– Long term deposits		12,700	–	13,700	–
Total investments		12,700	–	13,700	–
TOTAL CASH ASSETS, CASH EQUIVALENTS AND INVESTMENTS		14,022	–	13,700	–

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

Cash, cash equivalents and investments were classified at year end in accordance with AASB 139 as follows:

Cash and cash equivalents

a. 'At fair value through the profit and loss'

	1,322	–	–	–
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Investments

a. 'At fair value through the profit and loss'

– 'Held for trading'	6(b-i)			–	–
– 'Designated at fair value on initial recognition'	6(b-i)			–	–
b. 'Held to maturity'	6(b-ii)	12,700	–	13,700	–
c. 'Loans and receivables'	6(b-iii)			–	–
d. 'Available for sale'	6(b-iv)			–	–

Investments

	12,700	–	13,700	–
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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 year ended 30 June 2016

Note 6b. investments (continued)

\$ '000	2016	2016	2015	2015
	Actual Current	Actual Non-current	Actual Current	Actual Non-current
Note 6(b-i)				
Reconciliation of investments classified as 'at fair value through the profit and loss'				
Nil				
Note 6(b-ii)				
Reconciliation of investments classified as 'held to maturity'				
Balance at the beginning of the year	13,700	–	10,700	–
Additions	9,000	–	14,000	–
Disposals (sales and redemptions)	(10,000)	–	(11,000)	–
Balance at end of year	12,700	–	13,700	–
Comprising:				
– Other long term financial assets	12,700	–	13,700	–
Total	12,700	–	13,700	–
Note 6(b-iii)				
Reconciliation of investments classified as 'loans and receivables'				
Nil				
Note 6(b-iv)				
Reconciliation of investments classified as 'available for sale'				
Nil				

Coolamon Shire Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 6c. Restricted cash, cash equivalents and investments – details

\$ '000	2016	2016	2015	2015
	Actual Current	Actual Non-current	Actual Current	Actual Non-current
Total cash, cash equivalents and investments	14,022	–	13,700	–
attributable to:				
External restrictions (refer below)	9,134	–	8,519	–
Internal restrictions (refer below)	4,870	–	4,690	–
Unrestricted	18	–	491	–
	14,022	–	13,700	–

2016 \$ '000	Opening balance	Transfers to restrictions	Transfers from restrictions	Closing balance
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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 & Accommodation Paym (C)	2,751	1,378	(594)	3,535
Allawah Village Loan Licence Contributions (C)	3,196	190	(345)	3,041
External restrictions – included in liabilities	5,947	1,568	(939)	6,576

External restrictions – other

Developer contributions – general (D)	–	2	(2)	–
Developer contributions – sewer fund (D)	–	–	–	–
RMS (formerly RTA) contributions (E)	–			–
Specific purpose unexpended grants (F)	254	–	(254)	–
Specific purpose unexpended grants-sewer fund (F)	–	–	–	–
Sewerage services (G)	1,585	64	–	1,649
Domestic waste management (G)	733	28		761
Other	–	148		148
External restrictions – other	2,572	242	(256)	2,558
Total external restrictions	8,519	1,810	(1,195)	9,134

Coolamon Shire Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 6c. Restricted cash, cash equivalents and investments – details (continued)

2016 \$ '000	Opening balance	Transfers to restrictions	Transfers from restrictions	Closing balance
Internal restrictions				
Plant and vehicle replacement	1,122	55	(256)	921
Employees leave entitlement	1,008	285		1,293
Carry over works	225	256	(225)	256
Asset management/replacement	2,193	35		2,228
Rehabilitation of gravel pits	127	15		142
Swimming pools	15	15		30
Other	–			–
Total internal restrictions	4,690	661	(481)	4,870
TOTAL RESTRICTIONS	13,209	2,471	(1,676)	14,004

- 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 (b))
- G** Water, sewerage, domestic waste management (DWM) and 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 year ended 30 June 2016

Note 7. Receivables

\$ '000	Notes	2016		2015	
		Current	Non-current	Current	Non-current
Purpose					
Rates and annual charges		297	–	284	–
Interest and extra charges		34	–	77	–
Private works		117	–	27	–
Accrued revenues					
– Interest on investments		89	–	133	–
– Other income accruals		23	–	–	–
Allawah Lodge Accommodation Payments:		132	–	208	–
Cemetery		13	–	12	–
Allawah Community Care & Community Transport		7	–	6	–
Deferred debtors		12	4	9	10
Government grants and subsidies		33	–	497	–
Rents		28	–	20	–
Sewerage connections		9	–	12	–
Other debtors		30	–	17	–
Total		824	4	1,302	10
Less: provision for impairment					
Rates and annual charges		(90)	–	(77)	–
Interest and extra charges		(37)	–	(30)	–
Total provision for impairment – receivables		(127)	–	(107)	–
<u>TOTAL NET RECEIVABLES</u>		<u>697</u>	<u>4</u>	<u>1,195</u>	<u>10</u>
Externally restricted receivables					
Sewerage services					
– Rates and availability charges		35	–	41	–
– Other		9	–	12	–
Domestic waste management		39	–	33	–
Total external restrictions		83	–	86	–
Internally restricted receivables					
Nil		–	–	–	–
Internally restricted receivables		–	–	–	–
Unrestricted receivables		614	4	1,109	10
TOTAL NET RECEIVABLES		697	4	1,195	10

Notes on debtors above:

- (i) Rates and 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 and charges at 8.50% (2015 8.50%).
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 year ended 30 June 2016

Note 8. Inventories and other assets

\$ '000	Notes	2016		2015	
		Current	Non-current	Current	Non-current
(a) Inventories					
(i) Inventories at cost					
Real estate for resale (refer below)		1,170	2	324	2
Stores and materials		120	–	126	–
Total inventories at cost		1,290	2	450	2
(ii) Inventories at net realisable value (NRV)					
Nil					
Total inventories at net realisable value (NRV)		–	–	–	–
TOTAL INVENTORIES		1,290	2	450	2
(b) Other assets					
Nil					
TOTAL OTHER ASSETS		–	–	–	–
Externally restricted assets					
There are no restrictions applicable to the above assets.					
Total externally restricted assets		–	–	–	–
Total internally restricted assets		–	–	–	–
Total unrestricted assets		1,290	2	450	2
TOTAL INVENTORIES AND OTHER ASSETS		1,290	2	450	2

Coolamon Shire Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 8. Inventories and other assets (continued)

\$ '000	2016		2015	
	Current	Non-current	Current	Non-current
(i) Other disclosures				
(a) Details for real estate development				
Residential	1,170	2	324	2
Total real estate for resale	1,170	2	324	2
(Valued at the lower of cost and net realisable value)				
Represented by:				
Acquisition costs	173	2	173	2
Development costs	997	–	151	–
Total costs	1,170	2	324	2
Less: provision for under recovery	–	–	–	–
Total real estate for resale	1,170	2	324	2
Movements:				
Real estate assets at beginning of the year	324	2	–	282
– Purchases and other costs	846	–	44	–
– Transfer between current/non-current	–	–	280	(280)
Total real estate for resale	1,170	2	324	2

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

The following inventories and other assets, even though classified as current are not expected to be recovered in the next 12 months;

	2016	2015
Real estate for resale	710	324
	710	324

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

– Stores and materials	326	318
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(d) Inventory write downs

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

Refer to Note 27. Fair value measurement for information regarding the fair value of other assets held.

Coolamon Shire Council

Notes to the Financial Statements
for the year ended 30 June 2016

Note 9a. Infrastructure, property, plant and equipment

\$ '000	as at 30/6/2015					Asset movements during the reporting period							as at 30/6/2016				
	At cost	At fair value	Accumulated		Carrying value	Additions renewals	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Adjustments and transfers	Revaluation increments to equity (ARR)	At cost	At fair value	Accumulated		Carrying value
			depreciation	impairment											depreciation	impairment	
Capital work in progress	44	–	–	–	44		131			(41)			134	–	–	–	134
Plant and equipment	–	4,819	2,896	–	1,923	669		(112)	(449)	40			–	5,111	3,040	–	2,071
Office equipment	–	590	309	–	281		51		(47)				–	641	356	–	285
Furniture and fittings	–	–	–	–	–				–				–	–	–	–	–
Plant and equipment (under finance lease)	–	–	–	–	–				–				–	–	–	–	–
Land:																	
– Operational land	–	2,685	–	–	2,685		135	(31)					–	2,789	–	–	2,789
– Community land	–	1,596	–	–	1,596						21		–	1,617	–	–	1,617
Land improvements – depreciable	–	640	176	–	464				(18)				–	640	194	–	446
Infrastructure:																	
– Buildings – non-specialised	–	19,654	6,323	–	13,331	122	304	(112)	(197)	1			–	19,915	6,466	–	13,449
– Buildings – specialised	–	16,936	8,131	–	8,805	96			(196)				–	17,033	8,328	–	8,705
– Other structures	–	8,773	3,936	–	4,837	31			(145)				–	8,805	4,082	–	4,723
– Roads	–	68,133	9,220	–	58,913	3,814			(1,425)				–	71,947	10,645	–	61,302
– Bridges	–	2,601	730	–	1,871	–			(33)				–	2,601	763	–	1,838
– Footpaths	–	2,179	221	–	1,958	–	52		(27)				–	2,231	248	–	1,983
– Bulk earthworks (non-depreciable)	–	56,400	–	–	56,400	–			–				–	56,400	–	–	56,400
– Stormwater drainage	–	3,532	513	–	3,019	–			(35)				–	3,532	548	–	2,984
– Sewerage network	–	13,511	3,160	–	10,351	123			(148)				–	13,634	3,308	–	10,326
– Swimming pools	–	3,788	2,690	–	1,098	–	13		(28)				–	3,801	2,718	–	1,083
Reinstatement, rehabilitation and restoration assets (refer Note 26):																	
– Quarry assets	–	480	211	–	269	–			(18)		(22)		–	440	211	–	229
TOTAL INFRASTRUCTURE, PROPERTY, PLANT AND EQUIP.	44	206,317	38,516	–	167,845	4,855	686	(255)	(2,766)	–	(22)	21	134	211,137	40,907	–	170,364

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 and equipment.

Coolamon Shire Council

Notes to the Financial Statements
for the year ended 30 June 2016

Note 9b. Externally restricted infrastructure, property, plant and equipment

\$ '000 Class of asset	Actual 2016				Actual 2015			
	At cost	At fair value	A/Dep & impairm't	Carrying value	At cost	At fair value	A/Dep & impairm't	Carrying value
Sewerage services								
Land								
– Operational land		587		587	–	587	–	587
Other structures		3,825	1,952	1,873	–	3,818	1,886	1,932
Infrastructure		13,634	3,308	10,326	–	13,512	3,160	10,352
Other assets				–	–	–	–	–
Total sewerage services	–	18,046	5,260	12,786	–	17,917	5,046	12,871
Domestic waste management								
Buildings		143	46	97	–	105	45	60
Other assets		196	177	19	–	196	175	21
Total DWM	–	339	223	116	–	301	220	81
TOTAL RESTRICTED I,PP&E	–	18,385	5,483	12,902	–	18,218	5,266	12,952

Coolamon Shire Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 9c. Infrastructure, property, plant and equipment – current year impairments

\$ '000	Notes	Actual 2016	Actual 2015
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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 year ended 30 June 2016

Note 10a. Payables, borrowings and provisions

\$ '000	Notes	2016		2015	
		Current	Non-current	Current	Non-current
Payables					
Goods and services – operating expenditure		488	1	470	1
Payments received in advance		30	–	25	–
Security bonds, deposits and retentions		6,706	–	6,152	–
Total payables		7,224	1	6,647	1
Borrowings					
Bank overdraft		–	–	466	–
Loans – unsecured		1	3	–	6
Total borrowings		1	3	466	6
Provisions					
Employee benefits:					
Annual leave		582	–	519	–
Long service leave		984	52	1,143	60
Other leave (RDO/TIL)		15	–	12	–
Sub-total – aggregate employee benefits		1,581	52	1,674	60
Asset remediation/restoration (future works)	26	–	991	–	1,010
Total provisions		1,581	1,043	1,674	1,070
TOTAL PAYABLES, BORROWINGS AND PROVISIONS		8,806	1,047	8,787	1,077

(i) Liabilities relating to restricted assets

	2016		2015	
	Current	Non-current	Current	Non-current
Externally restricted assets				
Accommodation Payments/Loan Licences	6,706	–	5,947	–
Liabilities relating to externally restricted assets	6,706	–	5,947	–
Internally restricted assets				
Nil	–	–	–	–
Liabilities relating to internally restricted assets	–	–	–	–
Total liabilities relating to restricted assets	6,706	–	5,947	–
Total liabilities relating to unrestricted assets	2,100	1,047	2,840	1,077
TOTAL PAYABLES, BORROWINGS AND PROVISIONS	8,806	1,047	8,787	1,077

¹ Loans are secured over the general rating income of Council

Disclosures on liability interest rate risk exposures, fair value disclosures and security can be found in Note 15.

Coolamon Shire Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 10a. Payables, borrowings and provisions (continued)

\$ '000	Actual 2016	Actual 2015
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(ii) Current liabilities not anticipated to be settled within the next twelve months

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

Provisions – employees benefits	993	858
Payables – security bonds, deposits and retentions	6,403	5,809
	<u>7,396</u>	<u>6,667</u>

Note 10b. Description of and movements in provisions

Class of provision	2015		2016			
	Opening balance as at 1/7/15	Additional provisions	Decrease due to payments	Remeasurement effects due to discounting	Unused amounts reversed	Closing balance as at 30/6/16
Annual leave	519	355	(292)			582
Long service leave	1,203	185	(352)			1,036
Other leave (enter detai	12	299	(296)			15
Asset remediation	1,010	(19)				991
TOTAL	<u>2,744</u>	<u>820</u>	<u>(940)</u>	–	–	<u>2,624</u>

- a. Employees leave entitlements and 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 and restoration provisions represent the present value estimate of future costs Council will incur in order to remove, restore and remediate assets and/or activities as a result of past operations.

Coolamon Shire Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 11. Statement of cash flows – additional information

\$ '000	Notes	Actual 2016	Actual 2015
(a) Reconciliation of cash assets			
Total cash and cash equivalent assets	6a	1,322	–
Less bank overdraft	10	–	(466)
Balance as per the Statement of Cash Flows		1,322	(466)
(b) Reconciliation of net operating result to cash provided from operating activities			
Net operating result from Income Statement		3,188	2,045
Adjust for non-cash items:			
Depreciation and amortisation		2,525	2,675
Net losses/(gains) on disposal of assets		(78)	(17)
Reversal of prior period I,PP&E revaluation decrements costed direct to the P&L		–	–
Unwinding of discount rates on reinstatement provisions		3	66
Share of net (profits) or losses of associates/joint ventures		(21)	(15)
+/- Movement in operating assets and liabilities and other cash items:			
Decrease/(increase) in receivables		481	(588)
Increase/(decrease) in provision for doubtful debts		20	24
Decrease/(increase) in inventories		6	7
Decrease/(increase) in other assets		–	–
Increase/(decrease) in payables		18	138
Increase/(decrease) in accrued interest payable		–	–
Increase/(decrease) in other accrued expenses payable		5	(80)
Increase/(decrease) in other liabilities		554	1,576
Increase/(decrease) in employee leave entitlements		(101)	24
Increase/(decrease) in other provisions		–	–
Net cash provided from/(used in) operating activities from the Statement of Cash Flows		6,600	5,855

Coolamon Shire Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 11. Statement of cash flows – additional information (continued)

\$ '000	Notes	Actual 2016	Actual 2015
(c) Non-cash investing and financing activities			
Nil			
Total non-cash investing and financing activities		-	-
(d) Financing arrangements			
(i) Unrestricted access was available at balance date to the following lines of credit:			
Credit cards/purchase cards		20	20
Total financing arrangements		20	20
Amounts utilised as at balance date:			
– Credit cards/purchase cards		3	–
Total financing arrangements utilised		3	-

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 and 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

Council has not provided any bank guarantees to external third parties.

