

Coolamon Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2017

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



Coolamon Shire Council

General Purpose Financial Statements for the year ended 30 June 2017

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Overview

- (i) These financial statements are General Purpose Financial Statements and cover the consolidated operations for Coolamon Shire Council.
- (ii) Coolamon Shire Council is a body politic of NSW, Australia – being constituted as a local government area by proclamation and is duly empowered by the *Local Government Act 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 23 October 2017. 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 2017

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 19 October 2017.



John Seymour
Mayor



Bruce Hutcheon
Councillor



Tony Donoghue
General Manager



Samantha Jennings
Responsible Accounting Officer

Coolamon Shire Council

Income Statement

for the year ended 30 June 2017

Budget ¹ 2017	\$ '000	Notes	Actual 2017	Actual 2016
Income from continuing operations				
Revenue:				
3,330	Rates and annual charges	3a	3,343	3,250
2,622	User charges and fees	3b	2,932	2,609
405	Interest and investment revenue	3c	448	477
551	Other revenues	3d	771	686
5,874	Grants and contributions provided for operating purposes	3e,f	8,417	6,561
684	Grants and contributions provided for capital purposes	3e,f	1,355	720
Other income:				
145	Net gains from the disposal of assets	5	–	78
5	Net share of interests in joint ventures and associates using the equity method	19	–	21
13,616	Total income from continuing operations		17,266	14,402
Expenses from continuing operations				
4,624	Employee benefits and on-costs	4a	5,349	4,630
23	Borrowing costs	4b	70	4
2,389	Materials and contracts	4c	3,300	2,678
2,803	Depreciation and amortisation	4d	2,791	2,525
–	Impairment	4d	–	–
1,659	Other expenses	4e	1,390	1,377
–	Interest and investment losses	3c	–	–
–	Net losses from the disposal of assets	5	223	–
–	Net share of interests in joint ventures and associates using the equity method	19	4	–
11,499	Total expenses from continuing operations		13,127	11,214
2,117	Operating result from continuing operations		4,139	3,188
Discontinued operations				
	Net profit/(loss) from discontinued operations	24	–	–
2,117	Net operating result for the year		4,139	3,188
2,117	Net operating result attributable to Council		4,139	3,188
–	Net operating result attributable to non-controlling interests		–	–
1,433	Net operating result for the year before grants and contributions provided for capital purposes		2,784	2,468

¹ Original budget as approved by Council – refer Note 16

Coolamon Shire Council

Statement of Comprehensive Income

for the year ended 30 June 2017

\$ '000	Notes	Actual 2017	Actual 2016
Net operating result for the year (as per Income Statement)		4,139	3,188
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of I,PP&E	20b (ii)	(2,515)	21
Adjustment to correct prior period errors			–
Impairment (loss) reversal relating to I,PP&E	20b (ii)	(1,457)	–
Other comprehensive income – joint ventures and associates	19b	–	–
Other movements			–
Total items which will not be reclassified subsequently to the operating result		(3,972)	21
Amounts which will be reclassified subsequently to the operating result when specific conditions are met			
Nil			
Total other comprehensive income for the year		(3,972)	21
Total comprehensive income for the year		167	3,209
Total comprehensive income attributable to Council		167	3,209
Total comprehensive income attributable to non-controlling interests		–	–

Coolamon Shire Council

Statement of Financial Position

as at 30 June 2017

\$ '000	Notes	Actual 2017	Actual 2016
ASSETS			
Current assets			
Cash and cash equivalents	6a	1,352	1,322
Investments	6b	15,200	12,700
Receivables	7	939	697
Inventories	8	1,383	1,290
Other	8	–	–
Total current assets		18,874	16,009
Non-current assets			
Investments	6b	–	–
Receivables	7	4	4
Inventories	8	2	2
Infrastructure, property, plant and equipment	9	167,681	170,364
Investments accounted for using the equity method	19	156	160
Other	8	–	–
Total non-current assets		167,843	170,530
TOTAL ASSETS		186,717	186,539
LIABILITIES			
Current liabilities			
Payables	10	7,128	7,194
Income received in advance	10	64	30
Borrowings	10	1	1
Provisions	10	1,573	1,581
Total current liabilities		8,766	8,806
Non-current liabilities			
Payables	10	1	1
Borrowings	10	1	3
Provisions	10	1,096	1,043
Total non-current liabilities		1,098	1,047
TOTAL LIABILITIES		9,864	9,853
Net assets		176,853	176,686
EQUITY			
Retained earnings	20	84,859	80,720
Revaluation reserves	20	91,994	95,966
Other reserves	20	–	–
Council equity interest		176,853	176,686
Non-controlling equity interests		–	–
Total equity		176,853	176,686

Coolamon Shire Council

Statement of Changes in Equity

for the year ended 30 June 2017

2017								2016							
\$ '000	Notes	Retained earnings	Asset	Other	Council interest	Non-controlling interest	Total equity	Retained earnings	Asset	Other	Council interest	Non-controlling interest	Total equity		
			revaluation reserve (Refer 20b)	reserves (Refer 20b)					revaluation reserve (Refer 20b)	reserves (Refer 20b)					
Opening balance (as per last year's audited accounts)		80,720	95,966	–	176,686	–	176,686	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		80,720	95,966	–	176,686	–	176,686	77,532	95,945	–	173,477	–	173,477		
c. Net operating result for the year		4,139	–	–	4,139	–	4,139	3,188	–	–	3,188	–	3,188		
d. Other comprehensive income															
– Revaluations: IPP&E asset revaluation rsve	20b (ii)	–	(2,515)	–	(2,515)	–	(2,515)	–	21	–	21	–	21		
– Revaluations: other reserves	20b (ii)	–	–	–	–	–	–	–	–	–	–	–	–		
– Transfers to Income Statement	20b (ii)	–	–	–	–	–	–	–	–	–	–	–	–		
– Impairment (loss) reversal relating to I,PP&E	20b (ii)	–	(1,457)	–	(1,457)	–	(1,457)	–	–	–	–	–	–		
– Joint ventures and associates	19b	–	–	–	–	–	–	–	–	–	–	–	–		
Other comprehensive income		–	(3,972)	–	(3,972)	–	(3,972)	–	21	–	21	–	21		
Total comprehensive income (c&d)		4,139	(3,972)	–	167	–	167	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		84,859	91,994	–	176,853	–	176,853	80,720	95,966	–	176,686	–	176,686		

Coolamon Shire Council

Statement of Cash Flows

for the year ended 30 June 2017

Budget 2017	\$ '000	Notes	Actual 2017	Actual 2016
Cash flows from operating activities				
Receipts:				
3,317	Rates and annual charges		3,345	3,280
2,622	User charges and fees		3,018	2,494
404	Investment and interest revenue received		344	571
6,558	Grants and contributions		8,615	7,745
940	Other		899	719
Payments:				
(4,717)	Employee benefits and on-costs		(5,366)	(4,731)
(2,279)	Materials and contracts		(3,291)	(2,654)
–	Borrowing costs		(1)	(1)
(1,932)	Other		(1,397)	(1,377)
	Net cash from boundary adjustments		–	–
4,913	Net cash provided (or used in) operating activities	11b	6,166	6,046
Cash flows from investing activities				
Receipts:				
–	Sale of investment securities		8,500	10,000
615	Sale of real estate assets		204	–
357	Sale of infrastructure, property, plant and equipment		163	333
4	Deferred debtors receipts		2	3
Payments:				
	Purchase of investment securities		(11,000)	(9,000)
(6,099)	Purchase of infrastructure, property, plant and equipment		(3,643)	(5,300)
	Purchase of real estate assets		(338)	(846)
	Deferred debtors and advances made		–	–
(5,123)	Net cash provided (or used in) investing activities		(6,112)	(4,810)
Cash flows from financing activities				
Receipts:				
	Net receipts from other financing activities		–	554
Payments:				
(2)	Repayment of borrowings and advances		(2)	(2)
	Net payments from other financing activities		(22)	–
(2)	Net cash flow provided (used in) financing activities		(24)	552
(212)	Net increase/(decrease) in cash and cash equivalents		30	1,788
	Plus: cash and cash equivalents – beginning of year	11a	1,322	(466)
(212)	Cash and cash equivalents – end of the year	11a	1,352	1,322
Additional Information:				
	plus: Investments on hand – end of year	6b	15,200	12,700
Total cash, cash equivalents and investments			16,552	14,022

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 2017

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Coolamon Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 1. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Australian Accounting Interpretations, the Local Government Act 1993 (NSW) and Regulations, and the Local Government Code of Accounting Practice and Financial Reporting. Council is a not for-profit entity for the purpose of preparing these financial statements.

(i) New and amended standards adopted by Council

AASB 124 Related Party Disclosures was adopted during the year, the impact of this standard had no impact on reporting financial position or performance, however Note 28 has been added.

AASB 2014-3 Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations [AASB 1 and AASB 11] – the adoption of this standard had not had any impact on Council's financial statements.

(ii) Early adoption of standards

Council has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2016.

(iii) Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities and certain classes of property, plant and equipment and investment property.

(iv) Significant accounting estimates and judgements

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Council's accounting policies.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the 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 include:

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

Significant judgements in applying the Council's accounting policies

- (i) Impairment of Receivables

Council has made a significant judgement about the impairment of a number of its receivables in Note 7.

(b) Revenue recognition

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

Council bases its 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:

Coolamon Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 1. Summary of significant accounting policies (continued)

(i) Rates, annual charges, grants and contributions

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

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

Control over granted assets/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.

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 un-discharged at reporting date, the unused grant or contribution is disclosed in Note 3(g). The note also discloses the amount of unused grant or contribution from prior years that was expended on Council's operations during the current year.

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

(ii) User charges and fees

User charges and fees are recognised as revenue when the service has been provided or when the penalty has been applied, whichever first occurs.

(iii) 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.

(iv) Interest

Interest income is recognised using the effective interest rate at the date that interest is earned.

(v) Rent

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

(vi) 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

(i) The Consolidated Fund

In accordance with the provisions of Section 409(1) of the Local Government Act 1993 (NSW), 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.

Cash and other assets of the following entities have been included as part of the Consolidated Fund:

- General purpose operations including Allawah Lodge Aged Persons Hostel, Allawah Retirement Village and Coolamon Early Childhood Centre.
- Domestic Waste Management Services
- Sewerage Services
- Council's entitlements 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

Coolamon Shire Council

Notes to the Financial Statements for the year ended 30 June 2017

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 (NSW) (as amended), a separate and distinct Trust Fund is maintained to account for all money and property received by the Council in trust which must be applied only for the purposes of, or in accordance with the trusts relating to those monies. Trust monies and property subject to Council's control have been included in these reports.

Trust monies and property held by Council but not subject to the control of Council have been excluded from these reports. 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) 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 the county council is responsible for managing its own affairs.

Council is of the opinion that it neither controls nor significantly influences the above county council/s and accordingly these entities have not been consolidated or otherwise included within these financial statements.

(iv) Interests in other entities

Subsidiaries

Council has no interest in any subsidiaries.

Joint arrangements

The Council has determined that it has only joint venture.

Joint ventures/associates

Interests in joint ventures/associates are accounted for using the equity method in accordance with AASB128 Associates and Joint Ventures. Under this method, the investment is initially recognised as a cost and the carrying amount is increased or decreased to recognise the Council's share of the profit or loss and other comprehensive income of the investee after the date of acquisition.

If the Council's share of losses of a joint venture equals or exceeds its interest in the joint venture, the Council discontinues recognising its share of further losses.

The Council's share in the joint venture's gains or losses arising from transactions between itself and its joint venture are eliminated.

Adjustments are made to the joint venture's accounting policies where they are different from those of the Council for the purpose of the consolidated financial statements.

(d) Leases

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

(e) Impairment of assets

Intangible assets that have an indefinite useful life or are not yet available for use are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

Other assets are tested 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.

Coolamon Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 1. Summary of significant accounting policies (continued)

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(f) Cash and cash equivalents

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

Bank overdrafts are shown within borrowings in current liabilities on the Statement of Financial Position.

(g) Inventories

(i) Raw materials and stores, work in progress and finished goods

Raw materials and stores, work in progress and finished goods are 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 basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts.

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

(ii) Inventory held for distribution

Inventory held for distribution is held at cost, adjusted where applicable for any loss of service potential.

(iii) 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.

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

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets; assets arising from employee benefits; financial assets; and investment properties that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of de-recognition.

Coolamon Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 1. Summary of significant accounting policies (continued)

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

(i) Investments and other financial assets

Classification

Council classifies its financial assets in the following categories: financial assets at fair value through profit or loss; loans and receivables; held-to-maturity investments; and available-for-sale financial assets.

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, 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 are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Assets in this category are classified as current assets.

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

Loans and receivables are included in receivables (Note 7) in the Statement of Financial Position.

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Receivables are generally due for settlement within 30 days.

Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that Council's management has the positive intention and ability to hold to maturity. If Council were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale.

Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the reporting date, that 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. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting date.

Investments are 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.

Recognition and de-recognition

Regular purchases and sales of financial assets are recognised on trade-date: the date on which Council commits to purchase or sell the asset.

Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement.

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

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

Coolamon Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 1. Summary of significant accounting policies (continued)

Subsequent measurement

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

Changes in the fair value of other monetary and non-monetary securities classified as available-for-sale are recognised in equity.

Impairment

Council assesses at the end of each reporting period 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.

In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the assets are impaired.

(i) Assets carried at amortised cost

For loans and receivables the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Council may measure impairment on the basis of an instrument's fair value using an observable market price.

Collectability of receivables is reviewed on an on-going basis. Debts that are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of receivables) is used when there is

objective evidence that Council will not be able to collect all amounts due according to the original terms of the receivables.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The amount of the impairment loss is recognised in the income statement within other expenses. When a receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the income statement.

Investment Policy

Council has an approved investment policy complying with Section 625 of the Local Government Act 1993 (NSW) and Clause 212 of the Local Government (General) Regulation 2005 (NSW).

Investments are placed and managed in accordance with that policy and having particular regard to authorised investments prescribed under the Ministerial Local Government Investment Order. Council maintains an investment policy that complies with the Act and ensures that it, or its representatives, exercise the 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 (the Order) arising from the Cole Inquiry recommendations. Certain investments the Council holds are no longer prescribed; however, they have been retained under grandfathering provisions of the Order. These will be disposed of when most financially advantageous to Council.

Coolamon Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 1. Summary of significant accounting policies (continued)

(j) 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 reporting date.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. Council uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

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.

(k) Infrastructure, property, plant and equipment (IPPE)

Council's assets have been progressively revalued to fair value in accordance with a staged implementation advised by the Office of Local Government. At reporting date, the following classes of IPPE were stated at their fair value:

Externally valued:

- Operational land
- Buildings – specialised/non-specialised

Internally valued:

- Community land
- Roads assets including roads, bridges and footpaths
- Bulk earthworks
- Stormwater drainage
- Sewerage networks
- Swimming pools

As approximated by depreciated historical cost:

- Plant and equipment
- Land improvements
- Other structures
- Other assets

Non-specialised assets with short useful lives are measured at depreciated historical cost as an approximation of fair value. Council has assessed that any difference between fair value and depreciated historical cost is unlikely to be material. Sewerage network assets are indexed annually between full revaluations in accordance with the latest indices provided in the NSW Office of Water Rates Reference Manual.

For all other asset classes, 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 revalue the asset to that amount. Full revaluations are undertaken for all assets on a five-year cycle.

Increases in the carrying amounts arising on revaluation are credited to the asset revaluation reserve. To the extent that the increase reverses a decrease previously recognising profit or loss relating to that asset class, the increase is first recognised as profit or loss.

Decreases that reverse previous increases of assets in the same class are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the class; all other decreases are charged to the Income Statement.

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.

Coolamon Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 1. Summary of significant accounting policies (continued)

Depreciation

Land is not depreciated.

Depreciation on other assets is calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

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

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

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

(l) Investment property

Investment property, principally comprising freehold office buildings, is held for long-term rental yields and is not occupied by the Council.

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

(m) Payables

These amounts represent liabilities for goods and services provided to the Council prior to the end of financial year that are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(n) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the Statement of Financial Position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or finance cost.

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

Coolamon Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 1. Summary of significant accounting policies (continued)

(o) Borrowing costs

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. Other borrowing costs are expensed.

(p) Provisions

Provisions are recognised when Council has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated.

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.

(q) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be wholly settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

The liability for annual leave and accumulating sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

(ii) Other long-term employee benefit obligations

The liability for long service leave and annual leave that is not expected to be wholly settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method.

Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

The obligations are presented as current liabilities in the Statement of Financial Position if the Council does not have an unconditional right to defer settlement for at least 12 months after the reporting date, regardless of when the actual settlement is expected to occur.

(iii) Retirement benefit obligations

All employees of the Council are entitled to benefits on retirement, disability or death. Council contributes to various defined benefit plans and defined contribution plans on behalf of its employees.

Defined Benefit Plans

A liability or asset in respect of defined benefit superannuation plans would ordinarily be recognised in the Statement of Financial Position, 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.

Coolamon Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 1. Summary of significant accounting policies (continued)

The present value of the defined benefit obligation is based on expected future payments that 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 accounts for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans, i.e. as an expense when it becomes payable.

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.

(r) 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.

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

(s) Self-insurance

Council does not self-insure.

(t) Intangible assets

Council has not classified any assets as intangible.

(u) 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.

(v) Rural fire service assets

Under section 119 of the Rural Fire Services Act 1997 (NSW), *"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"*.

Until such time as discussions on this matter have concluded and the legislation changed, Council will not recognise rural fire service assets including land, buildings, plant and vehicles.

(w) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated exclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to the taxation authority is included with other receivables or payables in the Statement of Financial Position.

Cash flows are presented on a net basis. The GST components of cash flows arising from investing or financing activities which that are recoverable from, or payable to the taxation authority are presented as operating cash flows.

Coolamon Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 1. Summary of significant accounting policies (continued)

(x) New accounting standards and interpretations issued not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for the current reporting period and which have not been applied. Council's assessment of the impact of these new standards and interpretations is set out below.

AASB 9 - Financial Instruments

Significant revisions to the classification and measurement of financial assets, reducing the number of categories and simplifying the measurement choices, including the removal of impairment testing of assets measured at fair value. The amortised cost model is available for debt assets meeting both business model and cash flow characteristics tests. All investments in equity instruments using AASB 9 are to be measured at fair value. Apart from Held-to-maturity term deposits, Council already values all other investments at fair value with the result that there will not be any financial impact for these developments.

The revisions also amend measurement rules for financial liabilities that the Council elects to measure at fair value through profit and loss. Changes in fair value attributable to changes in the Council's own credit risk are presented in other comprehensive income. Council does not have any liabilities that are recorded on this basis and the new requirements will not have any financial impact.

Impairment of assets is now based on expected losses in AASB 9 which requires entities to measure:

- the 12-month expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date) of full lifetime;
- expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).

A financial impact will only arise if any investments become subject to impairment.

Available-for-sale investments will be classified as fair value through other comprehensive income and will no longer be subject to impairment testing.

AASB 15 - Revenue from contracts with customers

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 Council 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 undertaking a detailed assessment of the impact of AASB 15.

AASB 16 - Leases

AASB 16 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 (i.e. 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 undertaking 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 be minor.

Coolamon Shire Council

Notes to the Financial Statements for the year ended 30 June 2017

Note 1. Summary of significant accounting policies (continued)

(y) Rounding of amounts

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

(z) 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.

(aa) 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 2017

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
	2017	2017	2016	2017	2017	2016	2017	2017	2016	2017	2016	2017	2016
Governance	–	–	–	722	575	580	(722)	(575)	(580)	–	–	–	–
Administration	192	248	283	–	153	–	192	95	283	23	–	10,481	10,553
Public order and safety	37	27	56	343	304	272	(306)	(277)	(216)	–	–	505	512
Health	22	22	20	182	147	138	(160)	(125)	(118)	–	–	966	979
Environment	691	1,194	686	897	753	791	(206)	441	(105)	66	45	4,425	3,100
Community services and education	1,025	1,177	1,086	973	1,244	1,236	52	(67)	(150)	171	198	1,699	1,657
Housing and community amenities	207	264	247	521	564	585	(314)	(300)	(338)	17	26	3,745	4,434
Sewerage services	516	986	584	576	536	562	(60)	450	22	14	13	12,186	14,479
Recreation and culture	237	248	110	1,193	1,134	1,100	(956)	(886)	(990)	44	57	10,145	10,319
Mining, manufacturing and construction	26	48	35	238	283	200	(212)	(235)	(165)	–	–	211	229
Transport and communication	2,946	3,352	3,439	3,596	4,884	3,546	(650)	(1,532)	(107)	1,180	2,076	122,629	121,725
Economic affairs	1,891	2,119	1,949	2,258	2,546	2,204	(367)	(427)	(255)	–	–	19,569	18,392
Total functions and activities	7,790	9,685	8,495	11,499	13,123	11,214	(3,709)	(3,438)	(2,719)	1,515	2,415	186,561	186,379
Share of gains/(losses) in associates and joint ventures (using the equity method)	5	–	21	–	4	–	5	(4)	21	–	–	156	160
General purpose income ¹	5,821	7,581	5,886	–	–	–	5,821	7,581	5,886	4,979	3,279	–	–
Net operating result for the year ⁽²⁾	13,616	17,266	14,402	11,499	13,127	11,214	2,117	4,139	3,188	6,494	5,694	186,717	186,539

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

2. As reported on the income statement

Coolamon Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

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

Includes costs relating to 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, public disclosure (e.g. GIPA), and legislative compliance.

ADMINISTRATION

Includes corporate support and other support services, engineering works, and any Council policy compliance.

PUBLIC ORDER AND SAFETY

Includes Council's fire and emergency services levy, fire protection, emergency services, enforcement of regulations and animal control.

HEALTH

Includes food control, health centres etc.

ENVIRONMENT

Includes noxious plants and insect/vermin control; other environmental protection; solid waste management, including domestic waste; other waste management; other sanitation; and garbage, street cleaning, drainage and stormwater management.

COMMUNITY SERVICES AND EDUCATION

Includes administration and education; social protection (welfare); other community services and administration (excluding accommodation – as it is covered under 'housing and community amenities'); youth services; aged and disabled persons services; children's' services, including family day care; child care; and other family and children services.

HOUSING AND COMMUNITY AMENITIES

Includes public cemeteries; public conveniences; street lighting; town planning; other community amenities, including housing development and accommodation for families and children, aged persons, disabled persons, migrants and Indigenous persons.

SEWERAGE SERVICES

Includes the provision of reticulated sewerage and common effluent services.

RECREATION AND CULTURE

Includes public libraries; museums; community centres and halls, including public halls; sporting grounds; swimming pools; parks; gardens; and other sporting, recreational and cultural services.

MINING, MANUFACTURING AND CONSTRUCTION

Includes building control and quarries and pits.

TRANSPORT AND COMMUNICATION

Urban local, urban regional, includes sealed and unsealed roads, bridges, footpaths, and parking areas.

ECONOMIC AFFAIRS

Includes camping areas and caravan parks; tourism and area promotion; industrial development promotion; real estate development; and other business undertakings.

Coolamon Shire Council

Notes to the Financial Statements
for the year ended 30 June 2017

Note 3. Income from continuing operations

\$ '000	Notes	Actual 2017	Actual 2016
(a) Rates and annual charges			
Ordinary rates			
Residential		578	563
Farmland		1,567	1,534
Business		94	95
Total ordinary rates		2,239	2,192
Annual charges (pursuant to s.496, s.496A, s.496B, s.501 & s.611)			
Domestic waste management services		463	449
Stormwater management services		47	44
Sewerage services		490	463
Waste management services (non-domestic)		13	13
Tip access		91	89
Total annual charges		1,104	1,058
TOTAL RATES AND ANNUAL CHARGES		3,343	3,250

Council has used 2014 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 2017

Note 3. Income from continuing operations (continued)

\$ '000	Notes	Actual 2017	Actual 2016
(b) User charges and fees			
Specific user charges (per s.502 – specific 'actual use' charges)			
Ardlethan effluent		8	7
Total user charges		8	7
Other user charges and fees			
(i) Fees and charges – statutory and regulatory functions (per s.608)			
Building regulation		28	23
Inspection services		21	13
Private works – section 67		172	127
Regulatory and statutory fees		6	5
Section 149 certificates (EPA Act)		10	10
Section 603 certificates		11	9
Town planning		42	20
Total fees and charges – statutory/regulatory		290	207
(ii) Fees and charges – other (incl. general user charges (per s.608))			
Aged care		1,584	1,419
Allawah Community Care inc. Community Transport		299	279
Caravan park		27	35
Cemeteries		95	105
Child care		565	507
Home care packages		36	12
Waste disposal tipping fees		8	17
Other		20	21
Total fees and charges – other		2,634	2,395
TOTAL USER CHARGES AND FEES		2,932	2,609

Coolamon Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 3. Income from continuing operations (continued)

\$ '000	Notes	Actual 2017	Actual 2016
(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)		428	456
– Interest on deferred debtors		–	1
<u>TOTAL INTEREST AND INVESTMENT REVENUE</u>		<u>448</u>	<u>477</u>
Interest revenue is attributable to:			
Unrestricted investments/financial assets:			
Overdue rates and annual charges (general fund)		14	13
General Council cash and investments		349	402
Restricted investments/funds – external:			
Sewerage fund operations		55	58
Domestic waste management operations		30	4
Restricted investments/funds – internal:			
Internally restricted assets		–	–
Total interest and investment revenue recognised		<u>448</u>	<u>477</u>
(d) Other revenues			
Rental income – other council properties		322	313
Legal fees recovery – rates and charges (extra charges)		11	16
Allawah Complex		130	148
Commissions and agency fees		8	5
Diesel rebate		50	57
Insurance claim recoveries		31	21
Insurance incentives		40	28
Recycling income (non-domestic)		69	–
Zone rural fire service administration		29	29
Other		81	69
<u>TOTAL OTHER REVENUE</u>		<u>771</u>	<u>686</u>

Coolamon Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 3. Income from continuing operations (continued)

\$ '000	2017 Operating	2016 Operating	2017 Capital	2016 Capital
(e) Grants				
General purpose (untied)				
Financial assistance	4,947	3,247	–	–
Pensioners' rates subsidies – general component	32	32	–	–
Total general purpose	4,979	3,279	–	–
Specific purpose (tied)				
Pensioners' rates subsidies:				
– Sewerage	14	13	–	–
– Domestic waste management	25	26	–	–
Ardlethan preschool	119	81	–	–
Child care	16	16	–	–
Heritage and cultural	11	6	–	–
Library	33	25	–	–
Links to learning	29	95	–	–
Noxious weeds	41	45	–	–
Recreation and culture	–	26	–	–
Street lighting	17	16	–	–
Transport (roads to recovery)	1,129	1,665	–	–
Transport (other roads and bridges funding)	–	–	51	395
Other - FESL establishment	23	–	–	–
Other	7	6	–	–
Total specific purpose	1,464	2,020	51	395
Total grants	6,443	5,299	51	395
Grant revenue is attributable to:				
– Commonwealth funding	6,076	4,912	–	–
– State funding	357	387	51	395
– Other funding	10	–	–	–
	6,443	5,299	51	395

Coolamon Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 3. Income from continuing operations (continued)

\$ '000	2017 Operating	2016 Operating	2017 Capital	2016 Capital
(f) Contributions				
Developer contributions:				
(s93 & s94 – EP&A Act, s64 of the LGA):				
S 94 – contributions towards amenities/services	–	–	3	2
Other developer contributions (Subdivision sewerage)	–	–	365	–
Other developer contributions (Subdivision stormwater)	–	–	340	–
Other developer contributions (Subdivision roads)	–	–	63	–
Total developer contributions	–	–	771	2
	17			
Other contributions:				
Bushfire services	12	42	–	–
Child care	37	36	–	–
Cycleways/footpaths	–	–	16	24
Flood mitigation study	–	4	–	–
Recreation and culture	–	–	185	47
RMS contributions (regional roads, block grant)	1,838	1,091	215	216
Sewerage (excl. section 64 contributions)	–	–	51	36
Other	87	89	66	–
Total other contributions	1,974	1,262	533	323
Total contributions	1,974	1,262	1,304	325
TOTAL GRANTS AND CONTRIBUTIONS	8,417	6,561	1,355	720

Coolamon Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 3. Income from continuing operations (continued)

\$ '000	Actual 2017	Actual 2016
(g) Unspent 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
Add: grants and contributions recognised in the current period but not yet spent:	122	–
Add: grants and contributions received for the provision of goods and services in a future period	–	–
Less: grants and contributions recognised in a previous reporting period now spent:	–	(254)
Net increase (decrease) in restricted assets during the period	122	(254)
Unexpended and held as restricted assets	122	–
Comprising:		
– Specific purpose unexpended grants	122	–
– Developer contributions	–	–
– Other contributions	–	–
	122	–

Coolamon Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 4. Expenses from continuing operations

\$ '000	Notes	Actual 2017	Actual 2016
(a) Employee benefits and on-costs			
Salaries and wages		4,264	3,911
Travel expenses		2	5
Employee leave entitlements (ELE)		749	829
Superannuation		469	438
Workers' compensation insurance		115	122
Fringe benefit tax (FBT)		65	23
Training costs (other than salaries and wages)		41	33
Other		13	2
Total employee costs		5,718	5,363
Less: capitalised costs		(369)	(733)
TOTAL EMPLOYEE COSTS EXPENSED		5,349	4,630
(b) Borrowing costs			
(i) Interest bearing liability costs			
Interest on loans		–	1
Interest on advances		–	–
Other debts		–	–
Total interest bearing liability costs		–	1
Less: capitalised costs		–	–
Total interest bearing liability costs expensed		–	1
(ii) Other borrowing costs			
Discount adjustments relating to movements in provisions (other than ELE)		–	–
– Remediation liabilities	26	70	3
Total other borrowing costs		70	3
TOTAL BORROWING COSTS EXPENSED		70	4

Coolamon Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 4. Expenses from continuing operations (continued)

\$ '000	Notes	Actual 2017	Actual 2016
(c) Materials and contracts			
Raw materials and consumables		3,151	2,620
Contractor and consultancy costs		87	–
Auditors remuneration ⁽¹⁾		28	22
Legal expenses:			
– Legal expenses: planning and development		1	–
– Legal expenses: debt recovery		13	16
– Legal expenses: other		20	20
Total materials and contracts		3,300	2,678
Less: capitalised costs		–	–
TOTAL MATERIALS AND CONTRACTS		3,300	2,678
1. Auditor remuneration			
a. During the year, the following fees were incurred for services provided by the Auditor-General:			
(i) Audit and other assurance services			
– Audit and review of financial statements: Auditor-General		15	–
Remuneration for audit and other assurance services		15	–
Total Auditor-General remuneration		15	–
b. During the year, the following fees were incurred for services provided by the other Council's Auditors (and the Auditors of other consolidated entities):			
(i) Audit and other assurance services			
– Audit and review of financial statements: Council's Auditor		13	22
Remuneration for audit and other assurance services		13	22
Total remuneration of other Council's Auditors		13	22
Total Auditor remuneration		28	22

Coolamon Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 4. Expenses from continuing operations (continued)

\$ '000	Notes	Actual 2017	Actual 2016
(d) Depreciation, amortisation and impairment			
Depreciation and amortisation			
Plant and equipment		441	449
Office equipment		52	47
Land improvements (depreciable)		18	18
Infrastructure:			
– Buildings – non-specialised		202	197
– Buildings – specialised		201	196
– Other structures		145	145
– Roads		1,546	1,425
– Bridges		33	33
– Footpaths		28	27
– Stormwater drainage		35	35
– Sewerage network		150	148
– Swimming pools		29	28
Asset reinstatement costs	9 & 26	18	18
Intangible assets	25	–	–
Total gross depreciation and amortisation costs		2,898	2,766
Less: capitalised costs		(107)	(241)
Total depreciation and amortisation costs		2,791	2,525
Impairment			
Nil			
Total impairment costs		–	–
<u>TOTAL DEPRECIATION AND IMPAIRMENT COSTS EXPENSED</u>		<u>2,791</u>	<u>2,525</u>

Coolamon Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 4. Expenses from continuing operations (continued)

\$ '000	Notes	Actual 2017	Actual 2016
(e) Other expenses			
Advertising		31	45
Bad and doubtful debts		21	20
Bank charges		18	21
Computer / office equipment maintenance		138	147
Contributions/levies to other levels of government		–	–
– NSW State Emergency Service Levy		8	7
– NSW Fire & Rescue Levy		16	16
– NSW Rural Fire Service levy		162	119
– Riverina Regional Library		92	89
Councillor expenses – mayoral fee		13	12
Councillor expenses – councillors' fees		77	75
Councillors' expenses (incl. mayor) – other (excluding fees above)		10	10
Donations, contributions and assistance to other organisations (Section 356)		7	7
– REROC		14	14
Election expenses		9	–
Electricity and heating		171	127
Insurance		209	249
Postage		20	18
Printing and stationery		46	39
Street lighting		57	70
Subscriptions and publications		58	68
Telephone and communications		52	46
Valuation fees		25	25
Water charges		136	153
Total other expenses		1,390	1,377
Less: capitalised costs		–	–
<u>TOTAL OTHER EXPENSES</u>		<u>1,390</u>	<u>1,377</u>

Coolamon Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 5. Gains or losses from the disposal of assets

\$ '000	Notes	Actual 2017	Actual 2016
Property (excl. investment property)			
Proceeds from disposal – property		–	127
Less: carrying amount of property assets sold/written off		(304)	(143)
Net gain/(loss) on disposal		(304)	(16)
Plant and equipment			
Proceeds from disposal – plant and equipment		163	206
Less: carrying amount of plant and equipment assets sold/written off		(111)	(112)
Net gain/(loss) on disposal		52	94
Real estate assets held for sale			
Proceeds from disposal – real estate assets		204	–
Less: carrying amount of real estate assets sold/written off		(158)	–
Net gain/(loss) on disposal		46	–
Investment properties			
Proceeds from disposal – investment properties		–	–
Less: carrying amount of investment properties sold/written off		–	–
Net gain/(loss) on disposal		–	–
Financial assets *			
Proceeds from disposal/redemptions/maturities – financial assets		8,500	10,000
Less: carrying amount of financial assets sold/redeemed/matured		(8,500)	(10,000)
Net gain/(loss) on disposal		–	–
Other (Other Structures)			
Proceeds from disposal – Other (Other Structures)		–	–
Less: carrying amount of Other (Other Structures) assets sold/written off		(17)	–
Net gain/(loss) on disposal		(17)	–
NET GAIN/(LOSS) ON DISPOSAL OF ASSETS		(223)	78

Coolamon Shire Council

Notes to the Financial Statements
for the year ended 30 June 2017

Note 6a. – Cash and cash equivalents

\$ '000	Notes	2017 Actual Current	2016 Actual Current
Cash and cash equivalents			
Cash on hand and at bank		1,352	1,322
Total cash and cash equivalents		1,352	1,322
<u>TOTAL CASH ASSETS, AND CASH EQUIVALENTS</u>		<u>1,352</u>	<u>1,322</u>

