

Coolamon Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2010

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



Coolamon Shire Council

General Purpose Financial Statements for the financial year ended 30 June 2010

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Overview

- (i) These financial statements are General Purpose Financial Statements and cover the consolidated operations for Coolamon Shire Council.
- (ii) Coolamon Shire Council is a body corporate of NSW, Australia - being constituted as a Local Government area by proclamation and is duly empowered by the Local Government Act (LGA) 1993 of NSW.

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

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

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

- (iii) All figures presented in these financial statements are presented in Australian Currency.
- (iv) These financial statements were authorised for issue by the Council on 24/09/10. Council has the power to amend and reissue the financial statements.
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Coolamon Shire Council

General Purpose Financial Statements for the financial year ended 30 June 2010

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

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


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

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

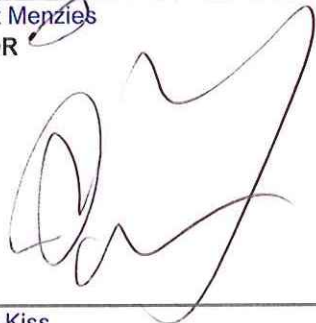
- present fairly the Council's operating result and financial position for the year, and
- accords with Council's accounting and other records.

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

Signed in accordance with a resolution of Council made on 16 September 2010.



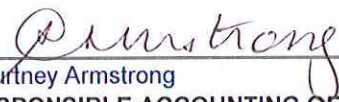
Robert Menzies
MAYOR



Terrey Kiss
GENERAL MANAGER



Bruce Hutcheon
COUNCILLOR



Courtney Armstrong
RESPONSIBLE ACCOUNTING OFFICER

Coolamon Shire Council

Income Statement

for the financial year ended 30 June 2010

Budget ⁽¹⁾			Actual	Actual
2010	\$ '000	Notes	2010	2009
Income from Continuing Operations				
Revenue:				
2,375	Rates & Annual Charges	3a	2,382	2,307
813	User Charges & Fees	3b	1,018	902
375	Interest & Investment Revenue	3c	498	594
346	Other Revenues	3d	414	351
4,259	Grants & Contributions provided for Operating Purposes	3e,f	4,595	5,241
2,165	Grants & Contributions provided for Capital Purposes	3e,f	2,091	2,337
Other Income:				
213	Net gains from the disposal of assets	5	174	83
5	Net Share of interests in Joint Ventures & Associated Entities using the equity method	19	2	6
10,551	Total Income from Continuing Operations		11,174	11,821
Expenses from Continuing Operations				
3,751	Employee Benefits & On-Costs	4a	4,040	3,584
47	Borrowing Costs	4b	47	44
1,824	Materials & Contracts	4c	2,747	2,609
1,589	Depreciation & Amortisation	4d	1,427	1,360
	Impairment	4d	-	-
995	Other Expenses	4e	1,149	1,173
	Interest & Investment Losses	3c	-	-
	Net Losses from the Disposal of Assets	5	-	-
	Net Share of interests in Joint Ventures & Associated Entities using the equity method	19	-	-
8,206	Total Expenses from Continuing Operations		9,410	8,770
2,345	Operating Result from Continuing Operations		1,764	3,051
Discontinued Operations				
	Net Profit/(Loss) from Discontinued Operations	24	-	-
2,345	Net Operating Result for the Year		1,764	3,051
2,345	Net Operating Result attributable to Council		1,764	3,051
	Net Operating Result attributable to Minority Interests		-	-
180	Net Operating Result for the year before Grants and Contributions provided for Capital Purposes		(327)	714

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

Coolamon Shire Council

Statement of Comprehensive Income
for the financial year ended 30 June 2010

\$ '000	Notes	Actual 2010	Actual 2009
Net Operating Result for the year (as per Income statement)		1,764	3,051
Other Comprehensive Income			
Gain (loss) on revaluation & impairment of I,PP&E	20b (ii)	53,387	-
Gain (loss) on revaluation of available-for-sale investments	20b (ii)	-	-
Gain (loss) on revaluation of other reserves	20b (ii)	-	-
Realised (gain) loss on available-for-sale investments recognised in P&L	20b (ii)	-	-
Realised (gain) loss from other reserves recognised in P&L	20b (ii)	-	-
Other Movements in Reserves (enter details here)	20b (ii)	-	-
De-recognition of land under roads			-
Adjustment to correct prior period depreciation errors			-
Total Other Comprehensive Income for the year		53,387	-
Total Comprehensive Income for the Year		55,151	3,051
Total Comprehensive Income attributable to Council		55,151	3,051
Total Comprehensive Income attributable to Minority Interests			-

Coolamon Shire Council

Balance Sheet

as at 30 June 2010

\$ '000	Notes	Actual 2010	Actual 2009	Actual 2008
ASSETS				
Current Assets				
Cash & Cash Equivalents	6a	2,219	4,030	5,958
Investments	6b	7,979	5,100	2,600
Receivables	7	728	472	535
Inventories	8	165	249	317
Other	8	-	-	-
Total Current Assets		11,091	9,851	9,410
Non-Current Assets				
Investments	6b	200	700	700
Receivables	7	135	139	19
Inventories	8	183	179	179
Infrastructure, Property, Plant & Equipment	9	134,565	79,474	88,563
Investments accounted for using the equity method	19	85	83	77
Other	8	-	-	-
Total Non-Current Assets		135,168	80,575	89,538
TOTAL ASSETS		146,259	90,426	98,948
LIABILITIES				
Current Liabilities				
Payables	10	4,314	3,930	4,243
Borrowings	10	-	-	-
Provisions	10	1,401	1,363	1,543
Total Current Liabilities		5,715	5,293	5,786
Non-Current Liabilities				
Payables	10	11	5	-
Borrowings	10	-	-	-
Provisions	10	1,020	766	670
Investments accounted for using the equity method	19	-	-	-
Total Non-Current Liabilities		1,031	771	670
TOTAL LIABILITIES		6,746	6,064	6,456
Net Assets		139,513	84,362	92,492
EQUITY				
Retained Earnings	20	73,095	71,331	79,461
Revaluation Reserves	20	66,418	13,031	13,031
Council Equity Interest		139,513	84,362	92,492
Minority Equity Interest		-	-	-
Total Equity		139,513	84,362	92,492

Coolamon Shire Council

Statement of Changes in Equity
for the financial year ended 30 June 2010

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

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Equity Interest	Minority Interest	Total Equity
2009						
Opening Balance (as per Last Year's Audited Accounts)		79,461	13,031	92,492	-	92,492
a. Correction of Prior Period Errors	20 (c)	(11,181)	-	(11,181)	-	(11,181)
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
Revised Opening Balance (as at 1/7/08)		68,280	13,031	81,311	-	81,311
c. Net Operating Result for the Year		3,051	-	3,051	-	3,051
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	-	-	-	-
- Revaluations: Other Reserves	20b (ii)	-	-	-	-	-
- Transfers to Income Statement	20b (ii)	-	-	-	-	-
- Other Movements (enter details here)	20b (ii)	-	-	-	-	-
Other Comprehensive Income		-	-	-	-	-
Total Comprehensive Income (c&d)		3,051	-	3,051	-	3,051
e. Distributions to/(Contributions from) Minority Interests				-	-	-
f. Transfers between Equity				-	-	-
Equity - Balance at end of the reporting period		71,331	13,031	84,362	-	84,362

Coolamon Shire Council

Statement of Cash Flows

for the financial year ended 30 June 2010

Budget 2010	\$ '000	Notes	Actual 2010	Actual 2009
Cash Flows from Operating Activities				
Receipts:				
2,375	Rates & Annual Charges		2,334	2,337
813	User Charges & Fees		1,021	885
375	Investment & Interest Revenue Received		399	603
6,425	Grants & Contributions		6,517	7,589
346	Other		476	386
Payments:				
(3,721)	Employee Benefits & On-Costs		(3,795)	(3,712)
(1,916)	Materials & Contracts		(2,629)	(2,603)
(995)	Other		(1,149)	(1,175)
<u>3,702</u>	Net Cash provided (or used in) Operating Activities	11b	<u>3,174</u>	<u>4,310</u>
Cash Flows from Investing Activities				
Receipts:				
100	Sale of Real Estate Assets		150	100
164	Sale of Infrastructure, Property, Plant & Equipment		266	197
	Deferred Debtors Receipts		2	8
Payments:				
	Purchase of Investment Securities		(2,379)	(2,500)
(3,925)	Purchase of Infrastructure, Property, Plant & Equipment		(3,279)	(3,721)
(80)	Purchase of Real Estate Assets		(4)	-
	Deferred Debtors & Advances Made		(3)	(133)
<u>(3,741)</u>	Net Cash provided (or used in) Investing Activities		<u>(5,247)</u>	<u>(6,049)</u>
Cash Flows from Financing Activities				
Receipts:				
-	Proceeds from Borrowings & Advances		1,025	115
Payments:				
(170)	Repayment of Borrowings & Advances		(763)	(304)
<u>(170)</u>	Net Cash Flow provided (used in) Financing Activities		<u>262</u>	<u>(189)</u>
(209)	Net Increase/(Decrease) in Cash & Cash Equivalents		(1,811)	(1,928)
8,827	plus: Cash & Cash Equivalents - beginning of year	11a	4,030	5,958
<u>8,618</u>	Cash & Cash Equivalents - end of the year	11a	<u>2,219</u>	<u>4,030</u>
Additional Information:				
	plus: Investments on hand - end of year	6b	8,179	5,800
Total Cash, Cash Equivalents & Investments			<u>10,398</u>	<u>9,830</u>

Please refer to Note 11 for information on the following:

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

Coolamon Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

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n/a - not applicable

Coolamon Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 1. Summary of Significant Accounting Policies

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

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

(a) Basis of preparation

(i) Background

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

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

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

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

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

Examples include;

- excluding Local Government from applying AASB 120 (IAS 20) for Grant Accounting and AASB 118 (IAS 18) for Segment Reporting, &
- different requirements on (a) Impairment of Assets relating to Not-For-Profit AASB 136 (IAS 36) and (b) AASB 116 (IAS 16) regarding accounting for the Revaluation of Assets.

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

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

(iii) Basis of Accounting

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

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

(iv) Changes in Accounting Policies

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

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

(v) Critical Accounting Estimates

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

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

(vi) Financial Statements Presentation

The Council has applied the revised **AASB 101, Presentation of Financial Statements** which became effective on 1 January 2009.

Coolamon Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 1. Summary of Significant Accounting Policies (continued)

The revised standard requires the separate presentation of a statement of comprehensive income and a statement of changes in equity.

All non-owner changes in equity must now be presented in the statement of comprehensive income.

As a consequence, the Council had to change the presentation of its financial statements.

Comparative information has been re-presented so that it is also in conformity with the revised standard.

(b) Revenue recognition

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

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

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

Revenue is measured on major income categories as follows:

Rates, Annual Charges, Grants and Contributions

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

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

A provision for the impairment on rates receivables has not been established as unpaid rates represent a charge against the rateable property that will be recovered when the property is next sold.

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

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

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

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

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

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

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

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

User Charges, Fees and Other Income

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

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

Coolamon Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 1. Summary of Significant Accounting Policies (continued)

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

Sale of Infrastructure, Property, Plant and Equipment

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

Interest and Rents

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

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

(c) Principles of Consolidation

These financial statements incorporate **(i)** the assets and liabilities of Council and any entities (or operations) that it **controls** (as at 30/6/10) and **(ii)** all the related operating results (for the financial year ended the 30th June 2010).

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

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

(i) The Consolidated Fund

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

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

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

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

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

- Ardlethan Community Progress
- Ardlethan Hall Committee
- Ganmain Progress
- Matong Park Committee
- Coolamon Heritage & Advancement Society
- Ardlethan Show Committee
- Beckom Hall Committee
- Marrar Community Progress
- Ganmain Hall Committee

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

Total income from continuing operations	\$93,000
Total expenditure from continuing operations	\$90,000
Total net assets held (ie Equity)	\$58,000

Note:

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

(ii) The Trust Fund

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

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

Coolamon Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 1. Summary of Significant Accounting Policies (continued)

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

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

(iii) Joint Venture Entities

Jointly Controlled Assets & Operations

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

Jointly Controlled Entities

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

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

(iv) Associated Entities

Council has no involvement with any Associated Entities

(v) County Councils

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

- **Goldenfields Water County Council**
Goldenfields Water County Council was proclaimed under the Local Government Act on 24 April 1997, and from 1 July 1997, became responsible for water supply functions within the Local Government areas of Bland, Coolamon, Cootamundra, Harden, Junee, Temora, Young and part of Narrandera.

The governing body of each County Council is responsible for managing its own affairs. Council is of the opinion that it neither controls nor significantly influences the above County Councils

and accordingly these entities have not been consolidated or otherwise included within these financial statements.

(vi) Additional Information

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

(d) Leases

Council did not have any leases at during the financial year or at year's end.

(e) Cash and Cash Equivalents

Cash and cash equivalents includes;

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

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

(f) Investments and Other Financial Assets

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

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

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

Coolamon Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 1. Summary of Significant Accounting Policies (continued)

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

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

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

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

Derivatives are classified as held for trading unless they are designated as hedges.

Assets in this category are primarily classified as current assets as they are primarily held for trading &/or are expected to be realised within 12 months of the balance sheet date.

(ii) Loans and receivables

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

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

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

(iii) Held-to-maturity investments

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

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

Held-to-maturity financial assets are included in non-current assets, except for those with maturities less

than 12 months from the reporting date, which are classified as current assets.

(iv) Available-for-sale financial assets

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

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

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

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

Financial Assets – Reclassification

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

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

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

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

Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date.

Coolamon Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 1. Summary of Significant Accounting Policies (continued)

Further increases in estimates of cash flows adjust effective interest rates prospectively.

General Accounting & Measurement of Financial Instruments:

(i) Initial Recognition

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

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

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

(ii) Subsequent Measurement

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

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

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

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

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

Impairment

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

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired.

If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss - is removed from equity and recognised in the income statement.

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

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

(iii) Types of Investments

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

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

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

Council amended its policy following revisions to the Investment Order arising from the Cole Inquiry recommendations. Certain investments the Council holds are no longer prescribed (eg. Subordinated debt), however they have been retained under grandfathering provisions of the Order.

Coolamon Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 1. Summary of Significant Accounting Policies (continued)

These will be disposed of when most financially advantageous to Council.

(g) Fair value estimation

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

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

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

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

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

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

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

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

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

(h) Receivables

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

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

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

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

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

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

When a receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account.

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

(i) Inventories

Raw Materials and Stores, Work in Progress and Finished Goods

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

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

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

Net realisable value is the estimated selling price in the ordinary course of business less the estimated

Coolamon Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 1. Summary of Significant Accounting Policies (continued)

costs of completion and the estimated costs necessary to make the sale.

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

Land Held for Resale/Capitalisation of Borrowing Costs

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

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

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

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

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

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

Acquisition of assets

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

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

- **Sewerage Networks**
(External Valuation)
- **Operational Land** (External Valuation)
- **Buildings – Specialised/Non Specialised**
(External Valuation)
- **Plant and Equipment** (as approximated by depreciated historical cost)
-

- **Roads Assets incl. roads, bridges & footpaths**
(Internal Valuation)

- **Drainage Assets** (Internal Valuation)

- **Bulk Earthworks** (Internal Valuation)

- **Other Structures** (External Valuation)

The only remaining asset class that is to be revalued in a future reporting period is;

- **2010/11: Community land, land improvements, and other assets**

Until the designated future reporting periods, the above remaining asset class is stated at cost (or deemed cost) less accumulated depreciation and any accumulated impairment losses.

Initial Recognition

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

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

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

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

Coolamon Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 1. Summary of Significant Accounting Policies (continued)

Subsequent costs

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

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

Asset Revaluations (including Indexation)

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

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

Sewerage network assets are indexed annually between full revaluations in accordance with the latest indices provided in the NSW Office of Water Rates Reference Manual.

For all other assets, Council assesses at each reporting date whether there is any indication that a revalued asset's carrying amount may differ materially from that which would be determined if the asset were revalued at the reporting date.

If any such indication exists, Council determines the asset's fair value and revalues the asset to that amount.

Full revaluations are undertaken for all assets on a 5 year cycle.

Capitalisation Thresholds

Items of infrastructure, property, plant and equipment are not capitalised unless their cost of acquisition exceeds the following;

Land	
- council land	100% Capitalised
- open space	100% Capitalised
- land under roads (purchases after 30/6/08)	100% Capitalised

Plant & Equipment

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

Buildings & Land Improvements

Park Furniture & Equipment	> \$2,000
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Building	
- construction/extensions	100% Capitalised
- renovations	> \$10,000

Other Structures	> \$2,000
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Water & Sewer Assets

Reticulation extensions	> \$5,000
Other	> \$5,000

Stormwater Assets

Drains & Culverts	> \$5,000
Other	> \$5,000

Transport Assets

Road construction & reconstruction	> \$10,000
Reseal/Re-sheet & major repairs:	> \$10,000

Bridge construction & reconstruction	> \$10,000
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Depreciation

Depreciation on Council's infrastructure, property, plant and equipment assets is calculated using the straight line method in order to allocate an assets cost (net of residual values) over its estimated useful life.

Land is not depreciated.

Coolamon Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 1. Summary of Significant Accounting Policies (continued)

Estimated useful lives for Council's I,PP&E include:

Plant & Equipment

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

Other Equipment

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

Buildings

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

Stormwater Drainage

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

Transportation Assets

- Sealed Roads : Seal	0 to 20 years
- Sealed Roads : Pavement	0 to 70 years
- Unsealed roads	0 to 15 years
- Bridge : Concrete	0 to 80 years
- Kerb, Gutter & Paths	0 - 80 years

Sewer Assets

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

Other Infrastructure Assets

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

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

Disposal and De-recognition

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

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

(k) Land

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

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

(l) Land under roads

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

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

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

Council will review the recognition of all land under roads when the valuation methodology has been determined by the industry and is, in the meantime, collecting the necessary physical data to undertake the valuation.

(m) Intangible Assets

Council has not classified any assets as Intangible.

Coolamon Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 1. Summary of Significant Accounting Policies (continued)

(n) Crown Reserves

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

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

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

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

(o) Rural Fire Service assets

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

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

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

(p) Investment property

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

It should be noted that Council had no investment properties for the 2008/2009 or 2009/2010 financial years.

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

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

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

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

Costs are estimated on the basis of a closure plan.

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

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

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

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

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

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

Coolamon Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 1. Summary of Significant Accounting Policies (continued)

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

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

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

These costs are charged to the income statement.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Coolamon Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 1. Summary of Significant Accounting Policies (continued)

(s) Impairment of assets

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

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

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

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

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

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

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

(t) Payables

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

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

(u) Borrowings

Council had no Borrowings at year's end or during the 2009/2010 financial year.

(v) Borrowing costs

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

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

(w) Provisions

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

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

Provisions are not recognised for future operating losses.

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

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

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

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

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

Coolamon Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 1. Summary of Significant Accounting Policies (continued)

(x) Employee benefits

(i) Short Term Obligations

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

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

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

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

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

(ii) Other Long Term Obligations

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

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

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

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

Due to the nature of when and how Long Service Leave can be taken, all Long Service Leave for employees with 4 or more years of service has been classified as Current, as it has been deemed that

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

(iii) Retirement benefit obligations

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

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

Defined Benefit Plans

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

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

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

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

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

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

Coolamon Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 1. Summary of Significant Accounting Policies (continued)

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

The Local Government Superannuation Scheme has advised member councils that, as a result of the global financial crisis, it has a significant deficiency of assets over liabilities.

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

Council's share of that deficiency is estimated to be \$168,800 but no liability for the deficiency has been recognised in these financial statements.

Council has, disclosed a contingent liability in Note 18 to reflect the possible obligation that may arise should the Scheme require immediate payment to correct the deficiency.

Define Contribution Plans

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

(iv) Employee Benefit On-Costs

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

These amounts include Superannuation and Workers Compensation expenses which will be payable upon the future payment of certain Leave Liabilities accrued as at 30/6/10.

(y) Self insurance

Council does not self insure.

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

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

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

Exceptions

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

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

(aa) Taxes

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

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

Goods & Services Tax (GST)

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

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

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

The net amount of GST recoverable from or payable to the ATO is included in the current assets or current liabilities in the Balance Sheet.

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

Coolamon Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 1. Summary of Significant Accounting Policies (continued)

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

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

(ab) New accounting standards and UIG interpretations

Certain new (or amended) accounting standards and interpretations have been published that are not mandatory for reporting periods ending 30 June 2010.

Council has not adopted any of these standards early.

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

Applicable to Local Government with implications:

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

AASB 9 Financial Instruments addresses the classification and measurement of financial assets and is likely to affect Council's accounting for its financial assets.

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

Council is yet to assess its full impact.

However, initial indications are that it may affect Council's accounting for its available-for-sale financial assets, since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading.

Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss.

Applicable to Local Government but no implications for Council;

AASB 2009-8 Amendments to Australian Accounting Standards – Group Cash-Settled Share-based Payment Transactions [AASB 2] (effective from 1 January 2010)

The amendments made by the AASB to AASB 2 confirm that an entity receiving goods or services in a group share-based payment arrangement must recognise an expense for those goods or services regardless of which entity in the group settles the transaction or whether the transaction is settled in shares or cash.

They also clarify how the group share-based payment arrangement should be measured, that is, whether it is measured as an equity- or a cash-settled transaction.

AASB 2009-10 Amendments to Australian Accounting Standards – Classification of Rights Issues [AASB 132] (effective from 1 February 2010)

In October 2009 the AASB issued an amendment to AASB 132 Financial Instruments: Presentation which addresses the accounting for rights issues that are denominated in a currency other than the functional currency of the issuer.

Provided certain conditions are met, such rights issues are now classified as equity regardless of the currency in which the exercise price is denominated. Previously, these issues had to be accounted for as derivative liabilities.

The amendment must be applied retrospectively in accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors.

Coolamon Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 1. Summary of Significant Accounting Policies (continued)

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

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

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

It permits entities to recognise an asset for a prepayment of contributions made to cover minimum funding requirements.

Council does not make any such prepayments. The amendment is therefore not expected to have any impact on Council.

AASB Interpretation 19 Extinguishing financial liabilities with equity instruments and AASB 2009-13 Amendments to Australian Accounting Standards arising from Interpretation 19 (effective from 1 July 2010)

AASB Interpretation 19 clarifies the accounting when an entity renegotiates the terms of its debt with the result that the liability is extinguished by the debtor issuing its own equity instruments to the creditor (debt for equity swap).

It requires a gain or loss to be recognised in profit or loss which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

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

None

Not applicable to Local Government per se;

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

In December 2009 the AASB issued a revised AASB 124 Related Party Disclosures. It is effective for accounting periods beginning on or after 1 January 2011 and must be applied retrospectively.

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

(ac) Rounding of amounts

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

(ad) Comparative Figures

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

(ae) Disclaimer

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

Coolamon Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

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

Functions/Activities	Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 2(b).												
	Income from Continuing Operations			Expenses from Continuing Operations			Operating Result from Continuing Operations			Grants included in Income from Continuing		Total Assets held (Current & Non-current)	
	Original Budget	Actual	Actual	Original Budget	Actual	Actual	Original Budget	Actual	Actual	Actual	Actual	Actual	Actual
	2010	2010	2009	2010	2010	2009	2010	2010	2009	2010	2009	2010	2009
Governance	-	1	25	506	573	500	(506)	(572)	(475)	-	-	-	-
Administration	250	237	159	-	-	-	250	237	159	-	-	8,345	8,082
Public Order & Safety	34	39	54	217	231	238	(183)	(192)	(184)	-	34	361	367
Health	47	49	194	304	162	299	(257)	(113)	(105)	33	150	881	828
Environment	-	458	-	-	786	-	-	(328)	-	6	-	-	-
Community Services & Education	752	883	785	844	908	863	(92)	(25)	(78)	-	281	764	702
Housing & Community Amenities	574	216	560	775	470	753	(201)	(254)	(193)	-	23	6,059	5,216
Water Supplies	-	-	-	-	-	-	-	-	-	-	-	-	-
Sewerage Services	364	449	612	255	419	336	109	30	276	87	213	11,623	11,603
Recreation & Culture	564	241	177	811	843	970	(247)	(602)	(793)	172	154	6,596	6,198
Fuel & Energy	-	-	-	-	-	-	-	-	-	-	-	-	-
Agriculture	-	-	-	-	-	-	-	-	-	-	-	-	-
Mining, Manufacturing & Construction	26	35	31	227	242	203	(201)	(207)	(172)	-	-	365	384
Transport & Communication	1,761	2,089	1,928	2,801	3,187	3,095	(1,040)	(1,098)	(1,167)	1,600	689	98,335	44,685
Economic Affairs	1,387	1,641	1,868	1,466	1,589	1,513	(79)	52	355	193	1,038	12,845	12,278
Total Functions & Activities	5,759	6,338	6,393	8,206	9,410	8,770	(2,447)	(3,072)	(2,377)	2,091	2,582	146,174	90,343
Share of gains/(losses) in Associates & Joint Ventures (using the Equity Method)	5	2	6	-	-	-	5	2	6	-	-	85	83
General Purpose Income ¹	4,787	4,834	5,422	-	-	-	4,787	4,834	5,422	2,606	3,184	-	-
Operating Result from Continuing Operations	10,551	11,174	11,821	8,206	9,410	8,770	2,345	1,764	3,051	4,697	5,766	146,259	90,426

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

Coolamon Shire Council

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

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

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

GOVERNANCE

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

ADMINISTRATION

Costs not otherwise attributed to other functions / activities.

PUBLIC ORDER & SAFETY

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

HEALTH

Administration and inspection, immunisations, food control, insect/vermin control, noxious plants, health centres, other.

COMMUNITY SERVICES & EDUCATION

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

HOUSING & COMMUNITY AMENITIES

Housing, town planning, domestic waste management services, other waste management services, street cleaning, other sanitation and garbage, urban stormwater drainage, environmental protection, public cemeteries, public conveniences, other community amenities.

SEWERAGE SERVICES

RECREATION & CULTURE

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

MINING, MANUFACTURING & CONSTRUCTION

Building control, quarries and pits, other.

TRANSPORT & COMMUNICATION

Urban roads, sealed rural roads, unsealed rural roads, bridges, footpaths, parking areas, bus shelters and services, RTA works, street lighting, other.

ECONOMIC AFFAIRS

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

Coolamon Shire Council

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

Note 3. Income from Continuing Operations

\$ '000	Notes	Actual 2010	Actual 2009
(a). Rates & Annual Charges			
Ordinary Rates			
Residential		436	427
Farmland		1,289	1,253
Mining		-	-
Business		69	65
Total Ordinary Rates		1,794	1,745
Special Rates			
Nil			
Total Special Rates		-	-
Annual Charges (pursuant to s.496 & s.501)			
Domestic Waste Management Services		305	285
Sewerage Services		283	277
Total Annual Charges		588	562
TOTAL RATES & ANNUAL CHARGES		2,382	2,307

Council has used 2005 year valuations provided by the NSW Valuer General in calculating its rates.

Coolamon Shire Council

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

Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2010	Actual 2009
(b). User Charges & Fees			
Specific User Charges (per s.502 - Specific "actual use" charges)			
Ardlethan Effluent		4	3
Sewerage Services		-	1
Total User Charges		4	4
Other User Charges & Fees			
(i) Fees & Charges - Statutory & Regulatory Functions (per s608, 610A & 611)			
Building Regulation		34	31
Private Works - Section 67		88	61
Regulatory/ Statutory Fees		2	2
Section 149 Certificates (EPA Act)		7	10
Section 603 Certificates		6	9
Town Planning		12	9
Total Fees & Charges - Statutory/Regulatory		149	122
(ii) Fees & Charges - Other (incl. General User Charges (per s.610C))			
Aged Care		467	428
Caravan Park		20	15
Cemeteries		45	42
Child Care		195	147
Community Aged Care Packages		23	18
Effluent Reuse		8	-
MSO & Community Transport		71	68
RTA Charges (State Roads not controlled by Council)		25	58
Waste Disposal Tipping Fees		11	-
Total Fees & Charges - Other		865	776
TOTAL USER CHARGES & FEES		1,018	902

Coolamon Shire Council

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

Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2010	Actual 2009
(c). Interest & Investment Revenue (incl. losses)			
Interest & Dividends			
- Interest on Overdue Rates & Annual Charges		22	30
- Interest earned on Investments (interest & coupon payment income)		464	563
- Interest & Dividend Income - Other		12	1
Fair Value Adjustments			
- Fair Valuation movements in Investments (at FV or Held for Trading)		-	-
- Fair Valuation movements in Investments (other)		-	-
Impairment Losses/Reversals			
- Impairment (Losses)/Reversals - Investments other than AFS		-	-
- Impairment (Losses)/Reversals - Available for Sale Investments	20b(ii)	-	-
Available for Sale Revaluation Reserves realised on sale			
Amortisation of Premiums & Discounts			
- Interest Free (& Interest Reduced) Loans provided		-	-
- "Held to Maturity" Investments		-	-
Fair Valuation of Financial Liabilities on recognition			
- Interest Free (or favourable) Loans & Advances Received		-	-
Other			
		-	-
<u>TOTAL INTEREST & INVESTMENT REVENUE</u>		<u>498</u>	<u>594</u>
Interest Revenue is attributable to:			
Unrestricted Investments/Financial Assets:			
Overdue Rates & Annual Charges		13	23
General Council Cash & Investments		-	-
Restricted Investments/Funds - External:			
Development Contributions			
- Section 94			-
- Section 64			-
Sewerage Fund Operations		56	64
Domestic Waste Management operations		29	38
Restricted Investments/Funds - Internal:			
Internally Restricted Assets			
		253	286
Allawah Lodge, Allawah Village & Coolamon Early Childhood		147	183
<u>Total Interest & Investment Revenue Recognised</u>		<u>498</u>	<u>594</u>

Coolamon Shire Council

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

Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2010	Actual 2009
(d). Other Revenues			
Rental Income - Other Council Properties		278	263
Reversal of prior period revaluation decrements (applicable to I,PP&E)	9(a)	-	-
Fines		-	2
Legal Fees Recovery - Rates & Charges (Extra Charges)		20	-
Commissions & Agency Fees		1	-
Insurance Incentives		14	15
Sales - Miscellaneous		-	38
Sales - Recyclables		53	8
Trainee Subsidy		9	25
Other		39	-
<u>TOTAL OTHER REVENUE</u>		<u>414</u>	<u>351</u>

Coolamon Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 3. Income from Continuing Operations (continued)

\$ '000	2010 Operating	2009 Operating	2010 Capital	2009 Capital
(e). Grants				
General Purpose (Untied)				
Financial Assistance	2,575	3,154	-	-
Pensioners' Rates Subsidies - General Component	31	30	-	-
Total General Purpose	2,606	3,184	-	-
Specific Purpose				
Pensioners' Rates Subsidies:				
- Sewerage	13	12	-	-
- Domestic Waste Management	25	23	-	-
Aged & Disabled (CACP)	115	103	-	-
Allawah Lodge	750	781	-	-
Ardlethan Preschool	79	45	-	-
Bike Paths	-	-	160	-
Coolamon Shire MSO & Community Transport	154	133	-	-
Flood Mitigation	15	8	-	-
Heritage & Cultural	10	30	-	-
Library	25	24	-	-
Noxious Weeds	29	26	-	-
Public Halls	-	-	90	-
Recreation & Culture	-	-	25	100
REROC - Total Water Management	-	-	-	100
REROC CIP-SP Meeting Places	-	-	-	258
Rural Medical Infrastructure	-	-	-	150
RLCIP	-	-	30	100
Transport (Roads to Recovery)	-	-	536	689
Other	25	-	10	-
Total Specific Purpose	1,240	1,185	851	1,397
Total Grants	3,846	4,369	851	1,397
Grant Revenue is attributable to:				
- Commonwealth Funding	3,440	4,042	816	1,197
- State Funding	406	327	35	200
- Other Funding	-	-	-	-
	3,846	4,369	851	1,397

Coolamon Shire Council

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

Note 3. Income from Continuing Operations (continued)

\$ '000	2010 Operating	2009 Operating	2010 Capital	2009 Capital
(f). Contributions				
Developer Contributions:				
(s93 & s94 - EP&A Act, s64 of the NSW LG Act):				
Nil				
S 94 - Contributions towards amenities/services	-	-	5	-
Total Developer Contributions	17	-	5	-
Other Contributions:				
Allawah Complex	1	1	193	183
Bushfire Services	21	40	-	-
Child Care	227	247	-	-
Cycleways/Footpaths	-	57	49	27
Heritage/Cultural	5	4	-	-
Kerb & Gutter	-	-	20	-
Recreation & Culture	-	-	18	-
REROC Special Project Officer	-	45	-	-
Road Safety Officer	71	73	-	-
Roads & Bridges	-	-	49	-
RTA Contributions (Regional/Local, Block Grant)	394	355	781	658
Sewerage (excl. Section 64 contributions)	-	-	87	41
7 Years Long	-	25	-	-
Other - NSW Planning LEP Development	15	-	-	-
Other - Ganmain Medical Centre	-	-	32	-
Other	15	25	6	31
Total Other Contributions	749	872	1,235	940
Total Contributions	749	872	1,240	940
TOTAL GRANTS & CONTRIBUTIONS	4,595	5,241	2,091	2,337

Coolamon Shire Council

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

Note 3. Income from Continuing Operations (continued)

\$ '000	Actual 2010	Actual 2009
(g). Restrictions relating to Grants and Contributions		
Certain grants & contributions are obtained by Council on condition that they be spent in a specified manner:		
Unexpended at the Close of the Previous Reporting Period	391	547
add: Grants and contributions recognised in the current period which have not been spent:	107	332
less: Grants and contributions recognised in a previous reporting period which have been spent in the current reporting period:	(110)	(488)
Net Increase (Decrease) in Restricted Assets during the Current Reporting Period	(3)	(156)
Unexpended at the Close of this Reporting Period and held as Restricted Assets	388	391
Comprising:		
- Specific Purpose Unexpended Grants	272	321
- Developer Contributions	-	-
- Other Contributions	116	70
	388	391

Coolamon Shire Council

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

Note 4. Expenses from Continuing Operations

\$ '000	Notes	Actual 2010	Actual 2009
(a) Employee Benefits & On-Costs			
Salaries and Wages		3,118	2,933
Travelling		55	60
Employee Leave Entitlements (ELE)		711	480
Superannuation		311	268
Workers' Compensation Insurance		144	116
Fringe Benefit Tax (FBT)		11	5
Training Costs (other than Salaries & Wages)		26	41
Other		19	46
Total Employee Costs		4,395	3,949
less: Capitalised Costs		(355)	(365)
TOTAL EMPLOYEE COSTS EXPENSED		4,040	3,584
Number of "Equivalent Full Time" Employees at year end		64	64
Number of "Equivalent Full Time" Employees at year end (incl. vacancies)		65	70
(b) Borrowing Costs			
(i) Interest Bearing Liability Costs			
Nil			
Total Interest Bearing Liability Costs		-	-
less: Capitalised Costs		-	-
Total Interest Bearing Liability Costs Expensed		-	-
(ii) Other Borrowing Costs			
Fair Value Adjustments on Recognition of Advances & Deferred Debtor			
- Interest Free (or favourable) Loans and Advances made by Council		-	-
Discount adjustments relating to movements in Provisions (other than ELE			
- Remediation Liabilities	26	47	44
Interest applicable on Interest Free (& favourable) Loans to Council		-	-
Other Costs		-	-
Total Other Borrowing Costs		47	44
TOTAL BORROWING COSTS EXPENSED		47	44

Coolamon Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2010	Actual 2009
(c) Materials & Contracts			
Raw Materials & Consumables		1,674	1,658
Contractor & Consultancy Costs			
- CAMKEW Waste Services : Garbage Collection		169	161
- Elouera Recycling		12	12
- Polmark Consultancy Pty Ltd		-	4
- Junee Shire Council: GIS Unit		62	51
- Temora Shire Council: Noxious Weeds Authority		69	84
- RN & HM Turner: Garbage Depot Maintenance		38	27
- J Colman: Planning Consultant		-	5
- J Mitchell: Gardening Contractor		122	130
- Robert Ferguson: Weed & Pest Control		91	125
- Greater Southern Area Health Service: Meals		-	26
- MyChef Cuisine		21	25
- Colin Hay		45	37
- John Durst Consulting		12	7
- D & L McCallum Pty Ltd		2	15
- AJ Bourne		99	52
- Stephen Pattison Bobcat Hire		26	36
- S Shaw		211	122
Auditors Remuneration			
i. Audit Services - Council's Auditor		15	14
Legal Expenses:			
- Legal Expenses - Planning & Development		42	-
- Legal Expenses - Other		14	16
- Legal Expenses - Debt Recovery		23	-
Operating Leases:			
Operating Lease Rentals - Minimum Lease Payments ⁽¹⁾		-	2
Total Materials & Contracts		2,747	2,609
less: Capitalised Costs		-	-
<u>TOTAL MATERIALS & CONTRACTS</u>		<u>2,747</u>	<u>2,609</u>
1. Operating Lease Payments are attributable to:			
- Buildings			-
- Computers			-
- Motor Vehicles			2
- Other		-	-
		<u>-</u>	<u>2</u>

Coolamon Shire Council

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

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Impairment Costs		Depreciation/Amortisation	
		Actual 2010	Actual 2009	Actual 2010	Actual 2009
Plant and Equipment		-	-	421	405
Office Equipment		-	-	13	19
Land Improvements (depreciable)		-	-	14	14
Buildings - Non Specialised		-	-	8	8
Buildings - Specialised		-	-	153	148
Other Structures		-	-	140	120
Infrastructure:					
- Roads, Bridges & Footpaths		-	-	737	715
- Stormwater Drainage		-	-	18	18
- Sewerage Network		-	-	89	88
Asset Reinstatement Costs	9 & 26	-	-	19	19
Intangible Assets	25	-	-	-	-
Total Depreciation & Impairment Costs		-	-	1,612	1,554
less: Capitalised Costs		-	-	(185)	(194)
less: Impairments offset in ARR (Equity)	9a	-	-	-	-
<u>TOTAL DEPRECIATION & IMPAIRMENT COSTS EXPENSED</u>		<u>-</u>	<u>-</u>	<u>1,427</u>	<u>1,360</u>

Coolamon Shire Council

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

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2010	Actual 2009
(e) Other Expenses			
Other Expenses for the year include the following:			
Advertising		17	15
Bad & Doubtful Debts		17	17
Bank Charges		16	17
Computer / Office Equipment Maintenance		77	86
Contributions/Levies to Other Levels of Government			
- NSW Fire Brigade Levy		14	14
- NSW Rural Fire Service Levy		79	108
- Emergency Services Levy		27	-
- Regional Library		85	79
Councillor Expenses - Mayoral Fee		12	11
Councillor Expenses - Councillors' Fees		63	61
Councillors' Expenses (incl. Mayor) - Other (excluding fees above)		11	31
Donations, Contributions & Assistance to other organisations (Section 3)		23	40
Election Expenses		-	24
Electricity & Heating		135	113
Insurance		259	226
Postage		14	15
Printing & Stationery		30	24
Revaluation Decrements (Fair Valuation of I,PP&E Assets)	9(a)	-	-
Revaluation Decrements (Fair Valuation of Investment Properties)	14	-	-
Street Lighting		40	63
Subscriptions & Publications		42	52
Telephone & Communications		55	46
Valuation Fees		18	15
Water Charges		96	116
Other		19	-
Total Other Expenses		1,149	1,173
less: Capitalised Costs		-	-
TOTAL OTHER EXPENSES		1,149	1,173

Coolamon Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 5. Gains or Losses from the Disposal of Assets

\$ '000	Notes	Actual 2010	Actual 2009
Property (excl. Investment Property)			
Proceeds from Disposal		-	-
less: Carrying Amount of Property Assets Sold		-	-
Net Gain/(Loss) on Disposal		-	-
Plant & Equipment			
Proceeds from Disposal		266	197
less: Carrying Amount of P&E Assets Sold		(149)	(152)
Net Gain/(Loss) on Disposal		117	45
Infrastructure			
Proceeds from Disposal		-	-
less: Carrying Amount of Infrastructure Assets Sold		-	-
Net Gain/(Loss) on Disposal		-	-
Real Estate Assets Held For Sale			
Proceeds from Disposal		150	100
less: Carrying Amount of Real Estate Assets Sold		(93)	(62)
Net Gain/(Loss) on Disposal		57	38
Investment Properties			
Proceeds from Disposal		-	-
less: Carrying Amount of Investment Properties Sold		-	-
Net Gain/(Loss) on Disposal		-	-
Financial Assets*			
Proceeds from Disposal		-	-
less: Carrying Amount of Financial Assets Sold / Redeemed		-	-
Net Gain/(Loss) on Disposal		-	-
Non Current Assets Classified as "Held for Sale"			
Proceeds from Disposal		-	-
less: Carrying Amount of "Held for Sale" Assets Sold		-	-
Net Gain/(Loss) on Disposal		-	-
NET GAIN/(LOSS) ON DISPOSAL OF ASSETS		174	83

Coolamon Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

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

\$ '000	Notes	2010 Actual Current	2010 Actual Non Current	2009 Actual Current	2009 Actual Non Current
Cash & Cash Equivalents (Note 6a)					
Cash on Hand and at Bank		1,219	-	525	-
Cash-Equivalent Assets ¹					
- Short Term Deposits		1,000	-	3,505	-
Total Cash & Cash Equivalents		2,219	-	4,030	-
Investment Securities (Note 6b)					
- Long Term Deposits		7,479	-	5,100	-
- Subordinated Debt		500	200	-	700
Total Investment Securities		7,979	200	5,100	700
TOTAL CASH ASSETS, CASH EQUIVALENTS & INVESTMENTS		10,198	200	9,130	700

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

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

Cash & Cash Equivalents

a. "At Fair Value through the Profit & Loss"		2,219	-	4,030	-
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Investments

a. "At Fair Value through the Profit & Loss"					
- "Held for Trading"	6(b-i)	7,479		5,100	-
- "Designated at Fair Value on Initial Recognition"	6(b-i)			-	-
b. "Held to Maturity"	6(b-ii)	500	200	-	700
c. "Loans & Receivables"	6(b-iii)			-	-
d. "Available for Sale"	6(b-iv)			-	-
Investments		7,979	200	5,100	700

Coolamon Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 6b. Investments (continued)

\$ '000	2010 Actual Current	2010 Actual Non Current	2009 Actual Current	2009 Actual Non Current
Note 6(b-i)				
Reconciliation of Investments classified as "At Fair Value through the Profit & Loss"				
Balance at the Beginning of the Year	5,100	-	-	-
Additions	2,379	-	2,500	-
Transfers/Reclassifications from/(to) "Held to Maturity"			2,600	-
Balance at End of Year	7,479	-	5,100	-
Comprising:				
- Other Long Term Maturity Financial Assets	7,479	-	5,100	-
Total	7,479	-	5,100	-
Note 6(b-ii)				
Reconciliation of Investments classified as "Held to Maturity"				
Balance at the Beginning of the Year	-	700	2,600	700
Transfers between Current/Non Current	500	(500)	-	-
Transfers/Reclassifications from/(to) "At Fair Value"			(2,600)	-
Balance at End of Year	500	200	-	700
Comprising:				
- Subordinated Debt	500	200	-	700
Total	500	200	-	700
Note 6(b-iii)				
Reconciliation of Investments classified as "Loans & Receivables"				
Nil				
Balance at End of Year	-	-	-	-
Note 6(b-iv)				
Reconciliation of Investments classified as "Available for Sale"				
Nil				
Balance at End of Year	-	-	-	-

Coolamon Shire Council

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

Note 6c. Restricted Cash, Cash Equivalents & Investments

\$ '000	2010 Actual Current	2010 Actual Non Current	2009 Actual Current	2009 Actual Non Current
Total Cash, Cash Equivalents and Investment Securities	10,198	200	9,130	700
attributable to:				
External Restrictions (refer below)	5,662	200	3,832	700
Internal Restrictions (refer below)	4,536	-	5,240	-
Unrestricted	-	-	58	-
	10,198	200	9,130	700

2010 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
-----------------	--------------------	------------------------------	--------------------------------	--------------------

Details of Restrictions

External Restrictions - Included in Liabilities

Specific Purpose Unexpended Loans-General (A)	-			-
Specific Purpose Unexpended Loans-Sewer (A)	-	-	-	-
RTA Advances (B)	-			-
Self Insurance Claims (C)	-			-
Allawah Lodge Accommodation Bonds	746	465	(209)	1,002
Allawah Lodge Interest Fee Loans	99		(99)	-
Allawah Village Loan - Licence	1,608	1,927	(633)	2,902
External Restrictions - Included in Liabilities	2,453	2,392	(941)	3,904

External Restrictions - Other

Developer Contributions - General (D)	-	5	(5)	-
Developer Contributions - Sewer Fund (D)	-	-	-	-
RTA Contributions (E)	-			-
Specific Purpose Unexpended Grants (F)	321	-	(49)	272
Specific Purpose Unexpended Grants (F) - Sewer Fund	-	-	-	-
Sewerage Services (G)	1,114	47	-	1,161
Domestic Waste Management (G)	574		(165)	409
Other	70	46		116
External Restrictions - Other	2,079	98	(219)	1,958
Total External Restrictions	4,532	2,490	(1,160)	5,862

Coolamon Shire Council

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

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

2010 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
Internal Restrictions				
Plant & Vehicle Replacement	1,000			1,000
Employees Leave Entitlement	1,100	150		1,250
Carry Over Works	-	698		698
Deposits, Retentions & Bonds	-			-
Financial Assistance Grant (Pmt received in advance)	636	672	(636)	672
Infrastructure Replacement	1,360		(919)	441
Aged Persons Future Development - Allawah Lodge	841		(675)	166
Swimming Pools	15			15
Community Housing Program	30			30
Ganmain Aged Persons	114		(114)	-
Rehabilitation of Gravel Pits	67	10	-	77
Coolamon Early Childhood Centre	73	55		128
Ardlethan Preschool	4	30		34
Coolamon Bowling Green Replacement	-	25		25
Total Internal Restrictions	5,240	1,640	(2,344)	4,536
TOTAL RESTRICTIONS	9,772	4,130	(3,504)	10,398

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

Coolamon Shire Council

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

Note 7. Receivables

\$ '000	Notes	2010		2009	
		Current	Non Current	Current	Non Current
Purpose					
Rates & Annual Charges		256	-	199	-
Interest & Extra Charges		40	-	32	-
User Charges & Fees		14	-	17	-
Private Works		13	-	-	-
Accrued Revenues					
- Interest on Investments		165	-	71	-
- Other Income Accruals		18	-	73	-
Deferred Debtors		17	135	12	139
Grants & Contributions		221	-	68	-
Coolamon Shire MSO & Community Tran		21	-	5	-
Sewerage Connections		34	-	45	-
Other Debtors - Rents		13	-	-	-
Other Debtors		1	-	23	-
Total		813	135	545	139
less: Provision for Impairment					
Rates & Annual Charges		(67)	-	(58)	-
Interest & Extra Charges		(18)	-	(15)	-
Total Provision for Impairment - Receivables		(85)	-	(73)	-
<u>TOTAL NET RECEIVABLES</u>		<u>728</u>	<u>135</u>	<u>472</u>	<u>139</u>
Externally Restricted Receivables					
Sewerage Services					
- Specific Purpose Grants		-	-	11	-
- Rates & Availability Charges		36	-	30	-
- Other		35	-	45	-
Domestic Waste Management		48		37	
Total External Restrictions		119	-	123	-
Internally Restricted Receivables					
Nil					
Internally Restricted Receivables		-	-	-	-
Unrestricted Receivables		609	135	349	139
<u>TOTAL NET RECEIVABLES</u>		<u>728</u>	<u>135</u>	<u>472</u>	<u>139</u>

Notes on Debtors above:

- (i) Rates & Annual Charges Outstanding are secured against the property.
- (ii) Doubtful Rates Debtors are provided for where the value of the property is less than the debt outstanding.
An allowance for other doubtful debts is made when there is objective evidence that a receivable is impaired.
- (iii) Interest is charged on overdue rates & charges at 9.00% (2009 10.00%).
Generally all other receivables are non interest bearing.
- (iv) Please refer to Note 15 for issues concerning Credit Risk and Fair Value disclosures.

Coolamon Shire Council

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

Note 8. Inventories & Other Assets

\$ '000	Notes	2010		2009	
		Current	Non Current	Current	Non Current
Inventories					
Real Estate for resale (refer below)		124	183	218	179
Stores & Materials		41	-	31	-
Total Inventories		165	183	249	179
Other Assets					
Prepayments		-	-	-	-
Other		-	-	-	-
Total Other Assets		-	-	-	-
<u>TOTAL INVENTORIES & OTHER ASSETS</u>		165	183	249	179
Details for Real Estate Development					
Residential		124	183	218	179
Total Real Estate for Resale		124	183	218	179
(Valued at the lower of cost and net realisable value)					
Represented by:					
Acquisition Costs		16	175	27	175
Development Costs		105	8	184	4
Other Holding Costs		3	-	7	-
Total Costs		124	183	218	179
less: Provision for Under Recovery		-	-	-	-
Total Real Estate for Resale		124	183	218	179
Movements:					
Real Estate assets at beginning of the year		218	179	280	179
- Purchases and other costs		-	4	-	-
- WDV of Sales (exp)	5	(93)	-	(62)	-
- Other		(1)	-	-	-
Total Real Estate for Resale		124	183	218	179

Coolamon Shire Council

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

Note 8. Inventories & Other Assets (continued)

\$ '000	2010		2009	
	Current	Non Current	Current	Non Current
(i) Externally Restricted Assets				
Sewerage				
Nil				
Total Sewerage	-	-	-	-
Domestic Waste Management				
Nil				
Total Domestic Waste Management	-	-	-	-
Other				
Nil				
Total Other	-	-	-	-
Total Externally Restricted Assets	-	-	-	-
Total Internally Restricted Assets				
Total Unrestricted Assets	165	183	249	179
TOTAL INVENTORIES & OTHER ASSETS	165	183	249	179

(ii) Other Disclosures**(a) Current Assets not anticipated to be settled within the next 12 months**

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

	2010	2009
Real Estate for Resale	-	163
Other		-
	-	163

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

- Real Estate for Resale		-
- Stores & Materials	216	256
- Trading Stock		-

(c) Inventory Write Downs

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

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

Note 9a. Infrastructure, Property, Plant & Equipment

\$ '000	as at 30/6/2009					Asset Movements during the Reporting Period					as at 30/6/2010				
	At Cost	At Fair Value	Accumulated Deprec.	Impair't	Carrying Value	Asset Additions	WDV of Asset Disposals	Dep'n Expense	Adjustment s & Transfers	Revaluation Increments to Equity (ARR)	At Cost	At Fair Value	Accumulated Dep'n	Impair't	Carrying Value
Capital Work in Progress	208	-	-	-	208	98			(207)		99	-	-	-	99
Plant & Equipment	-	4,197	2,539	-	1,658	613	(149)	(421)			-	4,302	2,601	-	1,701
Office Equipment	-	349	327	-	22	7		(13)			-	356	340	-	16
Land:															
- Operational Land	-	2,408	-	-	2,408	87					-	2,495	-	-	2,495
- Community Land	37	-	-	-	37						37	-	-	-	37
Land Improvements - depreciable	-	576	79	-	497			(14)			-	576	93	-	483
Buildings - Non Specialised	-	799	8	-	791			(8)			-	799	16	-	783
Buildings - Specialised	-	22,166	7,367	-	14,799	218		(153)	207		-	22,591	7,520	-	15,071
Other Structures	-	10,741	5,686	-	5,055	274		(140)			-	11,015	5,826	-	5,189
Infrastructure:															
- Roads, Bridges, Footpaths	53,436	-	20,137	-	33,299	2,050		(737)		13,058	-	76,635	28,965	-	47,670
- Bulk Earthworks (non-depreciable)	11,172	-	-	-	11,172					39,282	-	50,454	-	-	50,454
- Stormwater Drainage	1,268	-	555	-	713			(18)		1,047	-	3,176	1,434	-	1,742
- Sewerage Network	-	10,597	2,166	-	8,431	118		(89)			-	10,715	2,255	-	8,460
Reinstatement, Rehabilitation & Restoration Assets (refer Note 26)															
- Quarry Asset	480	-	96	-	384			(19)			480	-	115	-	365
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIP.	66,601	51,833	38,960	-	79,474	3,465	(149)	(1,612)	-	53,387	616	183,114	49,165	-	134,565

Coolamon Shire Council

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

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

\$ '000 Class of Asset	Actual 2010				Actual 2009			
	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value
Sewerage Services								
WIP				-	-	-	-	-
Plant & Equipment				-	-	-	-	-
Office Equipment				-	-	-	-	-
Furniture & Fittings				-	-	-	-	-
Land								
- Operational Land		578		578	-	578	-	578
- Community Land				-	-	-	-	-
- Improvements non-depreciable				-	-	-	-	-
- Improvements - depreciable				-	-	-	-	-
Buildings								
Other Structures		2,752	1,399	1,353	-	2,740	1,347	1,393
Infrastructure		10,715	2,255	8,460	-	10,597	2,166	8,431
Total Sewerage Services	-	14,045	3,654	10,391	-	13,915	3,513	10,402
Domestic Waste Management								
WIP				-	-	-	-	-
Plant & Equipment				-	-	-	-	-
Land								
- Operational Land				-	-	-	-	-
- Community Land				-	-	-	-	-
- Improvements non-depreciable				-	-	-	-	-
- Improvements - depreciable				-	-	-	-	-
Buildings		46	18	28	-	46	18	28
Other Assets		196	162	34	-	195	159	36
Total DWM	-	242	180	62	-	241	177	64
TOTAL RESTRICTED I,PP&E	-	14,287	3,834	10,453	-	14,156	3,690	10,466

Coolamon Shire Council

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

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

\$ '000	Notes	Actual 2010	Actual 2009
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Council has recognised no impairment losses during the reporting period nor reversed any prior period losses.

Coolamon Shire Council

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

Note 10a. Payables, Borrowings & Provisions

\$ '000	Notes	2010		2009	
		Current	Non Current	Current	Non Current
Payables					
Goods & Services - operating expenditure		44	-	-	-
Accrued Expenses:					
- Salaries & Wages		31	-	-	-
- Other Expenditure Accruals		334	9	284	2
Advances		3,905	2	3,642	3
Other		-	-	4	-
Total Payables		4,314	11	3,930	5
Borrowings					
Nil					
Total Borrowings		-	-	-	-
Provisions					
Employee Benefits;					
Annual Leave		462	-	407	-
Long Service Leave		927	300	943	93
Rostered Days Off		12	-	13	-
Sub Total - Aggregate Employee Benefits		1,401	300	1,363	93
Asset Remediation/Restoration (Future Works)	26	-	720	-	673
Total Provisions		1,401	1,020	1,363	766
Total Payables, Borrowings & Provisions		5,715	1,031	5,293	771

(i) Liabilities relating to Restricted Assets

	2010		2009	
	Current	Non Current	Current	Non Current
Externally Restricted Assets				
Domestic Waste Management	1	-	7	-
Sewer	10	-	7	-
Other	3,904	-	2,453	-
Liabilities relating to externally restricted assets	3,915	-	2,467	-
Internally Restricted Assets				
Nil				
Liabilities relating to internally restricted assets	-	-	-	-
Total Liabilities relating to restricted assets	3,915	-	2,467	-

¹ Loans are secured over the General Rating Income of Council

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

Coolamon Shire Council

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

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

\$ '000	2010	2009
(ii) Current Liabilities not anticipated to be settled within the next 12 months		
The following Liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions - Employees Benefits	1,105	1,227
Payables - Security Bonds, Deposits & Retentions	3,708	3,465
	4,813	4,692

Note 10b. Description of and movements in Provisions

Class of Provision	2009			2010		Closing Balance as at 30/6/10
	Opening Balance as at 1/7/09	Additional Provisions	Decrease due to Payments	Remeasurement effects due to Discounting	Unused amounts reversed	
Annual Leave	407	300	(245)			462
Sick Leave	-	86	(86)			-
Long Service Leave	1,036	198	(7)			1,227
Gratuities	-	-				-
Asset Remediation	673	47				720
TOTAL	2,129	757	(465)	-	-	2,421

a. Employees Leave Entitlements & On-Costs represents those benefits accrued and payable and an estimate of those that will become payable in the future as a result of past service.

b. Self Insurance Provisions represent both (i) Claims Incurred but Not reported and (ii) Claims Reported & Estimated as a result of Council's being a self insurer up to certain levels of Excess.

c. Asset Remediation, Reinstatement & Restoration Provisions represent the Present Value estimate of future costs Council will incur in order to remove, restore & remediate assets &/or activities as a result of past operations.

Coolamon Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 11. Statement of Cash Flows - Additional Information

\$ '000	Notes	Actual 2010	Actual 2009
(a) Reconciliation of Cash Assets			
Total Cash & Cash Equivalent Assets	6a	2,219	4,030
Less Bank Overdraft	10	-	-
BALANCE as per the STATEMENT of CASH FLOWS		2,219	4,030
(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities			
Net Operating Result from Income Statement		1,764	3,051
Adjust for non cash items:			
Depreciation & Amortisation		1,427	1,360
Net Losses/(Gains) on Disposal of Assets		(174)	(83)
Non Cash Capital Grants and Contributions		-	-
Unwinding of Discount Rates on Reinstatement Provisions		47	44
Share of Net (Profits) or Losses of Associates/Joint Ventures		(2)	(6)
Net Loss/(Gain) on Council Restructure/Amalgamations (excl. Cash)		-	-
+/- Movement in Operating Assets and Liabilities & Other Cash Items:			
Decrease/(Increase) in Receivables		(263)	81
Increase/(Decrease) in Provision for Doubtful Debts		12	(13)
Decrease/(Increase) in Inventories		(10)	6
Decrease/(Increase) in Other Current Assets		-	-
Increase/(Decrease) in Payables		44	-
Increase/(Decrease) in accrued Interest Payable		-	-
Increase/(Decrease) in other accrued Expenses Payable		84	55
Increase/(Decrease) in Other Current Liabilities		-	(57)
Increase/(Decrease) in Employee Leave Entitlements		245	(128)
Increase/(Decrease) in Other Provisions		-	-
NET CASH PROVIDED FROM/(USED IN) OPERATING ACTIVITIES from the STATEMENT of CASH FLOWS		3,174	4,310

Coolamon Shire Council

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

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

\$ '000	Notes	Actual 2010	Actual 2009
(c) Non-Cash Investing & Financing Activities			
Nil			
Total Non-Cash Investing & Financing Activities		-	-
(d) Financing Arrangements			
(i) Unrestricted access was available at balance date to the following lines of credit:			
Bank Overdraft Facilities ⁽¹⁾		-	-
Credit Cards / Purchase Cards		-	-
Other		-	-
Total Financing Arrangements		-	-
Amounts utilised as at Balance Date:			
- Bank Overdraft Facilities		-	-
- Credit Cards / Purchase Cards		-	-
- Other		-	-
Total Financing Arrangements Utilised		-	-

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

(ii) Secured Loan Liabilities

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

(e) Net Cash Flows Attributable to Discontinued Operations

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

Coolamon Shire Council

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

Note 12. Commitments for Expenditure

\$ '000	Notes	Actual 2010	Actual 2009
(a) Capital Commitments (exclusive of GST)			
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
Property, Plant & Equipment			
Buildings		375	20
Investment Property			
- Other			-
Total Commitments		375	20
These expenditures are payable as follows:			
Within the next year		375	20
Later than one year and not later than 5 years			-
Later than 5 years			-
Total Payable		375	20
Sources for Funding of Capital Commitments:			
Future Grants & Contributions		332	-
Internally Restricted Reserves		43	20
Total Sources of Funding		375	20
(b) Other Expenditure Commitments (exclusive of GST)			
Other Non Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
DWM & