

# Coolamon Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2018

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*“Big enough to serve,  
small enough to care”*



## Coolamon Shire Council

### General Purpose Financial Statements

for the year ended 30 June 2018

| Contents  | Page |
|---|------|
| <b>1. Statement by Councillors and Management</b> | 2    |
| <b>2. Primary Financial Statements:</b>           |      |
| – Income Statement                                | 3    |
| – Statement of Comprehensive Income               | 4    |
| – Statement of Financial Position                 | 5    |
| – Statement of Changes in Equity                  | 6    |
| – Statement of Cash Flows                         | 7    |
| <b>3. Notes to the Financial Statements</b>       | 8    |
| <b>4. Independent Auditor's Reports:</b>          |      |
| – On the Financial Statements (Sect 417 [2])      |      |
| – On the Conduct of the Audit (Sect 417 [3])      |      |

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#### Overview

Coolamon Shire Council is constituted under the *Local Government Act 1993 (NSW)* and has its principal place of business at:

55 Cowabbie Street  
Coolamon NSW 2701

Council's guiding principles are detailed in Chapter 3 of the LGA and includes:

- principles applying to the exercise of functions generally by council,
- principles to be applied when making decisions,
- principles of community participation,
- principles of sound financial management, and
- principles for strategic planning relating to the development of an integrated planning and reporting framework.

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

Through the use of the internet, we have ensured that our reporting is timely, complete and available at minimum cost. All press releases, financial statements and other information are publicly available on our website: [www.coolamon.nsw.gov.au](http://www.coolamon.nsw.gov.au).

## Coolamon Shire Council

### General Purpose Financial Statements for the year ended 30 June 2018

### 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 other pronouncements of the Australian Accounting Standards Board
- 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,
- accord with Council's accounting and other records.


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

Signed in accordance with a resolution of Council made on 18 October 2018.



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Clr John Seymour  
Mayor  
18 October 2018



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Clr David McCann  
Councillor  
18 October 2018



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Mr Tony Donoghue  
General Manager  
18 October 2018



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Ms Samantha Jennings  
Responsible Accounting Officer  
18 October 2018

## Coolamon Shire Council

## Income Statement

for the year ended 30 June 2018

| Original<br>unaudited<br>budget<br>2018    | \$ '000  | Notes | Actual<br>2018 | Actual<br>2017 |
|--|--|-------|----------------|----------------|
| <b>Income from continuing operations</b>   |  |       |                |                |
| <i>Revenue:</i>                            |  |       |                |                |
| 3,410                                      | Rates and annual charges   | 3a    | 3,418          | 3,343          |
| 2,813                                      | User charges and fees  | 3b    | 3,571          | 2,932          |
| 404  | Interest and investment revenue  | 3c    | 447            | 448            |
| 491  | Other revenues   | 3d    | 835            | 771            |
| 4,122                                      | Grants and contributions provided for operating purposes   | 3e,f  | 6,592          | 8,417          |
| 3,429                                      | Grants and contributions provided for capital purposes   | 3e,f  | 2,408          | 1,355          |
| <i>Other income:</i>                       |  |       |                |                |
| 190  | Net gains from the disposal of assets  | 5     | 259            | –              |
| 5  | Net share of interests in joint ventures and associates using the equity method                        | 17    | 6              | –              |
| <b>14,864</b>                              | <b>Total income from continuing operations</b>   |       | <b>17,536</b>  | <b>17,266</b>  |
| <b>Expenses from continuing operations</b> |  |       |                |                |
| 5,043                                      | Employee benefits and on-costs   | 4a    | 5,572          | 5,349          |
| 30   | Borrowing costs  | 4b    | 6              | 70             |
| 2,397                                      | Materials and contracts  | 4c    | 3,392          | 3,300          |
| 3,022                                      | Depreciation and amortisation  | 4d    | 2,965          | 2,791          |
| 1,578                                      | Other expenses   | 4e    | 1,518          | 1,390          |
|  | Net losses from the disposal of assets   | 5     | –              | 223            |
|  | Net share of interests in joint ventures and associates using the equity method                        | 17    | –              | 4              |
| <b>12,070</b>                              | <b>Total expenses from continuing operations</b>   |       | <b>13,453</b>  | <b>13,127</b>  |
| <b>2,794</b>                               | <b>Operating result from continuing operations</b>   |       | <b>4,083</b>   | <b>4,139</b>   |
|  | <b>Operating result from discontinued operations</b>   | 22    | –              | –              |
| <b>2,794</b>                               | <b>Net operating result for the year</b>   |       | <b>4,083</b>   | <b>4,139</b>   |
| 2,794                                      | Net operating result attributable to Council   |       | 4,083          | 4,139          |
|  | Net operating result attributable to non-controlling interests   |       | –              | –              |
| <b>(635)</b>                               | <b>Net operating result for the year before grants and contributions provided for capital purposes</b> |       | <b>1,675</b>   | <b>2,784</b>   |

## Coolamon Shire Council

Statement of Comprehensive Income  
for the year ended 30 June 2018

| \$ '000   | Notes | 2018         | 2017           |
|---|-------|--------------|----------------|
| <b>Net operating result for the year</b> (as per Income Statement)  |       | <b>4,083</b> | <b>4,139</b>   |
| <b>Other comprehensive income:</b>  |       |              |                |
| Amounts that will not be reclassified subsequently to the operating result  |       |              |                |
| Gain (loss) on revaluation of IPP&E   | 10a   | 4,380        | (2,515)        |
| Adjustment to correct prior period errors   |       | –            | –              |
| Impairment (loss) reversal relating to IPP&E  | 10a   | –            | (1,457)        |
| Other comprehensive income – joint ventures and associates  | 17b   | –            | –              |
| Other movements   |       | –            | –              |
| <b>Total items which will not be reclassified subsequently to the operating result</b>                              |       | <b>4,380</b> | <b>(3,972)</b> |
| Amounts that will be reclassified subsequently to the operating result when specific conditions are met             |       |              |                |
| Nil   |       |              |                |
| <b>Total items which will be reclassified subsequently to the operating result when specific conditions are met</b> |       | <b>–</b>     | <b>–</b>       |
| <b>Total other comprehensive income for the year</b>  |       | <b>4,380</b> | <b>(3,972)</b> |
| <b>Total comprehensive income for the year</b>  |       | <b>8,463</b> | <b>167</b>     |
| Total comprehensive income attributable to Council  |       | 8,463        | 167            |
| Total comprehensive income attributable to non-controlling interests  |       | –            | –              |

## Coolamon Shire Council

Statement of Financial Position  
as at 30 June 2018

| \$ '000   | Notes | 2018           | 2017           |
|---|-------|----------------|----------------|
| <b>ASSETS</b>                                     |       |                |                |
| <b>Current assets</b>                             |       |                |                |
| Cash and cash equivalents                         | 6a    | 2,792          | 1,352          |
| Investments                                       | 6b    | 16,200         | 15,200         |
| Receivables                                       | 7     | 896            | 939            |
| Inventories                                       | 8     | 606            | 1,383          |
| <b>Total current assets</b>                       |       | <b>20,494</b>  | <b>18,874</b>  |
| <b>Non-current assets</b>                         |       |                |                |
| Receivables                                       | 7     | –              | 4              |
| Inventories                                       | 8     | 102            | 2              |
| Infrastructure, property, plant and equipment     | 10    | 175,342        | 167,681        |
| Investments accounted for using the equity method | 17    | 162            | 156            |
| <b>Total non-current assets</b>                   |       | <b>175,606</b> | <b>167,843</b> |
| <b>TOTAL ASSETS</b>                               |       | <b>196,100</b> | <b>186,717</b> |
| <b>LIABILITIES</b>                                |       |                |                |
| <b>Current liabilities</b>                        |       |                |                |
| Payables  | 13    | 8,024          | 7,128          |
| Income received in advance                        | 13    | 49             | 64             |
| Borrowings  | 13    | –              | 1              |
| Provisions  | 14    | 1,582          | 1,573          |
| <b>Total current liabilities</b>                  |       | <b>9,655</b>   | <b>8,766</b>   |
| <b>Non-current liabilities</b>                    |       |                |                |
| Payables  | 13    | 1              | 1              |
| Borrowings  | 13    | –              | 1              |
| Provisions  | 14    | 1,128          | 1,096          |
| <b>Total non-current liabilities</b>              |       | <b>1,129</b>   | <b>1,098</b>   |
| <b>TOTAL LIABILITIES</b>                          |       | <b>10,784</b>  | <b>9,864</b>   |
| <b>Net assets</b>                                 |       | <b>185,316</b> | <b>176,853</b> |
| <b>EQUITY</b>                                     |       |                |                |
| Accumulated surplus                               | 15    | 88,942         | 84,859         |
| Revaluation reserves                              | 15    | 96,374         | 91,994         |
| Other reserves                                    | 15    | –              | –              |
| <b>Council equity interest</b>                    |       | <b>185,316</b> | <b>176,853</b> |
| <b>Non-controlling equity interests</b>           |       | <b>–</b>       | <b>–</b>       |
| <b>Total equity</b>                               |       | <b>185,316</b> | <b>176,853</b> |

## Coolamon Shire Council

Statement of Changes in Equity  
for the year ended 30 June 2018

| \$ '000  | Notes | 2018                |                           |                  |                | 2017                |                           |                  |                |
|--|-------|---------------------|---------------------------|------------------|----------------|---------------------|---------------------------|------------------|----------------|
|  |       | Accumulated surplus | IPP&E revaluation reserve | Council interest | Total equity   | Accumulated surplus | IPP&E revaluation reserve | Council interest | Total equity   |
| <b>Opening balance</b>   |       | 84,859              | 91,994                    | <b>176,853</b>   | <b>176,853</b> | 80,720              | 95,966                    | <b>176,686</b>   | <b>176,686</b> |
| <b>Restated opening balance</b>  |       | <b>84,859</b>       | <b>91,994</b>             | <b>176,853</b>   | <b>176,853</b> | <b>80,720</b>       | <b>95,966</b>             | <b>176,686</b>   | <b>176,686</b> |
| Net operating result for the year prior to correction of errors and changes in accounting policies |       | <b>4,083</b>        | –                         | <b>4,083</b>     | <b>4,083</b>   | 4,139               | –                         | <b>4,139</b>     | <b>4,139</b>   |
| <b>Net operating result for the year</b>   |       | <b>4,083</b>        | –                         | <b>4,083</b>     | <b>4,083</b>   | <b>4,139</b>        | –                         | <b>4,139</b>     | <b>4,139</b>   |
| <b>Other comprehensive income</b>  |       |                     |                           |                  |                |                     |                           |                  |                |
| – Gain (loss) on revaluation of IPP&E  | 10a   | –                   | 4,380                     | <b>4,380</b>     | <b>4,380</b>   | –                   | (2,515)                   | <b>(2,515)</b>   | <b>(2,515)</b> |
| – Impairment (loss) reversal relating to IPP&E   | 10a   | –                   | –                         | –                | –              | –                   | (1,457)                   | <b>(1,457)</b>   | <b>(1,457)</b> |
| <b>Other comprehensive income</b>  |       | –                   | <b>4,380</b>              | <b>4,380</b>     | <b>4,380</b>   | –                   | <b>(3,972)</b>            | <b>(3,972)</b>   | <b>(3,972)</b> |
| <b>Total comprehensive income (c&amp;d)</b>  |       | <b>4,083</b>        | <b>4,380</b>              | <b>8,463</b>     | <b>8,463</b>   | <b>4,139</b>        | <b>(3,972)</b>            | <b>167</b>       | <b>167</b>     |
| <b>Equity – balance at end of the reporting period</b>   |       | <b>88,942</b>       | <b>96,374</b>             | <b>185,316</b>   | <b>185,316</b> | <b>84,859</b>       | <b>91,994</b>             | <b>176,853</b>   | <b>176,853</b> |

## Coolamon Shire Council

## Statement of Cash Flows

for the year ended 30 June 2018

| Original<br>unaudited<br>budget<br>2018     | \$ '000  | Notes | Actual<br>2018 | Actual<br>2017 |
|---|--|-------|----------------|----------------|
| <b>Cash flows from operating activities</b> |  |       |                |                |
| <b>Receipts:</b>                            |  |       |                |                |
| 3,397                                       | Rates and annual charges                                     |       | 3,421          | 3,345          |
| 2,813                                       | User charges and fees  |       | 3,588          | 3,018          |
| 404   | Investment and interest revenue received                     |       | 476            | 344            |
| 7,551                                       | Grants and contributions                                     |       | 8,627          | 8,615          |
| –   | Bonds, deposits and retention amounts received               |       | 1,054          | –              |
| 1,481                                       | Other  |       | 891            | 899            |
| <b>Payments:</b>                            |  |       |                |                |
| (5,025)                                     | Employee benefits and on-costs                               |       | (5,531)        | (5,366)        |
| (2,197)                                     | Materials and contracts                                      |       | (3,573)        | (3,291)        |
| –   | Borrowing costs  |       | (6)            | (1)            |
| –   | Bonds, deposits and retention amounts refunded               |       | –              | –              |
| (2,353)                                     | Other  |       | (1,518)        | (1,397)        |
| <b>6,070</b>                                | <b>Net cash provided (or used in) operating activities</b>   | 16b   | <b>7,429</b>   | <b>6,166</b>   |
| <b>Cash flows from investing activities</b> |  |       |                |                |
| <b>Receipts:</b>                            |  |       |                |                |
| –   | Sale of investment securities                                |       | 17,700         | 8,500          |
| 545   | Sale of real estate assets                                   |       | 991            | 204            |
| 814   | Sale of infrastructure, property, plant and equipment        |       | 662            | 163            |
| 1   | Deferred debtors receipts                                    |       | 4              | 2              |
| <b>Payments:</b>                            |  |       |                |                |
| –   | Purchase of investment securities                            |       | (18,700)       | (11,000)       |
| (8,420)                                     | Purchase of infrastructure, property, plant and equipment    |       | (6,542)        | (3,643)        |
| –   | Purchase of real estate assets                               |       | (102)          | (338)          |
| (330)                                       | Deferred debtors and advances made                           |       | –              | –              |
| <b>(7,390)</b>                              | <b>Net cash provided (or used in) investing activities</b>   |       | <b>(5,987)</b> | <b>(6,112)</b> |
| <b>Cash flows from financing activities</b> |  |       |                |                |
| <b>Receipts:</b>                            |  |       |                |                |
| –   | Proceeds from borrowings and advances                        |       | –              | –              |
| <b>Payments:</b>                            |  |       |                |                |
| (1)   | Repayment of borrowings and advances                         |       | (2)            | (2)            |
| –   | Net payments from other financing activities                 |       | –              | (22)           |
| <b>(1)</b>                                  | <b>Net cash flow provided (used in) financing activities</b> |       | <b>(2)</b>     | <b>(24)</b>    |
| <b>(1,321)</b>                              | <b>Net increase/(decrease) in cash and cash equivalents</b>  |       | <b>1,440</b>   | <b>30</b>      |
| 2,237                                       | Plus: cash and cash equivalents – beginning of year          | 16a   | 1,352          | 1,322          |
| <b>916</b>                                  | <b>Cash and cash equivalents – end of the year</b>           | 16a   | <b>2,792</b>   | <b>1,352</b>   |
| Additional Information:                     |  |       |                |                |
| plus:                                       | <b>Investments on hand – end of year</b>                     | 6b    | <b>16,200</b>  | <b>15,200</b>  |
|   | <b>Total cash, cash equivalents and investments</b>          |       | <b>18,992</b>  | <b>16,552</b>  |

This statement should be read in conjunction with the accompanying notes.

page 7



## Coolamon Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

### Contents of the notes accompanying the financial statements

| Note  | Details   | Page    |
|---|---|---------|
| 1   | Basis of preparation  | 9-12    |
| 2(a)  | Council functions/activities – financial information  | 13      |
| 2(b)  | Council functions/activities – component descriptions   | 14      |
| 3   | Income from continuing operations   | 15-23   |
| 4   | Expenses from continuing operations   | 24-30   |
| 5   | Gains or losses from the disposal of assets   | 31      |
| 6(a)  | Cash and cash equivalent assets   | 32      |
| 6(b)  | Investments   | 33-35   |
| 6(c)  | Restricted cash, cash equivalents and investments – details   | 36-37   |
| 7   | Receivables   | 38-39   |
| 8   | Inventories and other assets  | 40-41   |
| 9   | Non-current assets classified as held for sale (and disposal groups)  | 42      |
| 10(a)   | Infrastructure, property, plant and equipment   | 43-45   |
| 10(b)   | Externally restricted infrastructure, property, plant and equipment   | 46      |
| 10(c)   | Infrastructure, property, plant and equipment – current year impairments  | 47      |
| 11  | Investment property   | 48      |
| 12  | Intangible assets   | 49      |
| 13  | Payables and borrowings   | 50-52   |
| 14  | Provisions  | 53-60   |
| 15  | Accumulated surplus, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors | 61      |
| 16  | Statement of cash flows – additional information  | 62      |
| 17  | Interests in other entities   | 63-65   |
| 18  | Commitments for expenditure   | 66-67   |
| 19  | Contingencies and other liabilities/assets not recognised   | 68-70   |
| 20  | Financial risk management   | 71-75   |
| 21  | Material budget variations  | 76-80   |
| 22  | Discontinued operations   | 81      |
| 23  | Fair value measurement  | 82-87   |
| 24  | Related party transactions  | 88-91   |
| 25  | Events occurring after the reporting date   | 92      |
| 26  | Statement of developer contributions  | 93-94   |
| 27  | Financial result and financial position by fund   | 95-97   |
| 28(a)   | Statement of performance measures – consolidated results  | 98      |
| 28(b)   | Statement of performance measures – by fund   | 99-100  |
| <b>Additional council disclosures (unaudited)</b> |   |         |
| 28(c)   | Statement of performance measures – consolidated results (graphs)   | 101-102 |
| 29  | Council information and contact details   | 103     |

## Coolamon Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 1. Basis of preparation

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These financial statements were authorised for issue by Council on 18 October 2018.

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

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.

##### **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.

The financial statements are presented in Australian dollars and are rounded to the nearest thousand dollars.

Full dollars have been used in Note 24 Related party disclosures in relation to the disclosure of specific related party transactions.

Unless otherwise indicated, all amounts disclosed in the financial statements are actual amounts.

Specific budgetary amounts have been included for comparative analysis (to actuals) in the following reports and notes:

- Income statement
- Statement of cash flows
- Note 21 – Material budget variations

and are clearly marked.

##### **(a) New and amended standards adopted by Council**

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

##### **(b) 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 infrastructure, property, plant and equipment and investment property.

##### **(c) 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.

## Coolamon Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 1. Basis of preparation (continued)

##### **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 – refer Note 11,
- (ii) estimated fair values of infrastructure, property, plant and equipment – refer Note 10,
- (iii) estimated tip remediation provisions – refer Note 14,
- (iv) employee benefit provisions – refer Note 14.

##### **Significant judgements in applying the Council's accounting policies**

- (v) Impairment of receivables

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

#### **Monies and other assets received by Council**

##### **(a) The Consolidated Fund**

In accordance with the provisions of Section 409(1) of the *Local Government Act 1993 (NSW)*, all money and other assets 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 and
- 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 2018

#### Note 1. Basis of preparation (continued)

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##### **(b) 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 other assets 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 other assets 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.

##### **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 inclusive 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.

##### **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 has not applied any pronouncements before their operative date in the current reporting period beginning 1 July 2017.

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

##### **Effective for annual reporting periods beginning on or after 1 July 2018**

- *AASB 9 Financial Instruments*

AASB 9 replaces AASB 139 Financial Instruments: Recognition and Measurement, and addresses the classification, measurement and disclosure of financial assets and liabilities. The standard also introduces a new impairment model that requires impairment provisions to be based on expected credit losses, rather than incurred credit losses.

The standard is not expected to have a material impact on Council's future financial statements.

## Coolamon Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 1. Basis of preparation (continued)

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##### **Effective for annual reporting periods beginning on or after 1 July 2019**

- AASB 15 *Revenue from Contracts with Customers*, AASB 1058 *Income for Non-for-Profit Entities* and AASB 2016-8 *Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities*.

AASB 15 will replace AASB 118 Revenue, AASB 111 Construction Contracts and a number of Interpretations. AASB 2016-8 provides Australian requirements and guidance for not-for-profit entities in applying AASB 9 and AASB 15, and AASB 1058 will replace AASB 1004 Contributions.

Together they contain a comprehensive framework for the recognition, measurement and disclosure of income including revenue from contracts with customers.

Based on preliminary assessments to date, Council expects that these standards are unlikely to have a material impact on Council's overall financial position, financial performance or cashflows. Council will undertake further work to finalise their assessment and any impacts of this standard.

- AASB 16 *Leases*

Under this standard a lease liability will initially be measured at the present value of the lease payments to be made over the lease term. A corresponding right-of-use asset will also be recognised over the lease term. Operating lease expenses will decrease and interest and depreciation expense will increase.

Council is currently not party to any leases. This standard is not expected to have an impact on Council's future financial statements.

## Coolamon Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 2(a). Council functions/activities – financial information

| Functions/activities                       | Income, expenses and assets have been directly attributed to the following functions/activities.<br>Details of these functions/activities are provided in Note 2(b). |               |                                     |               |   |              |  |              |   |                |
|--|--|---------------|-------------------------------------|---------------|---|--------------|--|--------------|---|----------------|
|  | Income from continuing operations  |               | Expenses from continuing operations |               | Operating result from continuing operations |              | Grants included in income from continuing operations |              | Total assets held (current and non-current) |                |
|  | 2018   | 2017          | 2018                                | 2017          | 2018  | 2017         | 2018   | 2017         | 2018  | 2017           |
| Governance                                 | –  | –             | 603                                 | 575           | (603)                                       | (575)        | –  | –            | –   | –              |
| Administration                             | 499  | 248           | –                                   | 153           | 499   | 95           | –  | 23           | 12,636                                      | 10,481         |
| Public Order & Safety                      | 34   | 27            | 345                                 | 304           | (311)                                       | (277)        | –  | –            | 920   | 505            |
| Health                                     | 22   | 22            | 288                                 | 147           | (266)                                       | (125)        | –  | –            | 971   | 966            |
| Environment                                | 857  | 1,194         | 822                                 | 753           | 35  | 441          | 118  | 66           | 4,802                                       | 4,425          |
| Community Services & Education             | 1,264  | 1,177         | 1,336                               | 1,244         | (72)  | (67)         | 181  | 171          | 1,566                                       | 1,699          |
| Housing & Community Amenities              | 309  | 264           | 608                                 | 564           | (299)                                       | (300)        | 17   | 17           | 4,594                                       | 3,745          |
| Sewerage Services                          | 871  | 986           | 806                                 | 536           | 65  | 450          | 243  | 14           | 11,839                                      | 12,186         |
| Recreation & Culture                       | 608  | 248           | 1,241                               | 1,134         | (633)                                       | (886)        | 539  | 44           | 12,228                                      | 10,145         |
| Mining, Manufacture & Construction         | 83   | 48            | 234                                 | 283           | (151)                                       | (235)        | –  | –            | 194   | 211            |
| Transport & Communication                  | 4,185  | 3,352         | 4,110                               | 4,884         | 75  | (1,532)      | 1,167  | 1,180        | 123,475                                     | 122,629        |
| Economic Affairs                           | 2,637  | 2,119         | 3,060                               | 2,546         | (423)                                       | (427)        | –  | –            | 22,713                                      | 19,569         |
| Shares of gains or losses in joint venture | 6  | –             | –                                   | 4             | 6   | (4)          | –  | –            | 162   | 156            |
| General Purpose Revenues                   | 6,161  | 7,581         | –                                   | –             | 6,161                                       | 7,581        | 3,515  | 4,979        | –   | –              |
| <b>Total functions and activities</b>      | <b>17,536</b>  | <b>17,266</b> | <b>13,453</b>                       | <b>13,127</b> | <b>4,083</b>                                | <b>4,139</b> | <b>5,780</b>   | <b>6,494</b> | <b>196,100</b>                              | <b>186,717</b> |

## Coolamon Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### 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 & Safety**

Includes Council's fire and emergency services levy, fire protection, emergency services, enforcement of

##### **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 & Education**

Includes administration and education, social protection (welfare), other community services and administration, youth services, aged and disabled persons services, children's services, including family day care, child care, and other family and children services.

##### **Housing & 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 & 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, Manufacture & Construction**

Includes building control, quarries and pits.

##### **Transport & 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.

##### **Shares of gains or losses in joint venture**

Council's net gain or losses relating to the participation in the Riverina Regional Library.

##### **General Purpose Revenues**

General Purpose Revenues include Financial Assistance Grant, Land Rates, Untied Pensioner Concession Subsidy, untied Interest on Investments and untied Extra Charges levied on Land Rates.

## Coolamon Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 3. Income from continuing operations

| \$ '000  | 2018                | 2017                |
|--|---------------------|---------------------|
| <b>(a) Rates and annual charges</b>                                      |                     |                     |
| <b>Ordinary rates</b>  |                     |                     |
| Residential  | 652                 | 578                 |
| Farmland   | 1,585               | 1,567               |
| Mining   | –                   | –                   |
| Business   | 90                  | 94                  |
| Less: pensioner rebates (mandatory)                                      | (53)                | –                   |
| <b>Total ordinary rates</b>  | <b>2,274</b>        | <b>2,239</b>        |
| <b>Special rates</b>   |                     |                     |
| Nil  | –                   | –                   |
| <b>Total special rates</b>   | <b>–</b>            | <b>–</b>            |
| <b>Annual charges</b> (pursuant to s.496, s.496A, s.496B, s.501 & s.611) |                     |                     |
| Domestic waste management services                                       | 509                 | 463                 |
| Stormwater management services   | 46                  | 47                  |
| Sewerage services  | 540                 | 490                 |
| Waste management services (non-domestic)                                 | 12                  | 13                  |
| Tip access   | 103                 | 91                  |
| Less: pensioner rebates (mandatory)                                      | (66)                | –                   |
| <b>Total annual charges</b>  | <b>1,144</b>        | <b>1,104</b>        |
| <b><u>TOTAL RATES AND ANNUAL CHARGES</u></b>                             | <b><u>3,418</u></b> | <b><u>3,343</u></b> |

Council has used 2017 year valuations provided by the NSW Valuer General in calculating its rates.

**Accounting policy for rates and annual charges**

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.



## Coolamon Shire Council

Notes to the Financial Statements  
for the year ended 30 June 2018

## Note 3. Income from continuing operations (continued)

| \$ '000  | 2018       | 2017       |
|--|------------|------------|
| <b>(b) User charges and fees</b>   |            |            |
| <b>Specific user charges</b> (per s.502 – specific 'actual use' charges)     |            |            |
| Ardlethan effluent   | 8          | 8          |
| <b>Total specific user charges</b>   | <b>8</b>   | <b>8</b>   |
| <b>Other user charges and fees</b>   |            |            |
| <b>(i) Fees and charges – statutory and regulatory functions (per s.608)</b> |            |            |
| Building regulation  | 46         | 28         |
| Inspection services  | 29         | 21         |
| Private works – section 67   | 157        | 172        |
| Regulatory and statutory fees  | 7          | 6          |
| Section 149 certificates (EPA Act)   | 12         | 10         |
| Section 603 certificates   | 14         | 11         |
| Town planning  | 60         | 42         |
| <b>Total fees and charges – statutory/regulatory</b>                         | <b>325</b> | <b>290</b> |

## Coolamon Shire Council

Notes to the Financial Statements  
for the year ended 30 June 2018

## Note 3. Income from continuing operations (continued)

| \$ '000   | 2018                | 2017                |
|---|---------------------|---------------------|
| <b>(b) User charges and fees (continued)</b>                                  |                     |                     |
| <b>(ii) Fees and charges – other (incl. general user charges (per s.608))</b> |                     |                     |
| Aged care   | 2,022               | 1,584               |
| Allawah Community Care inc. Community Transport                               | 283                 | 299                 |
| Caravan park  | 30                  | 27                  |
| Cemeteries  | 108                 | 95                  |
| Child care  | 585                 | 565                 |
| Home care packages  | 154                 | 36                  |
| Waste disposal tipping fees   | 40                  | 8                   |
| Other   | 16                  | 20                  |
| <b>Total fees and charges – other</b>   | <b>3,238</b>        | <b>2,634</b>        |
| <b><u>TOTAL USER CHARGES AND FEES</u></b>                                     | <b><u>3,571</u></b> | <b><u>2,932</u></b> |

**Accounting policy for user charges and fees**

User charges and fees are recognised as revenue when the service has been provided.

## Coolamon Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 3. Income from continuing operations (continued)

| \$ '000  | 2018       | 2017       |
|--|------------|------------|
| <b>(c) Interest and investment revenue (including losses)</b>    |            |            |
| <b>Interest</b>  |            |            |
| – Overdue rates and annual charges (incl. special purpose rates) | 19         | 20         |
| – Cash and investments   | 428        | 428        |
| <b>TOTAL INTEREST AND INVESTMENT REVENUE</b>                     | <b>447</b> | <b>448</b> |
| <b>Interest revenue is attributable to:</b>                      |            |            |
| <b>Unrestricted investments/financial assets:</b>                |            |            |
| Overdue rates and annual charges (general fund)                  | 19         | 14         |
| General Council cash and investments                             | 152        | 349        |
| <b>Restricted investments/funds – external:</b>                  |            |            |
| Sewerage fund operations   | 51         | 55         |
| Domestic waste management operations                             | 30         | 30         |
| <b>Restricted investments/funds – internal:</b>                  |            |            |
| Internally restricted assets                                     | 195        | –          |
| <b>Total interest and investment revenue recognised</b>          | <b>447</b> | <b>448</b> |

**Accounting policy for interest and investment revenue**

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

## Coolamon Shire Council

Notes to the Financial Statements  
for the year ended 30 June 2018

## Note 3. Income from continuing operations (continued)

| \$ '000   | 2018              | 2017              |
|---|-------------------|-------------------|
| <b>(d) Other revenues</b>                               |                   |                   |
| Rental income – other council properties                | 341               | 322               |
| Legal fees recovery – rates and charges (extra charges) | 11                | 11                |
| Allawah complex   | 236               | 130               |
| Commissions and agency fees                             | 8                 | 8                 |
| Diesel rebate   | 56                | 50                |
| Insurance claim recoveries                              | 50                | 31                |
| Insurance incentives                                    | 29                | 40                |
| Recycling income (non-domestic)                         | –                 | 69                |
| Zone rural fire service administration                  | 29                | 29                |
| Other   | 75                | 81                |
| <b><u>TOTAL OTHER REVENUE</u></b>                       | <b><u>835</u></b> | <b><u>771</u></b> |

**Accounting policy for other revenue**

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.

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

Miscellaneous sales are recognised when physical possession has transferred to the customer which is deemed to be the point of transfer of risks and rewards.

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

## Coolamon Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 3. Income from continuing operations (continued)

| \$ '000   | 2018<br>Operating | 2017<br>Operating | 2018<br>Capital | 2017<br>Capital |
|---|-------------------|-------------------|-----------------|-----------------|
| <b>(e) Grants</b>                               |                   |                   |                 |                 |
| <b>General purpose (untied)</b>                 |                   |                   |                 |                 |
| <b>Current year allocation</b>                  |                   |                   |                 |                 |
| Financial assistance                            | 3,487             | 4,947             | –               | –               |
| <b>Other</b>                                    |                   |                   |                 |                 |
| Pensioners' rates subsidies – general component | 28                | 32                | –               | –               |
| <b>Total general purpose</b>                    | <b>3,515</b>      | <b>4,979</b>      | <b>–</b>        | <b>–</b>        |
| <b>Specific purpose</b>                         |                   |                   |                 |                 |
| Pensioners' rates subsidies:                    |                   |                   |                 |                 |
| – Sewerage                                      | 12                | 14                | –               | –               |
| – Domestic waste management                     | 23                | 25                | –               | –               |
| Sewerage services                               | 231               | –                 | –               | –               |
| Ardlethan preschool                             | 135               | 119               | –               | –               |
| Child care                                      | 38                | 16                | –               | –               |
| FESL establishment                              | –                 | 23                | –               | –               |
| Heritage and cultural                           | 8                 | 11                | –               | –               |
| Library   | 31                | 33                | –               | –               |
| Links to learning                               | –                 | 29                | –               | –               |
| Noxious weeds                                   | 46                | 41                | –               | –               |
| Recreation and culture                          | –                 | –                 | 246             | –               |
| Street lighting                                 | 17                | 17                | –               | –               |
| Transport (roads to recovery)                   | 1,153             | 1,129             | –               | –               |
| Transport (other roads and bridges funding)     | –                 | –                 | –               | 51              |
| Organics Grant                                  | 49                | –                 | –               | –               |
| Stronger Country Communities                    | –                 | –                 | 254             | –               |
| Other   | 22                | 7                 | –               | –               |
| <b>Total specific purpose</b>                   | <b>1,765</b>      | <b>1,464</b>      | <b>500</b>      | <b>51</b>       |
| <b>Total grants</b>                             | <b>5,280</b>      | <b>6,443</b>      | <b>500</b>      | <b>51</b>       |
| <b>Grant revenue is attributable to:</b>        |                   |                   |                 |                 |
| – Commonwealth funding                          | 4,678             | 6,076             | 246             | –               |
| – State funding                                 | 580               | 357               | 254             | 51              |
| – Other funding                                 | 22                | 10                | –               | –               |
|   | <b>5,280</b>      | <b>6,443</b>      | <b>500</b>      | <b>51</b>       |

## Coolamon Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 3. Income from continuing operations (continued)

| \$ '000   | 2018<br>Operating | 2017<br>Operating | 2018<br>Capital | 2017<br>Capital |
|---|-------------------|-------------------|-----------------|-----------------|
| <b>(f) Contributions</b>                                  |                   |                   |                 |                 |
| <b>Developer contributions:</b>                           |                   |                   |                 |                 |
| <b>(s7.4 &amp; s7.11 – EP&amp;A Act, s64 of the LGA):</b> |                   |                   |                 |                 |
| <b>Cash contributions</b>                                 |                   |                   |                 |                 |
| S 7.11 – contributions towards amenities/services         | –                 | –                 | 11              | 3               |
| Other developer contributions - sewerage                  | –                 | –                 | –               | 365             |
| Other developer contributions - stormwater                | –                 | –                 | –               | 340             |
| Other developer contributions - roads                     | –                 | –                 | –               | 63              |
| <b>Total developer contributions – cash</b>               | <b>–</b>          | <b>–</b>          | <b>11</b>       | <b>771</b>      |
| <b>Non-cash contributions</b>                             |                   |                   |                 |                 |
| Nil   | –                 | –                 | –               | –               |
| <b>Total developer contributions – non-cash</b>           | <b>–</b>          | <b>–</b>          | <b>–</b>        | <b>–</b>        |
| <b>Total developer contributions</b>                      | <b>–</b>          | <b>–</b>          | <b>11</b>       | <b>771</b>      |

26

## Coolamon Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 3. Income from continuing operations (continued)

| \$ '000  | 2018<br>Operating | 2017<br>Operating | 2018<br>Capital | 2017<br>Capital |
|--|-------------------|-------------------|-----------------|-----------------|
| <b>(f) Contributions (continued)</b>             |                   |                   |                 |                 |
| <b>Other contributions:</b>                      |                   |                   |                 |                 |
| <b>Cash contributions</b>                        |                   |                   |                 |                 |
| Bushfire services                                | 20                | 12                | –               | –               |
| Child care                                       | 37                | 37                | –               | –               |
| Cycleways/footpaths                              | –                 | –                 | –               | 16              |
| Recreation and culture                           | 24                | –                 | 12              | 185             |
| RMS contributions (regional roads, block grant)  | 1,132             | 1,838             | 1,554           | 215             |
| Sewerage (excl. section 64 contributions)        | –                 | –                 | 35              | 51              |
| Other  | 99                | 87                | –               | 66              |
| <b>Total other contributions – cash</b>          | <b>1,312</b>      | <b>1,974</b>      | <b>1,601</b>    | <b>533</b>      |
| <b>Non-cash contributions</b>                    |                   |                   |                 |                 |
| Dedications – subdivisions (other than by s7.11) | –                 | –                 | 296             | –               |
| <b>Total other contributions – non-cash</b>      | <b>–</b>          | <b>–</b>          | <b>296</b>      | <b>–</b>        |
| <b>Total other contributions</b>                 | <b>1,312</b>      | <b>1,974</b>      | <b>1,897</b>    | <b>533</b>      |
| <b>Total contributions</b>                       | <b>1,312</b>      | <b>1,974</b>      | <b>1,908</b>    | <b>1,304</b>    |
| <b>TOTAL GRANTS AND CONTRIBUTIONS</b>            | <b>6,592</b>      | <b>8,417</b>      | <b>2,408</b>    | <b>1,355</b>    |

**Accounting policy for contributions**

Control over grants and contributions is normally obtained upon their receipt (or acquittal) and is valued at the fair value of the granted or contributed asset 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 above.

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.

## Coolamon Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 3. Income from continuing operations (continued)

| \$ '000  | 2018       | 2017       |
|--|------------|------------|
| <b>(g) Unspent grants and contributions</b>  |            |            |
| <b>Certain grants and contributions are obtained by Council on condition that they be spent in a specified manner:</b> |            |            |
| <b>Operating grants</b>  |            |            |
| Unexpended at the close of the previous reporting period   | 122        | –          |
| <b>Add:</b> operating grants recognised in the current period but not yet spent  | 27         | 122        |
| <b>Add:</b> operating grants received for the provision of goods and services in a future period                       | –          | –          |
| <b>Less:</b> operating grants recognised in a previous reporting period now spent                                      | (118)      | –          |
| <b>Unexpended and held as restricted assets (operating grants)</b>   | <u>31</u>  | <u>122</u> |
| <b>Capital grants</b>  |            |            |
| Unexpended at the close of the previous reporting period   | –          | –          |
| <b>Add:</b> capital grants recognised in the current period but not yet spent  | 254        | –          |
| <b>Add:</b> capital grants received for the provision of goods and services in a future period                         | –          | –          |
| <b>Less:</b> capital grants recognised in a previous reporting period now spent  | –          | –          |
| <b>Unexpended and held as restricted assets (capital grants)</b>   | <u>254</u> | <u>–</u>   |
| <b>Contributions</b>   |            |            |
| Unexpended at the close of the previous reporting period   | –          | –          |
| <b>Add:</b> contributions recognised in the current period but not yet spent   | 12         | –          |
| <b>Add:</b> contributions received for the provision of goods and services in a future period                          | –          | –          |
| <b>Less:</b> contributions recognised in a previous reporting period now spent   | –          | –          |
| <b>Unexpended and held as restricted assets (contributions)</b>  | <u>12</u>  | <u>–</u>   |



## Coolamon Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 4. Expenses from continuing operations

| \$ '000  | 2018         | 2017         |
|--|--------------|--------------|
| <b>(a) Employee benefits and on-costs</b>                    |              |              |
| Salaries and wages   | 4,742        | 4,264        |
| Travel expenses  | 2            | 2            |
| Employee leave entitlements (ELE)                            | 909          | 749          |
| Superannuation   | 513          | 469          |
| Workers' compensation insurance                              | 119          | 115          |
| Fringe benefit tax (FBT)                                     | 96           | 65           |
| Training costs (other than salaries and wages)               | 114          | 41           |
| Other  | 22           | 13           |
| <b>Total employee costs</b>                                  | <b>6,517</b> | <b>5,718</b> |
| Less: capitalised costs                                      | (945)        | (369)        |
| <b>TOTAL EMPLOYEE COSTS EXPENSED</b>                         | <b>5,572</b> | <b>5,349</b> |
| Number of 'full-time equivalent' employees (FTE) at year end | 74           | 68           |

**Accounting policy for employee benefits and on-costs**

Employee benefit expenses are recorded when the service has been provided by the employee.

**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.

**Superannuation 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.

Council participates in a Defined Benefit Plan under the Local Government Superannuation Scheme, however, when sufficient information to account for the plan as a defined benefit is not available and therefore 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 – refer to Note 14 and 19 for more information.

## Coolamon Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 4. Expenses from continuing operations (continued)

| \$ '000   | Notes | 2018     | 2017      |
|---|-------|----------|-----------|
| <b>(b) Borrowing costs</b>  |       |          |           |
| <b>(i) Interest bearing liability costs</b>                               |       |          |           |
| Interest on loans   |       | –        | –         |
| Interest on advances  |       | 6        | –         |
| <b>Total interest bearing liability costs</b>                             |       | <b>6</b> | <b>–</b>  |
| Less: capitalised costs   |       | –        | –         |
| <b>Total interest bearing liability costs expensed</b>                    |       | <b>6</b> | <b>–</b>  |
| <b>(ii) Other borrowing costs</b>   |       |          |           |
| Discount adjustments relating to movements in provisions (other than ELE) |       | –        | –         |
| – Remediation liabilities   | 14    | –        | 70        |
| <b>Total other borrowing costs</b>  |       | <b>–</b> | <b>70</b> |
| <b>TOTAL BORROWING COSTS EXPENSED</b>                                     |       | <b>6</b> | <b>70</b> |

**Accounting policy for 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.

## Coolamon Shire Council

Notes to the Financial Statements  
for the year ended 30 June 2018

## Note 4. Expenses from continuing operations (continued)

| \$ '000                                     | 2018                | 2017                |
|---|---------------------|---------------------|
| <b>(c) Materials and contracts</b>          |                     |                     |
| Raw materials and consumables               | 2,770               | 3,151               |
| Contractor and consultancy costs            | 520                 | 87                  |
| Auditors remuneration <sup>(2)</sup>        | 26                  | 28                  |
| Legal expenses:                             |                     |                     |
| – Legal expenses: planning and development  | 19                  | 1                   |
| – Legal expenses: debt recovery             | 11                  | 13                  |
| – Legal expenses: other                     | 46                  | 20                  |
| <b>Total materials and contracts</b>        | <b>3,392</b>        | <b>3,300</b>        |
| Less: capitalised costs                     | –                   | –                   |
| <b><u>TOTAL MATERIALS AND CONTRACTS</u></b> | <b><u>3,392</u></b> | <b><u>3,300</u></b> |

## Coolamon Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 4. Expenses from continuing operations (continued)

| \$ '000  | 2018      | 2017      |
|--|-----------|-----------|
| <b>(c) Materials and contracts (continued)</b>   |           |           |
| <b>2. Auditor remuneration</b>   |           |           |
| During the year the following fees were paid or payable for services provided by the auditor of Council, related practices and non-related audit firms |           |           |
| <b>Auditors of the Council – NSW Auditor-General:</b>  |           |           |
| <b>(i) Audit and other assurance services</b>  |           |           |
| Audit and review of financial statements   | 26        | 15        |
| <b>Remuneration for audit and other assurance services</b>   | <b>26</b> | <b>15</b> |
| <b>(ii) Non-assurance services</b>   |           |           |
| Remuneration advice  | –         | –         |
| Benchmarking advice  | –         | –         |
| Tax compliance services  | –         | –         |
| GST advice   | –         | –         |
| Other services   | –         | –         |
| <b>Remuneration for non-assurance services</b>   | <b>–</b>  | <b>–</b>  |
| <b>Total Auditor-General remuneration</b>  | <b>26</b> | <b>15</b> |
| <b>Non NSW Auditor-General audit firms:</b>  |           |           |
| <b>(i) Audit and other assurance services</b>  |           |           |
| Audit and review of financial statements   | –         | 13        |
| <b>Remuneration for audit and other assurance services</b>   | <b>–</b>  | <b>13</b> |
| <b>(ii) Non-assurance services</b>   |           |           |
| Remuneration advice  | –         | –         |
| Benchmarking advice  | –         | –         |
| Tax compliance services  | –         | –         |
| GST advice   | –         | –         |
| Other services   | –         | –         |
| <b>Remuneration for non-assurance services</b>   | <b>–</b>  | <b>–</b>  |
| <b>Total remuneration of non NSW Auditor-General audit firms</b>   | <b>–</b>  | <b>13</b> |
| <b>Total Auditor remuneration</b>  | <b>26</b> | <b>28</b> |

## Coolamon Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 4. Expenses from continuing operations (continued)

| \$ '000  | Notes   | 2018         | 2017         |
|--|---------|--------------|--------------|
| <b>(d) Depreciation, amortisation and impairment</b>         |         |              |              |
| <b>Depreciation and amortisation</b>                         |         |              |              |
| Plant and equipment  |         | 449          | 441          |
| Office equipment   |         | 48           | 52           |
| Land improvements (depreciable)                              |         | 18           | 18           |
| <b>Infrastructure:</b>                                       |         |              |              |
| – Buildings – non-specialised                                |         | 202          | 202          |
| – Buildings – specialised                                    |         | 197          | 201          |
| – Other structures   |         | 102          | 145          |
| – Roads  |         | 1,852        | 1,546        |
| – Bridges  |         | 33           | 33           |
| – Footpaths  |         | 29           | 28           |
| – Stormwater drainage  |         | 39           | 35           |
| – Sewerage network   |         | 221          | 150          |
| – Swimming pools   |         | 28           | 29           |
| <b>Reinstatement, rehabilitation and restoration assets:</b> |         |              |              |
| – Quarry assets  | 10 & 14 | 18           | 18           |
| <b>Total gross depreciation and amortisation costs</b>       |         | <b>3,236</b> | <b>2,898</b> |
| Less: capitalised costs                                      |         | (271)        | (107)        |
| <b>Total depreciation and amortisation costs</b>             |         | <b>2,965</b> | <b>2,791</b> |

## Coolamon Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 4. Expenses from continuing operations (continued)

| \$ '000  | 2018         | 2017         |
|--|--------------|--------------|
| (d) Depreciation, amortisation and impairment (continued)  |              |              |
| <b>Impairment / revaluation decrement of IPP&amp;E</b>   |              |              |
| Nil  | -            | -            |
| <b><u>TOTAL DEPRECIATION, AMORTISATION AND IMPAIRMENT /<br/>REVALUATION DECREMENT COSTS EXPENSED</u></b> | <u>2,965</u> | <u>2,791</u> |

**Accounting policy for depreciation, amortisation and impairment expenses****Depreciation and amortisation**

Depreciation and amortisation are calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives. Useful lives are included in Note 10 for IPPE assets and Note 12 for intangible assets.

**Impairment of non-financial 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.

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.

Impairment losses for revalued assets are firstly offset against the amount in the revaluation surplus for the class of asset, with only the excess to be recognised in the Income Statement.

**Impairment of financial assets**

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.

## Coolamon Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 4. Expenses from continuing operations (continued)

| \$ '000   | 2018                | 2017                |
|---|---------------------|---------------------|
| <b>(e) Other expenses</b>   |                     |                     |
| Advertising   | 37                  | 31                  |
| Bad and doubtful debts  | 21                  | 21                  |
| Bank charges  | 22                  | 18                  |
| Computer / office equipment maintenance   | 164                 | 138                 |
| Contributions/levies to other levels of government                                  |                     |                     |
| – NSW State Emergency Service Levy  | 7                   | 8                   |
| – NSW Fire & Rescue Levy  | 17                  | 16                  |
| – NSW Rural Fire Service levy   | 170                 | 162                 |
| – Riverina Regional Library   | 96                  | 92                  |
| Councillor expenses – mayoral fee   | 13                  | 13                  |
| Councillor expenses – councillors' fees   | 79                  | 77                  |
| Councillors' expenses (incl. mayor) – other (excluding fees above)                  | 10                  | 10                  |
| Donations, contributions and assistance to other organisations (Section 356)        | 9                   | 7                   |
| Donations, contributions and assistance to other organisations (Section 356) - RERO | 18                  | 14                  |
| Election expenses   | –                   | 9                   |
| Electricity and heating   | 141                 | 171                 |
| Insurance   | 253                 | 209                 |
| Postage   | 18                  | 20                  |
| Printing and stationery   | 47                  | 46                  |
| Street lighting   | 64                  | 57                  |
| Subscriptions and publications  | 65                  | 58                  |
| Telephone and communications  | 59                  | 52                  |
| Valuation fees  | 23                  | 25                  |
| Water charges   | 185                 | 136                 |
| <b>Total other expenses</b>   | <b>1,518</b>        | <b>1,390</b>        |
| Less: capitalised costs   | –                   | –                   |
| <b><u>TOTAL OTHER EXPENSES</u></b>  | <b><u>1,518</u></b> | <b><u>1,390</u></b> |

**Accounting policy for other expenses**

Other expenses are recorded on an accruals basis as the Council receives the goods or services.

## Coolamon Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 5. Gains or losses from the disposal of assets

| \$ '000  | Notes | 2018        | 2017         |
|--|-------|-------------|--------------|
| <b>Property</b> (excl. investment property)                                | 10    |             |              |
| Proceeds from disposal – property  |       | 259         | –            |
| Less: carrying amount of property assets sold/written off                  |       | (356)       | (304)        |
| <b>Net gain/(loss) on disposal</b>   |       | <b>(97)</b> | <b>(304)</b> |
| <b>Plant and equipment</b>   | 10    |             |              |
| Proceeds from disposal – plant and equipment                               |       | 403         | 163          |
| Less: carrying amount of plant and equipment assets sold/written off       |       | (209)       | (111)        |
| <b>Net gain/(loss) on disposal</b>   |       | <b>194</b>  | <b>52</b>    |
| <b>Real estate assets held for sale</b>                                    | 8     |             |              |
| Proceeds from disposal – real estate assets                                |       | 991         | 204          |
| Less: carrying amount of real estate assets sold/written off               |       | (802)       | (158)        |
| <b>Net gain/(loss) on disposal</b>   |       | <b>189</b>  | <b>46</b>    |
| <b>Financial assets</b> <sup>(1)</sup>                                     | 6     |             |              |
| Proceeds from disposal/redemptions/maturities – financial assets           |       | 17,700      | 8,500        |
| Less: carrying amount of financial assets sold/redeemed/matured            |       | (17,700)    | (8,500)      |
| <b>Net gain/(loss) on disposal</b>   |       | <b>–</b>    | <b>–</b>     |
| <b>Other Structures</b>  |       |             |              |
| Proceeds from disposal – Other Structures                                  |       | –           | –            |
| Less: carrying amount of Other Structures assets sold/written off          |       | (27)        | (17)         |
| <b>Net gain/(loss) on disposal</b>   |       | <b>(27)</b> | <b>(17)</b>  |
| <b>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</b>                               |       | <b>259</b>  | <b>(223)</b> |
| <b>1. Financial assets disposals/redemptions include:</b>                  |       |             |              |
| – Net gain/(loss) from financial instruments designated 'held to maturity' |       | –           | –            |
| <b>Net gain/(loss) on disposal of financial instruments</b>                |       | <b>–</b>    | <b>–</b>     |

**Accounting policy for disposal of assets**

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



## Coolamon Shire Council

Notes to the Financial Statements  
for the year ended 30 June 2018

## Note 6(a). Cash and cash equivalent assets

| \$ '000                                | 2018         | 2017         |
|--|--------------|--------------|
| <b>Cash and cash equivalents</b>       |              |              |
| Cash on hand and at bank               | 2,792        | 1,352        |
| <b>Total cash and cash equivalents</b> | <b>2,792</b> | <b>1,352</b> |

**Accounting policy for 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.

## Coolamon Shire Council

Notes to the Financial Statements  
for the year ended 30 June 2018

## Note 6(b). Investments

| \$ '000  | 2018          | 2018        | 2017          | 2017        |
|--|---------------|-------------|---------------|-------------|
|  | Current       | Non-current | Current       | Non-current |
| <b>Investments</b>   |               |             |               |             |
| At fair value through the profit and loss                  |               |             |               |             |
| – Held for trading   | –             | –           | –             | –           |
| – Designated at fair value on initial recognition          |               |             |               |             |
| Held to maturity   | 16,200        | –           | 15,200        | –           |
| Loans and receivables                                      | –             | –           | –             | –           |
| Available for sale   | –             | –           | –             | –           |
| <b>Total investments</b>                                   | <b>16,200</b> | <b>–</b>    | <b>15,200</b> | <b>–</b>    |
| <b>TOTAL CASH ASSETS, CASH EQUIVALENTS AND INVESTMENTS</b> |               |             |               |             |
|  | <b>18,992</b> | <b>–</b>    | <b>16,552</b> | <b>–</b>    |
| <b>Held to maturity investments</b>                        |               |             |               |             |
| Long term deposits   | 16,200        | –           | 15,200        | –           |
| <b>Total</b>   | <b>16,200</b> | <b>–</b>    | <b>15,200</b> | <b>–</b>    |

## Coolamon Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 6(b). Investments (continued)

##### Accounting policy for investments

###### 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.

###### (a) 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 held at fair value with changes in value taken through profit or loss at each reporting period.

###### (b) 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. Assets in this category are measured at amortised cost.

###### (c) 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 are classified as non-current assets. Loans and receivables are included in other assets (Note 8) and 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.

###### (d) Available for sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. Investments 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. Assets in this category are held at fair value with changes in fair value taken to other comprehensive income.

## Coolamon Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 6(b). Investments (continued)

##### **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. Investments 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.

##### **Impairment of available for sale investments**

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.

## Coolamon Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

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

| \$ '000                                      | 2018          |             | 2017          |             |
|--|---------------|-------------|---------------|-------------|
|  | Current       | Non-current | Current       | Non-current |
| Total cash, cash equivalents and investments | 18,992        | –           | 16,552        | –           |
| <b>attributable to:</b>                      |               |             |               |             |
| External restrictions (refer below)          | 11,439        | –           | 9,813         | –           |
| Internal restrictions (refer below)          | 7,519         | –           | 6,729         | –           |
| Unrestricted                                 | 34            | –           | 10            | –           |
|  | <b>18,992</b> | <b>–</b>    | <b>16,552</b> | <b>–</b>    |

| \$ '000 | 2018 | 2017 |
|---------|------|------|
|---------|------|------|

## Details of restrictions

**External restrictions – included in liabilities**

|  |              |              |
|--|--------------|--------------|
| Allawah Lodge Accommodation Bonds & Payments (a)       | 4,049        | 3,707        |
| Allawah Village Loan Licence (b)                       | 3,689        | 2,977        |
| <b>External restrictions – included in liabilities</b> | <b>7,738</b> | <b>6,684</b> |

**External restrictions – other**

|  |               |              |
|--|---------------|--------------|
| Developer contributions – general (c)  | 3             | –            |
| Specific purpose unexpended grants (d) | 285           | 122          |
| Sewerage services (e)                  | 2,044         | 1,880        |
| Domestic waste management (e)          | 1,107         | 944          |
| Other                                  | 262           | 183          |
| <b>External restrictions – other</b>   | <b>3,701</b>  | <b>3,129</b> |
| <b>Total external restrictions</b>     | <b>11,439</b> | <b>9,813</b> |

(a) Accommodation Bonds, Payment and Contributions relating to residency in Residential Aged Care Facility

(b) Loan Licence payments relating to residency in Retirement Village

(c) Development contributions which are not yet expended for the provision of services and amenities in accordance with contributions plans (refer Note 26)

(d) Grants which are not yet expended for the purposes for which the grants were obtained.

(e) Sewerage and domestic waste management (DWM) are externally restricted assets and must be applied for the purpose for which they were raised.

## Coolamon Shire Council

Notes to the Financial Statements  
for the year ended 30 June 2018

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

| \$ '000                            | 2018          | 2017          |
|------------------------------------|---------------|---------------|
| <b>Internal restrictions</b>       |               |               |
| Plant and vehicle replacement      | 1,000         | 1,000         |
| Employees leave entitlement        | 1,160         | 970           |
| Carry over works                   | 196           | 739           |
| Ardlethan Preschool                | 47            | 18            |
| Asset management/replacement       | 3,176         | 2,167         |
| Financial Assistance Grant Advance | 1,766         | 1,683         |
| Rehabilitation of gravel pits      | 162           | 152           |
| Marrar CWA - Park Upgrade          | 12            | –             |
| <b>Total internal restrictions</b> | <b>7,519</b>  | <b>6,729</b>  |
| <b>TOTAL RESTRICTIONS</b>          | <b>18,958</b> | <b>16,542</b> |

## Coolamon Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 7. Receivables

| \$ '000  | 2018              |                 | 2017              |                 |
|--|-------------------|-----------------|-------------------|-----------------|
|  | Current           | Non-current     | Current           | Non-current     |
| <b>Purpose</b>   |                   |                 |                   |                 |
| Rates and annual charges                                   | 288               | –               | 277               | –               |
| Interest and extra charges                                 | 82                | –               | 75                | –               |
| Private works  | 33                | –               | 65                | –               |
| Accrued revenues   |                   |                 |                   |                 |
| – Interest on investments                                  | 162               | –               | 190               | –               |
| – Other income accruals                                    | 20                | –               | 24                | –               |
| Accommodation Bonds/Payments                               | 3                 | –               | 8                 | –               |
| Allawah Community Care fees                                | 5                 | –               | 6                 | –               |
| Cemetery   | 7                 | –               | 14                | –               |
| Deferred debtors   | 10                | –               | 10                | 4               |
| Government grants and subsidies                            | 432               | –               | 355               | –               |
| Rents  | –                 | –               | 17                | –               |
| Sewerage connections                                       | 9                 | –               | 9                 | –               |
| Other debtors  | 14                | –               | 36                | –               |
| <b>Total</b>   | <b>1,065</b>      | <b>–</b>        | <b>1,086</b>      | <b>4</b>        |
| <b>Less: provision for impairment</b>                      |                   |                 |                   |                 |
| Rates and annual charges                                   | (116)             | –               | (102)             | –               |
| Interest and extra charges                                 | (53)              | –               | (45)              | –               |
| <b>Total provision for impairment – receivables</b>        | <b>(169)</b>      | <b>–</b>        | <b>(147)</b>      | <b>–</b>        |
| <b><u>TOTAL NET RECEIVABLES</u></b>                        | <b><u>896</u></b> | <b><u>–</u></b> | <b><u>939</u></b> | <b><u>4</u></b> |
| <b>Externally restricted receivables</b>                   |                   |                 |                   |                 |
| <b>Sewerage services</b>                                   |                   |                 |                   |                 |
| – Rates and availability charges                           | 37                | –               | 36                | –               |
| – Other  | 9                 | –               | 9                 | –               |
| <b>Domestic waste management</b>                           |                   |                 | 36                | –               |
| <b>Total external restrictions</b>                         | <b>46</b>         | <b>–</b>        | <b>81</b>         | <b>–</b>        |
| <b>Internally restricted receivables</b>                   |                   |                 |                   |                 |
| Nil  | –                 | –               | –                 | –               |
| <b>Internally restricted receivables</b>                   | <b>–</b>          | <b>–</b>        | <b>–</b>          | <b>–</b>        |
| <b>Unrestricted receivables</b>                            | <b>850</b>        | <b>–</b>        | <b>858</b>        | <b>4</b>        |
| <b>TOTAL NET RECEIVABLES</b>                               | <b>896</b>        | <b>–</b>        | <b>939</b>        | <b>4</b>        |
| <b>Movement in provision for impairment of receivables</b> |                   |                 | <b>2018</b>       | <b>2017</b>     |
| Balance at the beginning of the year                       |                   |                 | 147               | 127             |
| + new provisions recognised during the year                |                   |                 | 22                | 20              |
| <b>Balance at the end of the year</b>                      |                   |                 | <b>169</b>        | <b>147</b>      |

## Coolamon Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 7. Receivables (continued)

##### Accounting policy for receivables

###### Recognition and measurement

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 are classified as non-current assets. Loans and receivables are included in other assets (Note 8) and 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.

###### Impairment

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.

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



## Coolamon Shire Council

Notes to the Financial Statements  
for the year ended 30 June 2018

## Note 8. Inventories and other assets

| \$ '000  | 2018       |             | 2017         |             |
|--|------------|-------------|--------------|-------------|
|  | Current    | Non-current | Current      | Non-current |
| <b>(a) Inventories</b>                                 |            |             |              |             |
| <b>(i) Inventories at cost</b>                         |            |             |              |             |
| Real estate for resale (refer below)                   | 516        | 102         | 1,316        | 2           |
| Stores and materials                                   | 90         | –           | 67           | –           |
| <b>Total inventories at cost</b>                       | <b>606</b> | <b>102</b>  | <b>1,383</b> | <b>2</b>    |
| <b>(ii) Inventories at net realisable value (NRV)</b>  |            |             |              |             |
| Nil  |            |             |              |             |
| <b>Total inventories at net realisable value (NRV)</b> | <b>–</b>   | <b>–</b>    | <b>–</b>     | <b>–</b>    |
| <b>TOTAL INVENTORIES</b>                               | <b>606</b> | <b>102</b>  | <b>1,383</b> | <b>2</b>    |

**(b) Other assets**

Nil

**Externally restricted assets**

There are no restrictions applicable to the above assets.

|   |            |            |              |          |
|---|------------|------------|--------------|----------|
| <b>Total externally restricted assets</b> | –          | –          | –            | –        |
| <b>Total internally restricted assets</b> |            |            | –            | –        |
| <b>Total unrestricted assets</b>          | <b>606</b> | <b>102</b> | <b>1,383</b> | <b>2</b> |
| <b>TOTAL INVENTORIES AND OTHER ASSETS</b> | <b>606</b> | <b>102</b> | <b>1,383</b> | <b>2</b> |

## Coolamon Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 8. Inventories and other assets (continued)

| \$ '000  | Notes | 2018       |             | 2017         |             |
|--|-------|------------|-------------|--------------|-------------|
|  |       | Current    | Non-current | Current      | Non-current |
| <b>(i) Other disclosures</b>                           |       |            |             |              |             |
| <b>(a) Details for real estate development</b>         |       |            |             |              |             |
| Residential  |       | 516        | 102         | 1,316        | 2           |
| <b>Total real estate for resale</b>                    |       | <b>516</b> | <b>102</b>  | <b>1,316</b> | <b>2</b>    |
| (Valued at the lower of cost and net realisable value) |       |            |             |              |             |
| <b>Represented by:</b>                                 |       |            |             |              |             |
| Acquisition costs                                      |       | 56         | 72          | 214          | 2           |
| Development costs                                      |       | 460        | 30          | 1,102        | –           |
| <b>Total costs</b>                                     |       | <b>516</b> | <b>102</b>  | <b>1,316</b> | <b>2</b>    |
| Less: provision for under recovery                     |       | –          | –           | –            | –           |
| <b>Total real estate for resale</b>                    |       | <b>516</b> | <b>102</b>  | <b>1,316</b> | <b>2</b>    |
| <b>Movements:</b>                                      |       |            |             |              |             |
| Real estate assets at beginning of the year            |       | 1,316      | 2           | 1,170        | –           |
| – Purchases and other costs                            |       | 2          | –           | 338          | 2           |
| – Transfers in from (out to) Note 10                   |       | –          | –           | (34)         | –           |
| – WDV of sales (expense)                               | 5     | (802)      | –           | (158)        | –           |
| – Transfer between current/non-current                 |       | –          | 102         | –            | –           |
| – Other  |       | –          | (2)         | –            | –           |
| <b>Total real estate for resale</b>                    |       | <b>516</b> | <b>102</b>  | <b>1,316</b> | <b>2</b>    |

**(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;

|                        | 2018     | 2017       |
|------------------------|----------|------------|
| Real estate for resale | –        | 102        |
|                        | <b>–</b> | <b>102</b> |

**Accounting policy****Inventory held for distribution**

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

**Land held for resale/capitalisation of borrowing costs**

Land held for resale is stated at the lower of cost and net realisable value. Cost is assigned by specific identification and includes the cost of acquisition, and development and borrowing costs during development. When development is completed borrowing costs and other holding charges are expensed as incurred. Borrowing costs included in the cost of land held for resale are those costs that would have been avoided if the expenditure on the acquisition and development of the land had not been made. Borrowing costs incurred while active development is interrupted for extended periods are recognised as expenses.

## Coolamon Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 9. Non-current assets classified as held for sale (and disposal groups)

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 2018

## Note 10(a). Infrastructure, property, plant and equipment

| Asset class  | as at 30/6/2017       |   |                     | Asset movements during the reporting period |                      |   |                             |                      |               |                           |  |  | as at 30/6/2018       |   |                     |        |
|--|-----------------------|---|---------------------|---|----------------------|---|-----------------------------|----------------------|---------------|---------------------------|--|--|-----------------------|---|---------------------|--------|
|  |                       |   |                     | Additions renewals                          | Additions new assets | Reinstatement costs for impaired assets | Carrying value of disposals | Depreciation expense | WIP transfers | Adjustments and transfers | Revaluation decrements to equity (ARR) | Revaluation increments to equity (ARR) |                       |   |                     |        |
|  | Gross carrying amount | Accumulated depreciation and impairment | Net carrying amount |   |                      |   |                             |                      |               |                           |  |  | Gross carrying amount | Accumulated depreciation and impairment | Net carrying amount |        |
| <b>\$ '000</b>   |                       |   |                     |   |                      |   |                             |                      |               |                           |  |  |                       |   |                     |        |
| Capital work in progress   | 459                   | –                                       | 459                 | 32  | 250                  |   |                             | –                    |               | (404)                     |  |  |                       | 337                                     | –                   | 337    |
| Plant and equipment  | 5,352                 | 3,269                                   | 2,083               | 1,029                                       | 61                   |   | (209)                       | (449)                |               |                           |  |  |                       | 5,282                                   | 2,767               | 2,515  |
| Office equipment   | 671                   | 408                                     | 263                 |   | 21                   |   |                             | (48)                 |               |                           |  |  |                       | 693                                     | 457                 | 236    |
| <b>Land:</b>   |                       |   |                     |   |                      |   |                             |                      |               |                           |  |  |                       |   |                     |        |
| – Operational land   | 2,798                 | –                                       | 2,798               |   |                      |   | (78)                        | –                    |               |                           |  | 1,445                                  |                       | 4,165                                   | –                   | 4,165  |
| – Community land   | 1,617                 | –                                       | 1,617               |   |                      |   |                             | –                    |               |                           |  |  |                       | 1,617                                   | –                   | 1,617  |
| Land improvements – depreciable  | 640                   | 213                                     | 427                 |   |                      |   |                             | (18)                 |               |                           |  |  |                       | 640                                     | 231                 | 409    |
| <b>Infrastructure:</b>   |                       |   |                     |   |                      |   |                             |                      |               |                           |  |  |                       |   |                     |        |
| – Buildings – non-specialised  | 19,987                | 6,668                                   | 13,319              |   | 409                  |   | (275)                       | (202)                | 81            | (11,687)                  |  | 14                                     |                       | 1,878                                   | 219                 | 1,659  |
| – Buildings – specialised  | 16,468                | 7,998                                   | 8,470               | 608   | 58                   |   |                             | (197)                | 71            | 11,687                    |  | 2,983                                  |                       | 41,157                                  | 17,477              | 23,680 |
| – Other structures   | 5,445                 | 2,298                                   | 3,147               | 415   | 8                    |   | (30)                        | (102)                | 242           |                           |  |  |                       | 6,034                                   | 2,354               | 3,680  |
| – Roads  | 74,379                | 13,647                                  | 60,732              | 2,877                                       | 207                  | 970                                     |                             | (1,852)              |               |                           |  |  |                       | 77,463                                  | 14,529              | 62,934 |
| – Bridges  | 2,601                 | 795                                     | 1,806               |   |                      |   |                             | (33)                 |               |                           |  |  |                       | 2,601                                   | 828                 | 1,773  |
| – Footpaths  | 2,303                 | 276                                     | 2,027               | 11  | 12                   |   |                             | (29)                 |               |                           |  |  |                       | 2,326                                   | 305                 | 2,021  |
| – Bulk earthworks (non-depreciable)  | 56,411                | –                                       | 56,411              |   | 89                   |   |                             | –                    |               |                           |  |  |                       | 56,500                                  | –                   | 56,500 |
| – Stormwater drainage  | 3,890                 | 584                                     | 3,306               | 45  |                      |   |                             | (39)                 |               |                           |  |  |                       | 3,934                                   | 622                 | 3,312  |
| – Sewerage network   | 15,348                | 5,797                                   | 9,551               |   | 7                    |   |                             | (221)                | 10            |                           |  | (62)                                   |                       | 15,775                                  | 6,490               | 9,285  |
| – Swimming pools   | 3,801                 | 2,747                                   | 1,054               |   |                      |   |                             | (28)                 |               |                           |  |  |                       | 3,801                                   | 2,775               | 1,026  |
| <b>Reinstatement, rehabilitation and restoration assets (refer Note 14):</b> |                       |   |                     |   |                      |   |                             |                      |               |                           |  |  |                       |   |                     |        |
| – Quarry assets  | 440                   | 229                                     | 211                 |   |                      |   |                             | (18)                 |               |                           |  |  |                       | 440                                     | 247                 | 193    |
| <b>TOTAL INFRASTRUCTURE, PROPERTY, PLANT AND EQUIP.</b>                      | <b>212,610</b>        | <b>44,929</b>                           | <b>167,681</b>      | <b>5,017</b>                                | <b>1,122</b>         | <b>970</b>                              | <b>(592)</b>                | <b>(3,236)</b>       | <b>–</b>      | <b>–</b>                  | <b>(62)</b>                            | <b>4,442</b>                           | <b>224,643</b>        | <b>49,301</b>                           | <b>175,342</b>      |        |

Renewals are defined as the replacement of existing assets (as opposed to the acquisition of new assets).

## Coolamon Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 10(a). Infrastructure, property, plant and equipment (continued)

##### Accounting policy for infrastructure, property, plant and equipment

Infrastructure, property, plant and equipment are held at fair value. Valuations are performed at least 5 yearly, however the carrying amount of assets is assessed at each reporting date to confirm that it is not materially different from current fair value.

Sewerage network assets are indexed at each reporting period in accordance with the Rates Reference Manual issued by Department of Industry - Lands and Water.

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.

Land and bulk earthworks are 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:

|                                   |              |                                    |              |
|-----------------------------------|--------------|------------------------------------|--------------|
| <b>Plant and equipment</b>        | <b>Years</b> | <b>Transportation assets</b>       | <b>Years</b> |
| Office equipment                  | 5 to 10      | Sealed roads: surface              | 20 to 25     |
| Office furniture                  | 10 to 20     | Sealed roads: structure            | 60 to 80     |
| Computer equipment                | 4            | Unsealed roads                     | 15           |
| Vehicles                          | 5 to 10      | Bridge: concrete                   | 80           |
| Heavy plant/road making equipment | 5 to 10      | Kerb, gutter and footpaths         | 80           |
| Other plant and equipment         | 5 to 10      |                                    |              |
|                                   |              | <b>Other equipment</b>             |              |
| <b>Sewer assets</b>               |              | Playground equipment               | 5 to 15      |
| Dams and reservoirs               | 80 to 100    | Benches, seats etc.                | 10 to 20     |
| Reticulation pipes: PVC           | 62 to 70     |                                    |              |
| Reticulation pipes: other         | 40 to 44     | <b>Buildings</b>                   |              |
| Pumps and telemetry               | 25 to 50     | Buildings: masonry                 | 50 to 100    |
|                                   |              | Buildings: other                   | 20 to 40     |
| <b>Stormwater assets</b>          |              | <b>Other infrastructure assets</b> |              |
| Drains                            | 80 to 100    | Swimming pools                     | 30 to 60     |
| Culverts                          | 50 to 80     |                                    |              |

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.

## Coolamon Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 10(a). Infrastructure, property, plant and equipment (continued)

##### **Accounting policy for infrastructure, property, plant and equipment cont.**

##### **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.

##### **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.

##### **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 buildings and plant and vehicles, except for those buildings located on Council owned or controlled land.

## Coolamon Shire Council

Notes to the Financial Statements  
for the year ended 30 June 2018

## Note 10(b). Externally restricted infrastructure, property, plant and equipment

| \$ '000<br>Class of asset         | 2018                  |                                  |                     | 2017                  |                                  |                     |
|-----------------------------------|-----------------------|----------------------------------|---------------------|-----------------------|----------------------------------|---------------------|
|                                   | Gross carrying amount | Accumulated depn. and impairment | Net carrying amount | Gross carrying amount | Accumulated depn. and impairment | Net carrying amount |
| <b>Sewerage services</b>          |                       |                                  |                     |                       |                                  |                     |
| WIP                               | –                     | –                                | –                   | 9                     | –                                | 9                   |
| Plant and equipment               | 60                    | 1                                | 59                  | –                     | –                                | –                   |
| Land                              |                       |                                  |                     |                       |                                  |                     |
| – Operational land                | 261                   | –                                | 261                 | 587                   | –                                | 587                 |
| Buildings                         | 59                    | 24                               | 35                  | –                     | –                                | –                   |
| Other structures                  | 217                   | 109                              | 108                 | 217                   | 103                              | 114                 |
| Infrastructure                    | 15,775                | 6,490                            | 9,285               | 15,348                | 5,797                            | 9,551               |
| Other assets                      | –                     | –                                | –                   | –                     | –                                | –                   |
| <b>Total sewerage services</b>    | <b>16,372</b>         | <b>6,624</b>                     | <b>9,748</b>        | <b>16,161</b>         | <b>5,900</b>                     | <b>10,261</b>       |
| <b>Domestic waste management</b>  |                       |                                  |                     |                       |                                  |                     |
| Plant and equipment               | 13                    | 3                                | 10                  | 13                    | 1                                | 12                  |
| Land                              |                       |                                  |                     |                       |                                  |                     |
| – Operational land                | 78                    | –                                | 78                  | –                     | –                                | –                   |
| Buildings                         | 330                   | 89                               | 241                 | 195                   | 48                               | 147                 |
| Other structures                  | 196                   | 182                              | 14                  | 196                   | 180                              | 16                  |
| <b>Total DWM</b>                  | <b>617</b>            | <b>274</b>                       | <b>343</b>          | <b>404</b>            | <b>229</b>                       | <b>175</b>          |
|                                   |                       |                                  |                     |                       |                                  |                     |
| <b>TOTAL RESTRICTED IPP&amp;E</b> | <b>16,989</b>         | <b>6,898</b>                     | <b>10,091</b>       | <b>16,565</b>         | <b>6,129</b>                     | <b>10,436</b>       |

## Coolamon Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 10(c). Infrastructure, property, plant and equipment – current year impairments

| \$ '000   | Notes | 2018     | 2017           |
|---|-------|----------|----------------|
| (i) Impairment losses recognised in the Income Statement:                         |       |          |                |
| Nil   |       | -        | -              |
| <b>Total impairment losses</b>  |       | <b>-</b> | <b>-</b>       |
| (ii) Reversal of impairment losses previously recognised in the Income Statement: |       |          |                |
| Nil   |       | -        | -              |
| <b>Total impairment reversals</b>   |       | <b>-</b> | <b>-</b>       |
| <b>IMPAIRMENT OF ASSETS – GAINS/(LOSSES) in P/L</b>                               | 4(d)  | <b>-</b> | <b>-</b>       |
| (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)          |
| <b>Total impairment losses</b>  |       | <b>-</b> | <b>(1,457)</b> |
| (iv) Reversals of impairment losses previously recognised direct to equity (ARR): |       |          |                |
| Nil   |       | -        | -              |
| <b>Total impairment reversals</b>   |       | <b>-</b> | <b>-</b>       |
| <b>IMPAIRMENT OF ASSETS – DIRECT to EQUITY (ARR)</b>                              |       | <b>-</b> | <b>(1,457)</b> |



## Coolamon Shire Council

### Notes to the Financial Statements for the year ended 30 June 2018

#### Note 11. Investment property

Council has not classified any land or buildings as 'investment property'.

## Coolamon Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 12. Intangible assets

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 2018

## Note 13. Payables and borrowings

| \$ '000                                    | 2018         |             | 2017         |             |
|--|--------------|-------------|--------------|-------------|
|  | Current      | Non-current | Current      | Non-current |
| <b>Payables</b>                            |              |             |              |             |
| Goods and services – operating expenditure | 286          | 1           | 444          | 1           |
| Security bonds, deposits and retentions    | 7,738        | –           | 6,684        | –           |
| <b>Total payables</b>                      | <b>8,024</b> | <b>1</b>    | <b>7,128</b> | <b>1</b>    |
| <b>Income received in advance</b>          |              |             |              |             |
| Payments received in advance               | 49           | –           | 64           | –           |
| <b>Total income received in advance</b>    | <b>49</b>    | <b>–</b>    | <b>64</b>    | <b>–</b>    |
| <b>Borrowings</b>                          |              |             |              |             |
| Loans – unsecured <sup>1</sup>             | –            | –           | 1            | 1           |
| <b>Total borrowings</b>                    | <b>–</b>     | <b>–</b>    | <b>1</b>     | <b>1</b>    |
| <b>TOTAL PAYABLES AND BORROWINGS</b>       | <b>8,073</b> | <b>1</b>    | <b>7,193</b> | <b>2</b>    |

**(a) Payables and borrowings relating to restricted assets**

|  | 2018         |             | 2017         |             |
|--|--------------|-------------|--------------|-------------|
|  | Current      | Non-current | Current      | Non-current |
| <b>Externally restricted assets</b>                                  |              |             |              |             |
| Accommodation Payments/Loan Licences                                 | 7,738        | –           | 6,684        | –           |
| Payables and borrowings relating to externally restricted assets     | 7,738        | –           | 6,684        | –           |
| <b>Internally restricted assets</b>                                  |              |             |              |             |
| Nil  |              |             |              |             |
| <b>Total payables and borrowings relating to restricted assets</b>   | <b>7,738</b> | <b>–</b>    | <b>6,684</b> | <b>–</b>    |
| <b>Total payables and borrowings relating to unrestricted assets</b> | <b>335</b>   | <b>1</b>    | <b>509</b>   | <b>2</b>    |
| <b>TOTAL PAYABLES AND BORROWINGS</b>                                 | <b>8,073</b> | <b>1</b>    | <b>7,193</b> | <b>2</b>    |

<sup>1</sup> Loans are secured over the general rating income of Council

Disclosures on liability interest rate risk exposures, fair value disclosures and security can be found in Note 20.

## Coolamon Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 13. Payables and borrowings (continued)

| \$ '000 | 2018 | 2017 |
|---------|------|------|
|---------|------|------|

**(b) Current payables and borrowings not anticipated to be settled within the next twelve months**

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

|  |              |              |
|--|--------------|--------------|
| Payables – security bonds, deposits and retentions | 7,607        | 6,676        |
|  | <u>7,607</u> | <u>6,676</u> |

**(c) Changes in liabilities arising from financing activities**

| Class of borrowings | 2017                         |            | Non-cash changes |                    |                          | 2018                          |
|---------------------|------------------------------|------------|------------------|--------------------|--------------------------|-------------------------------|
|                     | Opening balance as at 1/7/17 | Cash flows | Acquisition      | Fair value changes | Other non-cash movements | Closing balance as at 30/6/18 |
| Loans – unsecured 1 | 2                            | (2)        |                  |                    |                          | –                             |
| <b>TOTAL</b>        | <u>2</u>                     | <u>(2)</u> | <u>–</u>         | <u>–</u>           | <u>–</u>                 | <u>–</u>                      |

| \$ '000 | 2018 | 2017 |
|---------|------|------|
|---------|------|------|

**(d) Financing arrangements****(i) Unrestricted access was available at balance date to the following lines of credit:**

|   |           |           |
|---|-----------|-----------|
| Credit cards/purchase cards                   | 30        | 30        |
| <b>Total financing arrangements</b>           | <u>30</u> | <u>30</u> |
| <b>Drawn facilities as at balance date:</b>   |           |           |
| – Credit cards/purchase cards                 | –         | 3         |
| <b>Total drawn financing arrangements</b>     | <u>–</u>  | <u>3</u>  |
| <b>Undrawn facilities as at balance date:</b> |           |           |
| – Credit cards/purchase cards                 | 30        | 27        |
| <b>Total undrawn financing arrangements</b>   | <u>30</u> | <u>27</u> |

## Coolamon Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 13. Payables and borrowings (continued)

##### Accounting policy for payables and borrowings

###### 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.

###### 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 2018

## Note 14. Provisions

| \$ '000   | 2018                |                     | 2017                |                     |
|---|---------------------|---------------------|---------------------|---------------------|
|   | Current             | Non-current         | Current             | Non-current         |
| <b>Provisions</b>                                       |                     |                     |                     |                     |
| <b>Employee benefits:</b>                               |                     |                     |                     |                     |
| Annual leave  | 574                 | –                   | 532                 | –                   |
| Long service leave                                      | 992                 | 75                  | 1,026               | 43                  |
| Other leave (RDO/TIL)                                   | 16                  | –                   | 15                  | –                   |
| <b>Sub-total – aggregate employee benefits</b>          | <b>1,582</b>        | <b>75</b>           | <b>1,573</b>        | <b>43</b>           |
| <b>Asset remediation/restoration:</b>                   |                     |                     |                     |                     |
| Asset remediation/restoration (future works)            | –                   | 1,053               | –                   | 1,053               |
| <b>Sub-total – asset remediation/restoration</b>        | <b>–</b>            | <b>1,053</b>        | <b>–</b>            | <b>1,053</b>        |
| <b>Other provisions:</b>                                |                     |                     |                     |                     |
| Other   | –                   | –                   | –                   | –                   |
| <b>Sub-total – other provisions</b>                     | <b>–</b>            | <b>–</b>            | <b>–</b>            | <b>–</b>            |
| <b><u>TOTAL PROVISIONS</u></b>                          | <b><u>1,582</u></b> | <b><u>1,128</u></b> | <b><u>1,573</u></b> | <b><u>1,096</u></b> |
| <b>(a) Provisions relating to restricted assets</b>     |                     |                     |                     |                     |
|   | 2018                |                     | 2017                |                     |
|   | Current             | Non-current         | Current             | Non-current         |
| <b>Externally restricted assets</b>                     |                     |                     |                     |                     |
| Nil   |                     |                     |                     |                     |
| <b>Internally restricted assets</b>                     |                     |                     |                     |                     |
| Other (Employees Leave Entitlements)                    | 1,160               | –                   | 970                 | –                   |
| Other (Gravel Pit Rehabilitation)                       | 162                 | –                   | 152                 | –                   |
| Provisions relating to internally restricted assets     | 1,322               | –                   | 1,122               | –                   |
| <b>Total provisions relating to restricted assets</b>   | <b>1,322</b>        | <b>–</b>            | <b>1,122</b>        | <b>–</b>            |
| <b>Total provisions relating to unrestricted assets</b> | <b>260</b>          | <b>1,128</b>        | <b>451</b>          | <b>1,096</b>        |
| <b>TOTAL PROVISIONS</b>                                 | <b>1,582</b>        | <b>1,128</b>        | <b>1,573</b>        | <b>1,096</b>        |

| \$ '000 | 2018 | 2017 |
|---------|------|------|
|---------|------|------|

**(b) Current provisions not anticipated to be settled within the next twelve months**

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

|                                  |            |              |
|----------------------------------|------------|--------------|
| Provisions – employees' benefits | 992        | 1,026        |
|                                  | <b>992</b> | <b>1,026</b> |

## Coolamon Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 14. Provisions (continued)

\$ '000

## (c) Description of and movements in provisions

| 2018                                | ELE provisions |            |                    |              |           | Other employee benefits | Total |
|-------------------------------------|----------------|------------|--------------------|--------------|-----------|-------------------------|-------|
|                                     | Annual leave   | Sick leave | Long service leave | ELE on-costs |           |                         |       |
| At beginning of year                | 532            | –          | 1,069              | –            | 15        | 1,616                   |       |
| Additional provisions               | (311)          | –          | (201)              | –            | (4)       | (516)                   |       |
| Amounts used (payments)             | 353            | –          | 199                | –            | 5         | 557                     |       |
| Total ELE provisions at end of year | <b>574</b>     | <b>–</b>   | <b>1,067</b>       | <b>–</b>     | <b>16</b> | <b>1,657</b>            |       |

| 2017                                | ELE provisions |            |                    |              |           | Other employee benefits | Total |
|-------------------------------------|----------------|------------|--------------------|--------------|-----------|-------------------------|-------|
|                                     | Annual leave   | Sick leave | Long service leave | ELE on-costs |           |                         |       |
| At beginning of year                | 582            | –          | 1,036              | –            | 15        | 1,633                   |       |
| Additional provisions               | 354            | –          | 122                | –            | 12        | 488                     |       |
| Amounts used (payments)             | (404)          | –          | (89)               | –            | (12)      | (505)                   |       |
| Total ELE provisions at end of year | <b>532</b>     | <b>–</b>   | <b>1,069</b>       | <b>–</b>     | <b>15</b> | <b>1,616</b>            |       |

## Coolamon Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 14. Provisions (continued)

\$ '000

| 2018   | Other provisions  |              |
|--|-------------------|--------------|
|  | Asset remediation | Total        |
| At beginning of year                         | 1,053             | 1,053        |
| <b>Changes to provision:</b>                 |                   |              |
| – Revised costs                              | –                 | –            |
| – Revised life                               | –                 | –            |
| – Revised discount rate                      | –                 | –            |
| Additional provisions                        | –                 | –            |
| Amounts used (payments)                      | –                 | –            |
| Remeasurement effects                        | –                 | –            |
| <b>Total other provisions at end of year</b> | <b>1,053</b>      | <b>1,053</b> |
|  |                   |              |
| 2017   | Other provisions  |              |
|  | Asset remediation | Total        |
| At beginning of year                         | 991               | 991          |
| <b>Changes to provision:</b>                 |                   |              |
| Unwinding of discount                        | 69                | 69           |
| Divested quarries                            | (7)               | (7)          |
| <b>Total other provisions at end of year</b> | <b>1,053</b>      | <b>1,053</b> |

**Nature and purpose of non-employee benefit provisions****Asset remediation**

Council has a legal/public obligation to make, restore, rehabilitate and reinstate Various gravel pit sites across the Shire.



## Coolamon Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 14. Provisions (continued)

##### **Accounting policy for 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.

##### **Employee benefits**

###### **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.

###### **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.

## Coolamon Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 14. Provisions (continued)

##### Defined Benefit Superannuation Disclosure

Council participates in an employer sponsored Defined Benefit Superannuation Scheme that is a multi-employer plan.

- a) *Funding arrangements, including methodology to determine rate of contributions and any minimum funding requirements.*

Pooled Employers are required to pay standard employer contributions and additional lump sum contributions to the Fund.

The standard employer contributions were determined using a new entrant rate method under which a contribution rate sufficient to fund the total benefits over the working life-time of a typical new entrant is calculated. The current standard employer contributions rates are:

|            |                                   |
|------------|-----------------------------------|
| Division B | 1.9 times employee contributions  |
| Division C | 2.5% of salary                    |
| Division D | 1.64 times employee contributions |

The additional lump sum contributions for each Pooled Employer is a share of the total additional contributions of \$40.0 million per annum from 1 July 2017 for 4 years to 30 June 2021, apportioned according to each employer's share of the accrued liabilities as at 30 June 2017. The additional lump sum contributions are used to fund the deficit of asset to accrued liabilities as at 30 June 2017.

The adequacy of contributions is assessed at each triennial actuarial investigation and monitored annually between triennials.

- b) *Extent to which Council may be liable to plan the plan for other entities' obligations under the terms and conditions of the multi-employer plan.*

As stated above, each sponsoring employer is exposed to the actuarial risks associated with current and former employees of other sponsoring employers and hence shares in the associated gains and losses.

However, there is no relief under the Fund's trust deed for employers to walk away from their defined benefit obligations. Under limited circumstances, an employer may withdraw from the Plan where there are no active members, on full payment of outstanding additional contributions. There is no provision for allocation of any surplus which may be present at the date of withdrawal of the entity.

## Coolamon Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 14. Provisions (continued)

##### Defined Benefit Superannuation Disclosure (continued)

c) *Description of any agreed allocation of a deficit or surplus on:*

i) *wind-up of the plan*

There are no specific contributions under the Fund's trust deed dealing with deficits or surplus on wind-up.

ii) *entity's withdrawal from the plan*

There is no provision for allocation of any surplus which may be present at the date of withdrawal of an employer

d) *Further information relating to reasons for accounting for the pooled employer fund as a defined contribution plan.*

i) *the fact the plan is a defined benefit plan*

Council confirms that the plan is a defined benefit plan.

ii) *why sufficient information is not available to enable Council to account for the plan as a defined benefit plan*

1. Assets are not segregated within the sub-group according to the employees of each sponsoring employer;
2. The contribution rates have been the same for all sponsoring employers and have not varied for each employer according to the experience relating to the employees of that employer;
3. Benefits for employees of all sponsoring employers are determined according to the same formulae and without regard to the sponsoring employer; and
4. The same actuarial assumptions are currently used in respect of the employees of each sponsoring employer.

Given the factors set out above, each sponsoring employer is exposed to the actuarial risks associated with current and former employees of other sponsoring employers and hence shares in the associated gains and losses (to the extent that they are not borne by the members). As such we do not believe that there is sufficient reliable information to allow each sponsoring employer to account for its proportionate share of the defined benefit obligation, sub-groups assets and costs associated with the sub-group in the same way as it would for a single employer sponsored defined benefit plan.

iii) *the expected contribution to the plan for the next annual reporting period*

The expected contributions by Council to the fund for the next annual reporting period are \$41,172.72.

## Coolamon Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 14. Provisions (continued)

##### Defined Benefit Superannuation Disclosure (continued)

*iv) information about any deficit or surplus in the plan that may affect the amount of future contributions, including the basis used to determine that deficit or surplus and the implications, if any, for the entity.*

The estimated employer reserves financial position for the Pooled Employers at 30 June 2018 is:

| Employer reserves only*  | \$M      | Asset Coverage |
|--------------------------|----------|----------------|
| Assets                   | 1,817.80 |                |
| Past Service Liabilities | 1,787.50 | 101.70%        |
| Vested Benefits          | 1,778.00 | 102.20%        |

\* excluding member accounts and reserves in both asset and liabilities

The key economic long term assumptions used to calculate the present value of the accrued benefits are:

|   |                |
|---|----------------|
| Investment Return                             | 6.0% per annum |
| Salary inflation (plus promotional increases) | 3.5% per annum |
| Increase in CPI                               | 2.5% per annum |

The contribution requirements may vary from the current rates if the overall sub-group experience is not in line with the actuarial assumptions in determining the funding program; however, any adjustment to the funding program would be the same for all sponsoring employers in the Pooled Employers.

*iv) an indication of the level of Council's participation in the plan compared with other participating entities*

Council's participation in the Scheme compared with other entities is about 0.04% based on Council's current level of annual additional contributions against total contributions. The last valuation of the fund was performed by Mr Richard Boyfield, FIAA on 12 December 2017, relating to the period ending 30 June 2017.

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

##### **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

## Coolamon Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 14. Provisions (continued)

##### **Provisions for close-down and restoration, and environmental clean-up costs – tips and quarries (cont.)**

###### ***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.

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.

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.

## Coolamon Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 15. Accumulated surplus, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors

##### (a) 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.

##### (b) Correction of errors relating to a previous reporting period

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

##### (c) Voluntary changes in accounting policies

###### **Nature of changes in accounting policies**

Council reviewed its Related Party Disclosure Policy in December 2017 and increased the coverage of the definition of Key Management Personnel to include Executive Managers. This has required the restatement of the 2017 figures in Note 24.

The above change in accounting policy has had no impact on the Statement of Financial Position at 1 July 2016.

##### (d) 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 2018

## Note 16. Statement of cash flows – additional information

| \$ '000   | Notes | 2018         | 2017         |
|---|-------|--------------|--------------|
| <b>(a) Reconciliation of cash assets</b>  |       |              |              |
| Total cash and cash equivalent assets   | 6a    | 2,792        | 1,352        |
| Less bank overdraft   | 13    | –            | –            |
| <b>Balance as per the Statement of Cash Flows</b>   |       | <b>2,792</b> | <b>1,352</b> |
| <b>(b) Reconciliation of net operating result to cash provided from operating activities</b>  |       |              |              |
| <b>Net operating result from Income Statement</b>   |       | <b>4,083</b> | <b>4,139</b> |
| Adjust for non-cash items:  |       |              |              |
| Depreciation and amortisation   |       | 2,965        | 2,791        |
| Net losses/(gains) on disposal of assets  |       | (259)        | 223          |
| Non-cash capital grants and contributions   |       | (296)        | (835)        |
| Unwinding of discount rates on reinstatement provisions                                       |       | –            | 69           |
| Share of net (profits) or losses of associates/joint ventures                                 |       | (6)          | 4            |
| +/- Movement in operating assets and liabilities and other cash items:                        |       |              |              |
| Decrease/(increase) in receivables  |       | 21           | (264)        |
| Increase/(decrease) in provision for doubtful debts   |       | 22           | 20           |
| Decrease/(increase) in inventories  |       | (23)         | 53           |
| Increase/(decrease) in payables   |       | (158)        | (44)         |
| Increase/(decrease) in other liabilities  |       | 1,039        | 34           |
| Increase/(decrease) in employee leave entitlements  |       | 41           | (17)         |
| Increase/(decrease) in other provisions   |       | –            | (7)          |
| <b>Net cash provided from/(used in) operating activities from the Statement of Cash Flows</b> |       | <b>7,429</b> | <b>6,166</b> |
| <b>(c) Non-cash investing and financing activities</b>  |       |              |              |
| Other dedications   |       | 296          | 835          |
| <b>Total non-cash investing and financing activities</b>                                      |       | <b>296</b>   | <b>835</b>   |
| <b>(d) Net cash flows attributable to discontinued operations</b>                             |       |              |              |

Please refer to Note 22 for details of cash flows that relate to discontinued operations.

## Coolamon Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 17. Interests in other entities

\$ '000

|                | Council's share of net income |            | Council's share of net assets |            |
|----------------|-------------------------------|------------|-------------------------------|------------|
|                | Actual                        | Actual     | Actual                        | Actual     |
|                | 2018                          | 2017       | 2018                          | 2017       |
| Joint ventures | 6                             | (4)        | 162                           | 156        |
| Associates     | –                             | –          | –                             | –          |
| <b>Total</b>   | <b>6</b>                      | <b>(4)</b> | <b>162</b>                    | <b>156</b> |

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

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

## (b) Joint arrangements

## (i) Joint ventures

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

## (a) Net carrying amounts – Council's share

| Name of entity  | Nature of relationship | Measurement method | 2018       | 2017       |
|---|------------------------|--------------------|------------|------------|
| Riverina Regional Library                               | Joint venture          | Equity Method      | 162        | 156        |
| <b>Total carrying amounts – material joint ventures</b> |                        |                    | <b>162</b> | <b>156</b> |

## (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 |      |
|---------------------------|-------------------|------|---------------------|------|-----------------------|------|----------------------------|------|
|                           | 2018              | 2017 | 2018                | 2017 | 2018                  | 2017 | 2018                       | 2017 |
| Riverina Regional Library | n/a               | n/a  | 3.80%               | 3.8% | 3.80%                 | 3.8% | 3.80%                      | 3.8% |



## Coolamon Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 17. Interests in other entities (continued)

\$ '000

**(d) Summarised financial information for joint ventures**

|   | <b>Riverina Regional Library</b> |              |
|---|----------------------------------|--------------|
|   | <b>2018</b>                      | <b>2017</b>  |
| <b>Statement of financial position</b>  |                                  |              |
| <b>Current assets</b>   |                                  |              |
| Cash and cash equivalents   | 2,275                            | 2,258        |
| Other current assets  | 17                               | 22           |
| <b>Non-current assets</b>   | <b>2,816</b>                     | <b>2,840</b> |
| <b>Current liabilities</b>  |                                  |              |
| Other current liabilities   | 853                              | 1,018        |
| <b>Non-current liabilities</b>  |                                  |              |
| Non-current financial liabilities (excluding trade and other payables and provisions) | 2                                | 1            |
| <b>Net assets</b>   | <b>4,253</b>                     | <b>4,101</b> |
| <b>Reconciliation of the carrying amount</b>  |                                  |              |
| Opening net assets (1 July)   | 4,101                            | 4,206        |
| Profit/(loss) for the period  | 152                              | (105)        |
| <b>Closing net assets</b>   | <b>4,253</b>                     | <b>4,101</b> |
| <b>Council's share of net assets (%)</b>  | <b>3.80%</b>                     | <b>3.8%</b>  |
| <b>Council's share of net assets (\$)</b>   | <b>162</b>                       | <b>156</b>   |
| <b>Statement of comprehensive income</b>  |                                  |              |
| Income  | 2,876                            | 2,836        |
| Interest income   | 25                               | 20           |
| Depreciation and amortisation   | (781)                            | (766)        |
| Other expenses  | (1,968)                          | (2,195)      |
| <b>Profit/(loss) from continuing operations</b>                                       | <b>152</b>                       | <b>(105)</b> |
| Profit/(loss) from discontinued operations  |                                  |              |
| <b>Profit/(loss) for period</b>   | <b>152</b>                       | <b>(105)</b> |
| Other comprehensive income  |                                  |              |
| <b>Total comprehensive income</b>   | <b>152</b>                       | <b>(105)</b> |
| <b>Share of income – Council (%)</b>  | <b>3.80%</b>                     | <b>3.8%</b>  |
| <b>Profit/(loss) – Council (\$)</b>   | <b>6</b>                         | <b>(4)</b>   |
| <b>Total comprehensive income – Council (\$)</b>                                      | <b>6</b>                         | <b>(4)</b>   |
| <b>Dividends received by Council</b>  |                                  | –            |
| <b>Summarised Statement of cash flows</b>   |                                  |              |
| Cash flows from operating activities  | 753                              | 975          |
| Cash flows from investing activities  | (736)                            | (730)        |
| Cash flows from financing activities  | –                                | –            |
| <b>Net increase (decrease) in cash and cash equivalents</b>                           | <b>17</b>                        | <b>245</b>   |

## Coolamon Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 17. Interests in other entities (continued)

##### (b) Joint arrangements (continued)

##### **(ii) Joint operations**

Council has no interest in any joint operations.

##### **Accounting policy for joint arrangements**

The Council has determined that it has only one joint venture.

##### **Joint ventures**

Interests in joint ventures are accounted for using the equity method in accordance with AASB128 Investments in *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 joint venture 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.

##### (c) Associates

##### **(i) County Councils**

Council is a member of the Goldenfields Water County Council, a body corporate established under the *Local Government Act 1993* (NSW) responsible for the water supply functions within the Local Government areas of Bland, Coolamon, Junee, Temora, and parts of Cootamundra-Gundagai, Hilltops and Narrandera. Council does not have control or a significant influence over the County Council and accordingly, the County Council has not been consolidated in the financial statements.

##### (d) Unconsolidated structured entities

Council has no unconsolidated structured entities.

## Coolamon Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 18. Commitments for expenditure

| \$ '000  | 2018       | 2017         |
|--|------------|--------------|
| <b>(a) Capital commitments (exclusive of GST)</b>  |            |              |
| Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities: |            |              |
| <b>Property, plant and equipment</b>   |            |              |
| Buildings  | –          | 823          |
| Plant and equipment  | 59         | 211          |
| Sewer Infrastructure   | 89         | –            |
| <b>Investment property</b>   |            |              |
| – Land   | –          | –            |
| – Buildings  | –          | –            |
| – Other  | –          | –            |
| <b>Total commitments</b>   | <b>148</b> | <b>1,034</b> |
| <b>These expenditures are payable as follows:</b>  |            |              |
| Within the next year   | 148        | 1,034        |
| Later than one year and not later than 5 years   | –          | –            |
| Later than 5 years   | –          | –            |
| <b>Total payable</b>   | <b>148</b> | <b>1,034</b> |
| <b>Sources for funding of capital commitments:</b>   |            |              |
| Unrestricted general funds   | 36         | 339          |
| Future grants and contributions  | 98         | 246          |
| Externally restricted reserves   | 14         | –            |
| Internally restricted reserves   | –          | 449          |
| <b>Total sources of funding</b>  | <b>148</b> | <b>1,034</b> |

**Details of capital commitments**

Council was partway through an upgrade to its Financial Database software and hardware and Electronic Document Management System at the end of the financial year. It is anticipated that the project will be completed by 30 September 2018 with approximately \$34,000 committed.

Council has ordered a pump track funded by successful grant applications. A 50% deposit has been paid with \$25,000 still to pay on delivery, which is expected by 31 October 2018.

Council has engaged a contractor to undertake the design of the Ardlethan Sewerage Treatment Works. It is anticipated that the design works will be completed in early September 2018 in anticipation of calling for construction tenders.

## Coolamon Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 18. Commitments for expenditure (continued)

##### (b) Finance lease commitments

Nil

##### (c) Operating lease commitments (non-cancellable)

Nil

##### (d) Investment property commitments

Nil

##### (e) Investment in joint operations – commitments

Nil

## Coolamon Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 19. Contingencies and other liabilities/assets not recognised

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

##### **LIABILITIES NOT RECOGNISED:**

##### **1. Guarantees**

##### **(i) Defined benefit superannuation contribution plans**

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

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

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

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

Future contributions made to the defined benefit scheme to rectify the net deficit position will be recognised as an expense when they become payable – similar to the accounting for defined contributions plans. Refer to Note 14 for Council's expected contributions to the fund for the next reporting period.

##### **(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.

## Coolamon Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

### Note 19. Contingencies and other liabilities/assets not recognised (continued)

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

##### **1. Guarantees** (continued)

##### **(iii) StateCover Limited** (continued)

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

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

##### **(iv) Other guarantees**

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

##### **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.

#### **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 and including 30/6/08.

##### **(ii) Developer Contributions Expenditure in Advance**

The Contributions Plan for Recoupment of Roads is currently in deficit by \$189,000 - 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 2018

#### Note 19. Contingencies and other liabilities/assets not recognised (continued)

##### **ASSETS NOT RECOGNISED** (continued):

##### **(iii) Infringement notices/fines**

Fines and penalty income, the result of Council issuing infringement notices is followed up and collected by the Infringement Processing Bureau.

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

Accordingly, at year end, there is a potential asset due to Council representing issued but unpaid infringement notices.

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

## Coolamon Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 20. Financial risk management

\$ '000

##### Risk management

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

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

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

Financial risk management is carried out by Council's finance section under policies approved by the Council.

A comparison by category of the carrying amounts and fair values of Council's financial assets and financial liabilities recognised in the financial statements is presented below.

|                                    | Carrying value |               | Fair value    |               |
|------------------------------------|----------------|---------------|---------------|---------------|
|                                    | 2018           | 2017          | 2018          | 2017          |
| <b>Financial assets</b>            |                |               |               |               |
| Cash and cash equivalents          | 2,792          | 1,352         | 2,792         | 1,352         |
| Investments                        |                |               |               |               |
| – Held to maturity                 | 16,200         | 15,200        | 16,200        | 15,200        |
| Receivables                        | 896            | 943           | 896           | 943           |
| <b>Total financial assets</b>      | <b>19,888</b>  | <b>17,495</b> | <b>19,888</b> | <b>17,495</b> |
| <b>Financial liabilities</b>       |                |               |               |               |
| Payables                           | 8,025          | 7,129         | 8,025         | 7,129         |
| Loans/advances                     | –              | 2             | –             | 2             |
| <b>Total financial liabilities</b> | <b>8,025</b>   | <b>7,131</b>  | <b>8,025</b>  | <b>7,131</b>  |

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.



## Coolamon Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 20. 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 Ministerial Investment Order 625. This policy is regularly reviewed by Council and its staff and a monthly Investment report is provided to Council setting out the make-up and performance of the portfolio as required by Local Government regulations.

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 their 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 |
| <b>2018</b>  |                          |        |                          |        |
| Possible impact of a 10% movement in market values | –                        | –      | –                        | –      |
| Possible impact of a 1% movement in interest rates | 173                      | 173    | (173)                    | (173)  |
| <b>2017</b>  |                          |        |                          |        |
| Possible impact of a 10% movement in market values | –                        | –      | –                        | –      |
| Possible impact of a 1% movement in interest rates | 157                      | 157    | (157)                    | (157)  |

## Coolamon Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 20. Financial risk management (continued)

##### (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 reported to Council monthly and benchmarks are set and monitored for acceptable collection performance.

Council makes suitable provision for doubtful receivables as required and carries out credit checks on most 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 2018

## Note 20. Financial risk management (continued)

\$ '000

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

|                                      | 2018<br>Rates and<br>annual<br>charges | 2018<br>Other<br>receivables | 2017<br>Rates and<br>annual<br>charges | 2017<br>Other<br>receivables |
|--------------------------------------|--|------------------------------|--|------------------------------|
| <b>(i) Ageing of receivables – %</b> |  |                              |  |                              |
| Current (not yet overdue)            | 0%                                     | 55%                          | 0%                                     | 36%                          |
| Overdue                              | 100%                                   | 45%                          | 100%                                   | 64%                          |
|                                      | <b>100%</b>                            | <b>100%</b>                  | <b>100%</b>                            | <b>100%</b>                  |

**(ii) Ageing of receivables – value****Rates and annual charges**

|                     | 2018       | 2017       |
|---------------------|------------|------------|
| Current             | –          | –          |
| < 1 year overdue    | 46         | 67         |
| 1 – 2 years overdue | 52         | 82         |
| 2 – 5 years overdue | 95         | 29         |
| > 5 years overdue   | 95         | 99         |
|                     | <b>288</b> | <b>277</b> |

**Other receivables**

|                      |            |            |
|----------------------|------------|------------|
| Current              | 424        | 289        |
| 0 – 30 days overdue  | 16         | 83         |
| 31 – 60 days overdue | 3          | 37         |
| 61 – 90 days overdue | 4          | –          |
| > 91 days overdue    | 330        | 404        |
|                      | <b>777</b> | <b>813</b> |

## Coolamon Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 20. Financial risk management (continued)

## (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.

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 by borrowing long term and fixing the interest rate on a 4-year renewal basis. The Finance Section regularly reviews interest rate movements to determine if it would be advantageous to refinance or renegotiate part or all of the loan portfolio.

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

| \$ '000                            | Weighted<br>average<br>interest rate | Subject<br>to no<br>maturity | payable in: |             |            | Total<br>cash<br>outflows | Actual<br>carrying<br>values |
|------------------------------------|--------------------------------------|------------------------------|-------------|-------------|------------|---------------------------|------------------------------|
|                                    |                                      |                              | ≤ 1 Year    | 1 – 5 Years | > 5 Years  |                           |                              |
| <b>2018</b>                        |                                      |                              |             |             |            |                           |                              |
| Trade/other payables               | 0.00%                                | 7,738                        | 130         | 340         | 127        | 8,335                     | 8,025                        |
| <b>Total financial liabilities</b> |                                      | <b>7,738</b>                 | <b>130</b>  | <b>340</b>  | <b>127</b> | <b>8,335</b>              | <b>8,025</b>                 |
| <b>2017</b>                        |                                      |                              |             |             |            |                           |                              |
| Trade/other payables               | 0.00%                                | 6,499                        | 361         | 214         | 55         | 7,129                     | 7,129                        |
| Loans and advances                 | 7.50%                                |                              | 1           | 1           |            | 2                         | 2                            |
| <b>Total financial liabilities</b> |                                      | <b>6,499</b>                 | <b>362</b>  | <b>215</b>  | <b>55</b>  | <b>7,131</b>              | <b>7,131</b>                 |

## Coolamon Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 21. Material budget variations

Council's original financial budget for 17/18 was adopted by the Council on 15 June 2017 and is not required to be audited.

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   | 2018<br>Budget | 2018<br>Actual | 2018<br>----- Variance* ----- |     |          |
|---|----------------|----------------|-------------------------------|-----|----------|
| <b>REVENUES</b>   |                |                |                               |     |          |
| Rates and annual charges  | 3,410          | 3,418          | 8                             | 0%  | <b>F</b> |
| User charges and fees   | 2,813          | 3,571          | 758                           | 27% | <b>F</b> |
| Income from Home Care Packages was budgeted at \$59,000 and due to increased demand \$154,000 was raised as income.   |                |                |                               |     |          |
| Resident care and accommodation income for Allawah Lodge was budgeted at \$1,572,000 and Council raised \$2,022,000 due to increased care needs of residents.                   |                |                |                               |     |          |
| Private works income was budgeted at \$30,000 and \$157,000 was raised as income – some of this was a result of Flood Restoration undertaken by Council on behalf of the crown. |                |                |                               |     |          |
| Interest and investment revenue   | 404            | 447            | 43                            | 11% | <b>F</b> |
| Due to higher than anticipated investment returns, Council's interest income exceed the original budget of \$404,000 by \$43,000.   |                |                |                               |     |          |

## Coolamon Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 21. Material budget variations (continued)

| \$ '000   | 2018<br>Budget | 2018<br>Actual | 2018<br>----- Variance* ----- |     |          |
|---|----------------|----------------|-------------------------------|-----|----------|
| <b>Other revenues</b>   | <b>491</b>     | <b>835</b>     | <b>344</b>                    | 70% | <b>F</b> |
| <p>During the financial year Council received a refund of Payroll Tax relating to Allawah Lodge amounting to \$87,000. This was not included in Council's original budget.</p> <p>During the financial year Council received an insurance claim payout of \$50,000 that was not included in Council's original budget.</p> <p>Council received \$29,000 in incentives from its insurance companies. This amount was not included in Council's original budget.</p> <p>Council received \$14,000 in unbudgeted donations and other income relating to the Coolamon Early Childhood Centre.</p> <p>Council raised \$10,000 in legal fees to be recouped through debt recovery. This was not included in the original budget.</p>  |                |                |                               |     |          |
| <b>Operating grants and contributions</b>   | <b>4,122</b>   | <b>6,592</b>   | <b>2,470</b>                  | 60% | <b>F</b> |
| <p>Council's original budget allowed for \$1,632,000 to be received in relation to the financial assistance grant for 2017/2018. This had been adjusted to take into account the pre-payment of one half of the 2017/2018 grant that was made in the 2016/2017 year. The Federal Government announced in the May budget that they would once again pre-pay one half of the financial assistance grant which resulted in \$1,766,000 being received.</p> <p>Council successfully applied for an Organics Infrastructure Grant for improvements to the Organics Recycling Process. Council's original budget did not allow for this project.</p> <p>Council's original budget did not allow for the funds that Council has been successfully granted for the construction of the Ardlethan Sewerage Scheme. Council has raised \$231,072 in operating grant funds to cover the project management.</p> <p>Council has engaged a Biodiversity Officer to provide advice to the local government areas of the Riverina and Murray. This project was not included in Council's original budget and has resulted in \$42,423.43 being raised in income.</p> <p>Council's original budget did not allow for the receipt of Road Royalties. \$24,408 was received during the financial year.</p> <p>\$38,010 in unbudgeted ISS Support funds were received in during the financial year relating to the operation of the Coolamon Early Childhood Centre.</p> |                |                |                               |     |          |

## Coolamon Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 21. Material budget variations (continued)

| \$ '000  | 2018<br>Budget | 2018<br>Actual | 2018<br>----- Variance* ----- |                |
|--|----------------|----------------|-------------------------------|----------------|
| <b>Capital grants and contributions</b>  | <b>3,429</b>   | <b>2,408</b>   | <b>(1,021)</b>                | (30%) <b>U</b> |
| <p>Council's original budget included a number of grant funded projects that Council was unsuccessful in obtaining funding. These included \$68,000 for an effluent reuse project, \$170,000 in Hall Upgrades, \$301,433 funding for a subsequent stage of the Coolamon Shire Caravan Park, \$45,800 for Skate Parks (Council's application was successful but the funds have not been received).</p> <p>Under Council's new Developer Contributions Plan it was anticipated that Council would undertake \$328,155 in works and would receive the same amount from developers. Total Contributions for the year only equated to \$11,538.</p> <p>Council's original budget allowed for \$122,750 to be received with respect to the Ganmain &amp; Ardlethan Swimming Pool amenities. This project was completed ahead of schedule and the entire grant of \$245,500 was received during the financial year.</p> <p>Council's original budget allowed for \$878,000 funding to be received for Fixing Country Roads projects. Due to the delay of the Bygoo Road Realignment only \$460,000 was received during the financial year.</p> <p>Council's original budget allowed for \$1,300,000 in NDRRA funding to be received. Council has only funded works to the value of \$887,004.</p> <p>Council's application to Roads &amp; Maritime Services for funding under the Active Transport Programme was unsuccessful. Therefore budgeted income of \$13,953 was not received.</p> <p>Council received funding under Round 1 of the Stronger Country Communities Fund totalling \$254,258. This was not included in Council's original budget.</p> <p>Council received developed dedicated assets to the value of \$296,000. This value is accounted for as income and as an asset in Council's financial statements.</p> <p>Council received \$35,000 in unbudgeted sewer developer contributions during the 2017/2018 financial year.</p> |                |                |                               |                |
| <b>Net gains from disposal of assets</b>   | <b>190</b>     | <b>259</b>     | <b>69</b>                     | 36% <b>F</b>   |
| <p>Anticipated to make \$41,000 on Plant Disposal and \$152,870 on the sale of Real Estate land and during the financial year actually achieved \$194,000 from plant disposals, \$189,000 from Real Estate sales and losses relating to the disposal of Property and Other Structures of \$124,000</p>   |                |                |                               |                |
| <b>Joint ventures and associates - net profits</b>   | <b>5</b>       | <b>6</b>       | <b>1</b>                      | 20% <b>F</b>   |

## Coolamon Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 21. Material budget variations (continued)

| \$ '000  | 2018<br>Budget | 2018<br>Actual | 2018<br>----- Variance* ----- |                |
|--|----------------|----------------|-------------------------------|----------------|
| <b>EXPENSES</b>  |                |                |                               |                |
| <b>Employee benefits and on-costs</b>  | <b>5,043</b>   | <b>5,572</b>   | <b>(529)</b>                  | (10%) <b>U</b> |
| <p>Council's original budget allowed for Salaries &amp; Wages (adjusted for capital wages) of \$3,280,000 and actual \$3,797,000. The variation can be attributed to Allawah Lodge Wages being \$163,000 over budget due to additional resident needs, additional wages of \$19,000 at the Coolamon Early Childhood Centre to meet children needs (offset by funding), additional wages relating to the provision additional of Home Care Packages, the engagement of the Biodiversity officer</p> <p>The budget for Employees leave entitlements was \$860,000 budget and \$909,000 was actually expensed. This can be attributed to unbudgeted leave expense for sick, carers and maternity leave and the increase to provisions due to wage increases.</p>  |                |                |                               |                |
| <b>Borrowing costs</b>   | <b>30</b>      | <b>6</b>       | <b>24</b>                     | 80% <b>F</b>   |
| <p>Council staff have reviewed the current provision for Gravel Pit Restoration and have assessed that it is currently in excess of what would be required today. Therefore Council has not expensed the budgeted finance cost for gravel pit rehabilitation.</p>  |                |                |                               |                |
| <b>Materials and contracts</b>   | <b>2,397</b>   | <b>3,392</b>   | <b>(995)</b>                  | (42%) <b>U</b> |
| <p>Council's engagement of a contractor to project manage the Ardlethan Sewerage Scheme cost \$211,000 during the financial year. This was not included in Council's original budget and is funded by the grant.</p> <p>Council engaged a contractor to undertake a review of residents needs at Allawah Lodge. This consultancy was based on a percentage of increased income and together with agency staff the total cost during the financial year amounted to \$256,000. These costs were not included in Council's original budget.</p> <p>Council's original budget allowed \$35,000 for Legal Expenses. Actual expenditure during the year amounted to \$76,000 including legal costs associated with a number of planning matters that were not anticipated when the budget was formulated.</p> |                |                |                               |                |
| <b>Depreciation and amortisation</b>   | <b>3,022</b>   | <b>2,965</b>   | <b>57</b>                     | 2% <b>F</b>    |
| <b>Other expenses</b>  | <b>1,578</b>   | <b>1,518</b>   | <b>60</b>                     | 4% <b>F</b>    |