Note 6b. – investments

\$ '000	Notes	2017 Actual Current	2017 Actual Non-current	2016 Actual Current	2016 Actual Non-current
Investments					
– Long term deposits		15,200	–	12,700	–
Total investments		15,200	–	12,700	–
<u>TOTAL INVESTMENTS</u>		<u>16,552</u>	<u>–</u>	<u>14,022</u>	<u>–</u>

Investments were
classified at year end in accordance with
AASB 139 as follows:

Investments

a. 'At fair value through the profit and loss'		–		–	
b. 'Held to maturity'	6(b-ii)	15,200	–	12,700	–
Investments		15,200	–	12,700	–

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 2017

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

\$ '000	2017	2017	2016	2016
	Actual Current	Actual Non-current	Actual Current	Actual Non-current
Total cash, cash equivalents and investments	16,552	–	14,022	–
attributable to:				
External restrictions (refer below)	9,813	–	9,134	–
Internal restrictions (refer below)	6,729	–	4,870	–
Unrestricted	10	–	18	–
	16,552	–	14,022	–

2017 \$ '000	Opening balance	Transfers to restrictions	Transfers from restrictions	Closing balance
-----------------	--------------------	------------------------------	--------------------------------	--------------------

Details of restrictions

External restrictions – included in liabilities

Allawah Lodge Accommodation Bonds & Payments (A)	3,535	749	(577)	3,707
Allawah Village Loan Licence (B)	3,041	444	(508)	2,977
External restrictions – included in liabilities	6,576	1,193	(1,085)	6,684

External restrictions – other

Developer contributions – general (C)	–	2	(2)	–
Specific purpose unexpended grants (D)	–	122	–	122
Sewerage services (E)	1,649	231	–	1,880
Domestic waste management (E)	761	183	–	944
Other	148	35	–	183
External restrictions – other	2,558	573	(2)	3,129
Total external restrictions	9,134	1,766	(1,087)	9,813

- A** Accommodation Bonds, Payments and Contributions relating to residency in Residential Aged Care Facility
- B** Loan Licence payments relating to residency in Allawah Retirement Village
- C** Development contributions which are not yet expended for the provision of services and amenities in accordance with contributions plans (refer Note 17).
- D** Grants which are not yet expended for the purposes for which the grants were obtained. (refer Note 1 (b))
- E** 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 2017

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

2017 \$ '000	Opening balance	Transfers to restrictions	Transfers from restrictions	Closing balance
Internal restrictions				
Plant and vehicle replacement	921	369	(290)	1,000
Employees leave entitlement	1,293	–	(323)	970
Carry over works	256	619	(136)	739
Asset management/replacement	2,228	–	(61)	2,167
Rehabilitation of gravel pits	142	10	–	152
Swimming pools	30	–	(30)	–
Other (Financial Assistance Grant Advance)	–	1,683	–	1,683
Other (Ardlethan Preschool)	–	18	–	18
Total internal restrictions	4,870	2,699	(840)	6,729
TOTAL RESTRICTIONS	14,004	4,465	(1,927)	16,542

Coolamon Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 7. Receivables

\$ '000	Notes	2017		2016	
		Current	Non-current	Current	Non-current
Purpose					
Rates and annual charges		277	–	267	–
Interest and extra charges		75	–	64	–
Private works		65	–	117	–
Accrued revenues					
– Interest on investments		190	–	89	–
– Other income accruals		24	–	23	–
Allawah Community Care fees		6	–	7	–
Accommodation Bonds/Payments		8	–	132	–
Cemetery		14	–	13	–
Deferred debtors		10	4	12	4
Government grants and subsidies		355	–	33	–
Rents		17	–	28	–
Sewerage connections		9	–	9	–
Other debtors		36	–	30	–
Total		1,086	4	824	4
Less: provision for impairment					
Rates and annual charges		(102)	–	(90)	–
Interest and extra charges		(45)	–	(37)	–
Total provision for impairment – receivables		(147)	–	(127)	–
<u>TOTAL NET RECEIVABLES</u>		<u>939</u>	<u>4</u>	<u>697</u>	<u>4</u>
Externally restricted receivables					
Sewerage services					
– Rates and availability charges		36	–	35	–
– Other		9	–	9	–
Domestic waste management		36	–	39	–
Total external restricted receivables		81	–	83	–
Internally restricted receivables					
Nil		–	–	–	–
Internally restricted receivables		–	–	–	–
Unrestricted receivables		858	4	614	4
<u>TOTAL NET RECEIVABLES</u>		<u>939</u>	<u>4</u>	<u>697</u>	<u>4</u>

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% (2016 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 2017

Note 8. Inventories and other assets

\$ '000	Notes	2017		2016	
		Current	Non-current	Current	Non-current
(a) Inventories					
(i) Inventories at cost					
Real estate for resale (refer below)		1,316	2	1,170	2
Stores and materials		67	–	120	–
Total inventories at cost		1,383	2	1,290	2
TOTAL INVENTORIES		1,383	2	1,290	2

\$ '000	2017		2016	
	Current	Non-current	Current	Non-current

(b) Other assets
Nil

Externally restricted inventories & other assets

There are no restrictions applicable to the above assets.

Total externally restricted inventories & other assets	–	–	–	–
Total internally restricted inventories & other assets	–	–	–	–
Total unrestricted inventories & other assets	1,383	2	1,290	2
TOTAL INVENTORIES AND OTHER ASSETS	1,383	2	1,290	2

Coolamon Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 8. Inventories and other assets (continued)

\$ '000	2017		2016	
	Current	Non-current	Current	Non-current
(i) Other disclosures				
(a) Details for real estate development				
Residential	1,316	2	1,170	2
Total real estate for resale	1,316	2	1,170	2
(Valued at the lower of cost and net realisable value)				
Represented by:				
Acquisition costs	214	2	173	2
Development costs	1,102	–	997	–
Total costs	1,316	2	1,170	2
Less: provision for under recovery	–	–	–	–
Total real estate for resale	1,316	2	1,170	2
Movements:				
Real estate assets at beginning of the year	1,170	–	324	–
– Purchases and other costs	338	2	846	–
– Transfers in from (out to) Note 9	(34)	–	–	–
– WDV of sales (expense) 5	(158)	–	–	–
Total real estate for resale	1,316	2	1,170	–

(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;

	2017	2016
Real estate for resale	102	710
	102	710

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

– Real estate for resale	–	–
– Stores and materials	343	326
– Trading stock	–	–

(d) Inventory write downs

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

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 2017

Note 9a. Infrastructure, property, plant and equipment

Asset class \$ '000	as at 30/6/2016			Asset movements during the reporting period										as at 30/6/2017		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals	Additions new assets	Carrying value of disposals	Depreciation expense	Impairment loss (recognised in equity)	WIP transfers	Adjustments and transfers	Other movements (rounding)	Tfrs from/(to) real estate assets (Note 8)	Revaluation decrements to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
Capital work in progress	134	–	134	107	350				(132)					459	–	459
Plant and equipment	5,111	3,040	2,071	564		(111)	(441)							5,352	3,269	2,083
Office equipment	641	356	285	30			(52)							671	408	263
Land:																
– Operational land	2,789	–	2,789	17		(70)			28			34		2,798	–	2,798
– Community land	1,617	–	1,617											1,617	–	1,617
Land improvements – depreciable	640	194	446				(18)				(1)			640	213	427
Infrastructure:																
– Buildings – non-specialised	19,915	6,466	13,449	69	4		(202)				(1)			19,987	6,668	13,319
– Buildings – specialised	17,033	8,328	8,705	18	79	(234)	(201)		104					16,468	7,998	8,470
– Other structures	8,805	4,082	4,723	27	79	(17)	(145)			(1,519)				5,445	2,298	3,147
– Roads	71,947	10,645	61,302	2,380	52		(1,546)	(1,457)						74,379	13,647	60,732
– Bridges	2,601	763	1,838				(33)							2,601	795	1,806
– Footpaths	2,231	248	1,983	51	22		(28)							2,303	276	2,027
– Bulk earthworks (non-depreciable)	56,400	–	56,400	–	11									56,411	–	56,411
– Stormwater drainage	3,532	548	2,984	–	357		(35)							3,890	584	3,306
– Sewerage network	13,634	3,308	10,326	–	370		(150)			1,519			(2,515)	15,348	5,797	9,551
– Swimming pools	3,801	2,718	1,083				(29)							3,801	2,747	1,054
Reinstatement, rehabilitation and restoration assets (refer Note 26):																
– Quarry assets	440	211	229				(18)							440	229	211
TOTAL INFRASTRUCTURE, PROPERTY, PLANT AND EQUIP.	211,271	40,907	170,364	3,263	1,324	(432)	(2,898)	(1,457)	–	–	(2)	34	(2,515)	212,610	44,929	167,681

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 2017

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

\$ '000

Class of asset	Actual 2017			Actual 2016		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
Sewerage services						
WIP	9	–	9	–	–	–
Land						
– Operational land	587	–	587	587	–	587
Other structures	217	103	114	3,825	1,952	1,873
Infrastructure	15,348	5,797	9,551	13,634	3,308	10,326
Total sewerage services	16,161	5,900	10,261	18,046	5,260	12,786
Domestic waste management						
Plant and equipment	13	1	12	–	–	–
Buildings	195	48	147	143	46	97
Other structures	196	180	16	–	–	–
Other assets	–	–	–	196	177	19
Total DWM	404	229	175	339	223	116
TOTAL RESTRICTED I,PP&E	16,565	6,129	10,436	18,385	5,483	12,902

Coolamon Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

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

\$ '000	Notes	Actual 2017	Actual 2016
(i) Impairment losses recognised in the Income Statement:			
Nil			
(ii) Reversal of impairment losses previously recognised in the Income Statement:			
Nil			
(iii) Impairment losses recognised direct to equity (ARR):			
– Regional Roads (Storms & Flooding June-September 2016)		(294)	–
– Sealed Local Roads (Storms & Flooding June-September 2016)		(202)	–
– Unsealed Local Roads (Storms & Flooding June-September 2016)		(961)	–
Total impairment losses		(1,457)	–
(iv) Reversals of impairment losses previously recognised direct to equity (ARR):			
Nil			
<u>IMPAIRMENT OF ASSETS – DIRECT to EQUITY (ARR)</u>	20 (ii)	<u>(1,457)</u>	<u>–</u>

Coolamon Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 10a. Payables, borrowings and provisions

\$ '000	Notes	2017		2016	
		Current	Non-current	Current	Non-current
Payables					
Goods & services—operating expenditure		444	1	488	1
Security bonds, deposits and retentions		6,684	—	6,706	—
Total payables		7,128	1	7,194	1
Income received in advance					
Payments received in advance		64	—	30	—
Total income received in advance		64	—	30	—
Borrowings					
Loans – unsecured		1	1	1	3
Total borrowings		1	1	1	3
Provisions					
Employee benefits:					
Annual leave		532	—	582	—
Long service leave		1,026	43	984	52
Other leave (RDO/TIL)		15	—	15	—
Sub-total – aggregate employee benefits		1,573	43	1,581	52
Asset remediation/restoration (future works)	26	—	1,053	—	991
Total provisions		1,573	1,096	1,581	1,043
TOTAL PAYABLES, BORROWINGS AND PROVISIONS		8,766	1,098	8,806	1,047

(i) Liabilities relating to restricted assets

	2017		2016	
	Current	Non-current	Current	Non-current
Externally restricted assets				
Sewer	—	—	—	—
Domestic waste management	—	—	—	—
Accommodation Payments/Loan Licences	6,684	—	6,706	—
Liabilities relating to externally restricted assets	6,684	—	6,706	—
Internally restricted assets				
Nil	—	—	—	—
Liabilities relating to internally restricted assets	—	—	—	—
Total liabilities relating to restricted assets	6,684	—	6,706	—
Total liabilities relating to unrestricted assets	2,082	1,098	2,100	1,047
TOTAL PAYABLES, BORROWINGS AND PROVISIONS	8,766	1,098	8,806	1,047

Coolamon Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

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

\$ '000	Actual 2017	Actual 2016
(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	1,026	993
Payables – security bonds, deposits and retentions	6,676	6,403
Other liabilities:	–	–
	7,702	7,396

Note 10b. Description of and movements in provisions

Class of provision	2016		2017			
	Opening balance as at 1/7/16	Additional provisions	Decrease due to payments	Remeasurement effects due to discounting	Unused amounts reversed	Closing balance as at 30/6/17
Annual leave	582	354	(404)	–	–	532
Long service leave	1,036	122	(89)	–	–	1,069
Other leave (RDO/TIL)	15	12	(12)	–	–	15
Asset remediation	991	62	–	–	–	1,053
TOTAL	2,624	550	(505)	–	–	2,669

- 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 2017

Note 11. Statement of cash flows – additional information

\$ '000	Notes	Actual 2017	Actual 2016
(a) Reconciliation of cash assets			
Total cash and cash equivalent assets	6a	1,352	1,322
Less bank overdraft	10	–	–
Balance as per the Statement of Cash Flows		1,352	1,322
(b) Reconciliation of net operating result to cash provided from operating activities			
Net operating result from Income Statement		4,139	3,188
Adjust for non-cash items:			
Depreciation and amortisation		2,791	2,525
Net losses/(gains) on disposal of assets		223	(78)
Non-cash capital grants and contributions		(835)	–
Impairment losses recognition – I,PP&E		–	–
Unwinding of discount rates on reinstatement provisions		69	3
Share of net (profits) or losses of associates/joint ventures		4	(21)
+/- Movement in operating assets and liabilities and other cash items:			
Decrease/(increase) in receivables		(264)	481
Increase/(decrease) in provision for doubtful debts		20	20
Decrease/(increase) in inventories		53	6
Increase/(decrease) in payables		(44)	18
Increase/(decrease) in other accrued expenses payable		–	5
Increase/(decrease) in other liabilities		34	–
Increase/(decrease) in employee leave entitlements		(17)	(101)
Increase/(decrease) in other provisions		(7)	–
Net cash provided from/(used in) operating activities from the Statement of Cash Flows		6,166	6,046

Coolamon Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

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

\$ '000	Notes	Actual 2017	Actual 2016
(c) Non-cash investing and financing activities			
Other dedications		835	–
Total non-cash investing and financing activities		835	–
(d) Financing arrangements			
(i) Unrestricted access was available at balance date to the following lines of credit:			
Bank overdraft facilities ⁽¹⁾		–	–
Credit cards/purchase cards		30	20
Total financing arrangements		30	20
Amounts utilised as at balance date:			
– Bank overdraft facilities		–	–
– Credit cards/purchase cards		3	3
Total financing arrangements utilised		3	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 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 2017

Note 12. Commitments for expenditure

\$ '000	Notes	Actual 2017	Actual 2016
(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		823	–
Plant and equipment		211	–
Total commitments		1,034	–
These expenditures are payable as follows:			
Within the next year		1,034	–
Later than one year and not later than 5 years		–	–
Later than 5 years		–	–
Total payable		1,034	–
Sources for funding of capital commitments:			
Unrestricted general funds		339	–
Future grants and contributions		246	–
Internally restricted reserves		449	–
Total sources of funding		1,034	–
Details of capital commitments			
Quotation 2017/01 - Supply of 10 cubic metre Tipper Truck (Min 59/04/2017)			
Contract 2017/01 - Construction of 4 bedroom dwelling, William Kelly Drive, Coolamon. (Min 19/02/2017)			
Contract - 2017/03 Demolition and construction of Amenities at Ardlethan and Ganmain Swimming Pools (Min 102/06/2017)			

(b) Finance lease commitments

Nil

(c) Operating lease commitments (non-cancellable)

Nil

(d) Investment property commitments

Nil

Coolamon Shire Council

Notes to the Financial Statements
for the year ended 30 June 2017

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

\$ '000	Amounts 2017	Indicator 2017	Prior periods		Benchmark
			2016	2015	
Local government industry indicators – consolidated					
1. Operating performance ratio					
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions less operating expenses	<u>3,011</u>	18.92%	17.44%	9.35%	>0.00%
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions	<u>15,911</u>				
2. Own source operating revenue ratio					
Total continuing operating revenue ⁽¹⁾ excluding all grants and contributions	<u>7,494</u>	43.40%	49.10%	52.04%	>60.00%
Total continuing operating revenue ⁽¹⁾	<u>17,266</u>				
3. Unrestricted current ratio					
Current assets less all external restrictions ⁽²⁾	<u>8,878</u>	8.41x	5.49x	3.24x	>1.5x
Current liabilities less specific purpose liabilities ^(3, 4)	<u>1,056</u>				
4. Debt service cover ratio					
Operating result ⁽¹⁾ before capital excluding interest and depreciation/impairment/amortisation	<u>5,872</u>	81.56x	816.33x	56.43x	>2x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	<u>72</u>				
5. Rates and annual charges outstanding percentage					
Rates and annual charges outstanding	<u>175</u>	4.89%	5.00%	6.13%	< 5% Metro
Rates and annual charges collectible	<u>3,578</u>				<10% Rural
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	<u>16,552</u>	19.71 mths	19.2 mths	19.7 mths	> 3 mths
Payments from cash flow of operating and financing activities	<u>840</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.

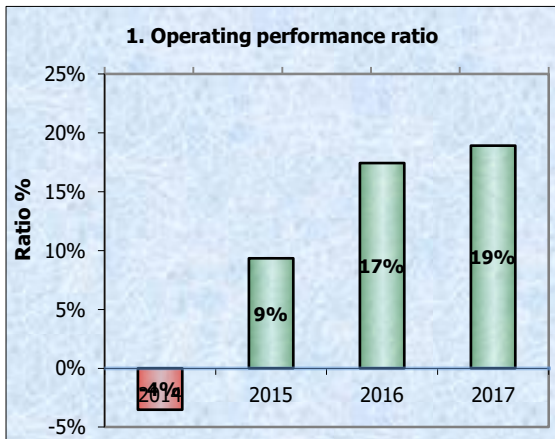
⁽³⁾ Refer to Note 10(a).

⁽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 2017

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 2016/17 result

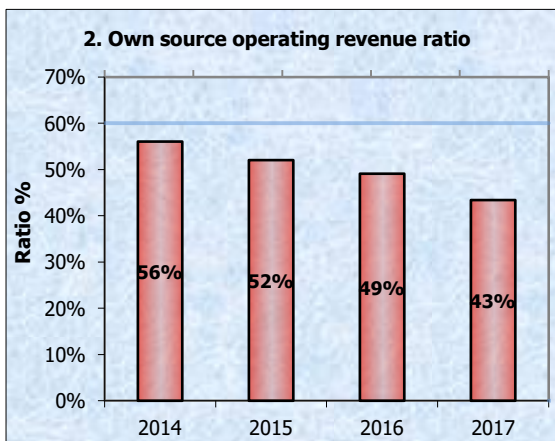
2016/17 ratio 18.92%

Council has again achieved a positive Operating Performance Ratio although it has been positively affected by the receipt of a pre-payment of the 2017/2018 Financial Assistance Grants.

Benchmark: — Minimum $\geq 0.00\%$

Source for benchmark: Code of Accounting Practice and Financial Reporting #25

 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 2016/17 result

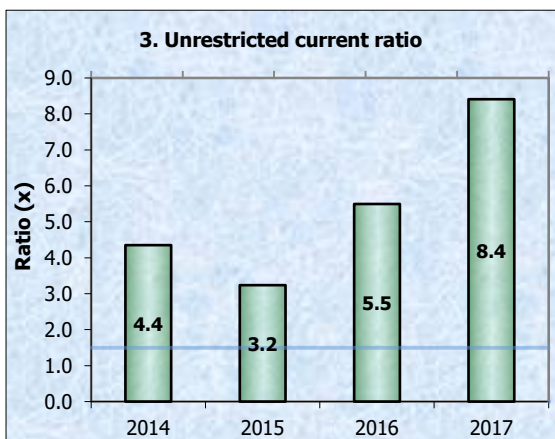
2016/17 ratio 43.40%

This ratio has been affected by the pre-payment of the one half of the Financial Assistance Grant for the 2017/2018 financial year. Council continues to source government grants where they are available and when successful this negatively affects this ratio.

Benchmark: — Minimum $\geq 60.00\%$

Source for benchmark: Code of Accounting Practice and Financial Reporting #25

 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 2016/17 result

2016/17 ratio 8.41x

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

Benchmark: — Minimum ≥ 1.50

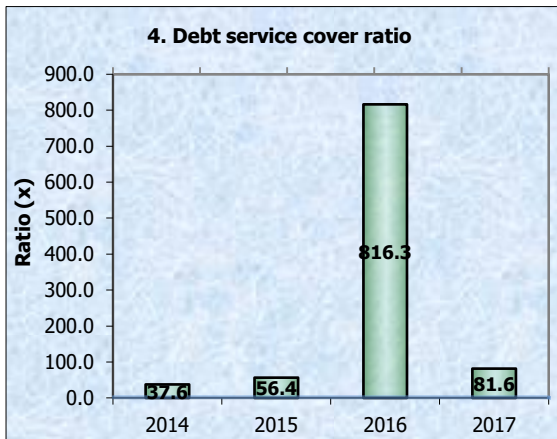
Source for benchmark: Code of Accounting Practice and Financial Reporting #25

 Ratio achieves benchmark
 Ratio is outside benchmark

Coolamon Shire Council

Notes to the Financial Statements for the year ended 30 June 2017

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 2016/17 result

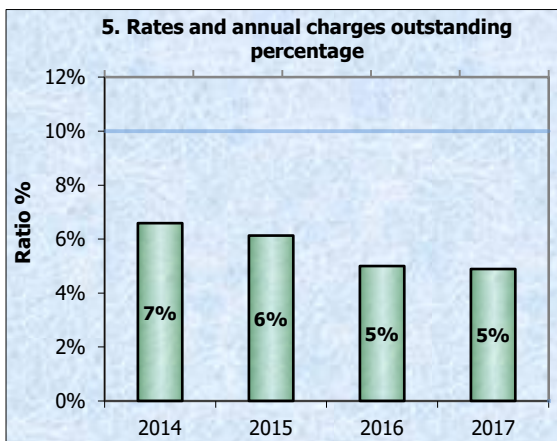
2016/17 ratio 81.56x

Council continues to have a strong Debt Service Ratio. Council had made adjustments to the financing costs for its Gravel Pit Restoration Liabilities in the 2016 financial year but this has been reversed in 2017 to ensure that the liability is adequately measured.

Benchmark: ——— Minimum ≥ 2.00

Source for benchmark: Code of Accounting Practice and Financial Reporting #25

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 2016/17 result

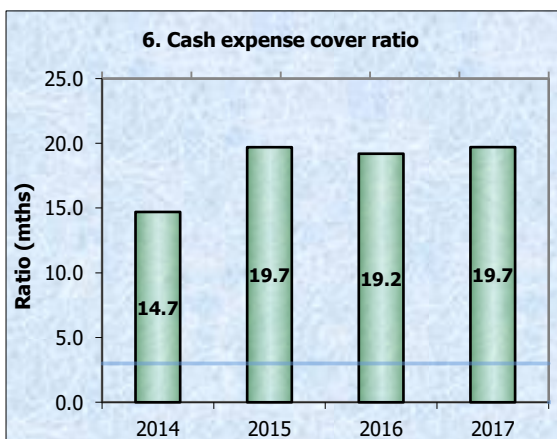
2016/17 ratio 4.89%

Council's Rate and Annual Charges Outstanding Ratio has remained static over the last four years and remains below the benchmark for Rural Councils.

Benchmark: ——— Maximum $< 10.00\%$

Source for Benchmark: Code of Accounting Practice and Financial Reporting #25

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 2016/17 result

2016/17 ratio 19.71 mths

Council continues to hold adequate 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 #25

Ratio achieves benchmark
 Ratio is outside benchmark

Coolamon Shire Council

Notes to the Financial Statements
for the year ended 30 June 2017

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

\$ '000	General indicators ⁵		Sewer indicators		Benchmark
	2017	2016	2017	2016	
Local government industry indicators – by fund					
1. Operating performance ratio					
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions less operating expenses	20.90%	18.68%	-34.21%	-12.04%	>0.00%
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions					
2. Own source operating revenue ratio					
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions	42.61%	47.29%	56.49%	91.61%	>60.00%
Total continuing operating revenue ⁽¹⁾					
3. Unrestricted current ratio					
Current assets less all external restrictions ⁽²⁾	8.41x	5.49x	No liabilities	No liabilities	>1.5x
Current liabilities less specific purpose liabilities ^(3, 4)					

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 2017

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

\$ '000	General indicators ⁵		Sewer indicators		Benchmark
	2017	2016	2017	2016	
Local government industry indicators – by fund (continued)					
4. Debt service cover ratio					
Operating result ⁽¹⁾ before capital excluding interest and depreciation/impairment/amortisation	81.25x	791.50x	0.00x	0.00x	>2x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)					
5. Rates and annual charges outstanding percentage					
Rates and annual charges outstanding	4.50%	5.50%	7.32%	7.51%	< 5% Metro <10% Rural
Rates and annual charges collectible					
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	17.41	16.94	940.50	0.00	> 3 months
Payments from cash flow of operating and financing activities	months	months	months	months	

Notes

(1) 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 2017

Note 14. Investment properties

\$ '000

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 2017

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.

The fair value of Council's financial assets and financial liabilities approximates their carrying amount.

	Carrying value		Fair value	
	2017	2016	2017	2016
Financial assets				
Cash and cash equivalents	1,352	1,322	1,352	1,322
Investments				
– 'Held for trading'	–	–	–	–
– 'Designated at fair value on initial recognition'	–	–	–	–
– 'Held to maturity'	15,200	12,700	15,200	12,700
– 'Loans and receivables'	–	–	–	–
– 'Available for sale'	–	–	–	–
Receivables	943	701	943	701
Other financial assets	–	–	–	–
Total financial assets	17,495	14,723	17,495	14,723
Financial liabilities				
Bank overdraft	–	–	–	–
Payables	7,129	7,195	7,129	7,195
Loans/advances	2	4	2	4
Lease liabilities	–	–	–	–
Other financial liabilities	0	–	–	–
Total financial liabilities	7,131	7,199	7,131	7,199

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 2017

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 without the assistance of independent advisors.

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 its staff and an investment report is tabled before Council on a monthly basis setting out the portfolio breakup and its performance.

The risks associated with the investments held are:

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

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

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
2017				
Possible impact of a 1% movement in interest rates	157	157	(157)	(157)
2016				
Possible impact of a 1% movement in interest rates	153	153	(153)	(153)

Coolamon Shire Council

Notes to the Financial Statements for the year ended 30 June 2017

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 significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

The level of outstanding receivables is not reported to Council monthly and benchmarks are not set and not monitored for acceptable collection performance.

Council makes suitable provision for doubtful receivables as required and does not carry out credit checks on most non-rate debtors.

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

Coolamon Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 15. Financial risk management (continued)

\$ '000

(b) Credit risk (continued)

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

	2017 Rates and annual charges	2017 Other receivables	2016 Rates and annual charges	2016 Other receivables
(i) Ageing of receivables – %				
Current (not yet overdue)	0%	36%	0%	51%
Overdue	100%	64%	100%	49%
	100%	100%	100%	100%

		2017 Rates and annual charges	2017 Other receivables	2016 Rates and annual charges	2016 Other receivables
(ii) Ageing of receivables – value					
Rates and annual charges	Other receivables				
Current	Current	–	289	18	364
< 1 year overdue	0 – 30 days overdue	67	83	125	9
1 – 2 years overdue	31 – 60 days overdue	82	37	43	4
2 – 5 years overdue	61 – 90 days overdue	29	–	81	131
> 5 years overdue	> 91 days overdue	99	404	–	53
		277	813	267	561

(iii) Movement in provision for impairment of receivables

	2017	2016
Balance at the beginning of the year	127	107
+ new provisions recognised during the year	20	20
– amounts already provided for and written off this year	–	–
– amounts provided for but recovered during the year	–	–
– previous impairment losses reversed	–	–
Balance at the end of the year	147	127

Coolamon Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

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		
2017									
Bank overdraft	–	–	–	–	–	–	–	–	–
Trade/other payables	6,499	361	76	58	45	35	55	7,129	7,129
Loans and advances	–	1	1	–	–	–	–	2	2
Lease liabilities	–	–	–	–	–	–	–	–	–
Total financial liabilities	6,499	362	77	58	45	35	55	7,131	7,131
2016									
Bank overdraft	–	–	–	–	–	–	–	–	–
Trade/other payables	6,825	106	85	64	48	39	28	7,195	7,195
Loans and advances	–	1	1	1	1	–	–	4	4
Lease liabilities	–	–	–	–	–	–	–	–	–
Total financial liabilities	6,825	107	86	65	49	39	28	7,199	7,199

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:

	2017		2016	
	Carrying value	Weighted Average interest rate	Carrying value	Weighted Average interest rate
Bank overdraft	–		–	
Trade/other payables	7,129	n/a	7,195	n/a
Loans and advances – fixed interest rate	2	7.50%	4	7.50%
	<u>7,131</u>		<u>7,199</u>	

Coolamon Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 16. Material budget variations

\$ '000

Council's original financial budget for 2016/2017 was adopted by the Council on 16 June 2016.

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	2017 Budget	2017 Actual	2017 ----- Variance* -----		
REVENUES					
Rates and annual charges	3,330	3,343	13	0%	F
User charges and fees	2,622	2,932	310	12%	F
Income derived from Private Works for the year equated to \$172,000 which exceeded Council's original budget of \$30,000.					
Income from Cemetery Fees amounted to \$95,000 exceeding the original budget of \$16,000.					
Income from Allawah Lodge exceeded Council's original budget by \$34,000.					
Income from Childcare fees exceeded Council's original budget by \$43,000.					
Interest and investment revenue	405	448	43	11%	F
As a result of an increase in the cash held by Council in the bank over the financial year, additional interest revenue was received.					
Other revenues	551	771	220	40%	F
Council received \$40,000 in Insurance Incentives that were not included in the original budget					
Council received \$31,000 in insurance payouts that were not included in the original budget					
Council raised \$11,000 in towards the recovery of Legal Fees which was not included in the original budget					
Council received \$69,000 from Recycling income, exceeding the original budget by \$68,000					
Council received \$23,000 towards the implementation of the FESL that was not included in the original budget					
Operating grants and contributions	5,874	8,417	2,543	43%	F
Council received a prepayment of 2017/2018 Financial Assistance Grant. This together with an increase in the actual grant received for the year resulted in an additional \$1,793,000 income.					
Council received \$726,000 towards Natural Disaster rectification works that were not included in the original budget.					

Coolamon Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 16. Material budget variations (continued)

\$ '000	2017 Budget	2017 Actual	2017 ----- Variance* -----		
REVENUES cont.					
Capital grants and contributions	684	1,355	671	98%	F
<p>The value of contributed assets from the subdivision development undertaken by Council were not included in the original budget. The total value of these assets amounted to \$769,000.</p> <p>Council only received \$51,000 under the Fixing Country Roads programme as works were deferred. The original budget allowed for \$312,000.</p> <p>Council received \$51,000 in Sewerage Developer Charges and \$66,000 in donated assets relating to the Community Recycling Centre. Both incomes were not included in Council's original budget.</p>					
Net gains from disposal of assets	145	-	(145)	(100%)	U
<p>The demolition of the existing amenities at the Ardlethan and Ganmain Swimming Pools and the Coolamon Caravan Park together with the transfer of land to the NSW Ambulance Service resulted in book losses of \$304,000.</p> <p>A delay in the registration of the plan of subdivision resulted in fewer real estate sales settling during the financial year therefore the profit of \$46,000 fell short of the budgeted profit of \$119,000.</p>					
Joint ventures and associates - net profits	5	-	(5)	(100%)	U
<p>Council original budget allowed for a profit on the operation of the Riverina Regional Library but the actual operations resulted in a loss of \$4,000</p>					

Coolamon Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 16. Material budget variations (continued)

\$ '000	2017 Budget	2017 Actual	2017 ----- Variance* -----		
EXPENSES					
Employee benefits and on-costs	4,624	5,349	(725)	(16%)	U
Salaries and wages exceeded Council's original budget by \$368,000.					
Council's Employee Leave Entitlements exceeded the original budget of \$650,000 by \$99,000					
Council's Superannuation expenses amounted to \$469,000 which was \$35,000 more than the original budget					
Council's FBT expenses exceeded the original budget by \$40,000 following a decision to issue out PPE to employees to reduce and limit stores items that can be sourced quickly.					
Capitalised wages only amounted to \$369,000 where the original budget allowed for \$570,000					
Borrowing costs	23	70	(47)	(199%)	U
Following a review of Council's liabilities relating to Gravel Pit Restoration, Council will continue to build the provision to adequately reflect the liability that will be faced. Council's original budget allowed for a reduction in the ongoing increase to the provision.					
Materials and contracts	2,389	3,300	(911)	(38%)	U
Natural disaster rectification works amounting to \$726,000 were not included in Council's original budget.					
Council spent \$87,000 on consultants/agency to meet staff shortages. These amounts were not included in Council's original budget.					
Depreciation and amortisation	2,803	2,791	12	0%	F
Impairment expenses	-	-	-	0%	F
Other expenses	1,659	1,390	269	16%	F
Council made a saving with Insurance Expenses amounting to \$208,000 whilst the original budget was \$273,000.					
Council made a saving of \$41,000 as a formal election was not held. Election costs amounted to \$9,000.					
Council's Electricity expenses amount to \$171,000 whilst the budget allowed for \$230,000.					
Council's original budget allowed for \$70,000 in street lighting and the actual expenditure amounted to \$57,000.					
The combined contributions to Emergency Services for the year amounted to \$186,000 whilst the original budget allowed for \$206,000.					
Net losses from disposal of assets	-	223	(223)	∞	U
see explanations for Net gains from disposal of assets.					
Joint ventures and associates – net losses	-	4	(4)	∞	U
see explanations for Joint ventures and associates - net profits					
Operating result from discontinued operations	-	-	-	0%	F

Coolamon Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 16. Material budget variations (continued)

\$ '000	2017 Budget	2017 Actual	2017 ----- Variance* -----
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Budget variations relating to Council's Cash Flow Statement include:

Cash flows from operating activities	4,913	6,166	1,253	25.5%	F
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See variations as shown in this note relating to operating income and expenditure.

Cash flows from investing activities	(5,123)	(6,112)	(989)	19.3%	U
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The completion of the subdivision development was not included in Council's original budget.

Council's original budget did not allow for an increase in Investments and as a result of additional cash holdings Council was able to invest \$2,500,000 as compared to the start of the financial year.

As a result of the Natural Disaster Declaration a number of capital grant funded projects were deferred and Council funded capital projects were put off with the funding allocated to operating expenditure.

Cash flows from financing activities	(2)	(24)	(22)	1100.0%	U
---	------------	-------------	-------------	---------	----------

The declaration of the net cash flows relating to Accommodation Bonds/Payments/Contributions for Allawah Lodge and Loan Licences for Allawah Village as financing cash flows has resulted in this variance.

Coolamon Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

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)	–	(197)
S94 contributions – under a plan	–	2	–	–	–	(2)	–	(197)
S94A levies – under a plan	–	–	–	–	–	–	–	–
Total S94 revenue under plans	–	2	–	–	–	(2)	–	(197)
S94 not under plans	–	–	–	–	–	–	–	–
S93F planning agreements	–	–	–	–	–	–	–	–
S64 contributions	–	–	–	–	–	–	–	–
Total contributions	–	2	–	–	–	(2)	–	(197)

Coolamon Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

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)	-	(197)
Total	-	2	-	-	-	(2)	-	(197)

Coolamon Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

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 is party to an Industry Defined Benefit Plan under the Local Government Superannuation Scheme, named The Local Government Superannuation Scheme – Pool B (the Scheme) which is a defined benefit plan that has been deemed to be a “multi-employer fund” for purposes of AASB119 Employee Benefits. Sufficient information is not available to account for the Scheme as a defined benefit plan in accordance with AASB119 because the assets to the Scheme are pooled together for all councils.

The amount of employer contributions to the defined benefit section of the Scheme and recognised as an expense for the year ending 30 June 2017 was \$51,245. The last valuation of the Scheme was performed by Mr Richard Boyfield, FIAA on 2 December 2016, and covers the year ended 30 June 2016.

However, the position is monitored annually and the actuary has estimated that, as at 30 June 2017, a deficit still exists. Effective from 1 July 2009, employers are required to make additional contributions to assist in extinguishing this deficit. The amount of additional contributions included in the total employer contribution advised above is \$24,000. Council's expected contribution to the plan for the next annual reporting period is \$40,732.20.

The share of this deficit that is broadly attributed to Council is estimated to be in the order of \$54,000 as at 30 June 2017.

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 Council's accounts. Council has a

(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.

Coolamon Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 18. Contingencies and other assets/liabilities not recognised (continued)

\$ '000

LIABILITIES NOT RECOGNISED (continued):**1. Guarantees cont.****(iv) Other guarantees**

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

2. Other liabilities**(i) Third party claims**

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

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

(ii) S94 plans

Council levies section 94/94A contributions upon various development across the Council area through the required contributions plans.

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

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

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

ASSETS NOT RECOGNISED:**(i) Land Under Roads**

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

(ii) Infringement Notices/Fines

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

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 \$197,000 - 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 2017

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 2017	Actual 2016	Actual 2017	Actual 2016
Joint ventures	(4)	21	156	160
Associates	—	—	—	—
Total	(4)	21	156	160

Coolamon Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

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	2017	2016
Riverina Regional Library	Joint venture		156	160
Total carrying amounts – material joint ventures and associates			156	160

(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	
	2017	2016	2017	2016	2017	2016	2017	2016
Riverina Regional Library	n/a	n/a	4%	4%	4%	4%	4%	4%

Coolamon Shire Council

Notes to the Financial Statements for the year ended 30 June 2017

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

All subsidiaries, joint arrangements and associates have been recognised in this financial report.

Coolamon Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

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

\$ '000	Notes	Actual 2017	Actual 2016
(a) Retained earnings			
Movements in retained earnings were as follows:			
Balance at beginning of year (from previous years audited accounts)		80,720	77,532
a. Correction of prior period errors	20 (c)	–	–
b. Changes in accounting policies (prior period effects)	20 (d)	–	–
c. Other comprehensive income (excl. direct to reserves transactions)		–	–
d. Net operating result for the year		4,139	3,188
e. Distributions to/(contributions from) non-controlling Interests		–	–
f. Transfers between equity		–	–
g. Other changes		–	–
Balance at end of the reporting period		84,859	80,720
(b) Revaluation reserves			
(i) Reserves are represented by:			
– Infrastructure, property, plant and equipment revaluation reserve		91,994	95,966
Total		91,994	95,966
(ii) Reconciliation of movements in reserves:			
Infrastructure, property, plant and equipment revaluation reserve			
– Opening balance		95,966	89,887
– Revaluations for the year	9(a)	(2,515)	21
– (Impairment of revalued assets)/impairment reversals	9(a),(c)	(1,457)	–
– Transfer to retained earnings for asset disposals		–	–
– Correction of prior period errors	20(c)	–	6,058
– Other movements		–	–
– Balance at end of year		91,994	95,966
TOTAL VALUE OF RESERVES		91,994	95,966
(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 2017

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

\$ '000	Notes	Actual 2017	Actual 2016
(c) Correction of error/s relating to a previous reporting period			
Council made no correction of errors during the current reporting period.			
Correction of errors as disclosed in last year's financial statements:			
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.		–	–
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 – 1/7/15 (relating to adjustments for the 30/6/15 reporting year end and prior periods)		–	–
– Adjustments to closing equity – 30/6/16 (relating to adjustments for the 30/6/16 year end)		–	6,058
Total prior period adjustments – prior period errors		–	6,058

(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 2017

Note 21. Financial result and financial position by fund

\$ '000		
Income Statement by fund \$ '000	Actual 2017	Actual 2017
	Sewer	General ¹
Continuing operations		
Income from continuing operations		
Rates and annual charges	490	2,853
User charges and fees	8	2,924
Interest and investment revenue	55	393
Other revenues	4	767
Grants and contributions provided for operating purposes	13	8,404
Grants and contributions provided for capital purposes	416	939
Other income		
Net gains from disposal of assets	–	–
Share of interests in joint ventures and associates using the equity method	–	–
Total income from continuing operations	986	16,280
Expenses from continuing operations		
Employee benefits and on-costs	154	5,195
Borrowing costs	–	70
Materials and contracts	115	3,185
Depreciation and amortisation	217	2,574
Impairment	–	–
Other expenses	107	1,283
Interest and investment losses	–	–
Net losses from the disposal of assets	172	51
Share of interests in joint ventures and associates using the equity method	–	4
Total expenses from continuing operations	765	12,362
Operating result from continuing operations	221	3,918
Discontinued operations		
Net profit/(loss) from discontinued operations	–	–
Net operating result for the year	221	3,918
Net operating result attributable to each council fund	221	3,918
Net operating result attributable to non-controlling interests	–	–
Net operating result for the year before grants and contributions provided for capital purposes	(195)	2,979

¹ General fund refers to all Council's activities other than Sewer.

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 2017

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

\$ '000

Statement of Financial Position by fund \$ '000	Actual 2017	Actual 2017
	Sewer	General ¹
ASSETS		
Current assets		
Cash and cash equivalents	1,880	(528)
Investments	–	15,200
Receivables	45	894
Inventories	–	1,383
Other	–	–
Total current assets	1,925	16,949
Non-current assets		
Receivables	–	4
Inventories	–	2
Infrastructure, property, plant and equipment	10,261	157,420
Investments accounted for using the equity method	–	156
Other	–	–
Total non-current assets	10,261	157,582
TOTAL ASSETS	12,186	174,531
LIABILITIES		
Current liabilities		
Payables	–	7,128
Income received in advance	–	64
Borrowings	–	1
Provisions	–	1,573
Total current liabilities	–	8,766
Non-current liabilities		
Payables	–	1
Borrowings	–	1
Provisions	–	1,096
Total non-current liabilities	–	1,098
TOTAL LIABILITIES	–	9,864
Net assets	12,186	164,667
EQUITY		
Retained earnings	6,188	78,671
Revaluation reserves	5,998	85,996
Council equity interest	12,186	164,667
Non-controlling interests	–	–
Total equity	12,186	164,667

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

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 2017

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

\$ '000

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 2017

Note 23. Events occurring after the reporting date

\$ '000

Events that occur between the end of the reporting period (30 June 2017) 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 23/10/17.

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 2017.

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

(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 2017 and which are only indicative of conditions that arose after 30 June 2017.

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 2017

Note 24. Discontinued operations

	Actual	Actual
\$ '000	2017	2016

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

Coolamon Shire Council

Notes to the Financial Statements for the year ended 30 June 2017

Note 25. Intangible assets

	Actual	Actual
\$ '000	2017	2016

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 2017

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	
		2017	2016
Various gravel pit sites across the Shire	2029	1,053	991
Balance at end of the reporting period	10(a)	<u>1,053</u>	<u>991</u>

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

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

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

Reconciliation of movement in provision for year:

Balance at beginning of year	991	1,010
Amortisation of discount (expensed to borrowing costs)	69	3
Divested quarries	(7)	(22)
Total – reinstatement, rehabilitation and restoration provision	<u>1,053</u>	<u>991</u>

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

Coolamon Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 26. Reinstatement, rehabilitation and restoration liabilities

\$ '000

Restoration

Close down and restoration costs include the dismantling and demolition of infrastructure and the removal of residual materials and remediation of disturbed areas. Estimated close down and restoration costs are provided for in the accounting period when the obligation arising from the related disturbance occurs, whether this occurs during the development or during the operation phase, based on the net present value of estimated future costs.

Provisions for close down and restoration costs do not include any additional obligations which are expected to arise from future disturbance. The costs are estimated on the basis of a closure plan. The cost estimates are calculated annually during the life of the operation to reflect known developments, eg updated cost estimates and revisions to the estimated lives of operations, and are subject to formal review at regular intervals.

Close down and restoration 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.

Other movements in the provisions for close down and restoration 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.

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 2017

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 2017

Note 27. Fair value measurement

\$ '000

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

2017	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	30/06/17	—	—	2,083	2,083
Office furniture	30/06/17	—	—	263	263
Operational land	30/06/13	—	2,798	—	2,798
Community land	30/06/16	—	—	1,617	1,617
Land improvements	30/06/17	—	—	427	427
Buildings – non-specialised	30/06/13	—	13,319	—	13,319
Buildings – specialised	30/06/13	—	—	8,470	8,470
Other structures	30/06/17	—	—	3,147	3,147
Roads, bridge and footpaths	30/06/15	—	—	64,565	64,565
Bulk earthworks	30/06/15	—	—	56,411	56,411
Stormwater drainage	30/06/15	—	—	3,306	3,306
Sewerage network	30/06/17	—	—	9,551	9,551
Swimming pools	30/06/17	—	—	1,054	1,054
Quarry Assets	30/06/17	—	—	211	211
Total infrastructure, property, plant and equipment		—	16,117	151,105	167,222

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	30/06/13	—	2,789	—	2,789
Community land	30/06/16	—	—	1,617	1,617
Land improvements	30/06/16	—	—	446	446
Buildings – non-specialised	30/06/13	—	13,449	—	13,449
Buildings – specialised	30/06/13	—	—	8,705	8,705
Other structures	30/06/16	—	—	4,723	4,723
Roads, bridge and footpaths	30/06/15	—	—	65,123	65,123
Bulk earthworks	30/06/15	—	—	56,400	56,400
Stormwater drainage	30/06/15	—	—	2,984	2,984
Sewerage network	30/06/12	—	—	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

Coolamon Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

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:

Infrastructure, property, plant and equipment (IPP&E)

Roads Infrastructure

This asset class comprises the road surface and pavement, bridges, drainage, kerb & gutter and footpaths.

The cost approach was adopted to value these assets based on assessments and calculations from a condition assessment done in house as part of the valuation project undertaken in 2014/2015. Assets have been componentised and a full review of condition, useful lives and unit rates was undertaken.

Key inputs such as estimated pattern of consumption, asset condition and useful life required extensive professional judgement and impact significantly on the final determination of fair value.

There has been no change to the valuation process during the period.

Stormwater Drainage Infrastructure

This asset class comprises the pits, pipes, open channels and headwalls.

The cost approach was adopted to value these assets based on assessments and calculations from a condition assessment done in house as part of the valuation project undertaken in 2014/2015. Assets have been componentised and a full review of condition, useful lives and unit rates was undertaken.

Key inputs such as estimated pattern of consumption, asset condition and useful life required extensive professional judgement and impact significantly on the final determination of fair value.

There has been no change to the valuation process during the period.

Sewerage Infrastructure

This asset class comprises the treatment works, pumping station, sewerage mains and effluent reuse.

The cost approach was adopted to value these assets based on assessments and calculations from condition assessments done in house as part of the valuation project undertaken in 2016/2017. Assets have been componentised and a full review of condition, useful lives and unit rates was undertaken.

Key inputs such as estimated pattern of consumption, asset condition and useful life required extensive professional judgement and impact significantly on the final determination of fair value.

The valuation process was performed in house as compared to being undertaken by consultants in the past.

Community Land

This asset class comprises all of Council's land classified as Community Land under the NSW Local Government Act 1993.

Council has used the Valuer General's Unimproved Capital Land Value (UCV) as the fair value as at 30 June 2016.

There has been no change to the valuation process during the period.

Operational Land

This asset class comprises all of Council's land classified as Operational Land under the NSW Local Government Act 1993

Council engaged Scott Fullarton Valuations Pty Ltd to value all of its operational land with an effective date of 30/06/13.

There has been no change to the valuation process during the period.

Buildings - Specialised & Non-Specialised

This asset class comprises all of Council's buildings, both specialised and non-specialised.

Council engaged Scott Fullarton Valuations Pty Ltd to value all of its buildings with an effective date of 30/06/13.

The cost approach was adopted to estimate the fair value of these assets using the depreciated replacement cost allowing for professional fees, demolition, removal of debris and escalation in costs.

Inputs such as estimates of residual value and pattern of consumption required extensive professional judgement and impacted significantly on the final determination of fair value.

There has been no change to the valuation process during the period.

Coolamon Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 27. Fair value measurement (continued)

\$ '000

(4). Fair value measurements using significant unobservable inputs (level 3)**a. The following tables present the changes in level 3 fair value asset classes.**

	IPP and E	Total
Opening balance – 1/7/15	151,785	151,785
Purchases (GBV)	4,889	4,889
Disposals (WDV)	(134)	(134)
Depreciation and impairment	(2,569)	(2,569)
FV gains – other comprehensive income	21	21
Closing balance – 30/6/16	<u>153,992</u>	<u>153,992</u>
Purchases (GBV)	4,143	4,143
Disposals (WDV)	(362)	(362)
Depreciation and impairment	(4,153)	(4,153)
FV gains – other comprehensive income	(2,515)	(2,515)
Closing balance – 30/6/17	<u>151,105</u>	<u>151,105</u>

Coolamon Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

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:

There have been no transfers into or out of 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 (30/6/17) \$'000	Valuation technique/s	Unobservable inputs
PP&E & Office Equipment	2,346	Cost used 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	427	Cost used to approximate fair value (In House)	Asset condition, remaining lives and residual value
Specialised Buildings	8,470	Unit rates (External Valuer)	Asset condition, remaining lives and residual value
Other Structures	3,147	Cost used to approximate fair value (In House)	Asset condition, remaining lives and residual value
Roads, Bridges, Footpaths & Bulk Earthworks	120,976	Unit rates (In House)	Asset condition, remaining lives and residual value
Stormwater	3,306	Unit rates (In House)	Asset condition, remaining lives and residual value
Sewerage	9,551	Unit rates (In House)	Asset condition, remaining lives and residual value
Swimming Pools	1,054	Cost used to approximate fair value (In House)	Asset condition, remaining lives and residual value
Gravel Pits	211	Cost used to approximate fair value (In House)	Asset condition, remaining lives and residual value

Coolamon Shire Council

Notes to the Financial Statements for the year ended 30 June 2017

Note 27. Fair value measurement (continued)

\$ '000

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

d. The valuation process for level 3 fair value measurements

The inputs used for applying the Cost Approach to the valuation process were

- pattern of consumption
- residual value (where appropriate)
- asset condition
- unit rates
- useful lives

When necessary Council has engaged external consultants with specific expertise to work in conjunction with Council staff to establish the fair value of the assets based on the above inputs

Council has applied the five year rolling valuation cycle as suggested by the Office of Local Government.

(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 2017

Note 28. Related party disclosures

\$

a. Key management personnel

Key management personnel (KMP) of the council are those persons having the authority and responsibility for planning, directing and controlling the activities of the council, directly or indirectly.

The aggregate amount of KMP compensation included in the Income Statement is:

	Actual 2017
Compensation:	
Short-term benefits	284,313
Post-employment benefits	35,722
Other long-term benefits	7,463
Termination benefits	—
Total	327,498

Coolamon Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 28. Related party disclosures (continued)

\$ '000

b. Other transactions with KMP and their related parties

Council has determined that transactions at arm's length between KMP and Council as part of Council delivering a public service objective (e.g. access to library or Council swimming pool by KMP) will not be disclosed.

Nature of the transaction	Value of transactions during year	Outstanding balance (incl. loans and commitments)	Terms and conditions	Provisions for doubtful debts outstanding	Doubtful debts expense recognised
	\$'000	\$'000		\$'000	\$'000
Clr Colin McKinnon	1	137	-	-	-
Clr Bruce Hutcheon	2	64	-	-	-

- 1 During the year a related party of the key management personnel of Council was refunded the balance of an accommodation bond paid as part of the admission as a resident of Council's residential aged care facility. Bonds are held by Council as current non-interest bearing liabilities and are refunded when the residency ceases. The transaction was conducted by Council on an arms length basis and is consistent with the terms and conditions for residents of the facility.
- 2 During the year a related party of the key management personnel of Council part paid a refundable accommodation deposit as part of the admission as a resident of Council's residential aged care facility. Deposits are held by Council as current non-interest bearing liabilities and are refunded when the residency ceases. The transaction was conducted by Council on an arms length basis and is consistent with the terms and conditions for residents of the facility.

Coolamon Shire Council

Notes to the Financial Statements for the year ended 30 June 2017

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

Tony Donoghue

RESPONSIBLE ACCOUNTING OFFICER

Samantha Jennings

PUBLIC OFFICER

Tony Donoghue

AUDITORS

Auditor General

CONTRACT AUDIT AGENT

Crowe Horwath
491 Smollett Street
Albury NSW 2640

Other information

ABN: 32 573 173 265

Elected members

MAYOR

John Seymour

COUNCILLORS

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



INDEPENDENT AUDITOR'S REPORT
Report on the general purpose financial statements
Coolamon Shire Council

To the Councillors of the Coolamon Shire Council

Opinion

I have audited the accompanying financial statements of Coolamon Shire Council (the Council), which comprise the statement of financial position as at 30 June 2017, the income statement, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by Councillors and Management.

In my opinion:

- 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 (the Division)
- the financial statements:
 - have been presented, in all material respects, in accordance with the requirements of this Division
 - are consistent with the Council's accounting records
 - present fairly, in all material respects, the financial position of the Council as at 30 June 2017, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- all information relevant to the conduct of the audit has been obtained
- no material deficiencies in the accounting records or financial statements have come to light during the audit.

My opinion should be read in conjunction with the rest of this report.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Council in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of councils
- precluding the Auditor-General from providing non-audit services.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Other Matter

The financial statements of the Council for the year ended 30 June 2016 were audited by another auditor who expressed an unmodified opinion on that financial statement on 28 October 2016.

The Councillors' Responsibility for the Financial Statements

The Councillors are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the *Local Government Act 1993*, and for such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Councillors must assess the Council's ability to continue as a going concern except where the Council will be dissolved or amalgamated by an Act of Parliament. The assessment must disclose, as applicable, matters related to going concern and the appropriateness of using the going concern basis of accounting.

Auditor's Responsibility for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar3.pdf. The description forms part of my auditor's report.

My opinion does *not* provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- on the Original Budget information included in the Income Statement, Statement of Cash Flows, Note 2(a) and Note 16 budget variation explanations
- on the attached Special Schedules
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.

A handwritten signature in black ink, appearing to read 'Yu Jiang'.

Reiky Jiang
Director, Financial Audit Services

23 October 2017
SYDNEY

Cr John Seymour
Mayor
Coolamon Shire Council
PO Box 101
COOLAMON NSW 2701

23 October 2017

Dear Cr Seymour

Report on the Conduct of the Audit for the year ended 30 June 2017
Coolamon Shire Council

We have audited the general purpose financial statements of Coolamon Shire Council (the Council) for the year ended 30 June 2017 as required by s415 of the *Local Government Act 1993* (the Act).

We have expressed an unmodified opinion on the Council's general purpose financial statements.

This Report on the Conduct of the Audit (the Report) for the Council for the year ended 30 June 2017 is issued in accordance with section 417 of the Act. Section 417(3) requires us to consider and report on matters pertinent to the Council's financial statements and audit. This Report should be read in conjunction with our audit opinion on the general purpose financial statements issued under s417(2) of the Act.

SIGNIFICANT AUDIT ISSUES AND OBSERVATIONS

We did not identify any significant audit issues and observations during our audit of the Council's financial statements.

INCOME STATEMENT

Operating result

	2017 \$'000	2016 \$'000	Variance %
Rates and annual charges revenue	3,343	3,250	2.8 ↑
Grants and contributions revenue	9,772	7,281	34.2 ↑
Operating result for the year	4,139	3,188	29.8 ↑
Net operating result before capital amounts	2,784	2,468	12.8 ↑

Council's operating surplus improved from \$3.2 million in the previous year to \$4.1 million in the current period. This was mainly a result of the Financial Assistance Grant instalment \$1.6 million received in advance. Council budgeted for a surplus of \$2.1 million.

The net operating result before capital contributions was a surplus of \$2.8 million against the previous year's surplus of \$2.5 million.

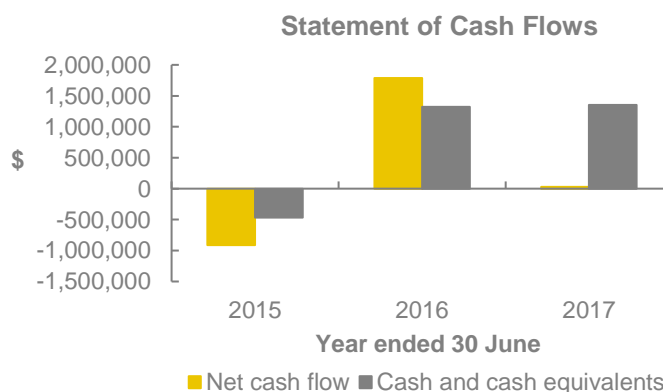
Rates and annual charges have increased slightly by 2.8 per cent. The increase in rate income is in line with the permissible rate increase granted by the Minister for Local Government and movements in rateable properties in the Coolamon Shire Council area.

Grants and contributions provided have increased by \$2.4 million to \$9.7 million. The increase was largely due to the Financial Assistance Grant of \$1.6 million received in advance. This payment was booked as income in June 2017 but it pertains to the 2017/18 year.

Council's depreciation and amortisation expense was consistent with prior year, increasing by only \$0.3 million to \$2.8 million for the year ended 30 June 2017 (2016: \$2.5 million).

STATEMENT OF CASH FLOWS

- Council recorded a net increase in cash and cash equivalents of \$30 thousand in 2017 compared an increase of \$1.8 million in the prior year.
- Net cash provided by operating activities amounted to \$6.2 million which is consistent with prior year.
- Net cash used in investing activities amounted to \$6.1 million, an increase of \$1.3 million from prior year. This is largely due to the net cash outflow from the purchase of investment securities of \$11 million and a net cash outflow of \$3.6 million for I,PP&E additions during the year.



FINANCIAL POSITION

Cash and Investments

Restricted Cash and Investments	2017	2016	Commentary
	\$'000	\$'000	
External restrictions	9,813	9,134	<ul style="list-style-type: none"> Externally restricted cash and investments are restricted in their use by externally imposed requirements. The movement in externally restricted cash balances included an increase of \$108 thousand in accommodation bonds and loan licences and an increase of \$231 thousand sewerage services restrictions. Internally restricted cash and investments have been restricted in their use by resolution or policy of Council to reflect identified programs of works and any forward plans identified by Council. The movement in internally restricted cash balances included a \$1.6 million Financial Assistance Grant payment received in advance. Unrestricted cash remains stable.
Internal restrictions	6,729	4,870	
Unrestricted	10	18	
Cash and investments	16,552	14,022	

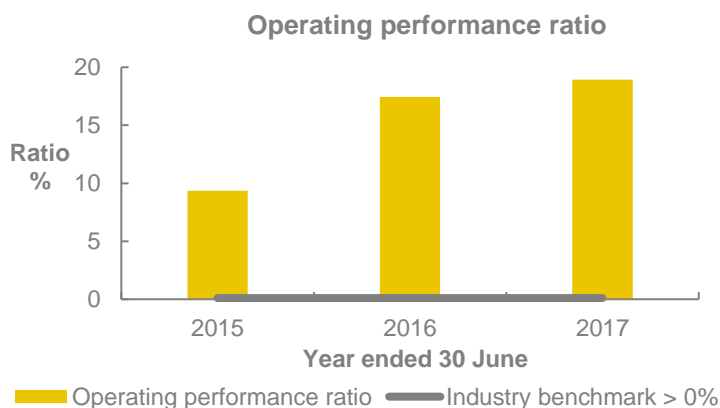
Debt

Council had \$2 thousand of borrowings as at 30 June 2017.

PERFORMANCE RATIOS

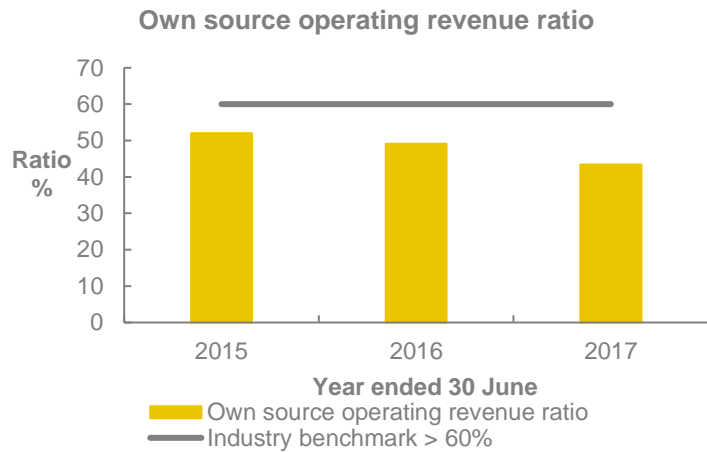
Operating performance ratio

- The 'operating performances ratio' measures how well Council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by the Office of Local Government (OLG) is greater than zero per cent.
- The operating performance ratio increased to 18.92 per cent and remained well above the industry benchmark of 0 per cent.
- The operating performance ratio improved this year due to additional grant income (predominately Financial Assistance Grants) received in advance.



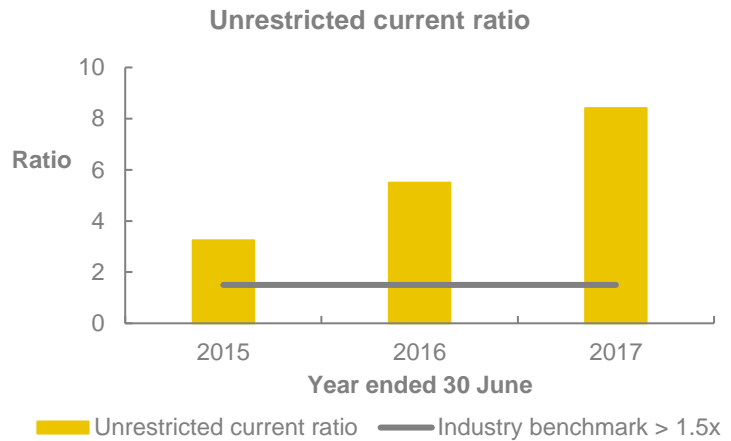
Own source operating revenue ratio

- The 'own source operating revenue ratio' measures Council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.
- The own source operating revenue ratio declined to 43.40 per cent due to the 2017/18 Financial Assistance Grant received in advance.
- The ratio remained below the industry benchmark of 60 per cent. This is due to the advance payment of the Financial Assistance Grant as noted above despite rates and annual charges increasing to \$3.3 million, from \$3.2 million in prior period.



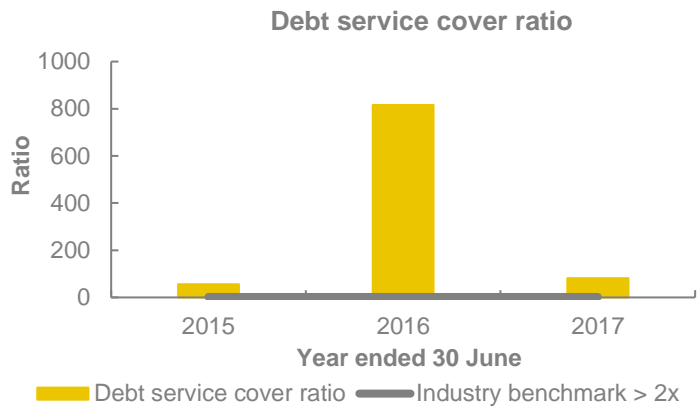
Unrestricted current ratio

- The 'unrestricted current ratio' is specific to local government and represents Council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.
- The liquidity ratio shows an increase in Council's liquidity position compared to the prior year.
- Council continues to report a result well in excess of the industry benchmark and has sufficient liquidity to meet its current liabilities when they fall due.



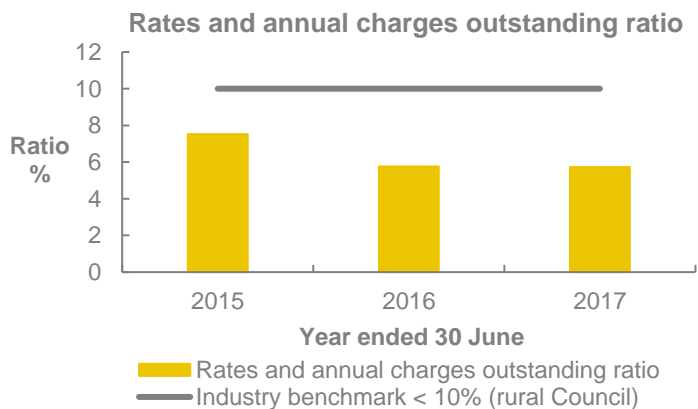
Debt service cover ratio

- The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.
- This ratio indicates 81.56 times (2016: 816.33 times) of Council's operating cash is available to service Council debts. Change in the ratio from prior year is due to adjustments made to the Gravel Pit Restoration Liability, which was reversed in the 2017 year.
- Council continues to maintain a small level of borrowings relative to its overall size.



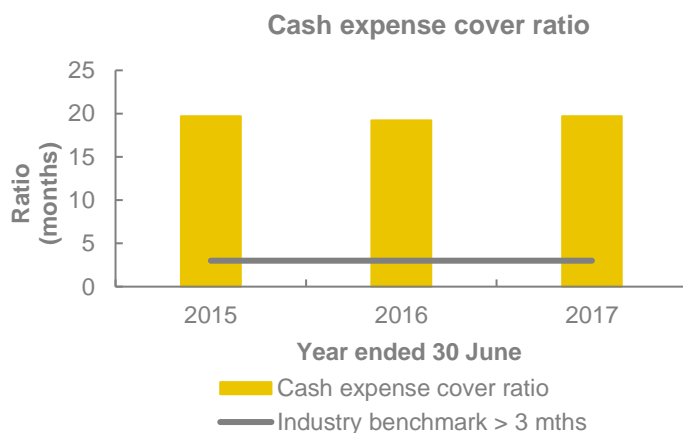
Rates and annual charges outstanding ratio

- The 'rates and annual charges outstanding ratio' assesses the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 10 per cent for rural councils.
- The outstanding rates per cent has stabilised and is significantly below the benchmark for rural councils which reflects the strong debt collection procedures in place at Council.



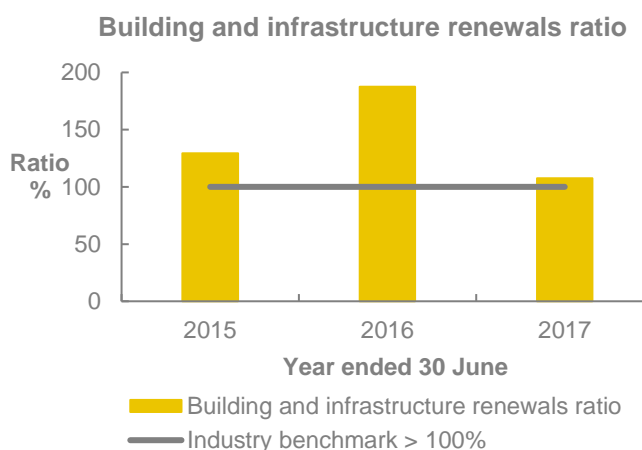
Cash expense cover ratio

- This liquidity ratio indicates the number of months Council can continue paying for its immediate expenses without additional cash inflow. The benchmark set by OLG is greater than three months.
- Council has performed comfortably above the benchmark in both the current and prior period, indicating a strong liquidity position.



Building and Infrastructure renewals ratio

- The 'building and infrastructure renewals ratio' assesses the rate at which these assets are being renewed against the rate at which they are depreciating. The benchmark set by OLG is greater than 100 per cent.
- This ratio is sourced from information contained in Council's Special Schedule 7 which has not been audited.
- Council has performed above the ratio for the current and prior period.
- Asset renewals decreased to \$2.5 million during 2016 –17 from \$4.2 million in 2015 –16.



OTHER MATTERS

New accounting standards implemented

AASB 124 'Related Party Disclosures'

Effective for annual reporting periods beginning on or 1 July 2016

AASB 2015-6 extended the scope of AASB 124 to include not-for-profit public sector entities. As a result, Council's financial statements disclosed the:

- compensation paid to their key management personnel
- nature of their related party relationships
- amount and nature of their related party transactions, outstanding balances and commitments and outstanding balances (including commitments).

Legislative compliance

Our audit procedures did not identify any instances of non-compliance with legislative requirements or a material deficiency in the Council's accounting records or financial reports. The Council's:

- accounting records were maintained in a manner and form to allow the general purpose financial statements to be prepared and effectively audited
- staff provided all accounting records and information relevant to the audit.



Reiky Jiang
Director, Financial Audit Services

23 October 2017
SYDNEY

cc: Mr Tony Donoghue, General Manager
Mrs Courtney Armstrong, Executive Manager, Corporate & Community Services
Tim Hurst, Acting Chief Executive of the Office of Local Government
Locked Bag 3015, NOWRA NSW 2541

Coolamon Shire Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2017

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



Coolamon Shire Council

Special Purpose Financial Statements

for the year ended 30 June 2017

Contents	Page
1. Statement by Councillors and Management	2
2. Special Purpose Financial Statements:	
Income Statement – Sewerage Business Activity	3
Income Statement – Other Business Activities	4
Statement of Financial Position – Sewerage Business Activity	5
Statement of Financial Position – Other Business Activities	6
3. Notes to the Special Purpose Financial Statements	7
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 2017

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 19 October 2017.



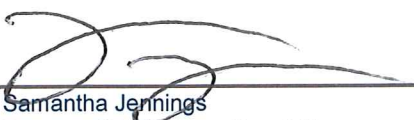
John Seymour
Mayor



Bruce Hutcheon
Councillor



Tony 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 2017

\$ '000	Actual 2017	Actual 2016
Income from continuing operations		
Access charges	490	463
User charges	8	7
Interest	55	58
Grants and contributions provided for non-capital purposes	13	13
Profit from the sale of assets	–	–
Share of profit from equity accounted investment	–	–
Other income	4	7
Total income from continuing operations	570	548
Expenses from continuing operations		
Employee benefits and on-costs	154	141
Borrowing costs	–	–
Materials and contracts	115	165
Depreciation, amortisation and impairment	217	214
Loss on sale of assets	172	–
Calculated taxation equivalents	–	–
Other expenses	107	94
Total expenses from continuing operations	765	614
Surplus (deficit) from continuing operations before capital amounts	(195)	(66)
Grants and contributions provided for capital purposes	416	36
Surplus (deficit) from continuing operations after capital amounts	221	(30)
Surplus (deficit) from discontinued operations	–	–
Surplus (deficit) from all operations before tax	221	(30)
Less: corporate taxation equivalent (30%) [based on result before capital]	–	–
SURPLUS (DEFICIT) AFTER TAX	221	(30)
Plus opening retained profits	5,967	5,997
Closing retained profits	6,188	5,967
Return on capital %	-1.9%	-0.5%
Subsidy from Council	439	320
Calculation of dividend payable:		
Surplus (deficit) after tax	221	(30)
Less: capital grants and contributions (excluding developer contributions)	–	–
Surplus for dividend calculation purposes	221	–
Potential dividend calculated from surplus	111	–

Coolamon Shire Council

Income Statement of Council's Other Business Activities

for the year ended 30 June 2017

\$ '000	Allawah Complex		Coolamon Early Childhood Centre	
	Category 1		Category 2	
	Actual 2017	Actual 2016	Actual 2017	Actual 2016
Income from continuing operations				
Access charges	–	–	–	–
User charges	1,584	1,419	560	494
Fees	–	–	–	–
Interest	227	259	–	–
Grants and contributions provided for non-capital purposes	–	–	53	52
Profit from the sale of assets	–	–	–	–
Share of profit from equity accounted investment	–	–	–	–
Other income	242	252	8	3
Total income from continuing operations	2,053	1,930	621	549
Expenses from continuing operations				
Employee benefits and on-costs	1,372	1,210	485	448
Borrowing costs	–	–	–	–
Materials and contracts	392	357	33	37
Depreciation, amortisation and impairment	134	136	12	11
Loss on sale of assets	70	–	–	–
Calculated taxation equivalents	–	–	–	–
Other expenses	269	228	29	25
Total expenses from continuing operations	2,237	1,931	559	521
Surplus (deficit) from continuing operations before capital amounts	(184)	(1)	62	28
Grants and contributions provided for capital purposes	–	–	–	–
Surplus (deficit) from continuing operations after capital amounts	(184)	(1)	62	28
Surplus (deficit) from discontinued operations	–	–	–	–
Surplus (deficit) from all operations before tax	(184)	(1)	62	28
Less: corporate taxation equivalent (30%) [based on result before capital]	–	–	(19)	(8)
SURPLUS (DEFICIT) AFTER TAX	(184)	(1)	43	20
Plus opening retained profits	6,841	6,842	220	192
Plus adjustments for amounts unpaid:				
– Corporate taxation equivalent	–	–	19	8
Closing retained profits	6,657	6,841	282	220
Return on capital %	-2.1%	0.0%	8.3%	3.8%
Subsidy from Council	396	182	–	–
Calculation of dividend payable:				
Surplus (deficit) after tax	(184)	(1)	43	20
Less: capital grants and contributions (excluding developer contributions)	–	–	–	–
Surplus for dividend calculation purposes	–	–	43	20
Potential dividend calculated from surplus	–	–	22	10

Coolamon Shire Council

Statement of Financial Position – Council's Sewerage Business Activity

as at 30 June 2017

\$ '000	Actual 2017	Actual 2016
ASSETS		
Current assets		
Cash and cash equivalents	1,880	1,649
Investments	–	–
Receivables	45	44
Inventories	–	–
Other	–	–
Total current Assets	1,925	1,693
Non-current assets		
Investments	–	–
Receivables	–	–
Inventories	–	–
Infrastructure, property, plant and equipment	10,261	12,786
Investments accounted for using equity method	–	–
Other	–	–
Total non-current assets	10,261	12,786
TOTAL ASSETS	12,186	14,479
LIABILITIES		
Current liabilities		
Payables	–	–
Borrowings	–	–
Provisions	–	–
Total current liabilities	–	–
Non-current liabilities		
Payables	–	–
Borrowings	–	–
Provisions	–	–
Total non-current liabilities	–	–
TOTAL LIABILITIES	–	–
NET ASSETS	12,186	14,479
EQUITY		
Retained earnings	6,188	5,967
Revaluation reserves	5,998	8,512
Other reserves	–	–
Council equity interest	12,186	14,479
Non-controlling equity interest	–	–
TOTAL EQUITY	12,186	14,479

Coolamon Shire Council

Statement of Financial Position – Council's Other Business Activities

as at 30 June 2017

	Allawah Complex		Coolamon Early Childhood Centre	
	Category 1		Category 2	
\$ '000	Actual 2017	Actual 2016	Actual 2017	Actual 2016
ASSETS				
Current assets				
Cash and cash equivalents	7,547	7,466	204	138
Investments	–	–	–	–
Receivables	9	131	2	1
Inventories	–	–	–	–
Other	–	–	–	–
Total Current Assets	7,556	7,597	206	139
Non-current assets				
Investments	–	–	–	–
Receivables	–	–	–	–
Inventories	–	–	–	–
Infrastructure, property, plant and equipment	8,925	9,108	751	741
Investments accounted for using equity method	–	–	–	–
Total non-current assets	8,925	9,108	751	741
TOTAL ASSETS	16,481	16,705	957	880
LIABILITIES				
Current liabilities				
Payables	6,704	6,711	4	3
Borrowings	–	–	–	–
Provisions	143	175	90	75
Total current liabilities	6,847	6,886	94	78
Non-current liabilities				
Payables	–	–	–	–
Borrowings	–	–	305	305
Provisions	4	5	2	3
Other Liabilities	–	–	–	–
Total non-current liabilities	4	5	307	308
TOTAL LIABILITIES	6,851	6,891	401	386
NET ASSETS	9,630	9,814	556	494
EQUITY				
Retained earnings	6,657	6,841	282	220
Revaluation reserves	2,973	2,973	274	274
Other reserves	–	–	–	–
Council equity interest	9,630	9,814	556	494
Non-controlling equity interest	–	–	–	–
TOTAL EQUITY	9,630	9,814	556	494

Coolamon Shire Council

Special Purpose Financial Statements

for the year ended 30 June 2017

Contents of the notes accompanying the financial statements

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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 2017

Note 1. Significant accounting policies

A statement summarising the supplemental accounting policies adopted in the preparation of the Special Purpose Financial Statements (SPFS) for National Competition Policy (NCP) reporting purposes follows.

These financial statements are SPFS prepared for use by Council and the Office of Local Government. For the purposes of these statements, the Council is a non-reporting not-for-profit entity.

The figures presented in these Special Purpose Financial Statements have been prepared in accordance with the recognition and measurement criteria of relevant Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and Australian Accounting Interpretations.

The disclosures in these Special Purpose Financial Statements have been prepared in accordance with the Local Government Act 1993 (NSW), the Local Government (General) Regulation, and the Local Government Code of Accounting Practice and Financial Reporting.

The statements are prepared on an accruals basis. They are based on historic costs and do not take into account changing money values or, except where specifically stated, current values of non-current assets. 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' in 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 NSW government policy statement titled '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 a standard for disclosure requirements.

These disclosures are reflected in Council's pricing and/or financial reporting systems and include taxation equivalents, Council subsidies, return on investments (rate of return), and dividends paid.

Declared business activities

In accordance with *Pricing 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)

a. Allawah Complex

Provision of Residential Aged Care and Retirement Village accommodation.

Category 2

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

a. Coolamon Shire Sewerage Services

Council's sewerage reticulation and treatment activities

b. 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, except for Note 2 (Water Supply Best-Practice Management Disclosures) and Note 3 (Sewerage Best-Practice Management Disclosures).

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

(i) Taxation-equivalent charges

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

Coolamon Shire Council

Notes to the Special Purpose Financial Statements for the year ended 30 June 2017

Note 1. Significant accounting policies (continued)

However, where Council does not pay some taxes which are generally paid by private sector businesses, such as income tax, these equivalent tax payments have been applied to all Council-nominated business activities and are reflected in Special Purpose 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 Department of Primary Industries Water (DPIW), a payment for the amount calculated as the annual tax equivalent charges (excluding income tax) must be paid from water supply and sewerage business activities.

The payment of taxation equivalent charges, referred to in the NSW Office of Water 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 to the NSW Office of Water 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 the business activities.

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

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

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

Since the 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 the SPFS.

The rate applied of 30% is the equivalent company tax rate prevalent at reporting 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.

(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.

Coolamon Shire Council

Notes to the Special Purpose Financial Statements for the year ended 30 June 2017

Note 1. Significant accounting policies (continued)

(iii) Return on investments (rate of return)

The NCP 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 actual rate of return achieved by each business activity is disclosed at the foot of each respective Income Statement.

The rate of return 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 2.38% at 30/6/17.

(iv) Dividends

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

Local government water supply and sewerage businesses are permitted to pay an annual dividend from its water supply or sewerage business surplus.

Each dividend must be calculated and approved in accordance with the DPIW guidelines and must not exceed:

- (i) 50% of this surplus in any one year, or
- (ii) the number of water supply or sewerage assessments at 30 June 2017 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

In accordance with the DPIW guidelines a Dividend Payment form, Statement of Compliance, Unqualified Independent Financial Audit Report and Compliance Audit Report are required to be submitted to the DPIW.

Coolamon Shire Council

Notes to the Special Purpose Financial Statements
for the year ended 30 June 2017Note 2. Water supply business
best-practice management disclosure requirements

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

2017

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"/>

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 2017, less the cumulative dividends paid for the 2 years to 30 June 2016 and 30 June 2015	<input type="text" value="–"/>

2017 Surplus	<input type="text" value="–"/>	2016 Surplus	<input type="text" value="–"/>	2015 Surplus	<input type="text"/>
		2016 Dividend	<input type="text" value="–"/>	2015 Dividend	<input type="text"/>

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

3. Required outcomes for 6 criteria

[to be eligible for the payment of a 'dividend from surplus', all the criteria below need a 'YES']

(i)	Completion of strategic business plan (including financial plan)	<input type="text"/>
(ii)	Full cost recovery, without significant cross subsidies [refer item 2 (a) in table 1 on page 22 of the Best-Practice Guidelines]	<input type="text"/>
	– Complying charges [item 2 (b) in table 1]	<input type="text"/>
	– DSP with commercial developer charges [item 2 (e) in table 1]	<input type="text"/>
	– If dual water supplies, complying charges [item 2 (g) in table 1]	<input type="text"/>
(iii)	Sound water conservation and demand management implemented	<input type="text"/>
(iv)	Sound drought management implemented	<input type="text"/>
(v)	Complete performance reporting form (by 15 September each year)	<input type="text"/>
(vi)	a. Integrated water cycle management evaluation	<input type="text"/>
	b. Complete and implement integrated water cycle management strategy	<input type="text"/>

Coolamon Shire Council

Notes to the Special Purpose Financial Statements
for the year ended 30 June 2017Note 2. Water supply business
best-practice management disclosure requirements (continued)

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

2017

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:
- References to w (e.g. w12) refer to item numbers within Special Schedules 3 and 4 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.
- 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 2017Note 3. Sewerage business
best-practice management disclosure requirements

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

2017

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	3,090
(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]	110,500
(ii)	Number of assessments x (\$30 less tax equivalent charges per assessment)	30,900
(iii)	Cumulative surplus before dividends for the 3 years to 30 June 2017, less the cumulative dividends paid for the 2 years to 30 June 2016 and 30 June 2015	203,000

2017 Surplus	221,000	2016 Surplus	(30,000)	2015 Surplus	12,000
		2016 Dividend	-	2015 Dividend	-

(iv)	Maximum dividend from surplus [least of (i), (ii) and (iii) above]	30,900
(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 2017Note 3. Sewerage business
best-practice management disclosure requirements (continued)

Dollars amounts shown below are in whole dollars (unless otherwise indicated) 2017

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	933
NWI F10	Written down replacement cost of fixed assets (sewerage) Written down current cost of system assets (s48)	\$'000	9,550,674
NWI F12	Operating cost (sewerage) Management expenses (s1) + operational and maintenance expenses (s2)	\$'000	291
NWI F15	Capital expenditure (sewerage) Acquisition of fixed assets (s17)	\$'000	370
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)]	%	0.00%
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	761
NWI F8	Revenue from community service obligations (water and sewerage) Community service obligations (NWI F25) x 100 divided by total income (NWI F3)	%	1.71%
NWI F16	Capital expenditure (water and sewerage) Acquisition of fixed assets (w16 + s17)	\$'000	370
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)]	%	0.00%
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 2017Note 3. Sewerage business
best-practice management disclosure requirements (continued)

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

2017

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)]	%	-15.43%
NWI F23	Interest cover (water and sewerage) Earnings before interest and tax (EBIT) divided by net interest Earnings before interest and tax (EBIT): 425 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: - 53 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	221
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
Report on the special purpose financial statement
Coolamon Shire Council

To the Councillors of the Coolamon Shire Council

Opinion

I have audited the accompanying special purpose financial statements (the financial statements) of Coolamon Shire Council's (the Council) Declared Business Activities, which comprise the statement of financial position of each Declared Business Activity as at 30 June 2017, the income statement of each Declared Business Activity for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information for the Business Activities declared by Council, and the Statement by Councillors and Management.

The Declared Business Activities of the Council are:

- sewerage business activity
- Allawah complex
- Coolamon early childhood centre.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Council's declared Business Activities as at 30 June 2017, and their financial performance for the year then ended, in accordance with the Australian Accounting Standards described in Note 1 and the Local Government Code of Accounting Practice and Financial Reporting (LG Code).

My opinion should be read in conjunction with the rest of this report and in particular, the Emphasis of Matter referring to the basis of accounting.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Council in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Emphasis of Matter - Basis of Accounting

Without modifying my opinion, I draw attention to Note (1) to the financial statements which describes the basis of accounting. The financial statements have been prepared for the purpose of fulfilling the Council's financial reporting responsibilities under the LG Code. As a result, the financial statements may not be suitable for another purpose.

Other Matter

The financial statements of the Council for the year ended 30 June 2016 were audited by another auditor who expressed an unmodified opinion on that financial statement on 28 October 2016.

The Councillors' Responsibility for the Financial Statements

The Councillors are responsible for the preparation and fair presentation of the financial statements and for determining that the accounting policies, described in Note 1 to the financial statements, are appropriate to meet the requirements in the LG Code. The Councillors' responsibility also includes such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Councillors must assess the Council's ability to continue as a going concern except where the Council will be dissolved or amalgamated by an Act of Parliament. The assessment must disclose, as applicable, matters related to going concern and the appropriateness of using the going concern basis of accounting, as it affects the Council's Declared Business Activities.

Auditor's Responsibility for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

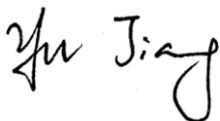
A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at:

http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf.

The description forms part of my auditor's report.

My opinion does not provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



Reiky Jiang
Director, Financial Audit Services

23 October 2017
SYDNEY

Coolamon Shire Council

SPECIAL SCHEDULES
for the year ended 30 June 2017

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



Coolamon Shire Council

Special Schedules

for the year ended 30 June 2017

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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 2017

\$'000

Function or activity	Expenses from continuing operations	Income from continuing operations		Net cost of services
		Non-capital	Capital	
Governance	575	-	-	(575)
Administration	153	248	-	95
Public order and safety				
Fire service levy, fire protection, emergency services	275	14	-	(261)
Beach control	-	-	-	-
Enforcement of local government regulations	-	-	-	-
Animal control	29	13	-	(16)
Other	-	-	-	-
Total public order and safety	304	27	-	(277)
Health	147	22	-	(125)
Environment				
Noxious plants and insect/vermin control	181	41	-	(140)
Other environmental protection	4	-	-	(4)
Solid waste management	466	700	66	300
Street cleaning	27	-	-	(27)
Drainage	-	-	-	-
Stormwater management	75	47	340	312
Total environment	753	788	406	441
Community services and education				
Administration and education	179	52	10	(117)
Social protection (welfare)	-	-	-	-
Aged persons and disabled	297	338	-	41
Children's services	768	777	-	9
Total community services and education	1,244	1,167	10	(67)
Housing and community amenities				
Public cemeteries	110	96	-	(14)
Public conveniences	62	-	-	(62)
Street lighting	79	17	-	(62)
Town planning	171	54	-	(117)
Other community amenities	142	97	-	(45)
Total housing and community amenities	564	264	-	(300)
Water supplies	-	-	-	-
Sewerage services	536	570	416	450

Coolamon Shire Council

Special Schedule 1 – Net Cost of Services (continued)
for the year ended 30 June 2017

\$'000

Function or activity	Expenses from continuing operations	Income from continuing operations		Net cost of services
		Non-capital	Capital	
Recreation and culture				
Public libraries	208	35	–	(173)
Museums	73	15	36	(22)
Art galleries	–	–	–	–
Community centres and halls	126	15	–	(111)
Performing arts venues	–	–	–	–
Other performing arts	–	–	–	–
Other cultural services	22	6	–	(16)
Sporting grounds and venues	38	2	–	(36)
Swimming pools	282	–	139	(143)
Parks and gardens (lakes)	385	–	–	(385)
Other sport and recreation	–	–	–	–
Total recreation and culture	1,134	73	175	(886)
Fuel and energy	–	–	–	–
Agriculture	–	–	–	–
Mining, manufacturing and construction				
Building control	196	48	–	(148)
Other mining, manufacturing and construction	87	–	–	(87)
Total mining, manufacturing and const.	283	48	–	(235)
Transport and communication				
Urban roads (UR) – local	453	–	66	(387)
Urban roads – regional	–	–	–	–
Sealed rural roads (SRR) – local	895	1,166	51	322
Sealed rural roads (SRR) – regional	1,061	1,112	215	266
Unsealed rural roads (URR) – local	2,382	726	–	(1,656)
Unsealed rural roads (URR) – regional	–	–	–	–
Bridges on UR – local	–	–	–	–
Bridges on SRR – local	33	–	–	(33)
Bridges on URR – local	–	–	–	–
Bridges on regional roads	–	–	–	–
Parking areas	–	–	–	–
Footpaths	54	–	16	(38)
Aerodromes	–	–	–	–
Other transport and communication	6	–	–	(6)
Total transport and communication	4,884	3,004	348	(1,532)
Economic affairs				
Camping areas and caravan parks	34	27	–	(7)
Other economic affairs	2,512	2,092	–	(420)
Total economic affairs	2,546	2,119	–	(427)
Totals – functions	13,123	8,330	1,355	(3,438)
General purpose revenues ⁽¹⁾		7,581		7,581
Share of interests – joint ventures and associates using the equity method	4	–	–	(4)
NET OPERATING RESULT ⁽²⁾	13,127	15,911	1,355	4,139

(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 2017

\$'000

Classification of debt	Principal outstanding at beginning of the year			New loans raised during the year	Debt redemption during the year		Transfers to sinking funds	Interest applicable for year	Principal outstanding at the end of the year		
	Current	Non-current	Total		From revenue	Sinking funds			Current	Non-current	Total
Loans (by source)											
Commonwealth Government	–	–	–	–	–	–	–	–	–	–	–
NSW Treasury Corporation	–	–	–	–	–	–	–	–	–	–	–
Other State Government	1	3	4	–	2	–	–	–	1	1	2
Public subscription	–	–	–	–	–	–	–	–	–	–	–
Financial institutions	–	–	–	–	–	–	–	–	–	–	–
Other	–	–	–	–	–	–	–	–	–	–	–
Total loans	1	3	4	–	2	–	–	–	1	1	2
Other long term debt											
Ratepayers advances	–	–	–	–	–	–	–	–	–	–	–
Government advances	–	–	–	–	–	–	–	–	–	–	–
Finance leases	–	–	–	–	–	–	–	–	–	–	–
Deferred payments	–	–	–	–	–	–	–	–	–	–	–
Total long term debt	–	–	–	–	–	–	–	–	–	–	–
Total debt	1	3	4	–	2	–	–	–	1	1	2

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 2017

\$'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	-	-	-
Sewer	-	-	-
Domestic waste management	-	-	-
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 2017

\$'000	Actuals 2017	Actuals 2016
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 2017

\$'000	Actuals 2017	Actuals 2016
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 2017

\$'000	Actuals 2017	Actuals 2016
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 2017

\$'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. Other reserves			-
40. TOTAL EQUITY			<u>-</u>
Note to system assets:			
41. Current replacement cost of system assets			
42. Accumulated current cost depreciation of system assets			-
43. 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 2017

\$'000	Actuals 2017	Actuals 2016
A Expenses and income		
Expenses		
1. Management expenses		
a. Administration	46	36
b. Engineering and supervision	–	–
2. Operation and maintenance expenses		
– mains		
a. Operation expenses	–	–
b. Maintenance expenses	53	71
– Pumping stations		
c. Operation expenses (excluding energy costs)	–	–
d. Energy costs	21	14
e. Maintenance expenses	35	33
– Treatment		
f. Operation expenses (excl. chemical, energy, effluent and biosolids management costs)	115	152
g. Chemical costs	–	–
h. Energy costs	10	14
i. Effluent management	11	10
j. Biosolids management	–	–
k. Maintenance expenses	–	–
– Other		
l. Operation expenses	–	–
m. Maintenance expenses	–	–
3. Depreciation expenses		
a. System assets	150	148
b. Plant and equipment	67	67
4. Miscellaneous expenses		
a. Interest expenses	–	–
b. Revaluation decrements	–	–
c. Other expenses	85	69
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	593	614

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 2017

\$'000	Actuals 2017	Actuals 2016
Income		
6. Residential charges (including rates)	498	470
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	2	3
10. Interest income	53	55
11. Other income	4	7
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	51	36
b. Developer provided assets	365	–
c. Other contributions	–	–
14. Total income	<u>986</u>	<u>584</u>
15. Gain (or loss) on disposal of assets	(172)	–
16. Operating result	<u>221</u>	<u>(30)</u>
16a. Operating result (less grants for acquisition of assets)	221	(30)

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 2017

\$'000	Actuals 2017	Actuals 2016
B Capital transactions		
Non-operating expenditures		
17. Acquisition of fixed assets		
a. New assets for improved standards	–	–
b. New assets for growth	370	–
c. Renewals	–	129
d. Plant and equipment	–	–
18. Repayment of debt	–	–
19. Totals	370	129
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)	852	855
b. Residential (unoccupied, ie. vacant lot)	86	87
c. Non-residential (occupied)	85	85
d. Non-residential (unoccupied, ie. vacant lot)	7	7
24. Number of ETs for which developer charges were received	7 ET	– ET
25. Total amount of pensioner rebates (actual dollars)	\$ 23,965	\$ 24,041

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 2017

\$'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	1,880	–	1,880
27. Receivables			
a. Specific purpose grants	–	–	–
b. Rates and availability charges	36	–	36
c. User charges	–	–	–
d. Other	9	–	9
28. Inventories	–	–	–
29. Property, plant and equipment			
a. System assets	–	9,551	9,551
b. Plant and equipment	–	–	–
30. Other assets	–	710	710
31. Total assets	<u>1,925</u>	<u>10,261</u>	<u>12,186</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>1,925</u>	<u>10,261</u>	<u>12,186</u>
EQUITY			
38. Accumulated surplus			6,188
39. Asset revaluation reserve			5,998
40. Other reserves			–
41. TOTAL EQUITY			<u>12,186</u>
Note to system assets:			
42. Current replacement cost of system assets			15,348,125
43. Accumulated current cost depreciation of system assets			(5,797,451)
44. Written down current cost of system assets			<u>9,550,674</u>

Coolamon Shire Council

Notes to Special Schedules 3 and 5 for the year ended 30 June 2017

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 2017

\$'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	2016/17 Required maintenance ^a	2016/17 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost					
								1	2	3	4	5	
Buildings	Council Offices/Admin			82	69	1,491	2,984		100%				0%
	Council Works Depots			99	36	374	892		100%				0%
	Medical Centres			15	10	868	1,101	100%					0%
	Child Care			36	33	1,263	2,488		100%				0%
	Housing			73	70	2,128	3,602	38%	60%	2%			0%
	Toilet Blocks			40	37	446	585	27%	73%				0%
	Library/Cultural Facility			46	53	1,988	3,336	100%					0%
	Council Public Halls			55	50	2,289	5,734	20%	80%				0%
	Aged Care			164	189	3,378	5,297	100%					0%
	Retirement Village			106	118	4,626	5,592	100%					0%
	Other	150	150	67	62	2,938	5,610	66%	34%				0%
Sub-total	150	150	783	727	21,789	37,221	58.3%	41.5%	0.2%	0.0%	0.0%	0.0%	
Other structures	Other structures	200	200	649	579	3,147	5,446	97%	3%				0%
	Sub-total	200	200	649	579	3,147	5,446	97.0%	3.0%	0.0%	0.0%	0.0%	
Roads	Sealed roads	495	495	691	903	55,574	67,871	12%	84%	3%			1%
	Unsealed roads	961	961	494	1,624	5,158	6,508	20%	64%	1%			15%
	Bridges	75	75	–	–	1,806	2,601		75%	25%			0%
	Footpaths/Cycleways			9	20	2,027	2,303	61%	37%	1%	1%		0%
	Bulk earthworks			–	–	56,411	56,411	100%					0%
	Other					–	–						
Sub-total	1,531	1,531	1,194	2,547	120,976	135,694	49.6%	47.1%	2.0%	0.0%	0.0%	1.2%	

Coolamon Shire Council

Special Schedule 7 – Report on Infrastructure Assets as at 30 June 2017 (continued)

\$'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	2016/17 Required maintenance ^a	2016/17 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
								1	2	3	4	5
Sewerage network	Sewerage network			261	258	9,551	15,348	63%	33%	4%		0%
	Sub-total	-	-	261	258	9,551	15,348	63.0%	33.0%	4.0%	0.0%	0.0%
Stormwater drainage	Stormwater drainage			20	29	3,305	3,889	32%	68%			0%
	Sub-total	-	-	20	29	3,306	3,889	32.0%	68.0%	0.0%	0.0%	0.0%
Open space/recreational assets	Swimming pools			192	175	1,054	3,801		100%			0%
	Sub-total	-	-	192	175	1,054	3,801	0.0%	100.0%	0.0%	0.0%	0.0%
	TOTAL – ALL ASSETS	1,881	1,881	3,099	4,315	159,823	201,399	52.2%	45.2%	1.7%	0.0%	0.8%

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 2017

\$ '000	Amounts 2017	Indicator 2017	Prior periods	
			2016	2015
Infrastructure asset performance indicators * consolidated				
1. Infrastructure renewals ratio				
Asset renewals ⁽¹⁾	<u>2,545</u>	107.43%	187.38%	129.34%
Depreciation, amortisation and impairment	<u>2,369</u>			
2. Infrastructure backlog ratio				
Estimated cost to bring assets to a satisfactory standard	<u>1,881</u>	1.81%	0.46%	0.56%
Net carrying amount of infrastructure assets	<u>103,839</u>			
3. Asset maintenance ratio				
Actual asset maintenance	<u>4,315</u>	1.39	1.01	0.88
Required asset maintenance	<u>3,099</u>			
4. Cost to bring assets to agreed service level				
Estimated cost to bring assets to an agreed service level set by Council	<u>1,881</u>	0.93%	0.25%	
Gross replacement cost	<u>201,399</u>			

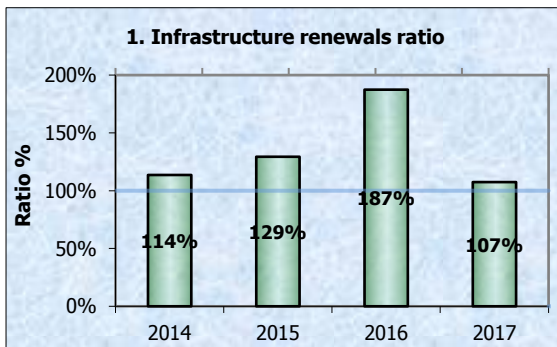
Notes

* 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 2017



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.

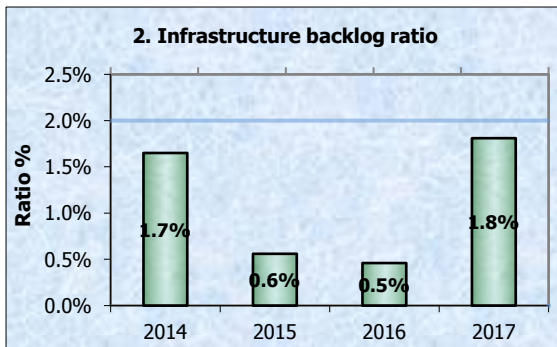
Commentary on 2016/17 result

2016/17 Ratio 107.43%

Council continues to invest adequate funds on the renewal of its assets. Additional RTR funding received in 2016 accounts for the higher ratio achieved in that year.

Benchmark: — Minimum $\geq 100.00\%$
Source for benchmark: Code of Accounting Practice and Financial Reporting #25

■ 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.

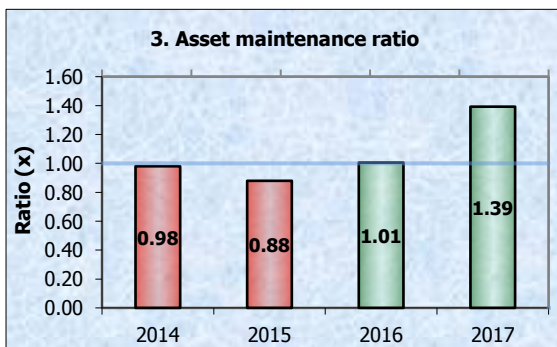
Commentary on 2016/17 result

2016/17 Ratio 1.81%

Council has been working hard of reducing the backlog. Following a disaster declaration during 2017, the impaired assets have been accounted for as part of the backlog and will be addressed with funding under the NDRRA program.

Benchmark: — Maximum $< 2.00\%$
Source for benchmark: Code of Accounting Practice and Financial Reporting #25

■ 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.

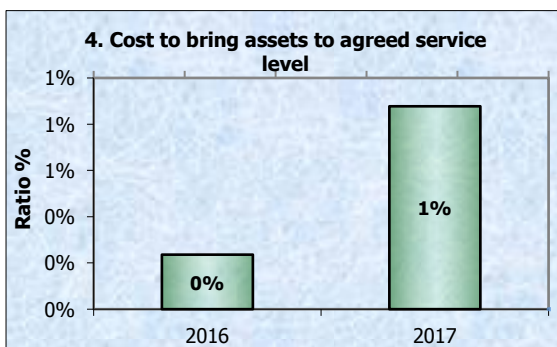
Commentary on 2016/17 result

2016/17 Ratio 1.39 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 #25

■ Ratio achieves benchmark
■ Ratio is outside benchmark



Purpose of agreed service level ratio

This ratio provides a snapshot of the proportion of outstanding renewal works compared to the total value of assets under Council's care and stewardship.

Commentary on 2016/17 result

2016/17 Ratio 0.93%

This ratio has marginally increased as a result of the impaired assets from the disaster declaration.

Coolamon Shire Council

Special Schedule 7 – Report on Infrastructure Assets (continued)
for the year ended 30 June 2017

\$ '000	Water 2017	Sewer 2017	General ⁽¹⁾ 2017
Infrastructure asset performance indicators by fund			
1. Infrastructure renewals ratio			
<u>Asset renewals ⁽²⁾</u>	n/a	0.00%	114.69%
Depreciation, amortisation and impairment			
prior period:	n/a	83.11%	194.77%
2. Infrastructure backlog ratio			
<u>Estimated cost to bring assets to a satisfactory standard</u>	n/a	0.00%	1.99%
Net carrying amount of infrastructure assets			
prior period:	n/a	0.48%	0.46%
3. Asset maintenance ratio			
<u>Actual asset maintenance</u>	n/a	0.99	1.43
Required asset maintenance			
prior period:	n/a	1.29	0.98
4. Cost to bring assets to agreed service level			
<u>Estimated cost to bring assets to an agreed service level set by Council</u>	n/a	0.00%	1.01%
Gross replacement cost			

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 2018

\$'000		Calculation 2016/17	Calculation 2017/18
Notional general income calculation ⁽¹⁾			
Last year notional general income yield	a	2,253	2,295
Plus or minus adjustments ⁽²⁾	b	1	–
Notional general income	c = (a + b)	2,254	2,295
Permissible income calculation			
Special variation percentage ⁽³⁾	d	0.00%	0.00%
Or rate peg percentage	e	1.80%	1.50%
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	41	34
Or plus Crown land adjustment and rate peg amount	j = c x f	–	–
Sub-total	k = (c + g + h + i + j)	2,295	2,329
Plus (or minus) last year's carry forward total	l	2	2
Less valuation objections claimed in the previous year	m	–	–
Sub-total	n = (l + m)	2	2
Total permissible income	o = k + n	2,297	2,331
Less notional general income yield	p	2,295	2,335
Catch-up or (excess) result	q = o – p	2	(4)
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	(4)

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.



INDEPENDENT AUDITOR'S REPORT

Special Schedule No. 8

Coolamon Shire Council

To the Councillors of Coolamon Shire Council

Opinion

I have audited the accompanying special purpose financial statement comprising the reconciliation of total permissible general income (Special Schedule No. 8) of Coolamon Shire Council (the Council) for the year ending 30 June 2018.

In my opinion, Special Schedule No. 8 of the Council for 2017-18 is prepared, in all material respects in accordance with the requirements of the Local Government Code of Accounting Practice and Financial Reporting (LG Code) issued by the Office of Local Government (OLG), and is in accordance with the books and records of the Council.

My opinion should be read in conjunction with the rest of this report, and in particular the Emphasis of Matter paragraph, which describes the basis of accounting.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of Special Schedule No.8' section of my report.

I am independent of the Council in accordance with the requirements of the:

- Australian Auditing Standards
- ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of councils
- precluding the Auditor-General from providing non-audit services.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Emphasis of Matter - Basis of Accounting

Without modifying my opinion, I draw attention to the notes and explanations in Special Schedule No. 8 that instruct councils in its preparation so it complies with OLG's requirements as described in the LG Code. As a result, Special Schedule No. 8 may not be suitable for another purpose.

Councillors' Responsibility for Special Schedule No. 8

The Councillors of the Council are responsible for the preparation of Special Schedule No. 8 in accordance with the LG Code. The Councillors' responsibility also includes such internal control as the Councillors determine is necessary to enable the preparation of Special Schedule No. 8 that is free from material misstatement, whether due to fraud or error.

In preparing Special Schedule No.8, the Councillors must assess the Council's ability to continue as a going concern except where the Council will be dissolved or amalgamated by an Act of Parliament. The assessment must disclose, as applicable, matters related to going concern and the appropriateness of using the going concern basis of accounting.

Auditor's Responsibility for the Audit of Special Schedule No. 8

My objectives are to:


- obtain reasonable assurance whether Special Schedule No. 8 as a whole is free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on Special Schedule No.8.

A description of my responsibilities for the audit of Special Schedule No.8 is located at the Auditing and Assurance Standards Board website at http://www.auasb.gov.au/auditors_responsibilities/ar8.pdf. The description forms part of my auditor's report.

My opinion does not provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited Special Schedule No.8 on any website where they may be presented
- about any other information which may have been hyperlinked to/from Special Schedule No 8.



Reiky Jiang
Director, Financial Audit Services

27 October 2017
SYDNEY