(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 year ended 30 June 2016

Note 12. Commitments for expenditure

\$ '000	Notes	Actual 2016	Actual 2015
(a) Capital commitments (exclusive of GST)			
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
Property, plant and equipment			
Buildings		–	–
Plant and equipment			229
Investment property			
– Land			–
– Buildings			–
– Other			–
Total commitments		–	229
These expenditures are payable as follows:			
Within the next year		–	229
Later than one year and not later than 5 years			–
Later than 5 years			–
Total payable		–	229
Sources for funding of capital commitments:			
Unrestricted general funds		–	64
Internally restricted reserves			165
Total sources of funding		–	229

(b) Finance lease commitments

Nil

(c) Operating lease commitments (non-cancellable)

Nil

(d) Investment property commitments

Nil

(e) Investment in joint operations – commitments

For capital commitments and other commitments relating to investments in joint operations, refer to Note 19 (c)

Coolamon Shire Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 13a(i). Statement of performance measurement – indicators (consolidated)

\$ '000	Amounts 2016	Indicator 2016	Prior periods	
			2015	2014
Local government industry indicators – consolidated				
1. Operating performance ratio				
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions less operating expenses	<u>2,369</u>	17.44%	9.35%	-3.52%
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions	<u>13,583</u>			
2. Own source operating revenue ratio				
Total continuing operating revenue ⁽¹⁾ excluding all grants and contributions	<u>7,022</u>	49.10%	52.04%	56.05%
Total continuing operating revenue ⁽¹⁾	<u>14,303</u>			
3. Unrestricted current ratio				
Current assets less all external restrictions ⁽²⁾	<u>6,082</u>	5.49x	3.24x	4.35x
Current liabilities less specific purpose liabilities ^(3, 4)	<u>1,107</u>			
4. Debt service cover ratio				
Operating result ⁽¹⁾ before capital excluding interest and depreciation/impairment/amortisation	<u>4,898</u>	816.39x	56.43x	37.58x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	<u>6</u>			
5. Rates, annual charges, interest and extra charges outstanding percentage				
Rates, annual and extra charges outstanding	<u>204</u>	5.76%	7.53%	6.59%
Rates, annual and extra charges collectible	<u>3,540</u>			
6. Cash expense cover ratio				
Current year's cash and cash equivalents plus all term deposits	<u>14,022</u>	19.20 mths	19.7 mths	14.7 mths
Payments from cash flow of operating and financing activities	<u>730</u>			

Notes

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

(2) Refer Notes 6-8 inclusive.

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

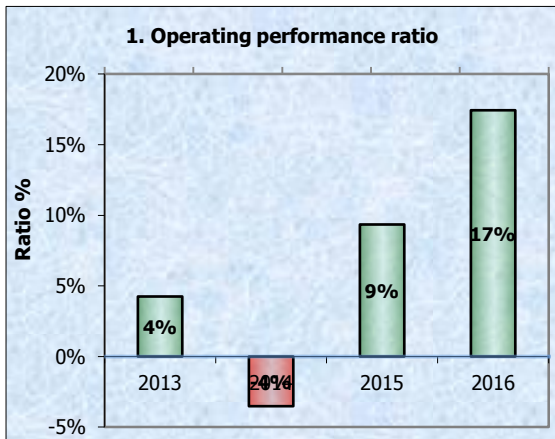
(3) Refer to Note 10(a).

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

Coolamon Shire Council

Notes to the Financial Statements for the year ended 30 June 2016

Note 13a(ii). Local government industry indicators – graphs (consolidated)



Purpose of operating performance ratio

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



Commentary on 2015/16 result

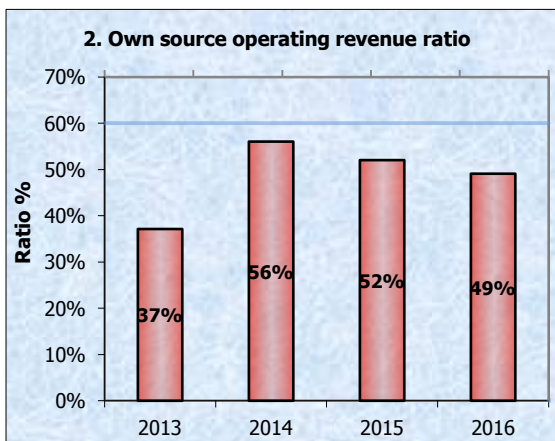
2015/16 ratio 17.44%

Council has again achieved a positive Operating Performance Ratio. The negative ratio from 2014 was a result of the Federal Government's decision to claw back the pre-payments made in respect of the Financial Assistance Grant.

Benchmark: — Minimum $\geq 0.00\%$

Source for benchmark: Code of Accounting Practice and Financial Reporting #24

 Ratio achieves benchmark
 Ratio is outside benchmark



Purpose of own source operating revenue ratio

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



Commentary on 2015/16 result

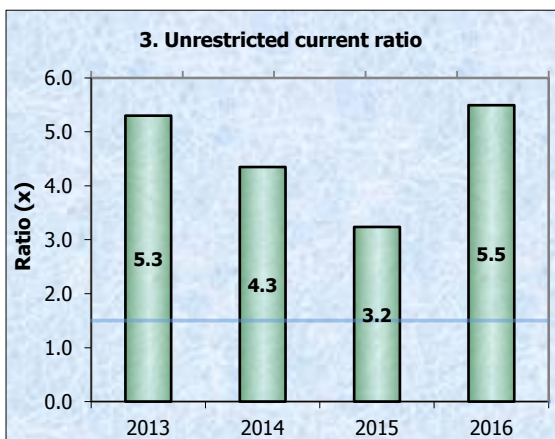
2015/16 ratio 49.10%

Council's own source revenue has fallen slightly as compared to 2014 and 2015. As a rural Council, Coolamon Shire Council has limited avenues to raise additional own source revenue to increase this ratio to the benchmark of 60%. This ratio is also distorted when other levels of Government contribute funding under programs like Roads to Recovery and Fixing Country Roads.

Benchmark: — Minimum $\geq 60.00\%$

Source for benchmark: Code of Accounting Practice and Financial Reporting #24

 Ratio achieves benchmark
 Ratio is outside benchmark



Purpose of unrestricted current ratio

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



Commentary on 2015/16 result

2015/16 ratio 5.49x

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

Benchmark: — Minimum ≥ 1.50

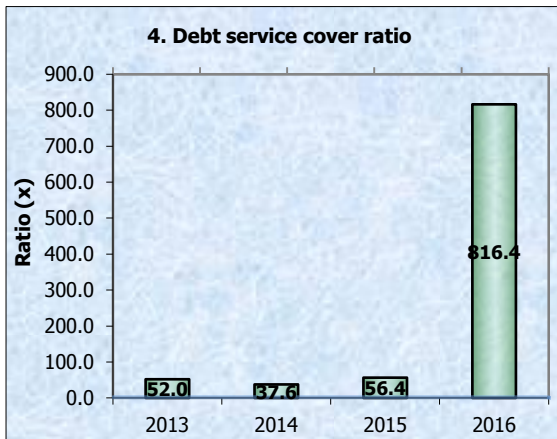
Source for benchmark: Code of Accounting Practice and Financial Reporting #24

 Ratio achieves benchmark
 Ratio is outside benchmark

Coolamon Shire Council

Notes to the Financial Statements for the year ended 30 June 2016

Note 13a(ii). Local government industry indicators – graphs (consolidated)



Purpose of debt service cover ratio

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

Commentary on 2015/16 result

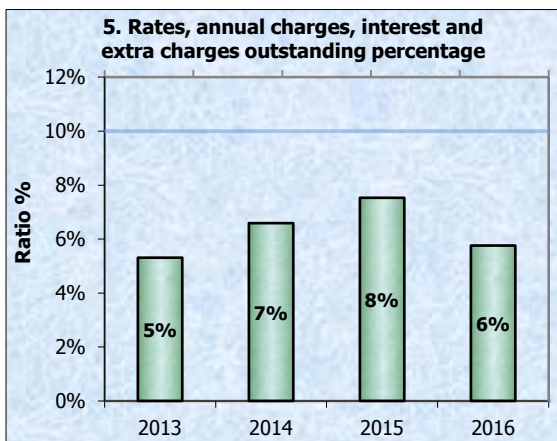
2015/16 ratio 816.39x

Council continues to have a strong Debt Service Ratio. Council's interest costs were reduced this year with the reduction in the number of gravel pits to which Council will be required to rehabilitate and the accounting associated with this reduction.

Benchmark: Minimum ≥ 2.00

Source for benchmark: Code of Accounting Practice and Financial Reporting #24

Ratio achieves benchmark
 Ratio is outside benchmark



Purpose of rates and 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 2015/16 result

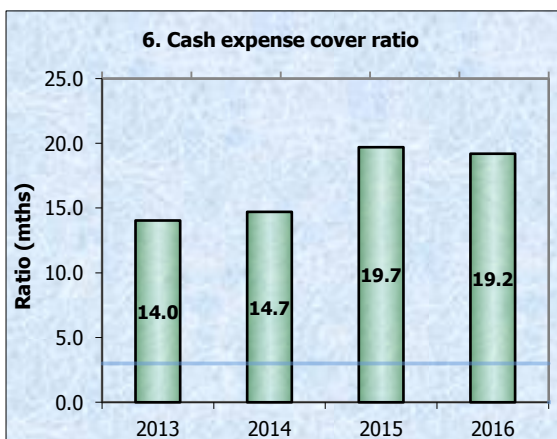
2015/16 ratio 5.76%

Council continues to monitor outstanding rates and annual charges with procedures in place to pursue debt recovery.

Benchmark: Maximum $< 10.00\%$

Source for Benchmark: Code of Accounting Practice and Financial Reporting #24

Ratio is within Benchmark
 Ratio is outside Benchmark



Purpose of cash expense cover ratio

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

Commentary on 2015/16 result

2015/16 ratio 19.20 mths

Council continues to hold adequate cash reserves to cover immediate expenses without having to rely on external financing arrangements.

Benchmark: Minimum ≥ 3.00

Source for benchmark: Code of Accounting Practice and Financial Reporting #24

Ratio achieves benchmark
 Ratio is outside benchmark

Coolamon Shire Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 13b. Statement of performance measurement – indicators (by fund)

\$ '000	Water 2016	Sewer 2016	General ⁵ 2016
Local government industry indicators – by fund			
1. Operating performance ratio			
<u>Total continuing operating revenue⁽¹⁾ excluding capital grants and contributions less operating expenses</u>	n/a	-12.04%	18.68%
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions	prior period: n/a	-9.11%	10.14%
2. Own source operating revenue ratio			
<u>Total continuing operating revenue⁽¹⁾ excluding all grants and contributions</u>	n/a	91.61%	47.29%
Total continuing operating revenue ⁽¹⁾	prior period: n/a	87.39%	50.46%
3. Unrestricted current ratio			
<u>Current assets less all external restrictions⁽²⁾</u>	n/a	No liabilities	5.49x
Current liabilities less specific purpose liabilities ^(3, 4)	prior period: n/a	No liabilities	3.24x
4. Debt service cover ratio			
<u>Operating result⁽¹⁾ before capital excluding interest and depreciation/impairment/amortisation</u>	n/a	0.00	791.56x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	prior period: n/a	0.00x	54.04x
5. Rates, annual charges, interest and extra charges outstanding percentage			
<u>Rates, annual and extra charges outstanding</u>	n/a	7.51%	5.50%
Rates, annual and extra charges collectible	prior period: n/a	9.53%	7.23%
6. Cash expense cover ratio			
<u>Current year's cash and cash equivalents plus all term deposits</u> x12	n/a	0.00	16.94 mths
Payments from cash flow of operating and financing activities	prior period: n/a mths	0.00 mths	17.42 mths

Notes

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

(5) General fund refers to all of Council's activities except for its sewer activity which is listed separately.

Coolamon Shire Council

Notes to the Financial Statements for the year ended 30 June 2016

Note 14. Investment properties

\$ '000	Notes	Actual 2016	Actual 2015
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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 year ended 30 June 2016

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 and financial liabilities recognised in the financial statements is presented below.

	Carrying value		Fair value	
	2016	2015	2016	2015
Financial assets				
Cash and cash equivalents	1,322	–	1,322	–
Investments				
– 'Held to maturity'	12,700	13,700	12,700	13,700
Receivables	701	1,205	701	1,205
Other financial assets	–	–	–	–
Total financial assets	14,723	14,905	14,723	14,905
Financial liabilities				
Bank overdraft	–	466	–	466
Payables	7,195	6,623	7,195	6,623
Loans/advances	4	6	4	6
Lease liabilities	–	–	–	–
Other financial liabilities	–	–	–	–
Total financial liabilities	7,199	7,095	7,199	7,095

Fair value is determined as follows:

- **Cash and cash equivalents, receivables, payables** – are estimated to be the carrying value that approximates market value.
- **Borrowings and held-to-maturity investments** – are based upon estimated future cash flows discounted by the current mkt interest rates applicable to assets and liabilities with similar risk profiles, unless quoted market prices are available.
- Financial assets classified (i) '**at fair value through profit and 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 and liabilities.

Coolamon Shire Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 15. Financial risk management (continued)

\$ '000

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

Council's finance area manages the cash and Investments portfolio.

Council has an investment policy which complies with the *Local Government Act 1993* and Minister's investment order. This policy is regularly reviewed by Council and it's staff and an investment report is tabled before Council on a monthly basis setting out the portfolio breakup and its performance.

The risks associated with the investments held are:

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

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

Council does not seek advice from independent advisers before placing any funds in cash equivalents and investments.

(a) Market risk – price risk and interest rate risk

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

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

	Increase of values/rates		Decrease of values/rates	
	Profit	Equity	Profit	Equity
2016				
Possible impact of a 10% movement in market values				
Possible impact of a 1% movement in interest rates	153	153	(153)	(153)
2015				
Possible impact of a 10% movement in market values				
Possible impact of a 1% movement in interest rates	131	131	(131)	(131)

Coolamon Shire Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 15. Financial risk management (continued)

\$ '000

(b) Credit risk

Council's major receivables comprise (i) rates and annual charges and (ii) user charges and 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 and annual charges at higher than market rates which further encourages the payment of debt.

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:

	2016 Rates and annual charges	2016 Other receivables	2015 Rates and annual charges	2015 Other receivables
(i) Ageing of receivables – %				
Current (not yet overdue)	0%	51%	0%	64%
Overdue	100%	49%	100%	36%
	100%	100%	100%	100%

		2016 Rates and annual charges	2016 Other receivables	2015 Rates and annual charges	2015 Other receivables
(ii) Ageing of receivables – value					
Rates and annual charges	Other receivables				
Current	Current	48	334	–	659
< 1 year overdue	0 – 30 days overdue	125	9	182	178
1 – 2 years overdue	30 – 60 days overdue	43	4	57	8
2 – 5 years overdue	60 – 90 days overdue	81	131	45	22
> 5 years overdue	> 90 days overdue	–	53	–	161
		297	531	284	1,028

(iii) Movement in provision for impairment of receivables

	2016	2015
Balance at the beginning of the year	107	83
+ new provisions recognised during the year	20	24
Balance at the end of the year	127	107

Coolamon Shire Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 15. Financial risk management (continued)

\$ '000

(c) Liquidity risk

Payables and 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 and overdraft facilities utilised as required.

The contractual undiscounted cash outflows (ie. principal and interest) of Council's payables and 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		
2016									
Bank overdraft	–							–	–
Trade/other payables	7,195	106	85	64	48	39	28	7,565	7,195
Loans and advances		1	1	1	1			4	4
Lease liabilities								–	–
Total financial liabilities	7,195	107	86	65	49	39	28	7,569	7,199
2015									
Bank overdraft	466	–	–	–	–	–	–	466	466
Trade/other payables	6,069	137	117	92	65	48	95	6,623	6,623
Loans and advances	–	1	1	1	1	2	–	6	6
Lease liabilities	–	–	–	–	–	–	–	–	–
Total financial liabilities	6,535	138	118	93	66	50	95	7,095	7,095

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

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

	2016		2015	
	Carrying value	Average interest rate	Carrying value	Average interest rate
Bank overdraft	–		466	16.22%
Trade/other payables	7,195		6,623	
Loans and advances – fixed interest rate	4		6	7.50%
	<u>7,199</u>		<u>7,095</u>	

Coolamon Shire Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 16. Material budget variations

\$ '000

Council's original financial budget for 15/16 was adopted by the Council on 25 June 2015.

While the Income Statement included in this General Purpose Financial Report must disclose the original budget adopted by Council, the *Local Government Act 1993* 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	2016 Budget	2016 Actual	2016 ----- Variance* -----		
REVENUES					
Rates and annual charges	3,191	3,250	59	2%	F
User charges and fees	2,570	2,609	39	2%	F
Interest and investment revenue	377	477	100	27%	F
Higher than anticipated levels of cash and investments were held during the year together with higher interest charged on overdue rates and charges have resulted in this favourable variance					
Other revenues	540	686	146	27%	F
Council's original budget did not allow for the following incomes - Diesel Fuel Rebate (\$56,000), Insurance Premium Incentives (\$28,000), Legal Fee Recovery (\$16,000) and Insurance Claims (\$21,000)					
Operating grants and contributions	5,250	6,561	1,311	25%	F
Additional incomes achieved in the year can be attributed \$3,247,000 Financial Assistance Grant (budget \$3,174,000) \$81,000 for the Ardlethan Preschool (budget \$54,000), \$1,091,000 from Roads & Maritime Services (budget \$1,071,000) and \$1,665,000 from Roads to Recovery (budget \$688,000).					
Capital grants and contributions	1,539	720	(819)	(53%)	U
As a result of Fixing Country Roads funding being received in the 2014/2015 financial year, Council only received \$395,000 of the original budget of \$815,000. Council had not commissioned the sewerage infrastructure relating to the "Hornby" subdivision therefore the non-cash income of \$430,000 was not achieved.					
Net gains from disposal of assets	2	78	76	3800%	F
Higher than anticipated sale proceeds for items of plant were achieved during the financial year resulting in this favourable variance.					
Joint ventures and associates - net profits	5	21	16	320%	F
Council's original budget understated the operating result of the Riverina Regional Library.					

Coolamon Shire Council

Notes to the Financial Statements
for the year ended 30 June 2016

Note 16. Material budget variations (continued)

\$ '000	2016 Budget	2016 Actual	2016 ----- Variance* -----		
EXPENSES					
Employee benefits and on-costs	4,865	4,630	235	5%	F
Borrowing costs	60	4	56	93%	F
Borrowing costs were lower than Council's original budget due to a reduction in the number of gravel pits requiring rehabilitation and the accounting entries required to remove both the liability and asset associated with those pits.					
Materials and contracts	1,943	2,678	(735)	(38%)	U
Unbudgeted expenditures including the completion of the Ardlethan Flood Plain Study and consultancy fees relating to the proposed waste facility at the Ardlethan Tin Mine coupled with over expenditures for Allawah Catering, Treatment Works M & R, Sewer M & R, Coolamon Early Childhood Centre Operational expenditure, Environmental Protection expenditure and operational expenditure for Ardlethan Preschool have contributed to this variance.					
Depreciation and amortisation	2,619	2,525	94	4%	F
Other expenses	1,501	1,377	124	8%	F

Coolamon Shire Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 17. Statement of developer contributions

\$ '000

Council recovers contributions, raises levies and 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 and levies and the value of all remaining funds which are 'restricted' in their future use.

SUMMARY OF CONTRIBUTIONS AND LEVIES

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Roads	-	2	-	-	-	(2)	-	(199)
S94 contributions – under a plan	-	2	-	-	-	(2)	-	(199)
S94A levies – under a plan	-	-	-	-	-	-	-	-
Total S94 revenue under plans	-	2	-	-	-	(2)	-	(199)
S94 not under plans	-	-	-	-	-	-	-	-
S93F planning agreements	-	-	-	-	-	-	-	-
S64 contributions	-	-	-	-	-	-	-	-
Total contributions	-	2	-	-	-	(2)	-	(199)

Coolamon Shire Council

Notes to the Financial Statements

for the year ended 30 June 2016

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	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Roads	-	2				(2)	-	(199)
Total	-	2	-	-	-	(2)	-	(199)

Coolamon Shire Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 18. Contingencies and 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 and disclosure is considered relevant to the users of Council's financial report.

LIABILITIES NOT RECOGNISED:

1. Guarantees

(i) Defined benefit superannuation contribution plans

Council participates in an employer-sponsored defined benefit superannuation scheme, and makes contributions as determined by the superannuation scheme's trustees.

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

The schemes most recent full actuarial review indicated that the net assets of the scheme were not sufficient to meet the accrued benefits of the schemes defined benefit member category with member councils required to make significantly higher contributions in future years.

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

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

(ii) Statewide Limited

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

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

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

(iii) StateCover Limited

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

StateCover is a company providing workers compensation insurance cover to the NSW local government industry and specifically Council.

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

These future equity contributions would be required to maintain the company's minimum level of net assets in accordance with its licence requirements.

(iv) Other guarantees

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

Coolamon Shire Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 18. Contingencies and 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 developments 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.

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

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

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

(iii) S94 Expenditure in Advance

The Contributions Plan for Roads is currently in deficit by \$199,000 - 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 year ended 30 June 2016

Note 19. Interests in other entities

\$ '000

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

These operations and entities range from 100% ownership and control through to lower levels of ownership and control via co-operative arrangements with other councils, bodies and other outside organisations.

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

Controlled entities (subsidiaries)

Note 19(a)

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

Joint ventures and associates

Note 19(b)

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

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

Joint operations

Note 19(c)

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

Unconsolidated structured entities

Note 19(d)

Unconsolidated structured entities represent "special vehicles" that Council has an interest in but which are not controlled by Council and therefore not consolidated as a subsidiary, joint arrangement or associate. Attributes of structured entities include restricted activities, a narrow and well-defined objective and insufficient equity to finance its activities without financial support.

Subsidiaries, joint arrangements and associates not recognised

Note 19(e)

Accounting recognition:

(i) Subsidiaries disclosed under Note 19(a) and joint 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) Joint ventures and associates as per Note 19(b) 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 2016	Actual 2015	Actual 2016	Actual 2015
Joint ventures	21	15	160	139
Total	21	15	160	139

Coolamon Shire Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 19. Interests in other entities (continued)

\$ '000

(a) Controlled entities (subsidiaries) – being entities and operations controlled by Council

Council has no interest in any controlled entities (subsidiaries).

(b) Joint ventures and associates

Council has incorporated the following joint ventures and associates into its consolidated financial statements.

(a) Net carrying amounts – Council's share

Name of entity	Nature of relationship	Measurement method	2016	2015
Riverina Regional Library	Joint venture		160	139
Total carrying amounts – material joint ventures and associates			160	139

(b) Details

Name of entity	Principal activity	Place of business
Riverina Regional Library	Provision of library services	Riverina

(c) Relevant interests and fair values

Name of entity	Quoted fair value		Interest in outputs		Interest in ownership		Proportion of voting power	
	2016	2015	2016	2015	2016	2015	2016	2015
Riverina Regional Library			4%	4%	4%	4%	4%	4%

Coolamon Shire Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 19. Interests in other entities (continued)

\$ '000

(d) Summarised financial information for joint ventures and associates

	Riverina Regional Library	
	2016	2015
Statement of financial position		
Current assets		
Cash and cash equivalents	2,013	1,390
Other current assets	19	79
Total current assets	2,032	1,469
Non-current assets	2,945	2,908
Current liabilities		
Financial liabilities (excl. accounts payable)		
Other current liabilities	771	707
Total current liabilities	771	707
Non-current liabilities	1	3
Net assets	4,205	3,667
Reconciliation of the carrying amount		
Opening net assets (1 July)	3,667	3,258
Profit/(loss) for the period	538	409
Closing net assets	4,205	3,667
Council's share of net assets (%)	3.8%	3.8%
Council's share of net assets (\$)	160	139
Statement of comprehensive income		
Income	3,215	2,887
Interest income	19	23
Depreciation and amortisation	(710)	(628)
Interest expense		(10)
Other expenses	(1,986)	(1,863)
Profit/(loss) from continuing operations	538	409
Profit/(loss) from discontinued operations		
Profit/(loss) for period	538	409
Other comprehensive income		
Total comprehensive income	538	409
Share of income – Council (%)	3.8%	3.8%
Profit/(loss) – Council (\$)	20	15
Total comprehensive income – Council (\$)	20	15
Dividends received by Council	–	

Coolamon Shire Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 19. Interests in other entities (continued)

\$ '000

(c) Joint operations

Council has no interest in any joint operations.

(d) Unconsolidated structured entities

Council has no unconsolidated structured entities

(e) Subsidiaries, joint arrangements and associates not recognised

None.

Coolamon Shire Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 20. Retained earnings, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors

\$ '000	Notes	Actual 2016	Actual 2015
(a) Retained earnings			
Movements in retained earnings were as follows:			
Balance at beginning of year (from previous years audited accounts)		77,532	75,952
a. Correction of prior period errors	20 (c)	–	(465)
b. Changes in accounting policies (prior period effects)	20 (d)	–	–
c. Other comprehensive income (excl. direct to reserves transactions)		–	–
d. Net operating result for the year		3,188	2,045
e. Distributions to/(contributions from) non-controlling Interests		–	–
f. Transfers between equity		–	–
g. Other changes (disclosure required)		–	–
Balance at end of the reporting period		80,720	77,532
(b) Revaluation reserves			
(i) Reserves are represented by:			
– Infrastructure, property, plant and equipment revaluation reserve		95,966	89,887
– ‘Available for sale’ financial investments revaluation reserve		–	–
– Other reserves (specify)		–	–
Total		95,966	89,887
(ii) Reconciliation of movements in reserves:			
Infrastructure, property, plant and equipment revaluation reserve			
– Opening balance		89,887	76,676
– Revaluations for the year	9(a)	21	13,211
– (Impairment of revalued assets)/impairment reversals	9(a),(c)	–	–
– Transfer to retained earnings for asset disposals		–	–
– Correction of prior period errors	20(c)	6,058	–
– Other movements (disclose here...)		–	–
– Balance at end of year		95,966	89,887
TOTAL VALUE OF RESERVES		95,966	89,887
(iii) Nature and purpose of reserves			
Infrastructure, property, plant and equipment revaluation reserve			
– The infrastructure, property, plant and 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 year ended 30 June 2016

Note 20. Retained earnings, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors (continued)

\$ '000	Notes	Actual 2016	Actual 2015
(c) Correction of error/s relating to a previous reporting period			
Correction of errors disclosed in this year's financial statements:			
Details of error are to be listed here including...			
Valuation of Bulkearthworks undertaken as at 30/06/2015 was understated by \$3,904,538. Valuation of Regional Road Pavement was understated by \$2,459,238 and associated accumulated depreciation was understated by \$305,709.		6,058	—
Adjustments have been made to the opening balances of asset and accumulated depreciation accounts as well as the asset revaluation reserve.			—
Correction of errors as disclosed in last year's financial statements:			
Council had previously accounted for a 100% share in four properties. Investigations into the proposed sale of the properties identified that Council's share was only 28.59%. Subsequently adjustments were made to the fair value and accumulated depreciation for operational land and non-specialised buildings as well as depreciation expense			
This comprises of the following adjustments:-			—
Land at cost \$34,000, land Revalued \$69,000,			—
Buildings at cost \$200,000, buildings revalued \$344,000,			—
accumulated depn on buildings at cost \$40,000			—
and accumulated depn on buildings revaluated \$137,000			(470)
This relates solely to the depreciation expense for the buildings.			5
			—
This adjustment resulted in a net increase/(decrease) in Council's accumulated surplus as at 30/6/14.			
In accordance with AASB 108 – Accounting Policies, Changes in Accounting Estimates and Errors, the above prior period errors have been recognised retrospectively.			
These amounted to the following equity adjustments:			
– Adjustments to opening equity – 1/7/14			(465)
(relating to adjustments for the 30/6/14 reporting year end and prior periods)			
– Adjustments to closing equity – 30/6/15		6,058	
(relating to adjustments for the 30/6/15 year end)			
Total prior period adjustments – prior period errors		6,058	(465)

Coolamon Shire Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 20. Retained earnings, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors (continued)

\$ '000	Notes	Actual 2016	Actual 2015
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(d) Voluntary changes in accounting policies

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

(e) Changes in accounting estimates

Council made no changes in accounting estimates during the year.

Coolamon Shire Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 21. Financial result and financial position by fund

Income Statement by fund \$ '000	Actual 2016	Actual 2016	Actual 2016	Actual 2016
<u>Continuing operations</u>	Other	Water	Sewer	General¹
Income from continuing operations				
Rates and annual charges		–	463	2,787
User charges and fees		–	7	2,602
Interest and investment revenue		–	58	419
Other revenues		–	7	679
Grants and contributions provided for operating purposes		–	13	6,548
Grants and contributions provided for capital purposes		–	36	684
Other income				
Net gains from disposal of assets		–	–	78
Share of interests in joint ventures and associates using the equity method				21
Total income from continuing operations	–	–	584	13,818
Expenses from continuing operations				
Employee benefits and on-costs		–	141	4,489
Borrowing costs		–	–	4
Materials and contracts		–	165	2,513
Depreciation and amortisation		–	214	2,311
Impairment		–	–	–
Other expenses		–	94	1,283
Interest and investment losses		–	–	–
Net losses from the disposal of assets		–	–	–
Share of interests in joint ventures and associates using the equity method		–	–	–
Total expenses from continuing operations	–	–	614	10,600
Operating result from continuing operations	–	–	(30)	3,218
<u>Discontinued operations</u>				
Net profit/(loss) from discontinued operations		–	–	–
Net operating result for the year	–	–	(30)	3,218
Net operating result attributable to each council fund	–	–	(30)	3,218
Net operating result attributable to non-controlling interests	–	–	–	–
Net operating result for the year before grants and contributions provided for capital purposes	–	–	(66)	2,534

¹ General fund refers to all Council's activities other than Water, Sewer and Other

NB. All amounts disclosed above are gross – that is, they include internal charges and recoveries made between the funds.

Coolamon Shire Council

Notes to the Financial Statements

as at 30 June 2016

Note 21. Financial result and financial position by fund (continued)

Statement of Financial Position by fund \$ '000	Actual 2016	Actual 2016	Actual 2016	Actual 2016
	Other	Water	Sewer	General ¹
ASSETS				
Current assets				
Cash and cash equivalents		–	1,649	(327)
Investments		–	–	12,700
Receivables		–	44	653
Inventories		–	–	1,290
Total current assets	–	–	1,693	14,316
Non-current assets				
Receivables		–	–	4
Inventories		–	–	2
Infrastructure, property, plant and equipment		–	12,786	157,578
Investments accounted for using the equity method		–	–	160
Total non-current assets	–	–	12,786	157,744
TOTAL ASSETS	–	–	14,479	172,060
LIABILITIES				
Current liabilities				
Payables		–	–	7,224
Borrowings		–	–	1
Provisions		–	–	1,581
Total current liabilities	–	–	–	8,806
Non-current liabilities				
Payables		–	–	1
Borrowings		–	–	3
Provisions		–	–	1,043
Total non-current liabilities	–	–	–	1,047
TOTAL LIABILITIES	–	–	–	9,853
Net assets	–	–	14,479	162,207
EQUITY				
Retained earnings		–	5,967	74,753
Revaluation reserves		–	8,512	87,454
Council equity interest	–	–	14,479	162,207
Non-controlling interests	–	–	–	–
Total equity	–	–	14,479	162,207

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

* Other represents ADD DESCRIPTION HERE...

NB. All amounts disclosed above are gross – that is, they include internal receivables and payables between the funds.

Coolamon Shire Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 22. 'Held for sale' non-current assets and disposal groups

 \$ '000

	2016	2016	2015	2015
\$ '000	Current	Non-current	Current	Non-current

Council did not classify any non-current assets or disposal groups as 'held for sale'.

Coolamon Shire Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 23. Events occurring after the reporting date

\$ '000

Events that occur between the end of the reporting period (30 June 2016) 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 28/10/16.

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 2016.

(ii) Events that provide evidence of conditions that arose after the reporting period

These financial statements (and figures therein) do not incorporate any 'non-adjusting events' that have occurred after 30 June 2016 and which are only indicative of conditions that arose after 30 June 2016.

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 year ended 30 June 2016

Note 24. Discontinued operations

\$ '000

Council has not classified any of its operations as 'discontinued'.

Coolamon Shire Council

Notes to the Financial Statements for the year ended 30 June 2016

Note 25. Intangible assets

	Actual	Actual
\$ '000	2016	2015

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

Council is unaware of any control over intangible assets that warrant recognition in the financial statements, including either internally generated and developed assets or purchased assets.

Coolamon Shire Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 26. Reinstatement, rehabilitation and 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	
		2016	2015
Various gravel pit sites across the Shire	2029	991	1,010
Balance at end of the reporting period	10(a)	<u>991</u>	<u>1,010</u>

Reconciliation of movement in provision for year:

Balance at beginning of year	1,010	944
Amounts capitalised to new or existing assets:		
Amortisation of discount (expensed to borrowing costs)	3	66
Divested quarries	(22)	–
Total – reinstatement, rehabilitation and restoration provision	<u>991</u>	<u>1,010</u>

Provisions for close down and restoration and for environmental clean up costs – tips and quarries**Rehabilitation**

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 reporting 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 reporting 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 unwinding 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.

Coolamon Shire Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 27. Fair value measurement

\$ '000

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

– Infrastructure, property, plant and equipment

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

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 by 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 year ended 30 June 2016

Note 27. Fair value measurement

\$ '000

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

2016	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	
Recurring fair value measurements					
Infrastructure, property, plant and equipment					
Plant and equipment	30/06/16			2,071	2,071
Office furniture	30/06/16			285	285
Operational land	30/06/16		2,789		2,789
Community land	30/06/16			1,617	1,617
Land improvements	30/06/16			446	446
Buildings – non-specialised	30/06/16		13,449		13,449
Buildings – specialised	30/06/16			8,705	8,705
Other structures	30/06/16			4,723	4,723
Roads, bridge and footpaths	30/06/16			65,123	65,123
Bulk earthworks	30/06/16			56,400	56,400
Stormwater drainage	30/06/16			2,984	2,984
Sewerage network	30/06/16			10,326	10,326
Swimming pools	30/06/16			1,083	1,083
Quarry Assets	30/06/16			229	229
Total infrastructure, property, plant and equipment		–	16,238	153,992	170,230

2015	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	
Recurring fair value measurements					
Infrastructure, property, plant and equipment					
Plant and equipment	30/06/15			1,923	1,923
Office furniture	30/06/15			281	281
Operational land	30/06/15		2,685		2,685
Community land	30/06/15			1,596	1,596
Land improvements	30/06/15			464	464
Buildings – non-specialised	30/06/15		13,331		13,331
Buildings – specialised	30/06/15			8,805	8,805
Other structures	30/06/15			4,837	4,837
Roads, bridge and footpaths	30/06/15			62,742	62,742
Bulk earthworks	30/06/15			56,400	56,400
Stormwater drainage	30/06/15			3,019	3,019
Sewerage network	30/06/15			10,351	10,351
Swimming pools	30/06/15			1,098	1,098
Other assets	30/06/15			269	269
Total infrastructure, property, plant and equipment		–	16,016	151,785	167,801

Coolamon Shire Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 27. Fair value measurement (continued)

\$ '000

(2) Transfers between level 1 and 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.

(3) Valuation techniques used to derive level 2 and level 3 fair values

Where Council is unable to derive fair valuations using quoted market prices of identical assets (ie. level 1 inputs) Council instead utilises a spread of both observable inputs (level 2 inputs) and unobservable inputs (level 3 inputs).

The fair valuation techniques Council has employed while utilising level 2 and level 3 inputs are as follows:

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

a. The following tables present the changes in level 3 fair value asset classes.

	Asset class here	Asset class here	Asset class here	IPP and E	Total
Opening balance – 1/7/14	–	–	–	131,579	131,579
Purchases (GBV)	–	–	–	3,768	3,768
Disposals (WDV)	–	–	–	(127)	(127)
Depreciation and impairment	–	–	–	(2,704)	(2,704)
FV income approach. Coolamon Shire Council	–	–	–	13,211	13,211
Other movement (Revaluation adjustment)	–	–	–	6,058	6,058
Closing balance – 30/6/15	–	–	–	151,785	151,785
Purchases (GBV)	–	–	–	4,889	4,889
Disposals (WDV)	–	–	–	(134)	(134)
Depreciation and impairment	–	–	–	(2,569)	(2,569)
FV gains – Income Statement ¹	–	–	–	21	21
Closing balance – 30/6/16	–	–	–	153,992	153,992

Coolamon Shire Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 27. Fair value measurement (continued)

\$ '000

(4). Fair value measurements using significant unobservable inputs (level 3) (continued)**b. Information relating to the transfers into and out of the level 3 fair valuation hierarchy (as disclosed in the table above) includes:**

During the year there were no transfers into or out of the level 3 fair valuation hierarchy.

c. 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 (30/6/16) \$'000	Valuation technique/s	Unobservable inputs
I,PP&E PP&E & Office Equipment	2,356	Cost use to approximate fair value (In House)	Gross replacement cost, useful life and residual value
Community Land	1,617	Land values obtained by the NSW Valuer General (In House)	Land value, land area
Land Improvements	446	Cost use to approximate fair value (In House)	Asset condition, remaining lives and residual value
Specialised Buildings	8,705	Unit rates (External Valuer)	Asset condition, remaining lives and residual value
Other Structures Roads, Bridges, Footpaths & Bulk	4,723	Cost use to approximate fair value (In House)	Asset condition, remaining lives and residual value
Stormwater	121,523	Unit rates (In House)	Asset condition, remaining lives and residual value
Sewerage	2,984	Unit rates (In House)	Asset condition, remaining lives and residual value
Swimming Pools	10,326	Unit rates (External Valuer)	Asset condition, remaining lives and residual value
Gravel Pits	1,083	Cost use to approximate fair value (External Valuer)	Asset condition, remaining lives and residual value
	229	Cost use to approximate fair value (In House)	Asset condition, remaining lives and residual value

(5). Highest and best use

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

Coolamon Shire Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 28. Operating segments

\$ '000

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

Accounting policy

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

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

\$ '000	Residential Aged Care		Other		Consolidated	
	Actual 2016	Actual 2015	Actual 2016	Actual 2015	Actual 2016	Actual 2015
Revenue						
User charges – gov't subsidies	789	895	–	–	789	895
User charges – resident charges	630	587	–	–	630	587
User charges – other	–	–	1,190	1,109	1,190	1,109
Capital gains	–	–	78	17	78	17
Interest income	171	116	306	341	477	457
Grants/contributions – donations	7	1	–	–	7	1
Grants/cont's – other (capital)	–	–	7,251	6,323	7,251	6,323
Other revenues – bond retentions	23	37	–	–	23	37
Other revenues – management fee	–	–	99	99	99	99
Other revenues – other	14	14	3,943	3,778	3,957	3,792
Total revenue	1,634	1,650	12,867	11,667	14,501	13,317
Expenses						
Care employee expenses	1,194	1,042	–	–	1,194	1,042
Other employee expenses	–	–	3,436	3,401	3,436	3,401
Borrowing costs	–	–	–	67	–	67
Materials and contracts – audit	3	3	19	17	22	20
Materials and contracts – other	289	276	2,367	2,261	2,656	2,537
Depreciation and amortisation	69	71	2,457	2,604	2,526	2,675
Other expenses – insurances	15	16	234	228	249	244
Other expenses – electricity and	25	39	102	121	127	160
Other expenses – telephone	1	1	42	43	43	44
Other expenses – water	14	13	138	145	152	158
Other expenses – mgt fees	99	99	789	–	888	99
Other expenses – other	20	11	–	814	20	825
Total expenses	1,729	1,571	9,584	9,701	11,313	11,272
Segment result (pre tax)	(95)	79	3,283	1,966	3,188	2,045

Coolamon Shire Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 28. Operating segments (continued)

\$ '000	Residential Aged Care		Other		Consolidated	
	Actual 2016	Actual 2015	Actual 2016	Actual 2015	Actual 2016	Actual 2015
ASSETS						
Current assets						
Cash and cash equivalents	4,048	3,418	(2,726)	(3,418)	1,322	–
Investments	–	–	12,700	13,700	12,700	13,700
Receivables	130	210	567	985	697	1,195
Inventories	–	–	1,290	450	1,290	450
Total current assets	4,178	3,628	11,831	11,717	16,009	15,345
Non-current assets						
Receivables	849	849	4	10	853	859
Inventories	–	–	2	2	2	2
Infrastructure, PP and E	3,731	3,671	166,633	158,116	170,364	161,787
Investments accounted for using	–	–	160	139	160	139
Total non-current assets	4,580	4,520	166,799	158,267	171,379	162,787
TOTAL ASSETS	8,758	8,148	178,630	169,984	187,388	178,132
LIABILITIES						
Current liabilities						
Payables	3,670	2,960	3,554	3,687	7,224	6,647
Borrowings	–	–	1	466	1	466
Provisions	175	179	1,406	1,495	1,581	1,674
Total current liabilities	3,845	3,139	4,961	5,648	8,806	8,787
Non-current liabilities						
Payables	–	–	1	1	1	1
Borrowings	–	–	852	855	852	855
Provisions	5	6	1,038	1,064	1,043	1,070
Total non-current liabilities	5	6	1,891	1,920	1,896	1,926
TOTAL LIABILITIES	3,850	3,145	6,852	7,568	10,702	10,713
Net assets	4,908	5,003	171,778	162,416	176,686	167,419
Component of segment liabilities included above:						
Accommodation pmt liabilities	3,665	2,957	–	–	3,665	2,957
Interest bearing liabilities	–	–	4	6	4	6

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 year ended 30 June 2016

Note 29. Council information and contact details

Principal place of business:

55 Cowabbie Street
Coolamon NSW 2701

Contact details**Mailing address:**

PO Box 101
Coolamon NSW 2701

Opening hours:

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

Telephone: 02 6930 1800

Facsimile: 02 6927 3168

Internet: www.coolamon.nsw.gov.au

Email: council@coolamon.nsw.gov.au

Officers**GENERAL MANAGER**

Anthony Donoghue

RESPONSIBLE ACCOUNTING OFFICER

Samantha Jennings

PUBLIC OFFICER

Anthony Donoghue

AUDITORS

Auswild & Co
4 Dugan Street
DEAKIN ACT 2600

Elected members**MAYOR**

John Seymour

COUNCILLORS

Bruce Hutcheon
Jeremy Crocker
Steve Jones
Kerrilee Logan
Kathy Maslin
David McCann
Colin McKinnon
Alan White

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 30th June, 2016, 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
28th October, 2016

COOLAMON SHIRE COUNCIL

REPORT ON THE CONDUCT
OF THE AUDIT

2016



Auswild & Co

CHARTERED ACCOUNTANTS

ABN: 29 725 771 792

28th October, 2016

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 30th June 2016 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 2016 financial year are:

- Sewer Fund Operations
- Allawah Complex
- Coolamon Early Childhood Centre

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 2016, its performance for the year then ended, its cash flows and other material financial matters.

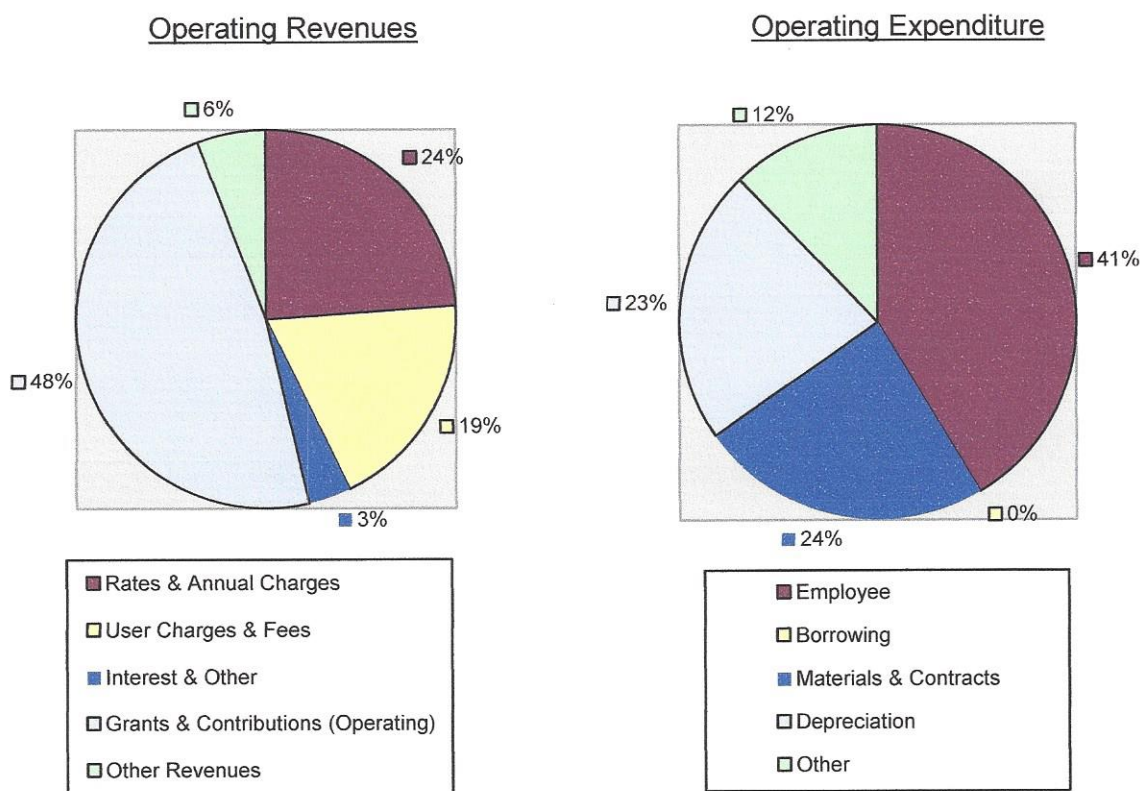


FINANCIAL RESULTS

Council reported an operating surplus before capital grants and contributions of \$2.47 million for the year ended 30 June 2016 (2015 – surplus of \$1.18 million).

Excluding capital grants & contributions, operating revenues (\$13.68 million) increased approx.11.0% on those of the previous year (\$12.36 million) whilst during the same period operating expenses (\$11.21 million) including depreciation expenses of \$2.53 million, remained virtually unchanged (2015 - \$11.17 million).

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 totalling \$720,000 (2015 - \$861,000).

In the twelve months period to 30 June 2016 Council’s operating result from continuing operations’ (**including** capital grants and contributions) was a surplus of \$3.19 million compared with a surplus of \$2.05 million in the previous year.

Further, we note that the Allawah Aged Persons Complex (which is deemed to be controlled by Council) was again consolidated in Council’s statements in accordance with the Code of Accounting Practice. The Allawah Complex reported an operating loss of \$1,000 for the year ended 30th June, 2016.



BUDGET COMPARISON

The net operating surplus for the year of \$3.19 million was well above the original budget expectations which anticipated a surplus of \$2.49 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

- Interest revenues were higher due to increased funds available for investment and better than anticipated interest rates.
- Increased operating grants and contributions were received including:
 - FAG
 - Ardlethan Preschool
 - Roads to Recovery
- Sales of plant & equipment resulted in higher than anticipated profits.

Unfavourable Variances

- Capital grants and contributions were below budget expectations resulting from delays in the Hornby subdivision and changes in the Fixing Country Roads program.
- Unbudgeted and/or over expenditures were reported in a number of projects including:
 - Ardlethan Flood Plain Study
 - Ardlethan Tin Mine Waste Study
 - Allawah Catering
 - Environmental Protection
 - Ardlethan Preschool



DETAILED AUDIT OBSERVATIONS

OPERATING INCOME

Rates and Annual Charges

Revenues from rates and annual charges (excluding Council owned properties) amounted to \$3.25 million (2015 - \$3.14 million).

In setting the **ordinary rates** for the year, Council resolved to adopt the maximum increase available of 2.4%. This action has resulted in revenues from ordinary rates increasing from \$2.16 million in 2014/2015 to \$2.19 million in the current year.

Council's ordinary rating base rose marginally during the twelve months period and at year's end 2,971 assessments were subject to ordinary rates.

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

- Sewerage connected charges increased \$30 to \$410
- Sewerage unconnected charges increased \$20 to \$200
- Pedestal charges increased \$9 to \$110
- Ardlethan Effluent charges for connected properties increased \$20 to \$200
- Domestic Waste Management collection charges increased \$4 to \$179
- Domestic Recycling charges increased \$2 to \$86
- Tip Access Charges increased \$1 to \$48

Such increases have resulted in revenues as follows:

Annual Charges	2016	2015	2014
	\$	\$	\$
Sewerage	463,000	427,000	383,000
Domestic Waste	449,000	407,000	382,000
Tip Access	89,000	95,000	79,000

Rebates of \$125,600 were provided to eligible pensioners and a subsidy of \$71,000 was received from the Office of Local Government towards the cost of these rebates.

Interest on overdue rates and annual charges for the year was \$20,000 (2015 - \$20,000) and outstanding rates were subject to interest at the rate of 8.50% pa (2015 – 8.50%).



User Charges and Fees

Council derived \$214,000 from **Statutory/Regulatory User Charges & Fees** (2015 - \$145,000) and a further \$2.40 million from **Other Fees & Charges** (2015 - \$2.45 million) imposed during the twelve months period ended 30 June 2016.

Significant revenues received from user charges and fees included:-

	2016 \$	2015 \$
Child Care	507,000	484,000
Allawah Lodge	1,419,000	1,481,000
Caravan Park	35,000	36,000
Private Works	127,000	48,000
Cemeteries	105,000	95,000
Allawah Community Care Fees	279,000	263,000

Interest

Interest and investment revenues increased marginally in the twelve months period and were earned as follows:

	2016 \$	2015 \$
Overdue Rates & Charges	20,000	20,000
Allawah Lodge & Village investments	259,000	188,000
Sewerage Fund	58,000	51,000
Domestic Waste Management	4,000	3,000
General Investments	136,000	195,000
	\$ 477,000	\$ 457,000

Excluding interest attributed to the Allawah Complex investments (\$259,000) investment income represented approximately 10.00% 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 (\$313,000) including Aged Persons Units.

Grants, Subsidies and Contributions

Operating Grants and Contributions

Operating grants and contributions amounting to \$6.56 million were received in 2015/2016 compared with \$5.46 million received in the previous year.

This significant increase in income principally relates to the Roads to Recovery grant which increased approx. \$1.07 million to \$1.67 million.

Other major operating grants and contributions were received for Ardlethan Preschool (\$81,000), Regional Roads (\$1.09 million) and Links to Learning funding (\$95,000).

Capital Grants and Contributions

Capital grants and contributions received in 2015/2016 amounted to \$720,000 (2015 - \$861,000) and comprised of funding for Transport (\$395,000) and RMS contributions for regional and local roads (\$216,000).

In accordance with the Code of Accounting Practice all grant and contribution monies received in 2015/2016 (both expended and unexpended) have been brought to account as income. At year end Council did not hold any specific purpose unexpended grants and contributions.

OPERATING EXPENSES

Expenses from continuing operations (\$11.21 million) were much in line with those of the previous year (\$11.17 million) and marginally higher than the original budget expectations (\$10.99 million).

Impacting significantly on operating expenses for the year were:

Employee Costs

Employee costs (\$4.63 million) were higher than those of the previous year (\$4.44 million) with major movements occurring as follows:



-
- Salaries and wages increased \$314,000 to \$3.91 million
 - Capitalised costs increased by \$139,000
 - Employee leave entitlements increased by \$24,000
 - Workers compensation increased by \$83,000

At year end Council's full time equivalent employees numbered 63 (2015 – 68).

Materials and Contracts

Materials and contracts expenditure (\$2.68 million) remained much in line with the expenditures of the previous year (2015 - \$2.56 million).

Depreciation

Depreciation expenses remained fairly consistent in the current year and amounted to \$2.53 million (2015 \$2.68 million).

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 \$78,000 being brought to account (2015 – profit \$17,000).

ASSETS

Cash & Investments

At balance date Council controlled cash and investments totalling \$14.02 million (2015 - \$13.70 million excluding overdraft of \$466,000).

Council utilises its investments to cover both externally and internally imposed requirements and comprises Allawah Complex investments (\$6.58 million), employee entitlements (\$1.29 million), sewerage (\$1.65 million), domestic waste management (\$761,000) and monies for future capital works.



Externally restricted investments (including sewerage fund) amounted to \$9.13 million whilst Council has "earmarked" a further \$4.87 million towards the funding of its future long-term objectives.

Council's cash and investments were held as follows:

	2016	2015
	\$	\$
General Fund Investments	4,888,000	5,181,000
General Fund Overdraft	Nil	(466,000)
Sewerage Fund	1,649,000	1,585,000
Externally Restricted Funds	7,485,000	6,934,000
	<u>14,022,000</u>	<u>13,234,000</u>

and comprised:

	2016	2015
	\$	\$
Cash on Hand and at Bank	1,322,000	Nil
Overdraft	Nil	(466,000)
Long Term Deposits	12,700,000	13,700,000
	<u>14,022,000</u>	<u>13,234,000</u>

Debtors

Rates and Annual Charges

At balance date net outstanding rates, annual charges and associated interest amounted to \$204,000 (2015 - \$254,000) which represented 5.76% of total receivable (2015 – 7.53%).

It is pleasing to note the improvement in Council's rates outstanding percentage and we report that the arrears position compares favourably with the industry benchmark (< 10.0%). Importantly, we note that Council is not materially exposed to the arrears of any one ratepayer with the ten highest arrears collectively amounting to less than \$80,000.

All outstanding arrears have been subject to interest of 8.50% pa and Council has maintained a provision for doubtful debts amounting to \$127,000.

Real Estate

In the twelve months period to 30 June 2016 Council continued to develop new residential land and expended approx. \$846,000 on the Hornby land sub-division. At year end Council held largely developed land with a book value of \$1.17 million.



Property, Plant & Equipment excluding Real Estate

During the reporting period Council expended \$5.30 million (2015 - \$3.90 million) on the acquisition of assets. The principal items being:-

	2016	2015
	\$	\$
Plant & Equipment	669,000	374,000
Buildings	522,000	305,000
Roads, Bridges & Footpaths	3,866,000	2,886,000
Sewerage Network	123,000	19,000

Additionally, we report that Council sold assets with a book value of \$255,000. The sale of these assets has resulted in a profit of \$78,000 being brought to account (2015 – profit \$17,000).

Further, we report that in accordance with the requirements of the Code of Accounting Practice, Council's community land assets were subject to a full revaluation which is required to be conducted at least once every five years. These valuations were principally conducted in-house and have resulted in such assets increasing by \$21,000 to \$1.62 million.

The combined action of asset movements and revaluations has resulted in the written down value of property, plant and equipment increasing from \$167.85 million in 2014/2015 to \$170.36 million as at 30 June 2016.

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

LIABILITIES

Provisions

At 30 June 2016 the Provision for Employee Accrued Entitlements totalled \$1,633,000. The components of the liability are:-

	2016	2015
	\$	\$
Annual Leave	582,000	519,000
Long Service Leave	1,036,000	1,203,000
Other	15,000	12,000

The average leave entitlement per employee as at 30 June 2016 was \$25,900 (2015 - \$25,500). At year end Council had set aside funds amounting to \$1,293,000 or 80.00% of the employees leave entitlement liability and such funds have been identified as an internally restricted asset.

Council's provision for Gravel Pit remediation/restoration was reduced by \$19,000 to \$991,000 following the hand back on several pits.



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:-

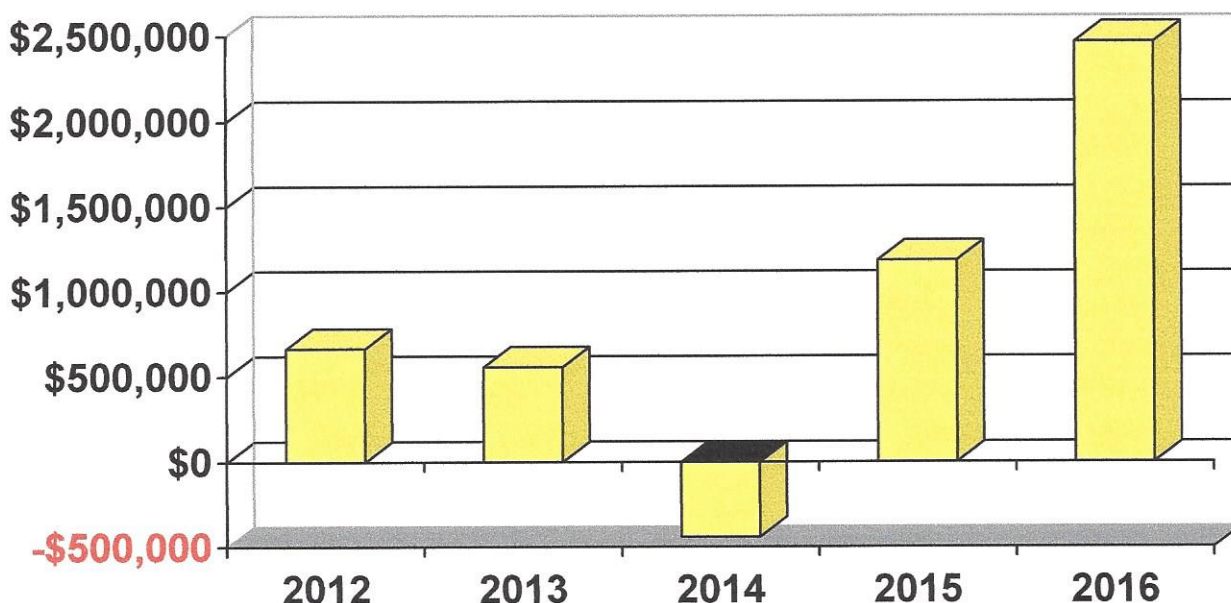
- Operating result before capital amounts (surplus \$2,468,000)
- Net increase in cash and investments held (\$788,000)
- Internal and unrestricted investments (\$4,888,000) and Sewerage investments (\$1,649,000)
- Performance ratios



Operating Result

Council reported an operating surplus before capital amounts of \$2,468,000 for the twelve months period to 30 June 2016. This surplus result has been reported after allowing for depreciation expenses of \$2,525,000 and was considerably better than both the original budget expectations (surplus - \$947,000) and the result of the previous year (surplus - \$1,184,000).

Operating Surplus before Capital Amounts



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

	Surplus/(Deficit)	
	2016	2015
	\$	\$
General Fund	2,535,000	1,044,000
Sewerage Fund	(66,000)	(46,000)
Allawah Complex	(1,000)	186,000
Surplus/(Deficit)	2,468,000	1,184,000

As illustrated, Council has reported a very strong operating result in the current year which has followed on from the significantly improved result reported in 2014/2015.

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



<u>Income</u>	2016	2015	Variance
	\$	\$	\$
Rates & Annual Charges	3,250,000	3,140,000	110,000
Financial Assistance Grant	3,247,000	3,192,000	55,000
Allawah Complex	1,419,000	1,481,000	(62,000)
Interest & Investment Revenue	477,000	457,000	20,000
Roads to Recovery Grant	1,665,000	599,000	1,066,000
RMS Contributions	1,091,000	1,116,000	(25,000)
<u>Expenses</u>			
Employee Costs	4,630,000	4,443,000	187,000
Raw Materials & Consumables	2,620,000	2,507,000	113,000
Depreciation	2,525,000	2,675,000	(150,000)

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

Cash Flow

Council achieved a cash surplus of \$6.58 million (2015 - \$5.86 million) from its operating activities which was principally utilised to purchase assets (\$6.15 million).

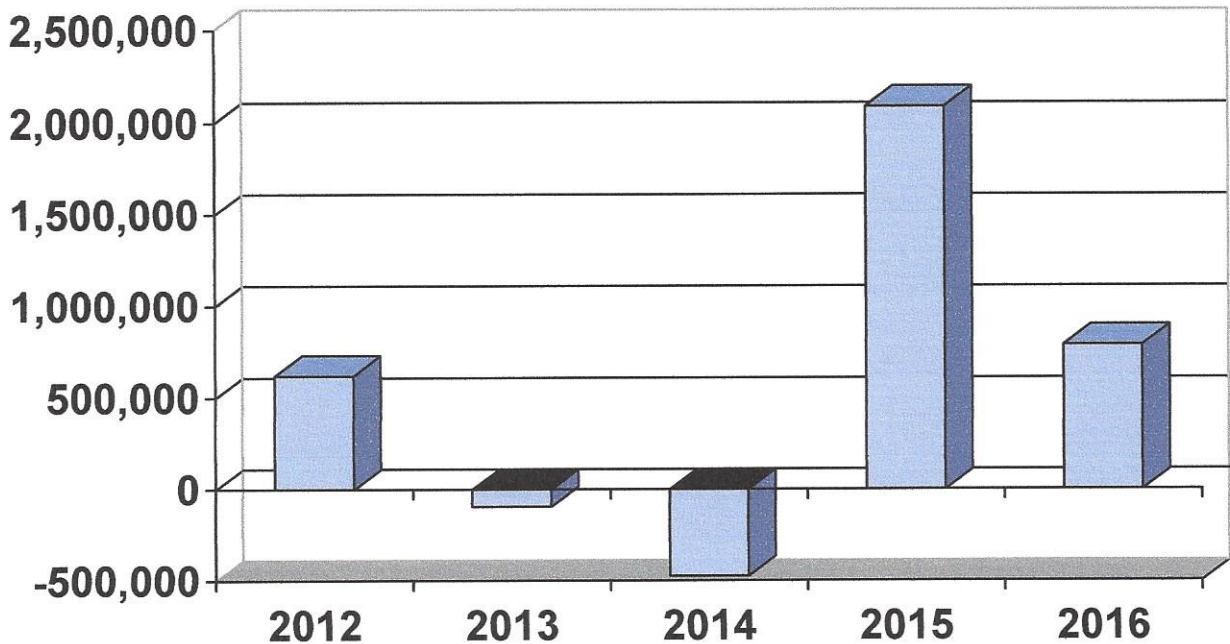
These actions together with the proceeds from the sale of property, plant and equipment have resulted in Council reporting a cash flow surplus (including investments) of \$788,000 for the year.

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

<u>Activity</u>	Surplus/(Deficit)	
	2016	2015
	\$	\$
<u>Externally Restricted</u>		
Sewerage Fund	64,000	106,000
Allawah Complex Bonds	629,000	1,521,000
Other External Restrictions	(78,000)	5,000
<u>Internally Restricted & Unrestricted</u>		
General Fund	173,000	458,000
	\$ 788,000	\$2,090,000



Cash Flow Surplus/Deficit



For comparative purposes, we note the following factors that have impacted on the cash flow surplus in 2015/2016.

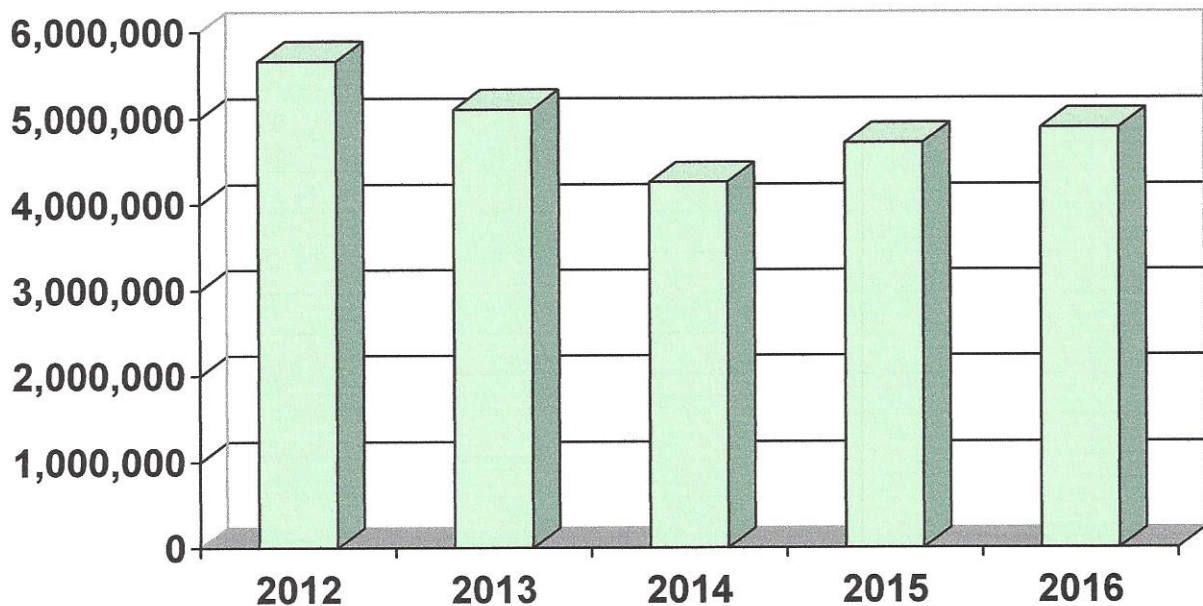
- Capital expenditure amounted to \$6.15 million in the current year compared to \$3.94 million in 2014/2015.
- Security Bonds, Deposits & Retentions increased by \$554,000 in the current year (2015 – increase of \$1.52 million).
- Debtors reduced \$484,000



Reserves (Internally and Unrestricted Assets)

As noted previously, Council's internal and unrestricted funds have increased by \$173,000 during the twelve months period and at year end Council held internally and unrestricted investments amounting to \$4.89 million. In addition to these funds we report that the sewerage fund held cash and investments amounting to \$1.65 million.

Reserves (Internally and Unrestricted Assets)



As illustrated, Council's reserve funds have been steadily increasing over the past two years and in our opinion, a continuance of this strategy would be prudent. We again reiterate that the adequate funding of reserves is probably the greatest challenge facing local government.

Further, we note that Council has real estate holdings with a book value of \$1.17 million, which when sold will further improve Council's liquidity position.

Performance Ratios

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

In particular, we note the unrestricted current ratio (which is a measurement of Council's ability to meet its financial obligations) of 5.49, the satisfactory rates and annual charges arrears percentage (5.76%) 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 2016

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



Coolamon Shire Council

Special Purpose Financial Statements

for the year ended 30 June 2016

Contents	Page
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2. Special Purpose Financial Statements:	
Income Statement – Water Supply Business Activity	n/a
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Income Statement – Other Business Activities	4
Statement of Financial Position – Water Supply Business Activity	n/a
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4. Auditor’s Report	

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 and 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 more than \$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 and debt guarantee fees (where the business benefits from Council's borrowing position by comparison with commercial rates).
-

Coolamon Shire Council

Special Purpose Financial Statements

for the year ended 30 June 2016

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 and Costing for Council Businesses – A Guide to Competitive Neutrality',
- the Local Government Code of Accounting Practice and Financial Reporting,
- the NSW Office of Water Best-Practice Management of Water and Sewerage Guidelines.

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.

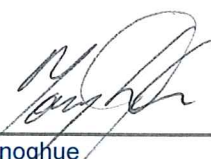
Signed in accordance with a resolution of Council made on 20 October 2016.



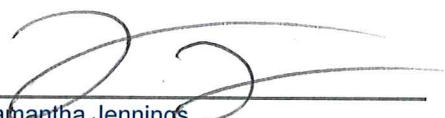
John Seymour
Mayor



Bruce Hutcheon
Councillor



Anthony Donoghue
General Manager



Samantha Jennings
Responsible Accounting Officer

Coolamon Shire Council

Income Statement of Council's Sewerage Business Activity
for the year ended 30 June 2016

\$ '000	Actual 2016	Actual 2015
Income from continuing operations		
Access charges	463	427
User charges	7	6
Interest	58	51
Grants and contributions provided for non-capital purposes	13	13
Other income	7	8
Total income from continuing operations	548	505
Expenses from continuing operations		
Employee benefits and on-costs	141	129
Materials and contracts	165	110
Depreciation and impairment	214	211
Other expenses	94	101
Total expenses from continuing operations	614	551
Surplus (deficit) from continuing operations before capital amounts	(66)	(46)
Grants and contributions provided for capital purposes	36	58
Surplus (deficit) from continuing operations after capital amounts	(30)	12
Surplus (deficit) from discontinued operations	–	–
Surplus (deficit) from all operations before tax	(30)	12
Less: corporate taxation equivalent (30%) [based on result before capital]	–	–
SURPLUS (DEFICIT) AFTER TAX	(30)	12
Plus opening retained profits	5,997	5,985
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	–	–
Less:		
– Tax equivalent dividend paid		–
– Surplus dividend paid		–
Closing retained profits	5,967	5,997
Return on capital %	-0.5%	-0.4%
Subsidy from Council	320	435
Calculation of dividend payable:		
Surplus (deficit) after tax	(30)	12
Less: capital grants and contributions (excluding developer contributions)	–	–
Surplus for dividend calculation purposes	–	12
Potential dividend calculated from surplus	–	6

Coolamon Shire Council

Income Statement of Council's Other Business Activities

for the year ended 30 June 2016

	Allawah Complex		Coolamon Early Childhood Centre	
	Actual 2016	Actual 2015	Actual 2016	Actual 2015
\$ '000				
		0	Category 2	
Income from continuing operations				
User charges	1,419	1,482	494	468
Interest	259	188	–	–
Grants and contributions provided for non-capital purposes	–	–	52	36
Other income	252	278	3	18
Total income from continuing operations	1,930	1,948	549	522
Expenses from continuing operations				
Employee benefits and on-costs	1,210	1,061	448	404
Materials and contracts	357	325	37	26
Depreciation and impairment	136	138	11	11
Other expenses	228	238	25	14
Total expenses from continuing operations	1,931	1,762	521	455
Surplus (deficit) from continuing operations before capital amounts	(1)	186	28	67
Grants and contributions provided for capital purposes	–	–	–	–
Surplus (deficit) from continuing operations after capital amounts	(1)	186	28	67
Surplus (deficit) from discontinued operations	–	–	–	–
Surplus (deficit) from all operations before tax	(1)	186	28	67
Less: corporate taxation equivalent (30%) [based on result before capital]	–	(56)	(8)	(20)
SURPLUS (DEFICIT) AFTER TAX	(1)	130	20	47
Plus opening retained profits	6,842	6,656	192	125
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	–	56	8	20
Add:				
– Subsidy paid/contribution to operations	–	–	–	–
Less:				
– TER dividend paid	–	–	–	–
– Dividend paid	–	–	–	–
Closing retained profits	6,841	6,842	220	192
Return on capital %	0.0%	2.0%	3.8%	9.3%
Subsidy from Council	182	–	–	89

Coolamon Shire Council

Statement of Financial Position – Council's Sewerage Business Activity

as at 30 June 2016

\$ '000	Actual 2016	Actual 2015
ASSETS		
Current assets		
Cash and cash equivalents	1,649	1,585
Receivables	44	53
Total Current Assets	1,693	1,638
Non-current assets		
Infrastructure, property, plant and equipment	12,786	12,871
Total non-current assets	12,786	12,871
TOTAL ASSETS	14,479	14,509
LIABILITIES		
Current liabilities		
Total current liabilities	-	-
Non-current liabilities		
Total non-current liabilities	-	-
TOTAL LIABILITIES	-	-
NET ASSETS	14,479	14,509
EQUITY		
Retained earnings	5,967	5,997
Revaluation reserves	8,512	8,512
Council equity interest	14,479	14,509
Non-controlling equity interest	-	-
TOTAL EQUITY	14,479	14,509

Coolamon Shire Council

Statement of Financial Position – Council's Other Business Activities

as at 30 June 2016

	Allawah Complex		Coolamon Early Childhood Centre	
	Category 2		Category 2	
\$ '000	Actual 2016	Actual 2015	Actual 2016	Actual 2015
ASSETS				
Current assets				
Cash and cash equivalents	7,466	6,828	138	112
Receivables	131	212	1	
Total Current Assets	7,597	7,040	139	112
Non-current assets				
Infrastructure, property, plant and equipment	9,108	9,115	741	721
Total non-current assets	9,108	9,115	741	721
TOTAL ASSETS	16,705	16,155	880	833
LIABILITIES				
Current liabilities				
Payables	6,711	6,156	3	3
Provisions	175	178	75	57
Total current liabilities	6,886	6,334	78	60
Non-current liabilities				
Payables	–	–	–	–
Borrowings	–	–	305	305
Provisions	5	6	3	2
Total non-current liabilities	5	6	308	307
TOTAL LIABILITIES	6,891	6,340	386	367
NET ASSETS	9,814	9,815	494	466
EQUITY				
Retained earnings	6,841	6,842	220	192
Revaluation reserves	2,973	2,973	274	274
Council equity interest	9,814	9,815	494	466
Non-controlling equity interest	–	–	–	–
TOTAL EQUITY	9,814	9,815	494	466

Coolamon Shire Council

Special Purpose Financial Statements

for the year ended 30 June 2016

Contents of the notes accompanying the financial statements

Note	Details	Page
1	Summary of significant accounting policies	8-10
2	Water Supply Business Best-Practice Management disclosure requirements	11-12
3	Sewerage Business Best-Practice Management disclosure requirements	13-15

Coolamon Shire Council

Notes to the Special Purpose Financial Statements

for the year ended 30 June 2016

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 the SPFS, unless otherwise stated, have been prepared in accordance with:

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

The disclosures in the SPFS have been prepared in accordance with:

- the Local Government Act (1993) NSW,
- the Local Government (General) 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, *Application of National Competition Policy to Local Government*.

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

The pricing and costing guidelines outline the process for identifying and allocating costs to activities and provide standards for disclosure. 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 and 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 Residential Aged Care and Retirement accommodation.

c. Coolamon Early Childhood Centre

Provision of long day care.

Monetary amounts

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

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

Coolamon Shire Council

Notes to the Special Purpose Financial Statements

for the year ended 30 June 2016

Note 1. Significant accounting policies (continued)

(i) Taxation-equivalent charges

Council is liable to pay various taxes and financial duties in undertaking its business activities. Where this is the case, they are disclosed in these statements as a cost of operations just like all other costs.

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%

In accordance with the Best-Practice Management of Water Supply and Sewerage Guidelines, 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 Guidelines 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 Best-Practice Management of Water Supply and Sewerage Guidelines 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.

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

Accordingly, the return on capital invested is set at a pre-tax level (gain or 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 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 30% rate applied 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 and 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 and 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 Council's borrowing rate for its business activities.

Coolamon Shire Council

Notes to the Special Purpose Financial Statements

for the year ended 30 June 2016

Note 1. Significant accounting policies (continued)

(ii) Subsidies

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

Subsidies occur when 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 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 1.99% at 30/6/16.

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 sewerage businesses are permitted to pay an annual dividend from its sewerage business surplus.

The dividend, calculated and approved in accordance with the Best-Practice Management of Water Supply and Sewerage 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 2016 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

In accordance with the Best-Practice Management of Water Supply and Sewerage Guidelines, 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 year ended 30 June 2016Note 2. Water supply business
best-practice management disclosure requirements

Dollars amounts shown below are in whole dollars (unless otherwise indicated)

2016

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)	Number 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" value=""/>	

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)	Number 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 2016, less the cumulative dividends paid for the 2 years to 30 June 2015 and 30 June 2014	<input type="text" value=""/>	–

2016 Surplus	<input type="text" value=""/>	2015 Surplus	<input type="text" value=""/>	2014 Surplus	<input type="text" value=""/>
	–	2015 Dividend	<input type="text" value=""/>	2014 Dividend	<input type="text" value=""/>
			–		

(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" value=""/>	
(vi)	Are the overhead reallocation charges to the water business fair and reasonable? ^a	<input type="text" value=""/>	

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" value=""/>
(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" value=""/>
	– Complying charges [item 2 (b) in table 1]	<input type="text" value=""/>
	– DSP with commercial developer charges [item 2 (e) in table 1]	<input type="text" value=""/>
	– If dual water supplies, complying charges [item 2 (g) in table 1]	<input type="text" value=""/>
(iii)	Sound water conservation and demand management implemented	<input type="text" value=""/>
(iv)	Sound drought management implemented	<input type="text" value=""/>
(v)	Complete performance reporting form (by 15 September each year)	<input type="text" value=""/>
(vi)	a. Integrated water cycle management evaluation	<input type="text" value=""/>
	b. Complete and implement integrated water cycle management strategy	<input type="text" value=""/>

Coolamon Shire Council

Notes to the Special Purpose Financial Statements
for the year ended 30 June 2016Note 2. Water supply business
best-practice management disclosure requirements (continued)

Dollars amounts shown below are in whole dollars (unless otherwise indicated) 2016

National Water Initiative (NWI) financial performance indicators

NWI F1	Total revenue (water) Total income (w13) – grants for the acquisition of assets (w11a) – interest income (w9) – Aboriginal Communities W&S Program income (w10a)	\$'000	–
NWI F4	Revenue from residential usage charges (water) Income from residential usage charges (w6b) x 100 divided by the sum of [income from residential usage charges (w6a) + income from residential access charges (w6b)]	%	n/a
NWI F9	Written down replacement cost of fixed assets (water) Written down current cost of system assets (w47)	\$'000	–
NWI F11	Operating cost (OMA) (water) Management expenses (w1) + operational and maintenance expenses (w2)	\$'000	–
NWI F14	Capital expenditure (water) Acquisition of fixed assets (w16)	\$'000	–
NWI F17	Economic real rate of return (water) [total income (w13) – interest income (w9) – grants for acquisition of assets (w11a) – operating costs (NWI F11) – current cost depreciation (w3)] x 100 divided by [written down current cost of system assets (w47) + plant and equipment (w33b)]	%	n/a
NWI F26	Capital works grants (water) Grants for the acquisition of assets (w11a)	\$'000	–

- Notes:
1. References to w (e.g. w12) refer to item numbers within Special Schedules 3 and 4 of Council's Annual Financial Statements.
 2. The NWI performance indicators are based upon the National Performance Framework Handbook for Urban Performance Reporting Indicators and Definitions.
- a refer to 3.2 (2) on page 15 of the Best-Practice Management of Water Supply and Sewerage Guidelines, 2007

Coolamon Shire Council

Notes to the Special Purpose Financial Statements
for the year ended 30 June 2016Note 3. Sewerage business
best-practice management disclosure requirements

Dollars amounts shown below are in whole dollars (unless otherwise indicated)

2016

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)	Number of assessments multiplied by \$3/assessment	3,102
(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)	Number of assessments x (\$30 less tax equivalent charges per assessment)	31,020
(iii)	Cumulative surplus before dividends for the 3 years to 30 June 2016, less the cumulative dividends paid for the 2 years to 30 June 2015 and 30 June 2014	(129,000)

2016 Surplus	(30,000)	2015 Surplus	12,000	2014 Surplus	(111,000)
		2015 Dividend	-	2014 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]	-
(vi)	Are the overhead reallocation charges to the sewer business fair and reasonable? ^a	YES

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]	YES
	(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 and policy [item 2 (f) in table 1]	YES
(iii)	Complete performance reporting form (by 15 September each year)	YES
(iv)	a. Integrated water cycle management evaluation	NO
	b. Complete and implement integrated water cycle management strategy	NO

Coolamon Shire Council

Notes to the Special Purpose Financial Statements
for the year ended 30 June 2016Note 3. Sewerage business
best-practice management disclosure requirements (continued)

Dollars amounts shown below are in whole dollars (unless otherwise indicated) 2016

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	529
NWI F10	Written down replacement cost of fixed assets (sewerage) Written down current cost of system assets (s48)	\$'000	12,786
NWI F12	Operating cost (sewerage) Management expenses (s1) + operational and maintenance expenses (s2)	\$'000	330
NWI F15	Capital expenditure (sewerage) Acquisition of fixed assets (s17)	\$'000	129
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 (i.e. WDCC) of system assets (s48) + plant and equipment (s34b)]	%	-0.13%
NWI F27	Capital works grants (sewerage) Grants for the acquisition of assets (12a)	\$'000	–

**National Water Initiative (NWI) financial performance indicators
Water and sewer (combined)**

NWI F3	Total income (water and 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	529
NWI F8	Revenue from community service obligations (water and sewerage) Community service obligations (NWI F25) x 100 divided by total income (NWI F3)	%	2.46%
NWI F16	Capital expenditure (water and sewerage) Acquisition of fixed assets (w16 + s17)	\$'000	129
NWI F19	Economic real rate of return (water and 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 and equipment (w33b + s34b)]	%	-0.13%
NWI F20	Dividend (water and sewerage) Dividend paid from surplus (2 (v) of Note 2 + 2 (v) of Note 3)	\$'000	–
NWI F21	Dividend payout ratio (water and 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 year ended 30 June 2016Note 3. Sewerage business
best-practice management disclosure requirements (continued)

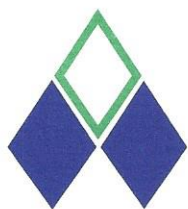
Dollars amounts shown below are in whole dollars (unless otherwise indicated)

2016

National Water Initiative (NWI) financial performance indicators
Water and sewer (combined)

NWI F22	Net debt to equity (water and sewerage) Overdraft (w36 + s37) + borrowings (w38 + s39) – cash and investments (w30 + s31) x 100 divided by [total assets (w35 + s36) – total liabilities (w40 + s41)]	%	-11.39%
NWI F23	Interest cover (water and sewerage) Earnings before interest and tax (EBIT) divided by net interest Earnings before interest and tax (EBIT): Operating result (w15a + s16a) + interest expense (w4a + s4a) – interest income (w9 + s10) – gain/loss on disposal of assets (w14 + s15) + miscellaneous expenses (w4b + w4c + s4b + s4c) Net interest: Interest expense (w4a + s4a) – interest income (w9 + s10)		> 100
NWI F24	Net profit after tax (water and sewerage) Surplus before dividends (w15a + s16a) – tax equivalents paid (Note 2-1 (iv) + Note 3-1 (iv))	\$'000	(30)
NWI F25	Community service obligations (water and sewerage) Grants for pensioner rebates (w11b + s12b)	\$'000	13

- Notes:
- References to w (eg. s12) refer to item numbers within Special Schedules 5 and 6 of Council's Annual Financial Statements.
 - The NWI performance indicators are based upon the National Performance Framework Handbook for Urban Performance Reporting Indicators and Definitions.
 - refer to 3.2 (2) on page 15 of the Best-Practice Management of Water Supply and Sewerage Guidelines, 2007



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 30th June, 2016 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, 2016 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
28th October, 2016

Coolamon Shire Council

SPECIAL SCHEDULES
for the year ended 30 June 2016

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



Coolamon Shire Council

Special Schedules

for the year ended 30 June 2016

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¹ Special Schedules are not audited (with the exception of Special Schedule 8).

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 1 – Net Cost of Services
for the year ended 30 June 2016

\$'000

Function or activity	Expenses from continuing operations	Income from continuing operations		Net cost of services
		Non-capital	Capital	
Governance	580	-	-	(580)
Administration	-	283	-	283
Public order and safety				
Fire service levy, fire protection, emergency services	214	42	-	(172)
Beach control	-	-	-	-
Enforcement of local government regulations	-	-	-	-
Animal control	33	4	-	(29)
Other	25	10	-	(15)
Total public order and safety	272	56	-	(216)
Health	138	20	-	(118)
Environment				
Noxious plants and insect/vermin control	185	45	-	(140)
Other environmental protection	18	-	-	(18)
Solid waste management	477	597	-	120
Street cleaning	24	-	-	(24)
Drainage	-	-	-	-
Stormwater management	87	44	-	(43)
Total environment	791	686	-	(105)
Community services and education				
Administration and education	-	-	-	-
Social protection (welfare)	234	150	-	(84)
Aged persons and disabled	280	293	-	13
Children's services	722	643	-	(79)
Total community services and education	1,236	1,086	-	(150)
Housing and community amenities				
Public cemeteries	138	105	-	(33)
Public conveniences	49	-	-	(49)
Street lighting	113	16	-	(97)
Town planning	139	30	-	(109)
Other community amenities	146	96	-	(50)
Total housing and community amenities	585	247	-	(338)
Water supplies	-	-	-	-
Sewerage services	562	548	36	22

Coolamon Shire Council

Special Schedule 1 – Net Cost of Services (continued)
for the year ended 30 June 2016

\$'000

Function or activity	Expenses from continuing operations	Income from continuing operations		Net cost of services
		Non-capital	Capital	
Recreation and culture				
Public libraries	209	27	–	(182)
Museums	82	12	–	(70)
Art galleries	–	–	–	–
Community centres and halls	116	11	7	(98)
Performing arts venues	–	–	–	–
Other performing arts	–	–	–	–
Other cultural services	22	6	–	(16)
Sporting grounds and venues	50	3	40	(7)
Swimming pools	269	4	–	(265)
Parks and gardens (lakes)	352	–	–	(352)
Other sport and recreation	–	–	–	–
Total recreation and culture	1,100	63	47	(990)
Fuel and energy	–	–	–	–
Agriculture	–	–	–	–
Mining, manufacturing and construction				
Building control	179	35	–	(144)
Other mining, manufacturing and construction	21	–	–	(21)
Total mining, manufacturing and const.	200	35	–	(165)
Transport and communication				
Urban roads (UR) – local	521	12	2	(507)
Urban roads – regional	–	–	–	–
Sealed rural roads (SRR) – local	832	1,700	395	1,263
Sealed rural roads (SRR) – regional	1,058	1,090	216	248
Unsealed rural roads (URR) – local	1,066	–	–	(1,066)
Unsealed rural roads (URR) – regional	–	–	–	–
Bridges on UR – local	–	–	–	–
Bridges on SRR – local	–	–	–	–
Bridges on URR – local	–	–	–	–
Bridges on regional roads	32	–	–	(32)
Parking areas	–	–	–	–
Footpaths	31	–	24	(7)
Aerodromes	–	–	–	–
Other transport and communication	6	–	–	(6)
Total transport and communication	3,546	2,802	637	(107)
Economic affairs				
Camping areas and caravan parks	36	34	–	(2)
Other economic affairs	2,168	1,915	–	(253)
Total economic affairs	2,204	1,949	–	(255)
Totals – functions	11,214	7,775	720	(2,719)
General purpose revenues ⁽¹⁾		5,886		5,886
Share of interests – joint ventures and associates using the equity method	–	21		21
NET OPERATING RESULT ⁽²⁾	11,214	13,682	720	3,188

(1) Includes: rates and annual charges (including ex gratia, excluding water and sewer), non-capital general purpose grants, interest on investments (excluding externally restricted assets) and interest on overdue rates and annual charges (2) As reported in the Income Statement

Coolamon Shire Council

Special Schedule 2(a) – Statement of Long Term Debt (all purpose)

for the year ended 30 June 2016

\$'000

Classification of debt	Principal outstanding at beginning of the year			New loans raised during the year	Debt redemption during the year		Transfers to sinking funds	Interest applicable for year	Principal outstanding at the end of the year		
	Current	Non-current	Total		From revenue	Sinking funds			Current	Non-current	Total
Loans (by source)											
Other state government	–	6	6	–	2				1	3	4
Total loans	–	6	6	–	2	–	–	–	1	3	4
Total debt	–	6	6	–	2	–	–	–	1	3	4

Notes: excludes (i) internal loans and (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 2(b) – Statement of Internal Loans [Section 410(3) of the *Local Government Act* 1993]
for the year ended 30 June 2016

\$'000

Summary of internal loans

Borrower (by purpose)	Amount originally raised	Total repaid during the year (principal and interest)	Principal outstanding at end of year
General			
Water			
Sewer			
Domestic waste management			
Gas			
Other			
Totals	-	-	-

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. and int.)	Principal outstanding at end of year
Totals							-	-	-

Coolamon Shire Council

Special Schedule 3 – Water Supply Income Statement

Includes all internal transactions, i.e. prepared on a gross basis
for the year ended 30 June 2016

\$'000	Actuals 2016	Actuals 2015
A Expenses and income		
Expenses		
1. Management expenses		
a. Administration	–	–
b. Engineering and supervision	–	–
2. Operation and maintenance expenses		
– dams and weirs		
a. Operation expenses	–	–
b. Maintenance expenses	–	–
– Mains		
c. Operation expenses	–	–
d. Maintenance expenses	–	–
– Reservoirs		
e. Operation expenses	–	–
f. Maintenance expenses	–	–
– Pumping stations		
g. Operation expenses (excluding energy costs)	–	–
h. Energy costs	–	–
i. Maintenance expenses	–	–
– Treatment		
j. Operation expenses (excluding chemical costs)	–	–
k. Chemical costs	–	–
l. Maintenance expenses	–	–
– Other		
m. Operation expenses	–	–
n. Maintenance expenses	–	–
o. Purchase of water	–	–
3. Depreciation expenses		
a. System assets	–	–
b. Plant and equipment	–	–
4. Miscellaneous expenses		
a. Interest expenses	–	–
b. Revaluation decrements	–	–
c. Other expenses	–	–
d. Impairment – system assets	–	–
e. Impairment – plant and equipment	–	–
f. Aboriginal Communities Water and Sewerage Program	–	–
g. Tax equivalents dividends (actually paid)	–	–
5. Total expenses	–	–

Coolamon Shire Council

Special Schedule 3 – Water Supply Income Statement (continued)

Includes all internal transactions, i.e. prepared on a gross basis
for the year ended 30 June 2016

\$'000	Actuals 2016	Actuals 2015
Income		
6. Residential charges		
a. Access (including rates)	–	–
b. Usage charges	–	–
7. Non-residential charges		
a. Access (including rates)	–	–
b. Usage charges	–	–
8. Extra charges	–	–
9. Interest income	–	–
10. Other income	–	–
10a. Aboriginal Communities Water and Sewerage Program	–	–
11. Grants		
a. Grants for acquisition of assets	–	–
b. Grants for pensioner rebates	–	–
c. Other grants	–	–
12. Contributions		
a. Developer charges	–	–
b. Developer provided assets	–	–
c. Other contributions	–	–
13. Total income	<u>–</u>	<u>–</u>
14. Gain (or loss) on disposal of assets	–	–
15. Operating result	<u>–</u>	<u>–</u>
15a. Operating result (less grants for acquisition of assets)	–	–

Coolamon Shire Council

Special Schedule 3 – Water Supply Income Statement (continued)

Includes all internal transactions, i.e. prepared on a gross basis
for the year ended 30 June 2016

\$'000	Actuals 2016	Actuals 2015
B Capital transactions		
Non-operating expenditures		
16. Acquisition of fixed assets		
a. New assets for improved standards	-	-
b. New assets for growth	-	-
c. Renewals	-	-
d. Plant and equipment	-	-
17. Repayment of debt	-	-
18. Totals	<u>-</u>	<u>-</u>
Non-operating funds employed		
19. Proceeds from disposal of assets	-	-
20. Borrowing utilised	-	-
21. Totals	<u>-</u>	<u>-</u>
C Rates and charges		
22. Number of assessments		
a. Residential (occupied)		-
b. Residential (unoccupied, ie. vacant lot)		-
c. Non-residential (occupied)		-
d. Non-residential (unoccupied, ie. vacant lot)		-
23. Number of ETs for which developer charges were received	ET	- ET
24. Total amount of pensioner rebates (actual dollars)	\$	-

Coolamon Shire Council

Special Schedule 4 – Water Supply Statement of Financial Position

Includes internal transactions, i.e. prepared on a gross basis
as at 30 June 2016

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

Coolamon Shire Council

Special Schedule 5 – Sewerage Service Income Statement

Includes all internal transactions, i.e. prepared on a gross basis
for the year ended 30 June 2016

\$'000	Actuals 2016	Actuals 2015
A Expenses and income		
Expenses		
1. Management expenses		
a. Administration	36	36
b. Engineering and supervision	–	–
2. Operation and maintenance expenses		
– mains		
a. Operation expenses	–	–
b. Maintenance expenses	71	50
– Pumping stations		
c. Operation expenses (excluding energy costs)	–	–
d. Energy costs	14	16
e. Maintenance expenses	33	34
– Treatment		
f. Operation expenses (excl. chemical, energy, effluent and biosolids management costs)	152	113
g. Chemical costs	–	–
h. Energy costs	14	20
i. Effluent management	10	7
j. Biosolids management	–	–
k. Maintenance expenses	–	–
– Other		
l. Operation expenses	–	–
m. Maintenance expenses	–	–
3. Depreciation expenses		
a. System assets	148	147
b. Plant and equipment	67	64
4. Miscellaneous expenses		
a. Interest expenses	–	–
b. Revaluation decrements	–	–
c. Other expenses	69	64
d. Impairment – system assets	–	–
e. Impairment – plant and equipment	–	–
f. Aboriginal Communities Water and Sewerage Program	–	–
g. Tax equivalents dividends (actually paid)	–	–
5. Total expenses	614	551

Coolamon Shire Council

Special Schedule 5 – Sewerage Service Income Statement (continued)

Includes all internal transactions, i.e. prepared on a gross basis
for the year ended 30 June 2016

\$'000	Actuals 2016	Actuals 2015
Income		
6. Residential charges (including rates)	470	433
7. Non-residential charges		
a. Access (including rates)	–	–
b. Usage charges	–	–
8. Trade waste charges		
a. Annual fees	–	–
b. Usage charges	–	–
c. Excess mass charges	–	–
d. Re-inspection fees	–	–
9. Extra charges	3	3
10. Interest income	55	48
11. Other income	7	8
11a. Aboriginal Communities Water and Sewerage Program	–	–
12. Grants		
a. Grants for acquisition of assets	–	–
b. Grants for pensioner rebates	13	13
c. Other grants	–	–
13. Contributions		
a. Developer charges	36	58
b. Developer provided assets	–	–
c. Other contributions	–	–
14. Total income	<u>584</u>	<u>563</u>
15. Gain (or loss) on disposal of assets	–	–
16. Operating result	<u>(30)</u>	<u>12</u>
16a. Operating result (less grants for acquisition of assets)	(30)	12

Coolamon Shire Council

Special Schedule 5 – Sewerage Service Income Statement (continued)

Includes all internal transactions, i.e. prepared on a gross basis
for the year ended 30 June 2016

\$'000	Actuals 2016	Actuals 2015
B Capital transactions		
Non-operating expenditures		
17. Acquisition of fixed assets		
a. New assets for improved standards	–	–
b. New assets for growth	–	19
c. Renewals	129	92
d. Plant and equipment	–	–
18. Repayment of debt	–	–
19. Totals	129	111
Non-operating funds employed		
20. Proceeds from disposal of assets	–	–
21. Borrowing utilised	–	–
22. Totals	–	–
C Rates and charges		
23. Number of assessments		
a. Residential (occupied)	855	873
b. Residential (unoccupied, ie. vacant lot)	87	100
c. Non-residential (occupied)	85	91
d. Non-residential (unoccupied, ie. vacant lot)	7	7
24. Number of ETs for which developer charges were received	ET	– ET
25. Total amount of pensioner rebates (actual dollars)	\$ 24,041	\$ 23,666

Coolamon Shire Council

Special Schedule 6 – Sewerage Service Statement of Financial Position

Includes internal transactions, i.e. prepared on a gross basis
as at 30 June 2016

\$'000	Actuals Current	Actuals Non-current	Actuals Total
ASSETS			
26. Cash and investments			
a. Developer charges	-	-	-
b. Special purpose grants	-	-	-
c. Accrued leave	-	-	-
d. Unexpended loans	-	-	-
e. Sinking fund	-	-	-
f. Other	1,649	-	1,649
27. Receivables			
a. Specific purpose grants	-	-	-
b. Rates and availability charges	35	-	35
c. User charges	9	-	9
d. Other	-	-	-
28. Inventories	-	-	-
29. Property, plant and equipment			
a. System assets	-	12,786	12,786
b. Plant and equipment	-	-	-
30. Other assets	-	-	-
31. Total assets	<u>1,693</u>	<u>12,786</u>	<u>14,479</u>
LIABILITIES			
32. Bank overdraft	-	-	-
33. Creditors	-	-	-
34. Borrowings	-	-	-
35. Provisions			
a. Tax equivalents	-	-	-
b. Dividend	-	-	-
c. Other	-	-	-
36. Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
37. NET ASSETS COMMITTED	<u>1,693</u>	<u>12,786</u>	<u>14,479</u>
EQUITY			
38. Accumulated surplus			5,967
39. Asset revaluation reserve			8,512
40. TOTAL EQUITY			<u>14,479</u>
Note to system assets:			
41. Current replacement cost of system assets			18,046
42. Accumulated current cost depreciation of system assets			(5,260)
43. Written down current cost of system assets			<u>12,786</u>

Coolamon Shire Council

Notes to Special Schedules 3 and 5 for the year ended 30 June 2016

Administration ⁽¹⁾

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

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

Engineering and supervision ⁽¹⁾

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

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

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

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

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

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

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

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

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

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

Trade waste charges (item 8 of Special Schedule 5) include all income from trade waste charges separated into 8a annual fees, 8b usage charges and 8c excess mass charges and 8d re-inspection fees.

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

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

Notes:

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

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

Coolamon Shire Council

Special Schedule 7 – Report on Infrastructure Assets as at 30 June 2016

as at 30 June 2016

\$'000

Asset class	Asset category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2015/16 Required maintenance ^a	2015/16 Actual maintenance	Carrying value	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
								1	2	3	4	5
Buildings	Council Offices/Admin			78	62	1,740	3,563	0%	100%			0%
	Council Works Depots			76	44	135	232		100%			0%
	Medical Centres			12	8	879	1,101	100%				0%
	Child Care			44	41	1,260	2,459		100%			0%
	Housing			90	73	2,107	3,598	39%	58%	2%		1%
	Toilet Blocks			35	27	478	670	5%	96%			-1%
	Library/Cultural Facility			41	49	2,023	3,336	100%				0%
	Council Public Halls			44	40	1,801	4,678		100%			0%
	Aged Care			171	160	1,823	3,193	100%				0%
	Retirement Village			105	104	4,329	5,670	100%				0%
	Other	150	150	70	63	5,579	8,448	69%	27%		4%	0%
Sub-total	150	150	766	671	22,154	36,948	55.7%	43.1%	0.2%	0.9%	0.1%	
Other structures	Other structures	200	200	595	562	4,723	8,805	97%	3%			0%
	Other											
	Sub-total	200	200	595	562	4,723	8,805	97.0%	3.0%	0.0%	0.0%	0.0%
Roads	Sealed roads	20	20	710	821	56,477	66,096	12%	85%	3%		0%
	Unsealed roads			522	504	4,825	5,851	20%	79%	1%		0%
	Bridges	75	75	–	–	1,838	2,601		75%	25%		0%
	Footpaths/Cycleways			9	7	1,983	2,231	61%	37%	1%	1%	0%
	Bulk earthworks			–	–	56,400	56,400	100%				0%
	Sub-total	95	95	1,241	1,332	121,523	133,179	50.2%	47.7%	2.0%	0.0%	0.0%

Coolamon Shire Council

Special Schedule 7 – Report on Infrastructure Assets as at 30 June 2016 (continued)

as at 30 June 2016

\$'000

Asset class	Asset category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2015/16 Required maintenance ^a	2015/16 Actual maintenance	Carrying value	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
								1	2	3	4	5
Sewerage network	Sewerage network	50	50	240	310	10,326	13,634	63%	33%	4%		0%
	Other					–						
	Sub-total	50	50	240	310	10,326	13,634	63.0%	33.0%	4.0%	0.0%	0.0%
Stormwater drainage	Stormwater drainage			20	31	2,984	3,532	32%	68%			0%
	Other					–						
	Sub-total	–	–	20	31	2,984	3,532	32.0%	68.0%	0.0%	0.0%	0.0%
Open space/recreational assets	Swimming pools			189	161	1,083	3,801		100%			0%
	Sub-total	–	–	189	161	1,083	3,801	0.0%	100.0%	0.0%	0.0%	0.0%

Notes:

a Required maintenance is the amount identified in Council's asset management plans.

Infrastructure asset condition assessment 'key'

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

Coolamon Shire Council

Special Schedule 7 – Report on Infrastructure Assets (continued)
for the year ended 30 June 2016

\$ '000	Amounts	Indicator	Prior periods	
	2016	2016	2015	2014
Infrastructure asset performance indicators * consolidated				
1. Infrastructure renewals ratio				
Asset renewals ⁽¹⁾	<u>4,186</u>	187.38%	129.34%	113.58%
Depreciation, amortisation and impairment	<u>2,234</u>			
2. Infrastructure backlog ratio				
Estimated cost to bring assets to a satisfactory standard	<u>495</u>	0.46%	0.56%	1.65%
Carrying value of infrastructure assets	<u>106,839</u>			
3. Asset maintenance ratio				
Actual asset maintenance	<u>3,067</u>	1.01	0.88	0.98
Required asset maintenance	<u>3,051</u>			

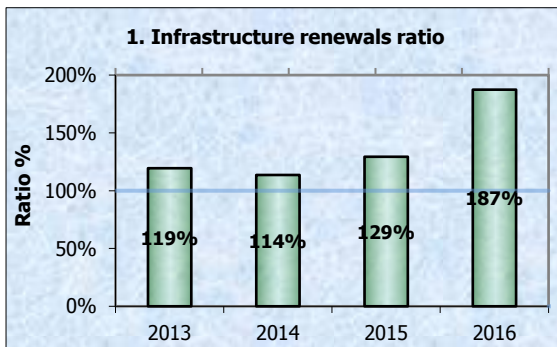
Notes

* All asset performance indicators are calculated using the asset classes identified in the previous table.

(1) Asset renewals represent the replacement and/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.

Coolamon Shire Council

Special Schedule 7 – Report on Infrastructure Assets (continued) for the year ended 30 June 2016



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.

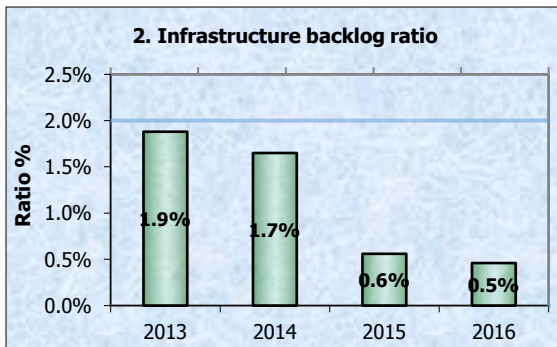
Commentary on 2015/16 result

2015/16 Ratio 187.38%

Council continues to invest adequate funds on the renewal of its assets. Additional RTR funding has increased this ratio for this financial year.

Benchmark: ——— Minimum $\geq 100.00\%$
Source for benchmark: Code of Accounting Practice and Financial Reporting #24

■ Ratio achieves benchmark
■ Ratio is outside benchmark



Purpose of infrastructure backlog ratio

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

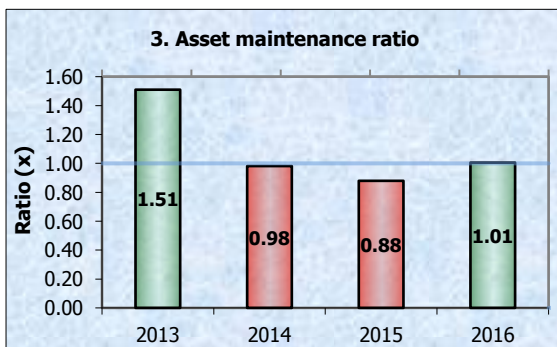
Commentary on 2015/16 result

2015/16 Ratio 0.46%

Council continues to work on reducing its backlog to ensure that the assets held meet the requirements of the community.

Benchmark: ——— Maximum $< 2.00\%$
Source for benchmark: Code of Accounting Practice and Financial Reporting #24

■ Ratio achieves benchmark
■ Ratio is outside benchmark



Purpose of asset maintenance ratio

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

Commentary on 2015/16 result

2015/16 Ratio 1.01 x

Council's asset maintenance expenditure, when balanced with Council's capital expenditure shows that adequate funds are being spent on its assets.

Benchmark: ——— Minimum > 1.00
Source for benchmark: Code of Accounting Practice and Financial Reporting #24

■ Ratio achieves benchmark
■ Ratio is outside benchmark

Coolamon Shire Council

Special Schedule 7 – Report on Infrastructure Assets (continued)
for the year ended 30 June 2016

\$ '000	Water 2016	Sewer 2016	General ⁽¹⁾ 2016
Infrastructure asset performance indicators by fund			
1. Infrastructure renewals ratio			
<u>Asset renewals ⁽²⁾</u>	n/a	83.11%	194.77%
Depreciation, amortisation and impairment			
prior period:	n/a	62.59%	133.80%
2. Infrastructure backlog ratio			
<u>Estimated cost to bring assets to a satisfactory standard</u>	n/a	0.48%	0.46%
Carrying value of infrastructure assets			
prior period:	n/a	0.97%	0.52%
3. Asset maintenance ratio			
<u>Actual asset maintenance</u>	n/a	1.29	0.98
Required asset maintenance			
prior period:	n/a	1.11	0.86

Notes

- (1) General fund refers to all of Council's activities except for its sewer activity which is listed separately.
- (2) Asset renewals represent the replacement and/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.

Coolamon Shire Council

Special Schedule 8 – Permissible Income Calculation

for the year ended 30 June 2017

\$'000		Calculation 2015/16	Calculation 2016/17
Notional general income calculation ⁽¹⁾			
Last year notional general income yield	a	2,212	2,253
Plus or minus adjustments ⁽²⁾	b	(1)	1
Notional general income	c = (a + b)	2,211	2,254
Permissible income calculation			
Special variation percentage ⁽³⁾	d	0.00%	0.00%
Or rate peg percentage	e	2.40%	1.80%
Or crown land adjustment (incl. rate peg percentage)	f	0.00%	0.00%
Less expiring special variation amount	g	–	–
Plus special variation amount	h = d x (c – g)	–	–
Or plus rate peg amount	i = c x e	53	41
Or plus Crown land adjustment and rate peg amount	j = c x f	–	–
Sub-total	k = (c + g + h + i + j)	2,264	2,295
Plus (or minus) last year's carry forward total	l	(9)	2
Less valuation objections claimed in the previous year	m	–	–
Sub-total	n = (l + m)	(9)	2
Total permissible income	o = k + n	2,255	2,297
Less notional general income yield	p	2,253	2,295
Catch-up or (excess) result	q = o – p	2	2
Plus income lost due to valuation objections claimed ⁽⁴⁾	r	–	–
Less unused catch-up ⁽⁵⁾	s	–	–
Carry forward to next year	t = q + r – s	2	2

Notes

- (1) 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.
- (2) 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*.
- (3) The 'special variation percentage' is inclusive of the rate peg percentage and where applicable Crown land adjustment.
- (4) 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.
- (5) 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.
- (6) Carry forward amounts which are in excess (an amount that exceeds the permissible income) require ministerial approval by order published in the *NSW Government Gazette* in accordance with section 512 of the *Local Government Act 1993*. The OLG will extract these amounts from Council's Special Schedule 8 in the financial data return (FDR) to administer this process.

Coolamon Shire Council

Special Schedule 8 – Independent Auditors Report for the year ended 30 June 2017

Report on Special Schedule 8

We have audited the accompanying special purpose financial statement comprising the reconciliation of total permissible general income (Special Schedule 8) of Coolamon Shire Council for the year ending 30 June 2017.

Responsibility of Council for Special Schedule 8

The Council is responsible for the preparation and fair presentation of Special Schedule 8 in accordance with the Local Government Code of Accounting Practice and Financial Reporting (Guidelines) Update No. 23. 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 8 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 8 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 8 is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in Special Schedule 8. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of Special Schedule 8, 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 8.

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 8 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 8 of Coolamon Shire Council for 2016/17 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
Principal

Dated at Coolamon this 26th day of October, 2016