## Coolamon Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 21. Material budget variations (continued)

| \$ '000   | 2018<br>Budget | 2018<br>Actual | 2018<br>Variance* |                |          |
|---|----------------|----------------|-------------------|----------------|----------|
| <b>Budget variations relating to Council's Cash Flow Statement include:</b>   |                |                |                   |                |          |
| <b>Cash flows from operating activities</b>   | <b>6,070</b>   | <b>7,429</b>   | <b>1,359</b>      | <b>22.4%</b>   | <b>F</b> |
| Council's original budget allowed for \$1,632,000 to be received in relation to the financial assistance grant for 2017/2018. This had been adjusted to take into account the pre-payment of one half of the 2017/2018 grant that was made in the 2016/2017 year. The Federal Government announced in the May budget that they would once again pre-pay one half of the financial assistance grant which resulted in \$1,766,000 being received.  |                |                |                   |                |          |
| <b>Cash flows from investing activities</b>   | <b>(7,390)</b> | <b>(5,987)</b> | <b>1,403</b>      | <b>(19.0%)</b> | <b>F</b> |
| The following works were included in Council's original budget but were not undertaken during the year: Sewer Main Replacements \$126,000, Effluent Reuse Extension \$68,000 - grant money not received, Transfer Station Establishment \$80,000 - deferred, Section 94 works \$328,155 - contributions not received, Fixing Country Roads \$523,000 - delays in securing land for development, Hall Upgrades \$182,000 - grant money not received, Coolamon Caravan Park \$100,000 - grant money not received, Skate Parks \$91,600 - deferred to 2018/2018, Wash Bay \$50,000 - deferred to 2018/2019, Flood Restoration Works \$330,000 - works not undertaken.<br>Council's original budget allowed for \$545,000 cash inflow from real estate sales and Council achieved \$991,000. Due to additional operating cash, Council invested an additional \$1,000,000 in term deposits over the financial year. |                |                |                   |                |          |
| <b>Cash flows from financing activities</b>   | <b>(1)</b>     | <b>(2)</b>     | <b>(1)</b>        | <b>100.0%</b>  | <b>U</b> |

## Coolamon Shire Council

### Notes to the Financial Statements for the year ended 30 June 2018

#### Note 22. Discontinued operations

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

## Coolamon Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 23. Fair value measurement

\$ '000

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

– Infrastructure, property, plant and equipment

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

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

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

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

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

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

| 2018   | Date of latest valuation | Fair value measurement hierarchy        |  |  | Total          |
|--|--------------------------|---|--|--|----------------|
|  |                          | Level 1<br>Quoted prices in active mkts | Level 2<br>Significant observable inputs | Level 3<br>Significant unobservable inputs |                |
| <b>Recurring fair value measurements</b>                   |                          |   |  |  |                |
| <b>Infrastructure, property, plant and equipment</b>       |                          |   |  |  |                |
| Plant and equipment  | 30/06/18                 | –                                       | –  | 2,515                                      | 2,515          |
| Office furniture   | 30/06/18                 | –                                       | –  | 236  | 236            |
| Operational land   | 30/06/18                 | –                                       | 4,165                                    | –  | 4,165          |
| Community land   | 30/06/16                 | –                                       | –  | 1,617                                      | 1,617          |
| Land improvements  | 30/06/18                 | –                                       | –  | 409  | 409            |
| Buildings – non-specialised                                | 30/06/18                 | –                                       | 1,659                                    | –  | 1,659          |
| Buildings – specialised                                    | 30/06/18                 | –                                       | –  | 23,680                                     | 23,680         |
| Other structures   | 30/06/18                 | –                                       | –  | 3,680                                      | 3,680          |
| Roads, bridge and footpaths                                | 30/06/15                 | –                                       | –  | 66,728                                     | 66,728         |
| Bulk earthworks  | 30/06/15                 | –                                       | –  | 56,500                                     | 56,500         |
| Stormwater drainage  | 30/06/15                 | –                                       | –  | 3,312                                      | 3,312          |
| Sewerage network   | 30/06/18                 | –                                       | –  | 9,285                                      | 9,285          |
| Swimming pools   | 30/06/18                 | –                                       | –  | 1,026                                      | 1,026          |
| Quarry Assets  | 30/06/18                 | –                                       | –  | 193  | 193            |
| <b>Total infrastructure, property, plant and equipment</b> |                          | <b>–</b>                                | <b>5,824</b>                             | <b>169,181</b>                             | <b>175,005</b> |

## Coolamon Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 23. Fair value measurement (continued)

\$ '000

| 2017   | Date<br>of latest<br>valuation | Fair value measurement hierarchy              |  |  | Total          |
|--|--------------------------------|---|--|--|----------------|
|  |                                | Level 1<br>Quoted<br>prices in<br>active mkts | Level 2<br>Significant<br>observable<br>inputs | Level 3<br>Significant<br>unobservable<br>inputs |                |
| <b>Recurring fair value measurements</b>                   |                                |   |  |  |                |
| <b>Infrastructure, property, plant and equipment</b>       |                                |   |  |  |                |
| 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            |
| <b>Total infrastructure, property, plant and equipment</b> |                                | <b>–</b>                                      | <b>16,117</b>                                  | <b>151,105</b>                                   | <b>167,222</b> |

**(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.

## Coolamon Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 23. Fair value measurement (continued)

##### (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 2017/2018. 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 AssetVal to value all of its operational land with an effective date of 30/06/2018.

###### Buildings - Specialised & Non-Specialised

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

Council engaged AssetVal to value all of its buildings with an effective date of 30/06/18.

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 2018

## Note 23. 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.

|  |          |          |          | I,P,P & E<br>(Note 10a) | Total          |
|--|----------|----------|----------|-------------------------|----------------|
| <b>Opening balance – 1/7/16</b>  | –        | –        | –        | 153,992                 | 153,992        |
| 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)        |
| <b>Closing balance – 30/6/17</b>   | <b>–</b> | <b>–</b> | <b>–</b> | <b>151,105</b>          | <b>151,105</b> |
| Transfers from/(to) level 2 FV hierarchy <sup>23 4(b)</sup>  | –        | –        | –        | 11,687                  | 11,687         |
| Purchases (GBV)  | –        | –        | –        | 6,741                   | 6,741          |
| Disposals (WDV)  | –        | –        | –        | (239)                   | (239)          |
| Depreciation and impairment  | –        | –        | –        | (3,034)                 | (3,034)        |
| FV gains – other comprehensive income  | –        | –        | –        | 2,921                   | 2,921          |
| <b>Closing balance – 30/6/18</b>   | <b>–</b> | <b>–</b> | <b>–</b> | <b>169,181</b>          | <b>169,181</b> |
| <sup>1</sup> FV gains recognised in the Income Statement relating to assets still on hand at year end total: |          |          |          |                         |                |
| YE 16/17   | –        | –        | –        | –                       | –              |
| YE 17/18   | –        | –        | –        | –                       | –              |

## Coolamon Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 23. Fair value measurement (continued)

## (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:**

Following the revaluation of Building Assets by AssetVal in 2017/2018, a number of buildings that had previously been identified as Level 2 were reclassified as Level 3 due to the lack of a fair value market. These included Allawah Lodge, Allawah Retirement Village and the Coolamon Early Childhood Centre.

**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 (30/6/18) \$'000 | Valuation technique/s                                     | Unobservable inputs                                    |
|---|-----------------------------|---|--|
| <b>IPP&amp;E</b>                            |                             |   |  |
| PP&E & Office Equipment                     | 2,751                       | 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                           | 409                         | Cost used to approximate fair value (In House)            | Asset condition, remaining lives and residual value    |
| Specialised Buildings                       | 23,680                      | Unit rates (External Valuer)                              | Asset condition, remaining lives and residual value    |
| Other Structures                            | 3,680                       | Cost used to approximate fair value (In House)            | Asset condition, remaining lives and residual value    |
| Roads, Bridges, Footpaths & Bulk Earthworks | 123,228                     | Unit rates (In House)                                     | Asset condition, remaining lives and residual value    |
| Stormwater                                  | 3,312                       | Unit rates (In House)                                     | Asset condition, remaining lives and residual value    |
| Sewerage                                    | 9,285                       | Unit rates (In House)                                     | Asset condition, remaining lives and residual value    |
| Swimming Pools                              | 1,026                       | Cost used to approximate fair value (In House)            | Asset condition, remaining lives and residual value    |
| Gravel Pits                                 | 193                         | 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 2018

#### Note 23. Fair value measurement (continued)

##### (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 2018

## Note 24. Related party transactions

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 \$ '000
 

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**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:

| <b>Compensation:</b>     | <b>2018</b> | <b>2017</b> |
|--------------------------|-------------|-------------|
| Short-term benefits      | 772         | 709         |
| Post-employment benefits | 61          | 55          |
| Other long-term benefits | 27          | 25          |
| <b>Total</b>             | <b>860</b>  | <b>789</b>  |

## Coolamon Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 24. Related party transactions (continued)

## 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 |
|---------------------------|-----|-----------------------------------|---|---|---|-----------------------------------|
|                           | Ref | Actual \$                         | Actual \$   |   | Actual \$                                 | Actual \$                         |
| <b>2018</b>               |     |                                   |   |   |   |                                   |
| Clr Bruce Hutcheon        | 3   | 49,240                            |   | Accommodation Deposit Receipt                           | -   | -                                 |
| Clr Bruce Hutcheon        | 4   | 296,270                           |   | Donated assets from subdivision undertaken by Developer | -   | -                                 |
| T Donoghue                | 5   | 68,181                            |   | Sale of Real Estate                                     | -   | -                                 |

## Coolamon Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 24. Related party transactions (continued)

## b. Other transactions with KMP and their related parties (continued)

| 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 |
|---------------------------|-----|-----------------------------------|---|-------------------------------|---|-----------------------------------|
|                           | Ref | Actual \$                         | Actual \$   |                               | Actual \$                                 | Actual \$                         |
| <b>2017</b>               |     |                                   |   |                               |   |                                   |
| Clr Colin McKinnon        | 1   | 137,000                           | -   | Accommodation Bond Refund     | -   | -                                 |
| Clr Bruce Hutcheon        | 2   | 64,000                            | -   | Accommodation Deposit Receipt | -   | -                                 |

## Coolamon Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 24. Related party transactions (continued)

##### b. Other transactions with KMP and their related parties (continued)

- 3 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 arm's length basis and is consistent with the terms and conditions for residents of the facility.
- 4 During the year a related party of the key management personnel of Council donated infrastructure assets as part of a subdivision development.
- 5 During the year a related party of the key management personnel of Council purchased a real estate allotment from Council. The allotments were advertised for sale publicly and the transaction was conducted by Council on an arm's length basis and was consistent with the terms and conditions of all real estate sales.

##### Prior Year

- 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 arm's 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 arm's 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 2018

#### Note 25. Events occurring after the reporting date

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 2018

## Note 26. Statement of developer contributions

\$ '000

Under the *Environmental Planning and Assessment Act 1979*, Council has significant obligations to provide Section 7.11 (contributions towards provision or improvement of amenities or services) infrastructure in new release areas.

It is possible that the funds contributed may be less than the cost of this infrastructure, requiring Council to borrow or use general revenue to fund the difference.

## 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 |                         |                         |                              |                          |  |
| Footpaths  | –               | –                                      | –        | –                       | –                       | –                            | –                        | –  |
| Kerb & Gutter                                    | –               | 1                                      | –        | –                       | –                       | –                            | 1                        | –  |
| Roads & Carparking                               | –               | 2                                      | –        | –                       | –                       | –                            | 2                        | –  |
| Roads recoupment                                 | –               | 8                                      | –        | –                       | –                       | (8)                          | 0                        | (189)  |
| Plan administration                              | –               | –                                      | –        | –                       | –                       | –                            | –                        | –  |
| <b>S7.11 contributions – under a plan</b>        | <b>–</b>        | <b>11</b>                              | <b>–</b> | <b>–</b>                | <b>–</b>                | <b>(8)</b>                   | <b>3</b>                 | <b>(189)</b>                                 |
| <b>S7.12 levies – under a plan</b>               | <b>–</b>        | <b>–</b>                               | <b>–</b> | <b>–</b>                | <b>–</b>                | <b>–</b>                     | <b>–</b>                 | <b>–</b>                                     |
| <b>Total S7.11 and S7.12 revenue under plans</b> | <b>–</b>        | <b>11</b>                              | <b>–</b> | <b>–</b>                | <b>–</b>                | <b>(8)</b>                   | <b>3</b>                 | <b>(189)</b>                                 |
| S7.11 not under plans                            | –               | –                                      | –        | –                       | –                       | –                            | –                        | –  |
| S7.4 planning agreements                         | –               | –                                      | –        | –                       | –                       | –                            | –                        | –  |
| S64 contributions                                | –               | –                                      | –        | –                       | –                       | –                            | –                        | –  |
| <b>Total contributions</b>                       | <b>–</b>        | <b>11</b>                              | <b>–</b> | <b>–</b>                | <b>–</b>                | <b>(8)</b>                   | <b>3</b>                 | <b>(189)</b>                                 |

## Coolamon Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 26. Statement of developer contributions (continued)

\$ '000

## S7.11 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 |                         |                         |                              |                          |  |
| Footpaths           | -               | -                                      |          |                         |                         |                              | -                        |  |
| Kerb & Gutter       | -               | 1                                      |          |                         |                         |                              | 1                        |  |
| Roads & Carparking  | -               | 2                                      |          |                         |                         |                              | 2                        |  |
| Roads recoupment    | -               | 8                                      |          |                         |                         | (8)                          | 0                        | (189)  |
| Plan administration | -               | -                                      |          |                         |                         |                              | -                        |  |
| <b>Total</b>        | <b>-</b>        | <b>11</b>                              | <b>-</b> | <b>-</b>                | <b>-</b>                | <b>(8)</b>                   | <b>3</b>                 | <b>(189)</b>                                 |

## Coolamon Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 27. Financial result and financial position by fund

| Income Statement by fund   | 2018         | 2018                       |
|--|--------------|----------------------------|
| \$ '000  |              |                            |
|  | <b>Sewer</b> | <b>General<sup>1</sup></b> |
| <b>Continuing operations</b>   |              |                            |
| <b>Income from continuing operations</b>   |              |                            |
| Rates and annual charges   | 517          | 2,901                      |
| User charges and fees  | 8            | 3,563                      |
| Interest and investment revenue  | 51           | 396                        |
| Other revenues   | 17           | 818                        |
| Grants and contributions provided for operating purposes   | 243          | 6,349                      |
| Grants and contributions provided for capital purposes   | 35           | 2,373                      |
| <b>Other income</b>  |              |                            |
| Net gains from disposal of assets  | –            | 259                        |
| Share of interests in joint ventures and associates using the equity method                            | –            | 6                          |
| <b>Total income from continuing operations</b>   | <b>871</b>   | <b>16,665</b>              |
| <b>Expenses from continuing operations</b>   |              |                            |
| Employee benefits and on-costs   | 162          | 5,410                      |
| Borrowing costs  | –            | 6                          |
| Materials and contracts  | 368          | 3,024                      |
| Depreciation and amortisation  | 229          | 2,736                      |
| Other expenses   | 106          | 1,412                      |
| <b>Total expenses from continuing operations</b>   | <b>865</b>   | <b>12,588</b>              |
| <b>Operating result from continuing operations</b>   | <b>6</b>     | <b>4,077</b>               |
| <b>Discontinued operations</b>   |              |                            |
| Net profit/(loss) from discontinued operations   | –            | –                          |
| <b>Net operating result for the year</b>   | <b>6</b>     | <b>4,077</b>               |
| <b>Net operating result attributable to each council fund</b>  | <b>6</b>     | <b>4,077</b>               |
| <b>Net operating result attributable to non-controlling interests</b>                                  | <b>–</b>     | <b>–</b>                   |
| <b>Net operating result for the year before grants and contributions provided for capital purposes</b> | <b>(29)</b>  | <b>1,704</b>               |

<sup>1</sup> 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 2018

## Note 27. Financial result and financial position by fund (continued)

| Statement of Financial Position by fund           |               |                            |
|---|---------------|----------------------------|
| \$ '000   | 2018          | 2018                       |
| <b>ASSETS</b>                                     | <b>Sewer</b>  | <b>General<sup>1</sup></b> |
| <b>Current assets</b>                             |               |                            |
| Cash and cash equivalents                         | 2,044         | 748                        |
| Investments                                       | –             | 16,200                     |
| Receivables                                       | 46            | 850                        |
| Inventories                                       | –             | 606                        |
| <b>Total current assets</b>                       | <b>2,090</b>  | <b>18,404</b>              |
| <b>Non-current assets</b>                         |               |                            |
| Inventories                                       | –             | 102                        |
| Infrastructure, property, plant and equipment     | 9,748         | 165,594                    |
| Investments accounted for using the equity method | –             | 162                        |
| <b>Total non-current assets</b>                   | <b>9,748</b>  | <b>165,858</b>             |
| <b>TOTAL ASSETS</b>                               | <b>11,838</b> | <b>184,262</b>             |
| <b>LIABILITIES</b>                                |               |                            |
| <b>Current liabilities</b>                        |               |                            |
| Payables  | –             | 8,024                      |
| Income received in advance                        | –             | 49                         |
| Provisions  | –             | 1,582                      |
| <b>Total current liabilities</b>                  | <b>–</b>      | <b>9,655</b>               |
| <b>Non-current liabilities</b>                    |               |                            |
| Payables  | –             | 1                          |
| Provisions  | –             | 1,128                      |
| <b>Total non-current liabilities</b>              | <b>–</b>      | <b>1,129</b>               |
| <b>TOTAL LIABILITIES</b>                          | <b>–</b>      | <b>10,784</b>              |
| <b>Net assets</b>                                 | <b>11,838</b> | <b>173,478</b>             |
| <b>EQUITY</b>                                     |               |                            |
| Accumulated surplus                               | 6,194         | 82,748                     |
| Revaluation reserves                              | 5,644         | 90,730                     |
| Other reserves                                    | –             | –                          |
| <b>Council equity interest</b>                    | <b>11,838</b> | <b>173,478</b>             |
| <b>Non-controlling interests</b>                  | <b>–</b>      | <b>–</b>                   |
| <b>Total equity</b>                               | <b>11,838</b> | <b>173,478</b>             |

<sup>1</sup> General Fund refers to all Council's activities other than 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  
as at 30 June 2018

## Note 27. Financial result and financial position by fund (continued)

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 \$ '000
 

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 Details of individual internal loans for the year ended 30 June 2018  
 (in accordance with s410(3) of the *Local Government Act 1993*)

| Details of individual internal loans              | Council ID / Ref | Council ID / Ref | Council ID / Ref |
|---|------------------|------------------|------------------|
| 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 (principal and interest) |                  |                  |                  |
| <b>Principal outstanding at end of year</b>       |                  |                  |                  |

| Details of individual internal loans              | Council ID / Ref | Council ID / Ref | Council ID / Ref |
|---|------------------|------------------|------------------|
| 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 (principal and interest) |                  |                  |                  |
| <b>Principal outstanding at end of year</b>       |                  |                  |                  |

## Coolamon Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 28(a). Statement of performance measures – consolidated results

| \$ '000  | Amounts<br>2018 | Indicator<br>2018 | Indicator<br>2017 | Benchmark             |
|--|-----------------|-------------------|-------------------|-----------------------|
| <b>Local government industry indicators – consolidated</b>   |                 |                   |                   |                       |
| <b>1. Operating performance ratio</b>  |                 |                   |                   |                       |
| Total continuing operating revenue <sup>(1)</sup> excluding capital grants and contributions less operating expenses | <u>1,410</u>    | <b>9.49%</b>      | 18.92%            | > 0.00%               |
| Total continuing operating revenue <sup>(1)</sup> excluding capital grants and contributions                         | <u>14,863</u>   |                   |                   |                       |
| <b>2. Own source operating revenue ratio</b>   |                 |                   |                   |                       |
| Total continuing operating revenue <sup>(1)</sup> excluding all grants and contributions                             | <u>8,271</u>    | <b>47.89%</b>     | 43.40%            | > 60.00%              |
| Total continuing operating revenue <sup>(1)</sup>  | <u>17,271</u>   |                   |                   |                       |
| <b>3. Unrestricted current ratio</b>   |                 |                   |                   |                       |
| Current assets less all external restrictions <sup>(2)</sup>   | <u>9,009</u>    | <b>9.74x</b>      | 8.41x             | > 1.5x                |
| Current liabilities less specific purpose liabilities <sup>(3, 4)</sup>  | <u>925</u>      |                   |                   |                       |
| <b>4. Debt service cover ratio</b>   |                 |                   |                   |                       |
| Operating result <sup>(1)</sup> before capital excluding interest and depreciation/impairment/amortisation           | <u>4,381</u>    | <b>547.63x</b>    | 81.56x            | > 2x                  |
| Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)                               | <u>8</u>        |                   |                   |                       |
| <b>5. Rates, annual charges, interest and extra charges outstanding percentage</b>                                   |                 |                   |                   |                       |
| Rates, annual and extra charges outstanding  | <u>201</u>      | <b>5.50%</b>      | 4.89%             | regional & rural <10% |
| Rates, annual and extra charges collectible  | <u>3,653</u>    |                   |                   |                       |
| <b>6. Cash expense cover ratio</b>   |                 |                   |                   |                       |
| Current year's cash and cash equivalents plus all term deposits  | <u>18,992</u>   | <b>21.44 mths</b> | 19.7 mths         | > 3 mths              |
| Payments from cash flow of operating and financing activities  | <u>886</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 Notes 13 and 14.
- (4) Refer to Note 13(b) and 14(b) – 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 2018

## Note 28(b). Statement of performance measures – by fund

|   | General indicators <sup>5</sup> |        | Sewer indicators      |                | Benchmark |
|---|---------------------------------|--------|-----------------------|----------------|-----------|
|   | 2018                            | 2017   | 2018                  | 2017           |           |
| <b>Local government industry indicators – by fund</b>   |                                 |        |                       |                |           |
| <b>1. Operating performance ratio</b>   |                                 |        |                       |                |           |
| <u>Total continuing operating revenue <sup>(1)</sup> excluding capital grants and contributions less operating expenses</u> | <b>10.26%</b>                   | 20.90% | <b>-3.47%</b>         | -34.21%        | > 0.00%   |
| Total continuing operating revenue <sup>(1)</sup> excluding capital grants and contributions                                |                                 |        |                       |                |           |
| <b>2. Own source operating revenue ratio</b>  |                                 |        |                       |                |           |
| <u>Total continuing operating revenue <sup>(1)</sup> excluding capital grants and contributions</u>                         | <b>46.82%</b>                   | 42.61% | <b>68.08%</b>         | 56.49%         | > 60.00%  |
| Total continuing operating revenue <sup>(1)</sup>   |                                 |        |                       |                |           |
| <b>3. Unrestricted current ratio</b>  |                                 |        |                       |                |           |
| <u>Current assets less all external restrictions <sup>(2)</sup></u>   | <b>9.74x</b>                    | 8.41x  | <b>No liabilities</b> | No liabilities | > 1.5x    |
| Current liabilities less specific purpose liabilities <sup>(3, 4)</sup>   |                                 |        |                       |                |           |

## Notes

(1) - (4) Refer to Notes at Note 28a 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 2018

## Note 28(b). Statement of performance measures – by fund (continued)

|   | General indicators <sup>5</sup> |        | Sewer indicators |        | Benchmark             |
|---|---------------------------------|--------|------------------|--------|-----------------------|
|   | 2018                            | 2017   | 2018             | 2017   |                       |
| <b>Local government industry indicators – by fund (continued)</b>   |                                 |        |                  |        |                       |
| <b>4. Debt service cover ratio</b>  |                                 |        |                  |        |                       |
| <u>Operating result <sup>(1)</sup> before capital excluding interest and depreciation/impairment/amortisation</u> | <b>522.75x</b>                  | 81.25x | <b>0.00x</b>     | 0.00x  | > 2x                  |
| Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)                            |                                 |        |                  |        |                       |
| <b>5. Rates, annual charges, interest and extra charges outstanding percentage</b>                                |                                 |        |                  |        |                       |
| <u>Rates, annual and extra charges outstanding</u>  | <b>5.23%</b>                    | 4.50%  | <b>7.12%</b>     | 7.32%  | regional & rural <10% |
| Rates, annual and extra charges collectible   |                                 |        |                  |        |                       |
| <b>6. Cash expense cover ratio</b>  |                                 |        |                  |        |                       |
| <u>Current year's cash and cash equivalents plus all term deposits</u>  | <b>19.13</b>                    | 17.41  | <b>0.00</b>      | 940.50 | > 3 months            |
| Payments from cash flow of operating and financing activities   | <b>months</b>                   | months | <b>months</b>    | months |                       |

## Notes

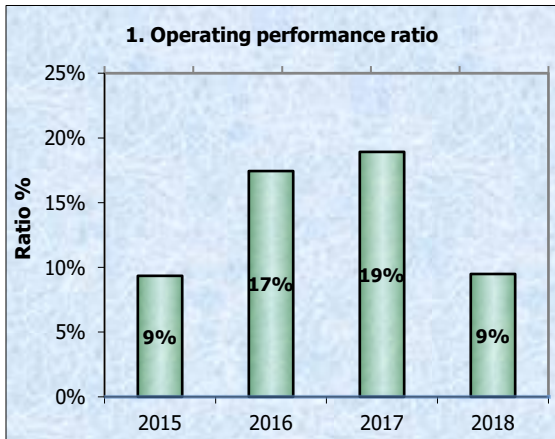
(1) Refer to Notes at Note 28a above.

(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 2018

### Note 28(c). Statement of performance measures – consolidated results (graphs)



**Purpose of operating performance ratio**

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

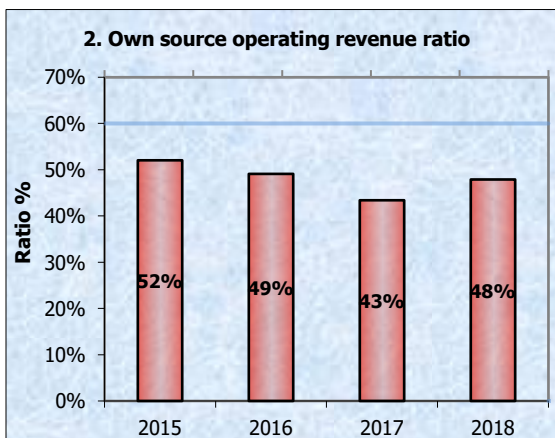
**Commentary on 2017/18 result**

**2017/18 ratio 9.49%**

Council has once again achieved a positive Operating Performance Ratio, although it has been positively affected by the pre-payment of one half of the 2018/2019 Financial Assistance Grant.

Benchmark: — Minimum  $\geq 0.00\%$   
Source for benchmark: Code of Accounting Practice and Financial Reporting #26

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.

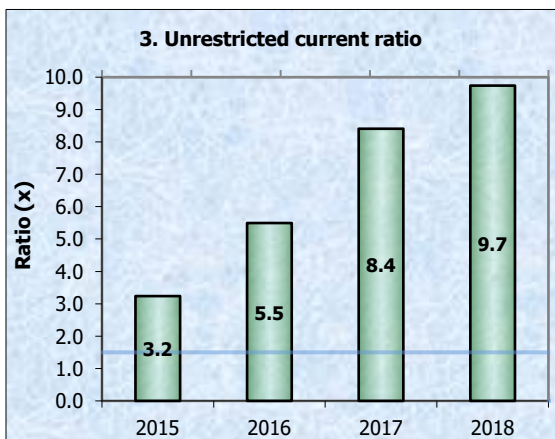
**Commentary on 2017/18 result**

**2017/18 ratio 47.89%**

The ratio has again been affected by the pre-payment of one half of the Financial Assistance Grant for the 2018/2019 financial year. Council continues to source government grants where they are available and when successful this ratio is negatively affected.

Benchmark: — Minimum  $\geq 60.00\%$   
Source for benchmark: Code of Accounting Practice and Financial Reporting #26

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 2017/18 result**

**2017/18 ratio 9.74x**

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

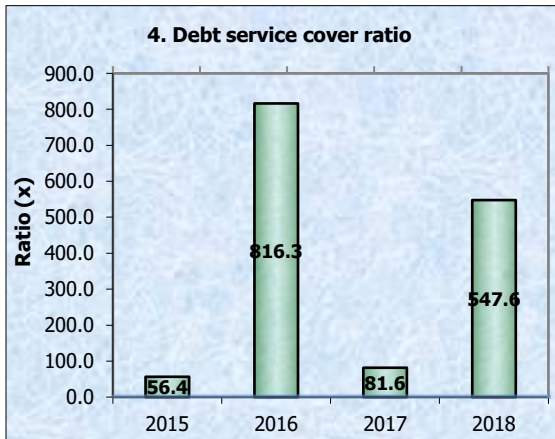
Benchmark: — Minimum  $\geq 1.50$   
Source for benchmark: Code of Accounting Practice and Financial Reporting #26

Ratio achieves benchmark  
Ratio is outside benchmark

# Coolamon Shire Council

## Notes to the Financial Statements for the year ended 30 June 2018

### Note 28(c). Statement of performance measures – consolidated results (graphs)



**Purpose of debt service cover ratio**

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

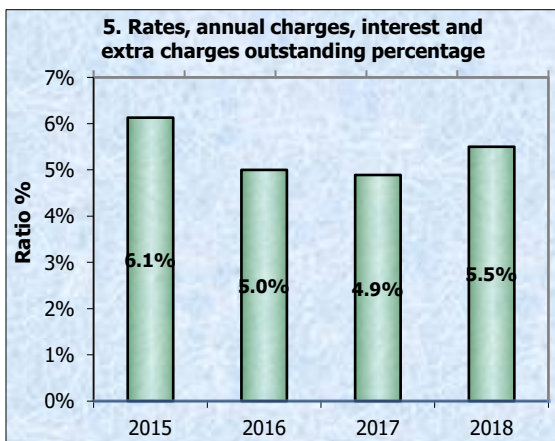
**Commentary on 2017/18 result**

**2017/18 ratio 547.63x**

Council continues to have a strong Debt Service Cover Ratio as a result of having no external financing arrangements.

Benchmark: Minimum  $\geq 2.00$   
Source for benchmark: Code of Accounting Practice and Financial Reporting #26

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.

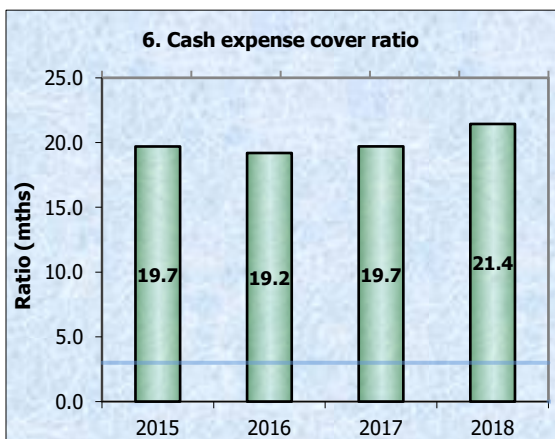
**Commentary on 2017/18 result**

**2017/18 ratio 5.50%**

Council's Rates & Annual Charges Outstanding Ratio has remained relatively static over the past four years and remains below the benchmark for Rural Councils

Benchmark: Maximum  $< \text{regional \& rural } < 10\%$   
Source for Benchmark: Code of Accounting Practice and Financial Reporting #26

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 2017/18 result**

**2017/18 ratio 21.44 mths**

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

Benchmark: Minimum  $\geq 3.00$   
Source for benchmark: Code of Accounting Practice and Financial Reporting #26

Ratio achieves benchmark  
Ratio is outside benchmark

## Coolamon Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### 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](http://www.coolamon.nsw.gov.au)

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

##### Officers

##### GENERAL MANAGER

Mr Tony Donoghue

##### RESPONSIBLE ACCOUNTING OFFICER

Ms Samantha Jennings

##### PUBLIC OFFICER

Mr 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

Clr John Seymour

##### COUNCILLORS

Clr Bruce Hutcheon

Clr Steve Jones

Clr David McCann

Clr Kerrilee Logan

Clr Kathy Maslin

Clr Colin McKinnon

Clr Alan White

Clr Jeremy Croker





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

To the Councillors of the Coolamon Shire Council

## Opinion

I have audited the accompanying financial report of Coolamon Shire Council (the Council), which comprise the Income Statement and Statement of Comprehensive Income for the year ended 30 June 2018, the Statement of Financial Position as at 30 June 2018, the 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 report:
  - has been presented, in all material respects, in accordance with the requirements of this Division
  - is consistent with the Council's accounting records
  - presents fairly, in all material respects, the financial position of the Council as at 30 June 2018, 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 report 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 Report' 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 Information**

Other information comprises the information included in the Council's annual report for the year ended 30 June 2018, other than the financial report and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the special purpose financial statements and Special Schedules (the Schedules).

My opinion on the financial report does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information. However, as required by the *Local Government Act 1993*, I have separately expressed an opinion on the special purpose financial statements and Special Schedule 2 - Permissible income for general rates.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

## **The Councillors' Responsibilities for the Financial Report**

The Councillors are responsible for the preparation and fair presentation of the financial report 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 report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Councillors are responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting except where the Council will be dissolved or amalgamated by an Act of Parliament, or otherwise cease operations.

## **Auditor's Responsibilities for the Audit of the Financial Report**

My objectives are to:

- obtain reasonable assurance about whether the financial report 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 the financial report.

A description of my responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](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
- on the Original Budget information included in the Income Statement, Statement of Cash Flows, and Note 21 Material budget variations
- on the Special Schedules. A separate opinion has been provided on Special Schedule 2 - Permissible income for general rates
- about the security and controls over the electronic publication of the audited financial report on any website where it may be presented
- about any other information which may have been hyperlinked to/from the financial report.

A handwritten signature in black ink, appearing to read 'Reiky Jiang', written in a cursive style.

Reiky Jiang  
Director, Financial Audit Services

22 October 2018  
SYDNEY

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

Contact: Reiky Jiang  
Phone no: 02 9275 7100  
Our ref: D1825318/1716

22 October 2018

Dear Mayor

**Report on the Conduct of the Audit  
for the year ended 30 June 2018  
Coolamon Shire Council**

I have audited the general purpose financial statements of the Coolamon Shire Council (the Council) for the year ended 30 June 2018 as required by section 415 of the *Local Government Act 1993* (the Act).

I 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 2018 is issued in accordance with section 417 of the Act. This Report should be read in conjunction with my audit opinion on the general purpose financial statements issued under section 417(2) of the Act.

**INCOME STATEMENT**

**Operating result**

|  | 2018<br>\$m | 2017<br>\$m | Variance<br>% |
|--|-------------|-------------|---------------|
| <b>Rates and annual charges revenue</b>            | 3.418       | 3.343       | ↑ 2.24        |
| <b>Grants and contributions revenue</b>            | 9.000       | 9.772       | ↓ 7.90        |
| <b>Operating result for the year</b>               | 4.083       | 4.139       | ↓ 1.35        |
| <b>Net operating result before capital amounts</b> | 1.675       | 2.784       | ↓ 39.83       |

Council’s operating result for the year was a surplus of \$4.08 million (\$4.14 million surplus for the year ended 30 June 2017). The decrease in Council’s operating surplus from the prior year is mainly a result of a decrease in grants and contributions for operating purposes. The Council budgeted for a surplus of \$2.79 million.

The net operating result before capital grants and contributions (\$1.68 million) was \$1.11 million lower than the 2016–17 result.

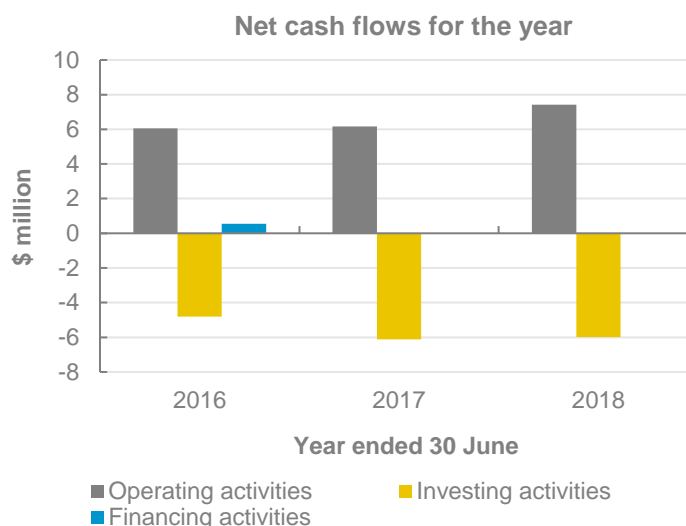
Rates and annual charges revenue increased by \$75 thousand (or 2.24%) to \$3.42 million in 2017–2018. The increase is in line with the 1.5% rate peg and a rise in the total number of rateable properties.

User charges and fees has increased by \$639 thousand (or 21.79%) to \$3.57 million. This increase is due to an increase in aged care fees as a result of improved ACFI assessments.

Grants and contributions revenue have decreased by \$772 thousand (or 7.90%) to \$9 million. This decrease is due to a decrease in the Financial Assistance Grant of \$1.46 million to \$3.49 million. Council received an advance of \$1.77 million under the Financial Assistance Grant program pertaining to the 2018–19 year (2017: \$1.63 million in advance).

## STATEMENT OF CASH FLOWS

- Council recorded a net increase in cash and cash equivalents of \$1.440 million at 30 June 2018 (net increase of \$30 thousand at 30 June 2017).
- Net cash provided by operating activities amounted to \$7.43 million. Council recorded cash receipts from rates and annual charges of \$3.42 million and user fees and charges of \$3.59 million. Council recorded \$5.53 million of cash payments for employee benefits and on-costs and \$3.57 million for materials and contracts.
- Net cash used in investing activities amounted to \$5.99 million. This is largely due to the net cash outflow of \$5.88 million for the purchase of infrastructure, property, plant and equipment during the year and the net purchase of investment securities of \$1.0 million.



## FINANCIAL POSITION

### Cash and Investments

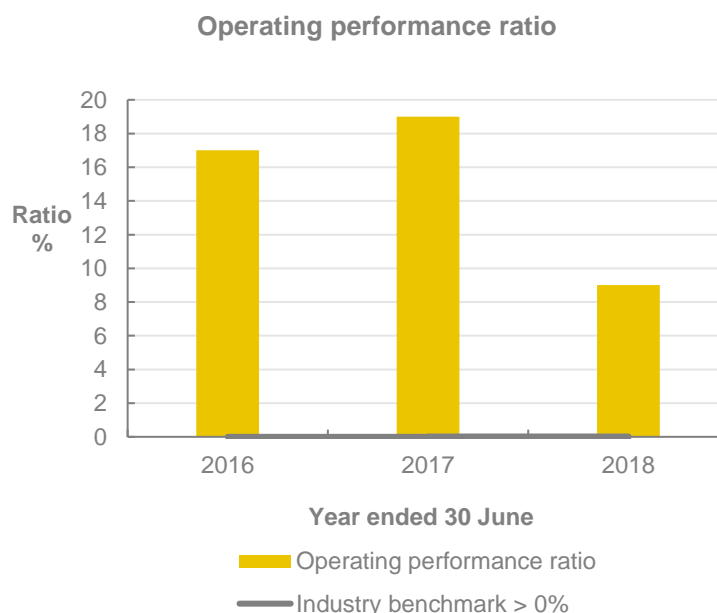
| Cash and Investments        | 2018          | 2017          | Commentary   |
|-----------------------------|---------------|---------------|--|
|                             | \$m           | \$m           |  |
| External restrictions       | 11,439        | 9,813         | <ul style="list-style-type: none"> <li>Externally restricted cash and investments are restricted in their use by externally imposed requirements. Councils external restrictions have increased by \$1.63 million primarily due to Council's Aged Care operations (\$7.74 million) and the provision of Council's sewerage services (\$2.04 million).</li> <li>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 internal restrictions is predominantly due to \$3.18 million of asset management and replacement works.</li> <li>Unrestricted cash has remained relatively consistent for the period.</li> </ul> |
| Internal restrictions       | 7,519         | 6,729         |  |
| Unrestricted                | 34            | 10            |  |
| <b>Cash and investments</b> | <b>18,992</b> | <b>16,552</b> |  |

## PERFORMANCE RATIOS

The definition of each ratio analysed below (except for the 'building and infrastructure renewals ratio') is included in Note 28 of the Council's audited general purpose financial statements. The 'building and infrastructure renewals ratio' is defined in Council's Special Schedule 7 which has not been audited.

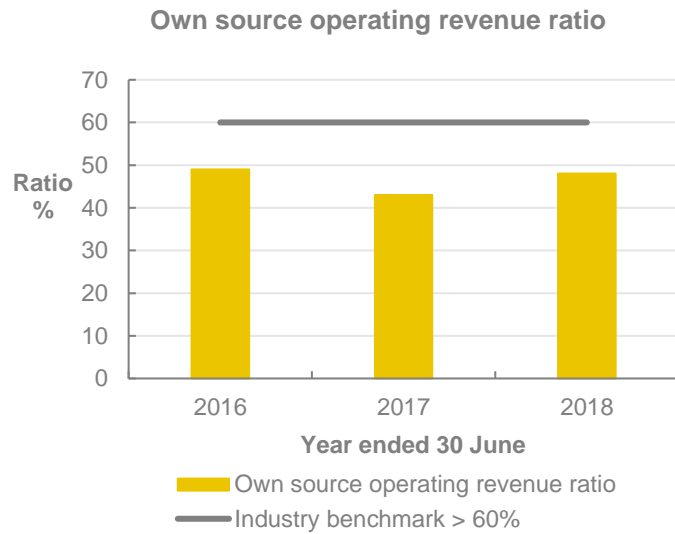
### Operating performance ratio

- 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 declined to 9.49% but continued to remain well above the industry benchmark of 0%.
- The positive operating performance ratio can be attributed to the strength of the Council's other (declared) business activities – Allawah Complex and Coolamon Early Childhood Centre.



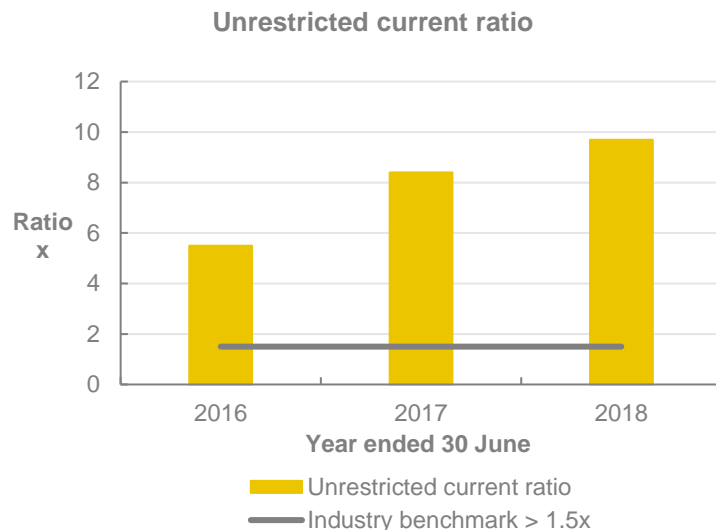
## Own source operating revenue ratio

- 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 Council's own source operating revenue ratio of 47.89% is below the industry benchmark of 60 per cent.
- The own source operating revenue ratio slightly improved from prior year at 47.89% (2017: 43.40%). Council continues to apply the maximum rate peg allowable in accordance with the general rating cap set by the State Government through the Independent Pricing & Regulatory Tribunal (IPART).
- In addition to reliance on operating grants, Council also has a diversified source of income through its other declared business activities – Allawah Complex and Coolamon Early Childhood Centre.



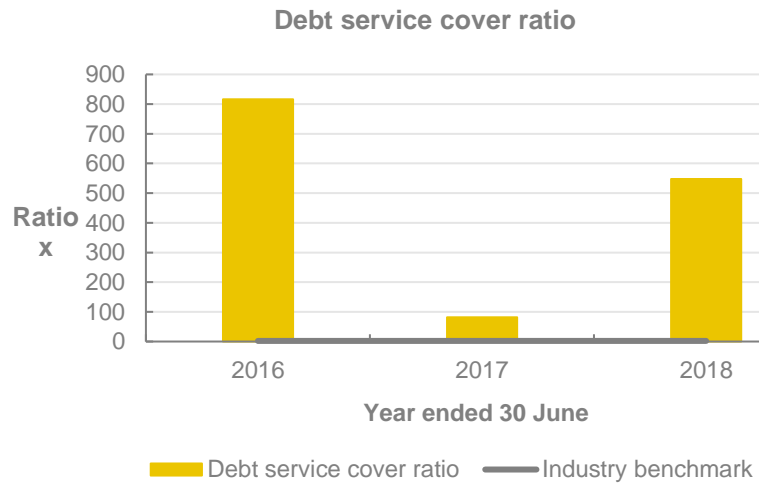
## Unrestricted current ratio

- 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 Council's liquidity ratio of 9.74 times is greater than the industry benchmark minimum of greater than 1.5 times.
- The ratio indicates that Council has sufficient liquidity to meet its current liabilities as and when they fall due.



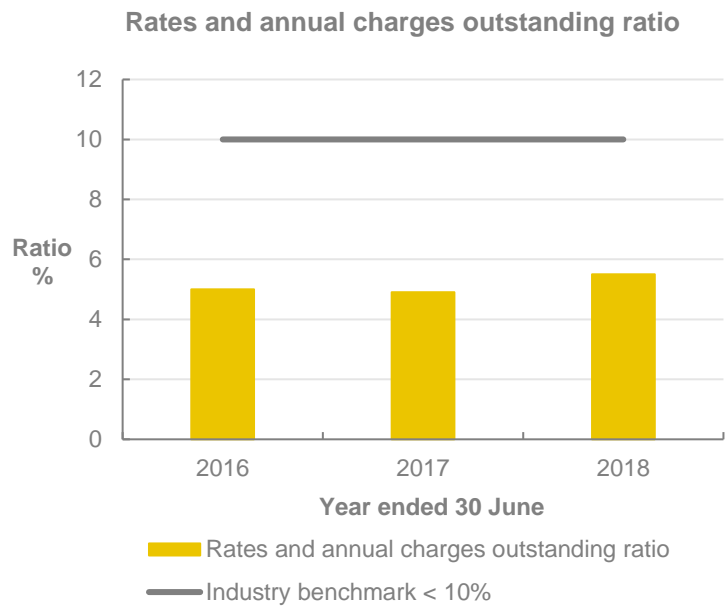
## Debt service cover ratio

- 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.
- The Council's debt service cover ratio is significantly above the industry benchmark.
- The ratio indicates that Council has 547 times in operating cash available to service its debts, essentially indicating that Council generates sufficient cash from its operations to fund its debt obligations.



## Rates and annual charges outstanding ratio

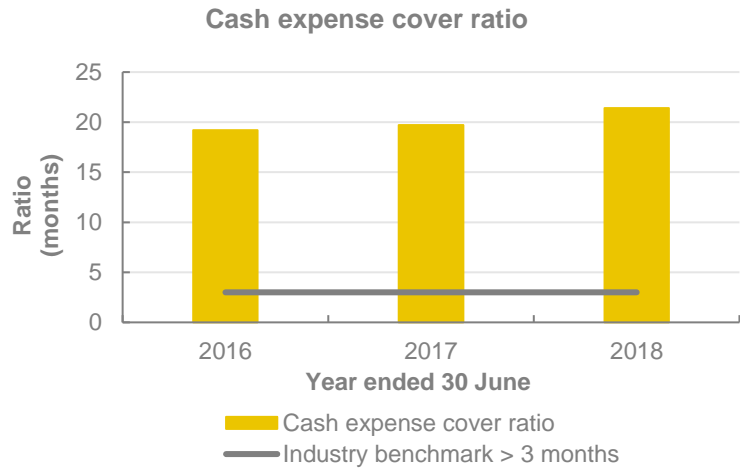
- The 'rates and annual charges outstanding ratio' assesses the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 10 per cent for regional and rural Councils.
- The Council's rates and annual charges outstanding ratio has met the industry benchmark, at 5.5%.
- Councils result remains consistent with the prior periods.





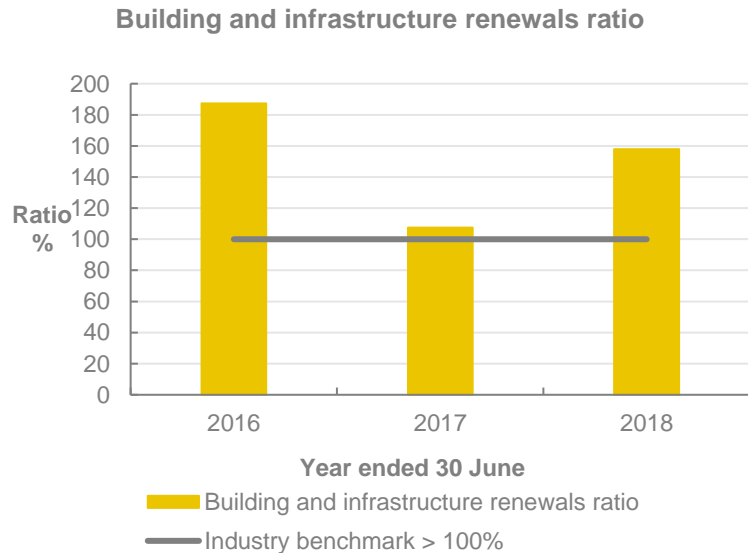
## Cash expense cover ratio

- This liquidity ratio indicates the number of months the Council can continue paying for its immediate expenses without additional cash inflow. The benchmark set by OLG is greater than three months.
- The Council's cash expense cover ratio was 21.44 months, which is above the industry benchmark of greater than 3 months.
- The cash expense cover ratio increased compared with the prior year due to additional cash being generated from Council's Aged Care operations (\$7.74 million) and sewer supply (\$2.04 million) funds.
- This indicates that Council had the capacity to cover 21.44 months of cash expenditure without additional cash inflows at 30 June 2018.



## Building and infrastructure renewals ratio (unaudited)

- 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 Council's Special Schedule 7 which has not been audited.
- The ratio of 158% is above the industry benchmark of greater than 100%. This is due to the continual focus on maintaining Council's older assets which means that demand for asset renewals is higher.



## OTHER MATTERS

### New accounting standards implemented

#### AASB 2016–2 ‘Disclosure Initiative – Amendments to AASB 107’

Effective for annual reporting periods beginning on or after 1 January 2017

This Standard requires entities to provide disclosures that enable users of financial statements to evaluate changes (both cash flows and non-cash changes) in liabilities arising from financing activities.

Council’s disclosure of the changes in their liabilities arising from financing activities is disclosed in Note 11 (c).

#### AASB 2016–4 ‘Recoverable Amount of Non-Cash Generating Specialised Assets of Not-for-Profit Entities’ – Amendment to AASB 116 & 136

Effective for annual reporting periods beginning on or after 1 January 2017

This Standard no longer requires not-for-profit entities to consider AASB 136 Impairment of Assets for non-cash generating specialised assets at fair value.

It is expected for not-for-profit entities holding non-cash-generating, the recoverable amount of these assets is expected to be materially the same as fair value, determined under AASB 113 Fair Value Measurement.

### Legislative compliance

My 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

cc: Mr Tony Donoghue, General Manager  
Ms Courtney Armstrong, Executive Manager, Corporate and Community Services  
Mr Gary Lavelle, Chair of Audit, Risk and Improvement Committee  
Mr Tim Hurst, Acting Chief Executive of the Office of Local Government

# Coolamon Shire Council

SPECIAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2018

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*“Big enough to serve,  
small enough to care”*



## Coolamon Shire Council

### Special Purpose Financial Statements

for the year ended 30 June 2018

| Contents   | Page |
|--|------|
| <b>1. Statement by Councillors and Management</b>                | 2    |
| <b>2. Special Purpose Financial Statements:</b>                  |      |
| Income Statement – Water Supply Business Activity                | n/a  |
| Income Statement – Sewerage Business Activity                    | 3    |
| Inco   | 4    |
| Statement of Financial Position – Water Supply Business Activity | n/a  |
| Statement of Financial Position – Sewerage Business Activity     | 5    |
| Statement of Financial Position – Other Business Activities      | 6    |
| <b>3. Notes to the Special Purpose Financial Statements</b>      | 7    |
| <b>4. Auditor’s Report</b>                                       |      |

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#### Background

- (i) These Special Purpose Financial Statements have been prepared for the use by both Council and the Office of Local Government in fulfilling their requirements under National Competition Policy.
  - (ii) The principle of competitive neutrality is based on the concept of a 'level playing field' between persons/entities competing in a market place, particularly between private and public sector competitors.  
  
Essentially, the principle is that government businesses, whether Commonwealth, state or local, should operate without net competitive advantages over other businesses as a result of their public ownership.
  - (iii) For Council, the principle of competitive neutrality 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).
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## Coolamon Shire Council

### Special Purpose Financial Statements for the year ended 30 June 2018

### 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 18 October 2018.

  
Mr John Seymour  
Mayor

  
Mr David McCann  
Councillor

  
Mr Tony Donoghue  
General manager

  
Ms Samantha Jennings  
Responsible accounting officer

## Coolamon Shire Council

Income Statement of Council's Sewerage Business Activity  
for the year ended 30 June 2018

| \$ '000  | 2018         | 2017         |
|--|--------------|--------------|
| <b>Income from continuing operations</b>                                     |              |              |
| Access charges   | 517          | 490          |
| User charges   | 8            | 8            |
| Interest   | 51           | 55           |
| Grants and contributions provided for non-capital purposes                   | 243          | 13           |
| Other income   | 17           | 4            |
| <b>Total income from continuing operations</b>                               | <b>836</b>   | <b>570</b>   |
| <b>Expenses from continuing operations</b>                                   |              |              |
| Employee benefits and on-costs   | 162          | 154          |
| Materials and contracts  | 368          | 115          |
| Depreciation, amortisation and impairment                                    | 229          | 217          |
| Loss on sale of assets   | –            | 172          |
| Other expenses   | 106          | 107          |
| <b>Total expenses from continuing operations</b>                             | <b>865</b>   | <b>765</b>   |
| <b>Surplus (deficit) from continuing operations before capital amounts</b>   | <b>(29)</b>  | <b>(195)</b> |
| Grants and contributions provided for capital purposes                       | 35           | 416          |
| <b>Surplus (deficit) from continuing operations after capital amounts</b>    | <b>6</b>     | <b>221</b>   |
| Surplus (deficit) from discontinued operations                               | –            | –            |
| <b>Surplus (deficit) from all operations before tax</b>                      | <b>6</b>     | <b>221</b>   |
| Less: corporate taxation equivalent (27.5%) [based on result before capital] | –            | –            |
| <b>SURPLUS (DEFICIT) AFTER TAX</b>   | <b>6</b>     | <b>221</b>   |
| <b>Plus opening retained profits</b>   | <b>6,188</b> | <b>5,967</b> |
| <b>Plus/less: prior period adjustments</b>                                   | <b>–</b>     | <b>–</b>     |
| <b>Plus/less: other adjustments</b>  | <b>–</b>     | <b>–</b>     |
| <b>Plus adjustments for amounts unpaid:</b>                                  |              |              |
| – Taxation equivalent payments   | –            | –            |
| – Debt guarantee fees  | –            | –            |
| – Corporate taxation equivalent  | –            | –            |
| <b>Less:</b>   |              |              |
| – Tax equivalent dividend paid   | –            | –            |
| – Surplus dividend paid  | –            | –            |
| <b>Closing retained profits</b>  | <b>6,194</b> | <b>6,188</b> |
| <b>Return on capital %</b>   | <b>-0.3%</b> | <b>-1.9%</b> |
| <b>Subsidy from Council</b>  | <b>301</b>   | <b>439</b>   |
| <b>Calculation of dividend payable:</b>                                      |              |              |
| Surplus (deficit) after tax  | 6            | 221          |
| Less: capital grants and contributions (excluding developer contributions)   | –            | –            |
| <b>Surplus for dividend calculation purposes</b>                             | <b>6</b>     | <b>221</b>   |
| <b>Potential dividend calculated from surplus</b>                            | <b>3</b>     | <b>111</b>   |

## Coolamon Shire Council

## Income Statement of Council's Other Business Activities

for the year ended 30 June 2018

|  | Allawah Complex |              | Coolamon Early Childhood Centre |             |
|--|-----------------|--------------|---------------------------------|-------------|
|  | Category 1      |              | Category 2                      |             |
| \$ '000  | 2018            | 2017         | 2018                            | 2017        |
| <b>Income from continuing operations</b>                                     |                 |              |                                 |             |
| User charges   | 2,021           | 1,584        | 583                             | 560         |
| Interest   | 195             | 227          | –                               | –           |
| Grants and contributions provided for non-capital purposes                   | –               | –            | 75                              | 53          |
| Other income   | 346             | 242          | 15                              | 8           |
| <b>Total income from continuing operations</b>                               | <b>2,562</b>    | <b>2,053</b> | <b>673</b>                      | <b>621</b>  |
| <b>Expenses from continuing operations</b>                                   |                 |              |                                 |             |
| Employee benefits and on-costs   | 1,548           | 1,372        | 536                             | 485         |
| Borrowing costs  | 6               | –            | –                               | –           |
| Materials and contracts  | 686             | 392          | 33                              | 33          |
| Depreciation, amortisation and impairment                                    | 134             | 134          | 12                              | 12          |
| Loss on sale of assets   | 14              | 70           | –                               | –           |
| Other expenses   | 273             | 269          | 27                              | 29          |
| <b>Total expenses from continuing operations</b>                             | <b>2,661</b>    | <b>2,237</b> | <b>608</b>                      | <b>559</b>  |
| <b>Surplus (deficit) from continuing operations before capital amounts</b>   | <b>(99)</b>     | <b>(184)</b> | <b>65</b>                       | <b>62</b>   |
| Grants and contributions provided for capital purposes                       | –               | –            | –                               | –           |
| <b>Surplus (deficit) from continuing operations after capital amounts</b>    | <b>(99)</b>     | <b>(184)</b> | <b>65</b>                       | <b>62</b>   |
| Surplus (deficit) from discontinued operations                               | –               | –            | –                               | –           |
| <b>Surplus (deficit) from all operations before tax</b>                      | <b>(99)</b>     | <b>(184)</b> | <b>65</b>                       | <b>62</b>   |
| Less: corporate taxation equivalent (27.5%) [based on result before capital] | –               | –            | (18)                            | (17)        |
| <b>SURPLUS (DEFICIT) AFTER TAX</b>   | <b>(99)</b>     | <b>(184)</b> | <b>47</b>                       | <b>45</b>   |
| <b>Plus opening retained profits</b>   | <b>6,657</b>    | <b>6,841</b> | <b>282</b>                      | <b>220</b>  |
| <b>Plus/less: prior period adjustments</b>                                   | <b>–</b>        | <b>–</b>     | <b>–</b>                        | <b>–</b>    |
| <b>Plus/less: other adjustments</b>  | <b>–</b>        | <b>–</b>     | <b>–</b>                        | <b>–</b>    |
| <b>Plus adjustments for amounts unpaid:</b>                                  |                 |              |                                 |             |
| – Taxation equivalent payments   | –               | –            | –                               | –           |
| – Debt guarantee fees  | –               | –            | –                               | –           |
| – Corporate taxation equivalent  | –               | –            | 18                              | 17          |
| <b>Add:</b>  |                 |              |                                 |             |
| – Subsidy paid/contribution to operations                                    | –               | –            | –                               | –           |
| <b>Less:</b>   |                 |              |                                 |             |
| – TER dividend paid  | –               | –            | –                               | –           |
| – Dividend paid  | –               | –            | –                               | –           |
| <b>Closing retained profits</b>  | <b>6,558</b>    | <b>6,657</b> | <b>347</b>                      | <b>282</b>  |
| <b>Return on capital %</b>   | <b>-0.9%</b>    | <b>-2.1%</b> | <b>9.4%</b>                     | <b>8.3%</b> |
| <b>Subsidy from Council</b>  | <b>391</b>      | <b>396</b>   | <b>–</b>                        | <b>–</b>    |

## Coolamon Shire Council

Statement of Financial Position – Council's Sewerage Business Activity  
as at 30 June 2018

| \$ '000                                       | 2018          | 2017          |
|---|---------------|---------------|
| <b>ASSETS</b>                                 |               |               |
| <b>Current assets</b>                         |               |               |
| Cash and cash equivalents                     | 2,044         | 1,880         |
| Receivables                                   | 46            | 45            |
| <b>Total current Assets</b>                   | <b>2,090</b>  | <b>1,925</b>  |
| <b>Non-current assets</b>                     |               |               |
| Infrastructure, property, plant and equipment | 9,748         | 10,261        |
| <b>Total non-current assets</b>               | <b>9,748</b>  | <b>10,261</b> |
| <b>TOTAL ASSETS</b>                           | <b>11,838</b> | <b>12,186</b> |
| <b>LIABILITIES</b>                            |               |               |
| <b>Current liabilities</b>                    |               |               |
| <b>Total current liabilities</b>              | -             | -             |
| <b>Non-current liabilities</b>                |               |               |
| <b>Total non-current liabilities</b>          | -             | -             |
| <b>TOTAL LIABILITIES</b>                      | <b>-</b>      | <b>-</b>      |
| <b>NET ASSETS</b>                             | <b>11,838</b> | <b>12,186</b> |
| <b>EQUITY</b>                                 |               |               |
| Accumulated surplus                           | 6,194         | 6,188         |
| Revaluation reserves                          | 5,644         | 5,998         |
| Other reserves                                | -             | -             |
| Council equity interest                       | 11,838        | 12,186        |
| Non-controlling equity interest               | -             | -             |
| <b>TOTAL EQUITY</b>                           | <b>11,838</b> | <b>12,186</b> |



## Coolamon Shire Council

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

as at 30 June 2018

| \$ '000                                       | Allawah Complex |               | Coolamon Early Childhood Centre |            |
|---|-----------------|---------------|---------------------------------|------------|
|   | Category 1      |               | Category 2                      |            |
|   | 2018            | 2017          | 2018                            | 2017       |
| <b>ASSETS</b>                                 |                 |               |                                 |            |
| <b>Current assets</b>                         |                 |               |                                 |            |
| Cash and cash equivalents                     | 8,601           | 7,547         | 263                             | 204        |
| Receivables                                   | (9)             | 9             | 1                               | 2          |
| <b>Total Current Assets</b>                   | <b>8,592</b>    | <b>7,556</b>  | <b>264</b>                      | <b>206</b> |
| <b>Non-current assets</b>                     |                 |               |                                 |            |
| Infrastructure, property, plant and equipment | 10,666          | 8,925         | 694                             | 751        |
| <b>Total non-current assets</b>               | <b>10,666</b>   | <b>8,925</b>  | <b>694</b>                      | <b>751</b> |
| <b>TOTAL ASSETS</b>                           | <b>19,258</b>   | <b>16,481</b> | <b>958</b>                      | <b>957</b> |
| <b>LIABILITIES</b>                            |                 |               |                                 |            |
| <b>Current liabilities</b>                    |                 |               |                                 |            |
| Payables                                      | 7,741           | 6,704         | 3                               | 4          |
| Provisions                                    | 158             | 143           | 72                              | 90         |
| <b>Total current liabilities</b>              | <b>7,899</b>    | <b>6,847</b>  | <b>75</b>                       | <b>94</b>  |
| <b>Non-current liabilities</b>                |                 |               |                                 |            |
| Payables                                      | –               | –             | –                               | –          |
| Borrowings                                    | 6               | –             | 305                             | 305        |
| Provisions                                    | –               | 4             | 2                               | 2          |
| <b>Total non-current liabilities</b>          | <b>6</b>        | <b>4</b>      | <b>307</b>                      | <b>307</b> |
| <b>TOTAL LIABILITIES</b>                      | <b>7,905</b>    | <b>6,851</b>  | <b>382</b>                      | <b>401</b> |
| <b>NET ASSETS</b>                             | <b>11,353</b>   | <b>9,630</b>  | <b>576</b>                      | <b>556</b> |
| <b>EQUITY</b>                                 |                 |               |                                 |            |
| Accumulated surplus                           | 6,558           | 6,657         | 347                             | 282        |
| Revaluation reserves                          | 4,795           | 2,973         | 229                             | 274        |
| Other reserves                                | –               | –             | –                               | –          |
| Council equity interest                       | <b>11,353</b>   | <b>9,630</b>  | <b>576</b>                      | <b>556</b> |
| Non-controlling equity interest               | –               | –             | –                               | –          |
| <b>TOTAL EQUITY</b>                           | <b>11,353</b>   | <b>9,630</b>  | <b>576</b>                      | <b>556</b> |

## Coolamon Shire Council

### Special Purpose Financial Statements

for the year ended 30 June 2018

#### Contents of the notes accompanying the financial statements

| Note | Details  | Page  |
|------|--|-------|
| 1    | Summary of significant accounting policies                             | 8-12  |
|      | Water Supply Business Best-Practice Management disclosure requirements | n/a   |
| 2    | 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 2018

#### Note 1. Significant accounting policies

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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.

## Coolamon Shire Council

### Notes to the Special Purpose Financial Statements for the year ended 30 June 2018

#### Note 1. Significant accounting policies (continued)

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##### 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 (Sewerage Best-Practice Management Disclosures).

As required by Department of Industry - Lands and Water, the amounts shown in Note 2 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.

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 – **27.5%**

Land tax – the first \$629,000 of combined land values attracts **0%**. For the combined land values in excess of \$629,001 up to \$3,846,000 the rate is **1.6% + \$100**. For the remaining combined land value that exceeds \$3,846,000 a premium marginal rate of **2.0%** applies.

## Coolamon Shire Council

### Notes to the Special Purpose Financial Statements

for the year ended 30 June 2018

#### Note 1. Significant accounting policies (continued)

---

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

In accordance with Department of Industry, Lands & Water 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 27.5%.

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 27.5% 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.

## Coolamon Shire Council

### Notes to the Special Purpose Financial Statements

for the year ended 30 June 2018

#### Note 1. Significant accounting policies (continued)

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##### **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.

##### *(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**

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**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 2.79% at 30/6/18.

## Coolamon Shire Council

### Notes to the Special Purpose Financial Statements for the year ended 30 June 2018

#### Note 1. Significant accounting policies (continued)

---

##### *(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 2018 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.

**END OF AUDITED SPECIAL PURPOSE FINANCIAL STATEMENTS**

## Coolamon Shire Council

Notes to the Special Purpose Financial Statements  
for the year ended 30 June 2018Note 2. Sewerage business  
best-practice management disclosure requirements

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

2018

**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           | 3,219 |
| (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<br>[calculated in accordance with Best-Practice Management for Water Supply and Sewerage Guidelines]                     | 3,000   |
| (ii)  | Number of assessments x (\$30 less tax equivalent charges per assessment)  | 32,190  |
| (iii) | Cumulative surplus before dividends for the 3 years to 30 June 2018, less the cumulative dividends paid for the 2 years to 30 June 2017 and 30 June 2016 | 197,000 |

|              |       |               |         |               |          |
|--------------|-------|---------------|---------|---------------|----------|
| 2018 Surplus | 6,000 | 2017 Surplus  | 221,000 | 2016 Surplus  | (30,000) |
|              |       | 2017 Dividend | -       | 2016 Dividend | -        |

|      |   |   |
|------|---|---|
| (iv) | Maximum dividend from surplus [least of (i), (ii) and (iii) above]                            | 3,000                                   |
| (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? <sup>a</sup> | <input checked="" type="checkbox"/> 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)   | <input type="checkbox"/> YES |
| (ii)  | Pricing with full cost-recovery, without significant cross subsidies<br>[refer item 2 (a) in table 1 on page 22 of the Best-Practice Guidelines] | <input type="checkbox"/> NO  |
|       | Complying charges  |                              |
|       | (a) Residential [item 2 (c) in table 1]  | <input type="checkbox"/> YES |
|       | (b) Non-residential [item 2 (c) in table 1]  | <input type="checkbox"/> NO  |
|       | (c) Trade waste [item 2 (d) in table 1]  | <input type="checkbox"/> NO  |
|       | DSP with commercial developer charges [item 2 (e) in table 1]  | <input type="checkbox"/> YES |
|       | Liquid trade waste approvals and policy [item 2 (f) in table 1]  | <input type="checkbox"/> YES |
| (iii) | Complete performance reporting form (by 15 September each year)  | <input type="checkbox"/> YES |
| (iv)  | a. Integrated water cycle management evaluation  | <input type="checkbox"/> NO  |
|       | b. Complete and implement integrated water cycle management strategy   | <input type="checkbox"/> NO  |



## Coolamon Shire Council

Notes to the Special Purpose Financial Statements  
for the year ended 30 June 2018Note 2. Sewerage business  
best-practice management disclosure requirements (continued)

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Dollars amounts shown below are in whole dollars (unless otherwise indicated) 2018


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**National Water Initiative (NWI) financial performance indicators**

|         |  |        |       |
|---------|--|--------|-------|
| NWI F2  | Total revenue (sewerage)<br>Total income (s14) – grants for acquisition of assets (s12a) – interest income (s10)<br>– Aboriginal Communities W&S Program income (w10a)   | \$'000 | 823   |
| NWI F10 | Written down replacement cost of fixed assets (sewerage)<br>Written down current cost of system assets (s48)   | \$'000 | 9,285 |
| NWI F12 | Operating cost (sewerage)<br>Management expenses (s1) + operational and maintenance expenses (s2)  | \$'000 | 279   |
| NWI F15 | Capital expenditure (sewerage)<br>Acquisition of fixed assets (s17)  | \$'000 | 78    |
| NWI F18 | Economic real rate of return (sewerage)<br>[total income (s14) – interest income (s10) – grants for acquisition of assets (s12a)<br>– operating cost (NWI F12) – current cost depreciation (s3)] x 100 divided by<br>[written down current cost (i.e. WDCC) of system assets (s48) + plant and equipment (s34b)] | %      | 3.24% |
| NWI F27 | Capital works grants (sewerage)<br>Grants for the acquisition of assets (12a)  | \$'000 | –     |

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

|         |   |        |       |
|---------|---|--------|-------|
| NWI F3  | Total income (water and sewerage)<br>Total income (w13 + s14) + gain/loss on disposal of assets (w14 + s15)<br>minus grants for acquisition of assets (w11a + s12a) – interest income (w9 + s10)  | \$'000 | 823   |
| NWI F8  | Revenue from community service obligations (water and sewerage)<br>Community service obligations (NWI F25) x 100 divided by total income (NWI F3)   | %      | 1.46% |
| NWI F16 | Capital expenditure (water and sewerage)<br>Acquisition of fixed assets (w16 + s17)   | \$'000 | 78    |
| NWI F19 | Economic real rate of return (water and sewerage)<br>[total income (w13 + s14) – interest income (w9 + s10) – grants for acquisition of assets<br>(w11a + s12a) – operating cost (NWI F11 + NWI F12) – current cost depreciation (w3 + s3)] x 100<br>divided by [written down replacement cost of fixed assets (NWI F9 + NWI F10)<br>+ plant and equipment (w33b + s34b)] | %      | 3.24% |
| NWI F20 | Dividend (water and sewerage)<br>Dividend paid from surplus (2 (v) of Note 2 + 2 (v) of Note 3)   | \$'000 | –     |
| NWI F21 | Dividend payout ratio (water and sewerage)<br>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 2018Note 2. Sewerage business  
best-practice management disclosure requirements (continued)

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

2018

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

|                |   |        |                                       |
|----------------|---|--------|---------------------------------------|
| <b>NWI F22</b> | Net debt to equity (water and sewerage)<br>Overdraft (w36 + s37) + borrowings (w38 + s39) – cash and investments (w30 + s31)<br>x 100 divided by [total assets (w35 + s36) – total liabilities (w40 + s41)]   | %      | <input type="text" value="-17.27%"/>  |
| <b>NWI F23</b> | Interest cover (water and sewerage)<br>Earnings before interest and tax (EBIT) divided by net interest<br><br>Earnings before interest and tax (EBIT): <input type="text" value="316"/><br>Operating result (w15a + s16a) + interest expense (w4a + s4a) – interest income (w9 + s10)<br>– gain/loss on disposal of assets (w14 + s15) + miscellaneous expenses (w4b + w4c + s4b + s4c)<br><br>Net interest: <input type="text" value="(48)"/><br>Interest expense (w4a + s4a) – interest income (w9 + s10) |        | <input type="text" value="&gt; 100"/> |
| <b>NWI F24</b> | Net profit after tax (water and sewerage)<br>Surplus before dividends (w15a + s16a) – tax equivalents paid (Note 2-1 (iv) + Note 3-1 (iv))  | \$'000 | <input type="text" value="6"/>        |
| <b>NWI F25</b> | Community service obligations (water and sewerage)<br>Grants for pensioner rebates (w11b + s12b)  | \$'000 | <input type="text" value="12"/>       |

- 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 report**  
**Coolamon Shire Council**

To the Councillors of the Coolamon Shire Council

## Opinion

I have audited the accompanying special purpose financial report (the financial report) of Coolamon Shire Council's (the Council) Declared Business Activities, which comprise the Income Statement of the Declared Business Activities for the year ended 30 June 2018, the Statement of Financial Position of the Declared Business Activities as at 30 June 2018, 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 Services
- Allawah Complex
- Coolamon Early Childhood Centre.

In my opinion, the financial report presents fairly, in all material respects, the financial position of the Council's declared Business Activities as at 30 June 2018, and its 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.

## 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 Report' 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 the 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.

## **Emphasis of Matter - Basis of Accounting**

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

## **Other Information**

Other information comprises the information included in the Council's annual report for the year ended 30 June 2018, other than the financial report and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the general purpose financial statements and Special Schedules (the Schedules).

My opinion on the financial report does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information. However, as required by the *Local Government Act 1993*, I have separately expressed an opinion on the general purpose financial statements and Special Schedule 2 - Permissible income for general rates.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

## **The Councillors' Responsibilities for the Financial Report**

The Councillors are responsible for the preparation and fair presentation of the financial report and for determining that the accounting policies, described in Note 1 to the financial report, 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 report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Councillors are responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless it is not appropriate to do so.

## **Auditor's Responsibilities for the Audit of the Financial Report**

My objectives are to:

- obtain reasonable assurance about whether the financial report 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 the financial report.

A description of my responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](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
- on the best practice management disclosures in Notes 2 of the financial report
- about the security and controls over the electronic publication of the audited financial report on any website where it may be presented
- about any other information which may have been hyperlinked to/from the financial report.

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

Reiky Jiang  
Director, Financial Audit Services

22 October 2018  
SYDNEY

# Coolamon Shire Council

SPECIAL SCHEDULES  
for the year ended 30 June 2018

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*“Big enough to serve,  
small enough to care”*



# Coolamon Shire Council

## Special Schedules

for the year ended 30 June 2018

### Contents

Page

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

|   |  |       |
|---|--|-------|
| <b>Special Schedule 1</b>                 | Net Cost of Services                                 | 2-3   |
| <b>Special Schedule 2</b>                 | Permissible income for general rates                 | 4     |
| <b>Special Schedule 2</b>                 | Independent Auditors Report                          | 5-7   |
| <b>Special Schedule 3</b>                 | Water Supply Operations – incl. Income Statement     | 8-10  |
| <b>Special Schedule 4</b>                 | Water Supply – Statement of Financial Position       | 11    |
| <b>Special Schedule 5</b>                 | Sewerage Service Operations – incl. Income Statement | 12-14 |
| <b>Special Schedule 6</b>                 | Sewerage Service – Statement of Financial Position   | 15    |
| <b>Notes to Special Schedules 3 and 5</b> |  | 16    |
| <b>Special Schedule 7</b>                 | Report on Infrastructure Assets                      | 17-22 |

<sup>1</sup> Special Schedules are not audited (with the exception of Special Schedule 2).

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#### Background

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

## Coolamon Shire Council

Special Schedule 1 – Net Cost of Services  
for the year ended 30 June 2018

\$'000

| Function or activity                                   | Expenses from continuing operations | Income from continuing operations |           | Net cost of services |
|--|-------------------------------------|-----------------------------------|-----------|----------------------|
|  |                                     | Non-capital                       | Capital   |                      |
| <b>Governance</b>                                      | <b>603</b>                          | <b>-</b>                          | <b>-</b>  | <b>(603)</b>         |
| <b>Administration</b>                                  | <b>-</b>                            | <b>499</b>                        | <b>-</b>  | <b>499</b>           |
| <b>Public order and safety</b>                         |                                     |                                   |           |                      |
| Fire service levy, fire protection, emergency services | 322                                 | 19                                | -         | (303)                |
| Beach control  | -                                   | -                                 | -         | -                    |
| Enforcement of local government regulations            | -                                   | -                                 | -         | -                    |
| Animal control   | 23                                  | 15                                | -         | (8)                  |
| Other  | -                                   | -                                 | -         | -                    |
| <b>Total public order and safety</b>                   | <b>345</b>                          | <b>34</b>                         | <b>-</b>  | <b>(311)</b>         |
| <b>Health</b>  | <b>288</b>                          | <b>22</b>                         | <b>-</b>  | <b>(266)</b>         |
| <b>Environment</b>                                     |                                     |                                   |           |                      |
| Noxious plants and insect/vermin control               | 163                                 | 46                                | -         | (117)                |
| Other environmental protection                         | 54                                  | 43                                | -         | (11)                 |
| Solid waste management                                 | 494                                 | 723                               | -         | 229                  |
| Street cleaning  | 39                                  | -                                 | -         | (39)                 |
| Drainage   | -                                   | -                                 | -         | -                    |
| Stormwater management                                  | 72                                  | 45                                | -         | (27)                 |
| <b>Total environment</b>                               | <b>822</b>                          | <b>857</b>                        | <b>-</b>  | <b>35</b>            |
| <b>Community services and education</b>                |                                     |                                   |           |                      |
| Administration and education                           | -                                   | -                                 | -         | -                    |
| Social protection (welfare)                            | 91                                  | 16                                | -         | (75)                 |
| Aged persons and disabled                              | 410                                 | 438                               | -         | 28                   |
| Children's services                                    | 835                                 | 810                               | -         | (25)                 |
| <b>Total community services and education</b>          | <b>1,336</b>                        | <b>1,264</b>                      | <b>-</b>  | <b>(72)</b>          |
| <b>Housing and community amenities</b>                 |                                     |                                   |           |                      |
| Public cemeteries                                      | 148                                 | 108                               | -         | (40)                 |
| Public conveniences                                    | 65                                  | -                                 | -         | (65)                 |
| Street lighting  | 101                                 | 17                                | -         | (84)                 |
| Town planning  | 152                                 | 72                                | -         | (80)                 |
| Other community amenities                              | 142                                 | 112                               | -         | (30)                 |
| <b>Total housing and community amenities</b>           | <b>608</b>                          | <b>309</b>                        | <b>-</b>  | <b>(299)</b>         |
| <b>Water supplies</b>                                  | <b>-</b>                            | <b>-</b>                          | <b>-</b>  | <b>-</b>             |
| <b>Sewerage services</b>                               | <b>806</b>                          | <b>836</b>                        | <b>35</b> | <b>65</b>            |



## Coolamon Shire Council

Special Schedule 1 – Net Cost of Services (continued)  
for the year ended 30 June 2018

\$'000

| Function or activity  | Expenses from continuing operations | Income from continuing operations |              | Net cost of services |
|---|-------------------------------------|-----------------------------------|--------------|----------------------|
|   |                                     | Non-capital                       | Capital      |                      |
| <b>Recreation and culture</b>   |                                     |                                   |              |                      |
| Public libraries  | 205                                 | 32                                | –            | (173)                |
| Museums   | 78                                  | 11                                | –            | (67)                 |
| Art galleries   | –                                   | –                                 | –            | –                    |
| Community centres and halls   | 143                                 | 19                                | 96           | (28)                 |
| Performing arts venues  | –                                   | –                                 | –            | –                    |
| Other performing arts   | –                                   | –                                 | –            | –                    |
| Other cultural services   | 19                                  | 8                                 | –            | (11)                 |
| Sporting grounds and venues   | 38                                  | 26                                | –            | (12)                 |
| Swimming pools  | 288                                 | –                                 | 246          | (42)                 |
| Parks and gardens (lakes)   | 470                                 | –                                 | 170          | (300)                |
| Other sport and recreation  | –                                   | –                                 | –            | –                    |
| <b>Total recreation and culture</b>   | <b>1,241</b>                        | <b>96</b>                         | <b>512</b>   | <b>(633)</b>         |
| <b>Fuel and energy</b>  | <b>–</b>                            | <b>–</b>                          | <b>–</b>     | <b>–</b>             |
| <b>Agriculture</b>  | <b>–</b>                            | <b>–</b>                          | <b>–</b>     | <b>–</b>             |
| <b>Mining, manufacturing and construction</b>                                     |                                     |                                   |              |                      |
| Building control  | 214                                 | 83                                | –            | (131)                |
| Other mining, manufacturing and construction                                      | 20                                  | –                                 | –            | (20)                 |
| <b>Total mining, manufacturing and const.</b>                                     | <b>234</b>                          | <b>83</b>                         | <b>–</b>     | <b>(151)</b>         |
| <b>Transport and communication</b>  |                                     |                                   |              |                      |
| Urban roads (UR) – local  | 504                                 | –                                 | 11           | (493)                |
| Urban roads – regional  | –                                   | –                                 | –            | –                    |
| Sealed rural roads (SRR) – local  | 845                                 | 1,192                             | 459          | 806                  |
| Sealed rural roads (SRR) – regional   | 1,383                               | 1,132                             | 561          | 310                  |
| Unsealed rural roads (URR) – local  | 1,278                               | –                                 | 830          | (448)                |
| Bridges on UR – local   | –                                   | –                                 | –            | –                    |
| Bridges on SRR – local  | 33                                  | –                                 | –            | (33)                 |
| Footpaths   | 42                                  | –                                 | –            | (42)                 |
| Aerodromes  | –                                   | –                                 | –            | –                    |
| Other transport and communication   | 25                                  | –                                 | –            | (25)                 |
| <b>Total transport and communication</b>  | <b>4,110</b>                        | <b>2,324</b>                      | <b>1,861</b> | <b>75</b>            |
| <b>Economic affairs</b>   |                                     |                                   |              |                      |
| Camping areas and caravan parks   | 78                                  | 31                                | –            | (47)                 |
| Other economic affairs  | 2,982                               | 2,606                             | –            | (376)                |
| <b>Total economic affairs</b>   | <b>3,060</b>                        | <b>2,637</b>                      | <b>–</b>     | <b>(423)</b>         |
| <b>Totals – functions</b>   | <b>13,453</b>                       | <b>8,961</b>                      | <b>2,408</b> | <b>(2,084)</b>       |
| <b>General purpose revenues <sup>(1)</sup></b>                                    |                                     | <b>6,161</b>                      |              | <b>6,161</b>         |
| <b>Share of interests – joint ventures and associates using the equity method</b> | <b>–</b>                            | <b>6</b>                          |              | <b>6</b>             |
| <b>NET OPERATING RESULT <sup>(2)</sup></b>  | <b>13,453</b>                       | <b>15,128</b>                     | <b>2,408</b> | <b>4,083</b>         |

(1) Includes: rates and annual charges (including ex gratia, excluding water and sewer), non-capital general purpose grants, interest on investments (excluding externa

(2) As reported in the Income Statement

## Coolamon Shire Council

## Special Schedule 2 – Permissible income for general rates

| \$'000  |                         | Calculation<br>2018/19 | Calculation<br>2017/18 |
|---|-------------------------|------------------------|------------------------|
| <b>Notional general income calculation <sup>(1)</sup></b>           |                         |                        |                        |
| Last year notional general income yield                             | a                       | 2,335                  | 2,295                  |
| Plus or minus adjustments <sup>(2)</sup>                            | b                       | 2                      | –                      |
| <b>Notional general income</b>                                      | c = (a + b)             | <b>2,337</b>           | <b>2,295</b>           |
| <b>Permissible income calculation</b>                               |                         |                        |                        |
| Special variation percentage <sup>(3)</sup>                         | d                       | 0.00%                  | 0.00%                  |
| Or rate peg percentage  | e                       | 2.30%                  | 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               | 54                     | 34                     |
| Or plus Crown land adjustment and rate peg amount                   | j = c x f               | –                      | –                      |
| <b>Sub-total</b>  | k = (c + g + h + i + j) | <b>2,391</b>           | <b>2,329</b>           |
| Plus (or minus) last year's carry forward total                     | l                       | (4)                    | 2                      |
| Less valuation objections claimed in the previous year              | m                       | –                      | –                      |
| <b>Sub-total</b>  | n = (l + m)             | <b>(4)</b>             | <b>2</b>               |
| <b>Total permissible income</b>                                     | o = k + n               | <b>2,387</b>           | <b>2,331</b>           |
| Less notional general income yield                                  | p                       | 2,383                  | 2,335                  |
| <b>Catch-up or (excess) result</b>                                  | q = o – p               | <b>4</b>               | <b>(4)</b>             |
| Plus income lost due to valuation objections claimed <sup>(4)</sup> | r                       | –                      | –                      |
| Less unused catch-up <sup>(5)</sup>                                 | s                       | –                      | –                      |
| <b>Carry forward to next year</b>                                   | t = q + r – s           | <b>4</b>               | <b>(4)</b>             |

**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 2 in the financial data return (FDR) to administer this process.



## INDEPENDENT AUDITOR'S REPORT

### Special Schedule 2 - Permissible Income for general rates

#### Coolamon Shire Council

To the Councillors of Coolamon Shire Council

### Opinion

I have audited the accompanying Special Schedule 2 – Permissible Income for general rates (the Schedule) of Coolamon Shire Council (the Council) for the year ending 30 June 2019.

In my opinion, the Schedule of the Council for the year ending 30 June 2019 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.

### 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 Schedule' 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 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 special purpose framework used to prepare the Schedule. The Schedule had been prepared for the purpose of fulfilling the Council's reporting obligations under the LG Code. As a result, the Schedule may not be suitable for another purpose.

## **Other Information**

Other information comprises the information included in the Council's annual report for the year ended 30 June 2018, other than the Schedule and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the general purpose financial statements, special purpose financial statements and the Special Schedules excluding Special Schedule 2 (the other Schedules).

My opinion on the Schedule does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information. However, as required by the *Local Government Act 1993*, I have separately expressed an opinion on the general purpose financial statements and the special purpose financial statements.

In connection with my audit of the Schedule, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Schedule or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

## **The Councillors' Responsibilities for the Schedule**

The Councillors are responsible for the preparation of the Schedule 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 the Schedule that is free from material misstatement, whether due to fraud or error.

In preparing the Schedule, the Councillors are responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless it is not appropriate to do so.

## **Auditor's Responsibilities for the Audit of the Schedule**

My objectives are to:

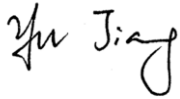
- obtain reasonable assurance whether the Schedule as a whole is free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

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 the Schedule.

A description of my responsibilities for the audit of the Schedule is located at the Auditing and Assurance Standards Board website at: [www.auasb.gov.au/auditors\\_responsibilities/ar8.pdf](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 Schedule on any website where it may be presented
- about any other information which may have been hyperlinked to/from the Schedule.

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

Reiky Jiang  
Director, Financial Audit Services

22 October 2018  
SYDNEY

## 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 2018

| \$'000   | 2018     | 2017     |
|--|----------|----------|
| <b>A Expenses and income</b>                         |          |          |
| <b>Expenses</b>                                      |          |          |
| <b>1. Management expenses</b>                        |          |          |
| a. Administration                                    | –        | –        |
| b. Engineering and supervision                       | –        | –        |
| <b>2. Operation and maintenance expenses</b>         |          |          |
| – 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                                 | –        | –        |
| <b>3. Depreciation expenses</b>                      |          |          |
| a. System assets                                     | –        | –        |
| b. Plant and equipment                               | –        | –        |
| <b>4. Miscellaneous expenses</b>                     |          |          |
| a. Interest expenses                                 | –        | –        |
| b. Revaluation decrements                            | –        | –        |
| c. Other expenses                                    | –        | –        |
| d. Impairment – system assets                        | –        | –        |
| e. Impairment – plant and equipment                  | –        | –        |
| f. Aboriginal Communities Water and Sewerage Program | –        | –        |
| g. Tax equivalents dividends (actually paid)         | –        | –        |
| <b>5. Total expenses</b>                             | <b>–</b> | <b>–</b> |

## 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 2018

| \$'000   | 2018     | 2017     |
|--|----------|----------|
| <b>Income</b>  |          |          |
| <b>6. Residential charges</b>  |          |          |
| a. Access (including rates)  | –        | –        |
| b. Usage charges   | –        | –        |
| <b>7. Non-residential charges</b>                                    |          |          |
| a. Access (including rates)  | –        | –        |
| b. Usage charges   | –        | –        |
| <b>8. Extra charges</b>  | –        | –        |
| <b>9. Interest income</b>  | –        | –        |
| <b>10. Other income</b>  | –        | –        |
| <b>10a. Aboriginal Communities Water and Sewerage Program</b>        | –        | –        |
| <b>11. Grants</b>  |          |          |
| a. Grants for acquisition of assets                                  | –        | –        |
| b. Grants for pensioner rebates                                      | –        | –        |
| c. Other grants  | –        | –        |
| <b>12. Contributions</b>   |          |          |
| a. Developer charges   | –        | –        |
| b. Developer provided assets   | –        | –        |
| c. Other contributions   | –        | –        |
| <b>13. Total income</b>  | <u>–</u> | <u>–</u> |
| <b>14. Gain (or loss) on disposal of assets</b>                      | –        | –        |
| <b>15. Operating result</b>  | <u>–</u> | <u>–</u> |
| <b>15a. Operating result (less grants for acquisition of assets)</b> | –        | –        |

## Coolamon Shire Council

## Special Schedule 3 – Water Supply Income Statement (continued)

Includes all internal transactions, i.e. prepared on a gross basis  
for the year ended 30 June 2018

| \$'000   | 2018     | 2017     |
|--|----------|----------|
| <b>B Capital transactions</b>                                      |          |          |
| <b>Non-operating expenditures</b>                                  |          |          |
| <b>16. Acquisition of fixed assets</b>                             |          |          |
| a. New assets for improved standards                               | –        | –        |
| b. New assets for growth   | –        | –        |
| c. Renewals  | –        | –        |
| d. Plant and equipment   | –        | –        |
| <b>17. Repayment of debt</b>                                       | –        | –        |
| <b>18. Totals</b>  | <u>–</u> | <u>–</u> |
| <b>Non-operating funds employed</b>                                |          |          |
| <b>19. Proceeds from disposal of assets</b>                        | –        | –        |
| <b>20. Borrowing utilised</b>                                      | –        | –        |
| <b>21. Totals</b>  | <u>–</u> | <u>–</u> |
| <b>C Rates and charges</b>   |          |          |
| <b>22. Number of assessments</b>                                   |          |          |
| a. Residential (occupied)  |          | –        |
| b. Residential (unoccupied, ie. vacant lot)                        |          | –        |
| c. Non-residential (occupied)                                      |          | –        |
| d. Non-residential (unoccupied, ie. vacant lot)                    |          | –        |
| <b>23. Number of ETs for which developer charges were received</b> | ET       | – ET     |
| <b>24. Total amount of pensioner rebates (actual dollars)</b>      | \$       | -        |



## 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 2018

| \$'000  | Current  | Non-current | Total    |
|---|----------|-------------|----------|
| <b>ASSETS</b>   |          |             |          |
| <b>25. Cash and investments</b>                                   |          |             |          |
| a. Developer charges  | -        | -           | -        |
| b. Special purpose grants   | -        | -           | -        |
| c. Accrued leave  | -        | -           | -        |
| d. Unexpended loans   | -        | -           | -        |
| e. Sinking fund   | -        | -           | -        |
| f. Other  | -        | -           | -        |
| <b>26. Receivables</b>  |          |             |          |
| a. Specific purpose grants  | -        | -           | -        |
| b. Rates and availability charges                                 | -        | -           | -        |
| c. User charges   | -        | -           | -        |
| d. Other  | -        | -           | -        |
| <b>27. Inventories</b>  | -        | -           | -        |
| <b>28. Property, plant and equipment</b>                          |          |             |          |
| a. System assets  | -        | -           | -        |
| b. Plant and equipment  | -        | -           | -        |
| <b>29. Other assets</b>   | -        | -           | -        |
| <b>30. Total assets</b>   | <u>-</u> | <u>-</u>    | <u>-</u> |
| <b>LIABILITIES</b>  |          |             |          |
| <b>31. Bank overdraft</b>   | -        | -           | -        |
| <b>32. Creditors</b>  | -        | -           | -        |
| <b>33. Borrowings</b>   | -        | -           | -        |
| <b>34. Provisions</b>   |          |             |          |
| a. Tax equivalents  | -        | -           | -        |
| b. Dividend   | -        | -           | -        |
| c. Other  | -        | -           | -        |
| <b>35. Total liabilities</b>                                      | <u>-</u> | <u>-</u>    | <u>-</u> |
| <b>36. NET ASSETS COMMITTED</b>                                   | <u>-</u> | <u>-</u>    | <u>-</u> |
| <b>EQUITY</b>   |          |             |          |
| <b>37. Accumulated surplus</b>                                    |          |             | -        |
| <b>38. Asset revaluation reserve</b>                              |          |             | -        |
| <b>39. Other reserves</b>   |          |             | -        |
| <b>40. TOTAL EQUITY</b>   |          |             | <u>-</u> |
| <b>Note to system assets:</b>                                     |          |             |          |
| <b>41. Current replacement cost</b> of system assets              |          |             |          |
| <b>42. Accumulated current cost</b> depreciation of system assets |          |             | -        |
| <b>43. Written down current cost</b> 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 2018

| \$'000  | 2018       | 2017       |
|---|------------|------------|
| <b>A Expenses and income</b>  |            |            |
| <b>Expenses</b>   |            |            |
| <b>1. Management expenses</b>   |            |            |
| a. Administration   | 50         | 46         |
| b. Engineering and supervision  | –          | –          |
| <b>2. Operation and maintenance expenses</b>  |            |            |
| – mains   |            |            |
| a. Operation expenses   | –          | –          |
| b. Maintenance expenses   | 40         | 53         |
| – Pumping stations  |            |            |
| c. Operation expenses (excluding energy costs)  | –          | –          |
| d. Energy costs   | 16         | 21         |
| e. Maintenance expenses   | 25         | 35         |
| – Treatment   |            |            |
| f. Operation expenses (excl. chemical, energy, effluent and biosolids management costs) | 108        | 115        |
| g. Chemical costs   | –          | –          |
| h. Energy costs   | 10         | 10         |
| i. Effluent management  | 30         | 11         |
| j. Biosolids management   | –          | –          |
| k. Maintenance expenses   | –          | –          |
| – Other   |            |            |
| l. Operation expenses   | –          | –          |
| m. Maintenance expenses   | –          | –          |
| <b>3. Depreciation expenses</b>   |            |            |
| a. System assets  | 221        | 150        |
| b. Plant and equipment  | 7          | 67         |
| <b>4. Miscellaneous expenses</b>  |            |            |
| a. Interest expenses  | –          | –          |
| b. Revaluation decrements   | –          | –          |
| c. Other expenses   | 358        | 85         |
| d. Impairment – system assets   | –          | –          |
| e. Impairment – plant and equipment   | –          | –          |
| f. Aboriginal Communities Water and Sewerage Program                                    | –          | –          |
| g. Tax equivalents dividends (actually paid)  | –          | –          |
| <b>5. Total expenses</b>  | <b>865</b> | <b>593</b> |

## 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 2018

| \$'000   | 2018       | 2017       |
|--|------------|------------|
| <b>Income</b>  |            |            |
| <b>6. Residential charges</b> (including rates)                      | 517        | 498        |
| <b>7. Non-residential charges</b>                                    |            |            |
| a. Access (including rates)  | –          | –          |
| b. Usage charges   | –          | –          |
| <b>8. Trade waste charges</b>  |            |            |
| a. Annual fees   | –          | –          |
| b. Usage charges   | –          | –          |
| c. Excess mass charges   | –          | –          |
| d. Re-inspection fees  | –          | –          |
| <b>9. Extra charges</b>  | 3          | 2          |
| <b>10. Interest income</b>   | 48         | 53         |
| <b>11. Other income</b>  | 25         | 4          |
| <b>11a. Aboriginal Communities Water and Sewerage Program</b>        | –          | –          |
| <b>12. Grants</b>  |            |            |
| a. Grants for acquisition of assets                                  | –          | –          |
| b. Grants for pensioner rebates                                      | 12         | 13         |
| c. Other grants  | 231        | –          |
| <b>13. Contributions</b>   |            |            |
| a. Developer charges   | 35         | 51         |
| b. Developer provided assets   | –          | 365        |
| c. Other contributions   | –          | –          |
| <b>14. Total income</b>  | <b>871</b> | <b>986</b> |
| <b>15. Gain (or loss) on disposal of assets</b>                      | –          | (172)      |
| <b>16. Operating result</b>  | <b>6</b>   | <b>221</b> |
| <b>16a. Operating result (less grants for acquisition of assets)</b> | 6          | 221        |

## 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 2018

| \$'000   | 2018      | 2017       |
|--|-----------|------------|
| <b>B Capital transactions</b>                                      |           |            |
| <b>Non-operating expenditures</b>                                  |           |            |
| <b>17. Acquisition of fixed assets</b>                             |           |            |
| a. New assets for improved standards                               | –         | –          |
| b. New assets for growth   | 78        | 370        |
| c. Renewals  | –         | –          |
| d. Plant and equipment   | –         | –          |
| <b>18. Repayment of debt</b>                                       | –         | –          |
| <b>19. Totals</b>  | <b>78</b> | <b>370</b> |
| <b>Non-operating funds employed</b>                                |           |            |
| <b>20. Proceeds from disposal of assets</b>                        | –         | –          |
| <b>21. Borrowing utilised</b>                                      | –         | –          |
| <b>22. Totals</b>  | <b>–</b>  | <b>–</b>   |
| <b>C Rates and charges</b>   |           |            |
| <b>23. Number of assessments</b>                                   |           |            |
| a. Residential (occupied)  | 865       | 852        |
| b. Residential (unoccupied, ie. vacant lot)                        | 110       | 86         |
| c. Non-residential (occupied)                                      | 91        | 85         |
| d. Non-residential (unoccupied, ie. vacant lot)                    | 7         | 7          |
| <b>24. Number of ETs for which developer charges were received</b> | 11 ET     | 7 ET       |
| <b>25. Total amount of pensioner rebates (actual dollars)</b>      | \$ 23,090 | \$ 23,965  |

## 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 2018

| \$'000  | Current      | Non-current  | Total         |
|---|--------------|--------------|---------------|
| <b>ASSETS</b>   |              |              |               |
| <b>26. Cash and investments</b>                                   |              |              |               |
| a. Developer charges  | –            | –            | –             |
| b. Special purpose grants   | –            | –            | –             |
| c. Accrued leave  | –            | –            | –             |
| d. Unexpended loans   | –            | –            | –             |
| e. Sinking fund   | –            | –            | –             |
| f. Other  | 2,044        | –            | 2,044         |
| <b>27. Receivables</b>  |              |              |               |
| a. Specific purpose grants  | –            | –            | –             |
| b. Rates and availability charges                                 | 37           | –            | 37            |
| c. User charges   | –            | –            | –             |
| d. Other  | 9            | –            | 9             |
| <b>28. Inventories</b>  | –            | –            | –             |
| <b>29. Property, plant and equipment</b>                          |              |              |               |
| a. System assets  | –            | 9,285        | 9,285         |
| b. Plant and equipment  | –            | 463          | 463           |
| <b>30. Other assets</b>   | –            | –            | –             |
| <b>31. Total assets</b>   | <u>2,090</u> | <u>9,748</u> | <u>11,838</u> |
| <b>LIABILITIES</b>  |              |              |               |
| <b>32. Bank overdraft</b>   | –            | –            | –             |
| <b>33. Creditors</b>  | –            | –            | –             |
| <b>34. Borrowings</b>   | –            | –            | –             |
| <b>35. Provisions</b>   |              |              |               |
| a. Tax equivalents  | –            | –            | –             |
| b. Dividend   | –            | –            | –             |
| c. Other  | –            | –            | –             |
| <b>36. Total liabilities</b>                                      | <u>–</u>     | <u>–</u>     | <u>–</u>      |
| <b>37. NET ASSETS COMMITTED</b>                                   | <u>2,090</u> | <u>9,748</u> | <u>11,838</u> |
| <b>EQUITY</b>   |              |              |               |
| <b>38. Accumulated surplus</b>                                    |              |              | 6,194         |
| <b>39. Asset revaluation reserve</b>                              |              |              | 5,644         |
| <b>40. Other reserves</b>   |              |              | –             |
| <b>41. TOTAL EQUITY</b>   |              |              | <u>11,838</u> |
| <b>Note to system assets:</b>                                     |              |              |               |
| <b>42. Current replacement cost</b> of system assets              |              |              | 15,775        |
| <b>43. Accumulated current cost</b> depreciation of system assets |              |              | (6,490)       |
| <b>44. Written down current cost</b> of system assets             |              |              | <u>9,285</u>  |

## Coolamon Shire Council

### Notes to Special Schedules 3 and 5

for the year ended 30 June 2018

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

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

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

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

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

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

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

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

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

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

**Impairment losses** (item 4d 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** <sup>(2)</sup> (items 6a, 6b and item 6 of Special Schedules 3 and 5 respectively) include all income from residential charges. Item 6 of Schedule 3 should be separated into 6a access charges (including rates if applicable) and 6b usage charges.

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

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

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

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

#### Notes:

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

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

## Coolamon Shire Council

## Special Schedule 7 – Report on Infrastructure Assets as at 30 June 2018

\$'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 | 2017/18 Required maintenance <sup>a</sup> | 2017/18 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     | –   | –   | 91  | 53                         | 1,090               | 2,178                        |   |              | 100%         |             | 0%          |
|                  | Council Works Depots      | –   | –   | 40  | 38                         | 396                 | 1,002                        | 1%  |              | 11%          | 77%         | 11%         |
|                  | Medical Centres           | –   | –   | 13  | 16                         | 876                 | 1,234                        |   | 67%          | 33%          |             | 0%          |
|                  | Child Care                | –   | –   | 35  | 37                         | 1,060               | 2,133                        |   |              | 70%          | 30%         | 0%          |
|                  | Housing                   | –   | –   | 74  | 70                         | 2,816               | 4,352                        | 11%   | 45%          | 21%          | 24%         | 0%          |
|                  | Toilet Blocks             | –   | –   | 41  | 38                         | 411                 | 605                          |   | 85%          |              | 15%         | 0%          |
|                  | Library/Cultural Facility | –   | –   | 49  | 61                         | 617                 | 1,070                        |   | 53%          |              | 47%         | 0%          |
|                  | Council Public Halls      | –   | –   | 47  | 65                         | 2,472               | 6,172                        | 23%   | 11%          | 18%          | 36%         | 12%         |
|                  | Aged Care                 | –   | –   | 168                                       | 164                        | 4,373               | 6,876                        |   | 29%          | 71%          |             | 0%          |
|                  | Retirement Village        | –   | –   | 108                                       | 178                        | 5,016               | 7,000                        | 99%   | 1%           |              |             | 0%          |
|                  | Other                     | 100   | 100   | 142                                       | 147                        | 6,212               | 10,412                       | 11%   | 28%          | 38%          | 18%         | 5%          |
| <b>Sub-total</b> | <b>100</b>                | <b>100</b>  | <b>808</b>  | <b>867</b>                                | <b>25,339</b>              | <b>43,034</b>       | <b>23.1%</b>                 | <b>22.3%</b>  | <b>34.9%</b> | <b>16.5%</b> | <b>3.1%</b> |             |
| Other structures | Other structures          | –   | –   | 199                                       | 265                        | 3,680               | 6,034                        | 97%   | 3%           |              |             | 0%          |
|                  | <b>Sub-total</b>          | <b>–</b>  | <b>–</b>  | <b>199</b>                                | <b>265</b>                 | <b>3,680</b>        | <b>6,034</b>                 | <b>97.0%</b>  | <b>3.0%</b>  | <b>0.0%</b>  | <b>0.0%</b> | <b>0.0%</b> |
| Roads            | Sealed Roads              | 385   | 385   | 696                                       | 870                        | 57,817              | 70,460                       | 12%   | 84%          | 3%           |             | 1%          |
|                  | Unsealed Roads            | 102   | 102   | 501                                       | 539                        | 5,117               | 7,003                        | 20%   | 64%          | 1%           |             | 15%         |
|                  | Bridges                   | 75  | 75  | –   | –                          | 1,773               | 2,601                        |   | 75%          | 25%          |             | 0%          |
|                  | Footpaths/Cycleways       | –   | –   | 9   | 8                          | 2,021               | 2,327                        | 61%   | 37%          | 1%           | 1%          | 0%          |
|                  | Bulk Earthworks           | –   | –   | –   | –                          | 56,500              | 56,500                       | 100%  |              |              |             | 0%          |
|                  | <b>Sub-total</b>          | <b>562</b>  | <b>562</b>  | <b>1,206</b>                              | <b>1,417</b>               | <b>123,228</b>      | <b>138,891</b>               | <b>48.8%</b>  | <b>47.9%</b> | <b>2.1%</b>  | <b>0.0%</b> | <b>1.3%</b> |

## Coolamon Shire Council

## Special Schedule 7 – Report on Infrastructure Assets as at 30 June 2018 (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 | 2017/18 Required maintenance <sup>a</sup> | 2017/18 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                             | –   | –   | 281                                       | 261                        | 9,285               | 15,775                       | 63%   | 33%           | 4%          |             | 0%           |
|                                | <b>Sub-total</b>                             | <b>–</b>  | <b>–</b>  | <b>281</b>                                | <b>261</b>                 | <b>9,285</b>        | <b>15,775</b>                | <b>63.0%</b>  | <b>33.0%</b>  | <b>4.0%</b> | <b>0.0%</b> | <b>0.0%</b>  |
| Stormwater drainage            | Stormwater drainage                          | –   | –   | 20  | 15                         | 3,312               | 3,934                        | 32%   | 68%           | 4%          |             | -4%          |
|                                | <b>Sub-total</b>                             | <b>–</b>  | <b>–</b>  | <b>20</b>                                 | <b>15</b>                  | <b>3,312</b>        | <b>3,934</b>                 | <b>32.0%</b>  | <b>68.0%</b>  | <b>4.0%</b> | <b>0.0%</b> | <b>-4.0%</b> |
| Open space/recreational assets | Swimming Pools                               | –   | –   | 211                                       | 179                        | 1,026               | 3,801                        |   | 100%          |             |             | 0%           |
|                                | Other (parks, gardens & recreational assets) | –   | –   | 383                                       | 406                        |                     |                              |   |               |             |             |              |
|                                | <b>Sub-total</b>                             | <b>–</b>  | <b>–</b>  | <b>594</b>                                | <b>585</b>                 | <b>1,026</b>        | <b>3,801</b>                 | <b>0.0%</b>   | <b>100.0%</b> | <b>0.0%</b> | <b>0.0%</b> | <b>0.0%</b>  |
|                                | <b>TOTAL – ALL ASSETS</b>                    | <b>662</b>  | <b>662</b>  | <b>3,108</b>                              | <b>3,410</b>               | <b>165,870</b>      | <b>211,469</b>               | <b>44.8%</b>  | <b>41.6%</b>  | <b>8.8%</b> | <b>3.4%</b> | <b>1.4%</b>  |

## Notes:

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

## Infrastructure asset condition assessment 'key'

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



## Coolamon Shire Council

Special Schedule 7 – Report on Infrastructure Assets (continued)  
for the year ended 30 June 2018

|  | Amounts<br>2018 | Indicator<br>2018 | Prior periods |         | Benchmark |
|--|-----------------|-------------------|---------------|---------|-----------|
|  |                 |                   | 2017          | 2016    |           |
| <b>Infrastructure asset performance indicators *<br/>consolidated</b>    |                 |                   |               |         |           |
| <b>1. Buildings and infrastructure renewals ratio <sup>(1)</sup></b>     |                 |                   |               |         |           |
| Asset renewals <sup>(2)</sup>  | <u>4,269</u>    | <b>157.94%</b>    | 107.43%       | 187.38% | >= 100%   |
| Depreciation, amortisation and impairment                                | <u>2,703</u>    |                   |               |         |           |
| <b>2. Infrastructure backlog ratio <sup>(1)</sup></b>                    |                 |                   |               |         |           |
| Estimated cost to bring assets to a satisfactory standard                | <u>662</u>      | <b>0.40%</b>      | 1.81%         | 0.46%   | < 2.00%   |
| Net carrying amount of infrastructure assets                             | <u>166,279</u>  |                   |               |         |           |
| <b>3. Asset maintenance ratio</b>  |                 |                   |               |         |           |
| Actual asset maintenance   | <u>3,410</u>    | <b>109.72%</b>    | 139.24%       | 100.52% | > 100%    |
| Required asset maintenance   | <u>3,108</u>    |                   |               |         |           |
| <b>4. Cost to bring assets to agreed service level</b>                   |                 |                   |               |         |           |
| Estimated cost to bring assets to an agreed service level set by Council | <u>662</u>      | <b>0.31%</b>      | 0.93%         | 0.25%   |           |
| Gross replacement cost   | <u>211,469</u>  |                   |               |         |           |

## Notes

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

(1) Excludes Work In Progress (WIP)

(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 7 – Report on Infrastructure Assets (continued)  
for the year ended 30 June 2018

|  | Amounts<br>2018 | Indicator<br>2018 | Indicator<br>2017 | Benchmark |
|--|-----------------|-------------------|-------------------|-----------|
| <b>Infrastructure asset performance indicators *<br/>consolidated</b>    |                 |                   |                   |           |
| <b>1. Buildings and infrastructure renewals ratio <sup>(1)</sup></b>     |                 |                   |                   |           |
| Asset renewals <sup>(2)</sup>  | <u>4,269</u>    | <b>157.94%</b>    | 107.43%           | >= 100%   |
| Depreciation, amortisation and impairment                                | <u>2,703</u>    |                   |                   |           |
| <b>2. Infrastructure backlog ratio <sup>(1)</sup></b>                    |                 |                   |                   |           |
| Estimated cost to bring assets to a satisfactory standard                | <u>662</u>      | <b>0.40%</b>      | 1.81%             | < 2.00%   |
| Net carrying amount of infrastructure assets                             | <u>166,279</u>  |                   |                   |           |
| <b>3. Asset maintenance ratio</b>  |                 |                   |                   |           |
| Actual asset maintenance   | <u>3,410</u>    | <b>109.72%</b>    | 139.24%           | > 100%    |
| Required asset maintenance   | <u>3,108</u>    |                   |                   |           |
| <b>4. Cost to bring assets to agreed service level</b>                   |                 |                   |                   |           |
| Estimated cost to bring assets to an agreed service level set by Council | <u>662</u>      | <b>0.31%</b>      | 0.93%             |           |
| Gross replacement cost   | <u>211,469</u>  |                   |                   |           |

## Notes

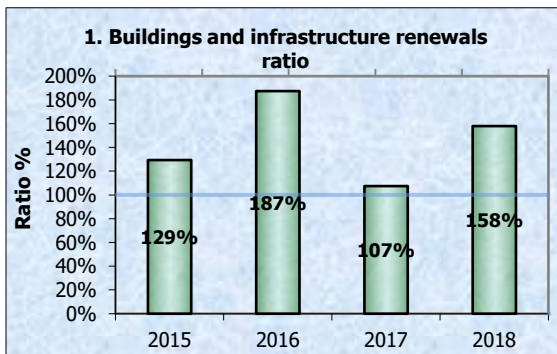
\* All asset performance indicators are calculated using the asset classes identified in the previous table.

<sup>(1)</sup> Excludes Work In Progress (WIP)

<sup>(2)</sup> 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 2018



**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.

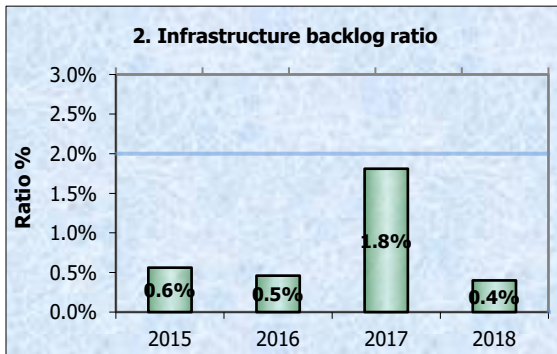
**Commentary on 2017/18 result**

**2017/18 Ratio 157.94%**

This ratio shows that over the past 4 financial years, Council's renewal expenditure has exceeded the depreciation.

Benchmark: — Minimum  $\geq 100.00\%$   
Source for benchmark: Code of Accounting Practice and Financial Reporting #26

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.

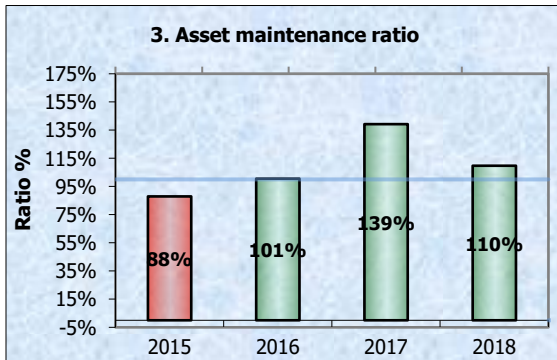
**Commentary on 2017/18 result**

**2017/18 Ratio 0.40%**

This ratio indicates that Council's infrastructure backlog has remained under the industry benchmark for the past 4 financial years.

Benchmark: — Maximum  $< 2.00\%$   
Source for benchmark: Code of Accounting Practice and Financial Reporting #26

Ratio achieves benchmark  
 Ratio is outside benchmark



**Purpose of asset maintenance ratio**

Compares actual vs. required annual asset maintenance. A ratio above 100% indicates Council is investing enough funds to stop the infrastructure backlog growing.

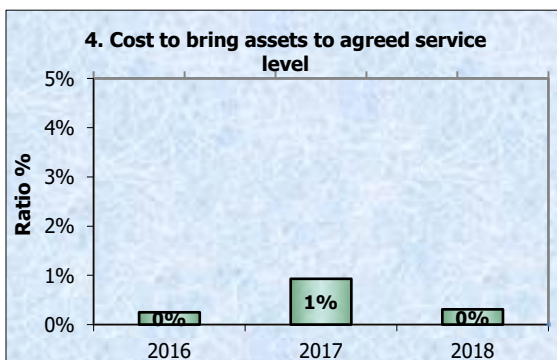
**Commentary on 2017/18 result**

**2017/18 Ratio 109.72%**

This ratio shows that Council annual maintenance expenditure ensures that the Council's backlog is not increasing.

Benchmark: — Minimum  $> 100.00\%$   
Source for benchmark: Code of Accounting Practice and Financial Reporting #26

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 2017/18 result**

**2017/18 Ratio 0.31%**

The estimated cost to bring assets to agreed service level has remained low over the past three financial years.

## Coolamon Shire Council

## Special Schedule 7 – Report on Infrastructure Assets (continued)

for the year ended 30 June 2018

|  | General indicators <sup>(1)</sup> |         | Sewer indicators |        | Benchmark |
|--|-----------------------------------|---------|------------------|--------|-----------|
|  | 2018                              | 2017    | 2018             | 2017   |           |
| <b>Infrastructure asset performance indicators by fund</b>               |                                   |         |                  |        |           |
| <b>1. Buildings and infrastructure renewals ratio <sup>(2)</sup></b>     |                                   |         |                  |        |           |
| Asset renewals <sup>(3)</sup>  | <b>172.00%</b>                    | 114.69% | <b>0.00%</b>     | 0.00%  | >= 100%   |
| Depreciation, amortisation and impairment                                |                                   |         |                  |        |           |
| <b>2. Infrastructure backlog ratio <sup>(2)</sup></b>                    |                                   |         |                  |        |           |
| Estimated cost to bring assets to a satisfactory standard                | <b>0.42%</b>                      | 1.99%   | <b>0.00%</b>     | 0.00%  | < 2.00%   |
| Net carrying amount of infrastructure assets                             |                                   |         |                  |        |           |
| <b>3. Asset maintenance ratio</b>  |                                   |         |                  |        |           |
| Actual asset maintenance   | <b>111.39%</b>                    | 142.95% | <b>92.88%</b>    | 98.85% | > 100%    |
| Required asset maintenance   |                                   |         |                  |        |           |
| <b>4. Cost to bring assets to agreed service level</b>                   |                                   |         |                  |        |           |
| Estimated cost to bring assets to an agreed service level set by Council | <b>0.34%</b>                      | 1.01%   | <b>0.00%</b>     | 0.00%  |           |
| Gross replacement cost   |                                   |         |                  |        |           |

**Notes**

- (1) General fund refers to all of Council's activities except for its sewer activity which is listed separately.
- (2) Excludes Work In Progress (WIP)
- (3) 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.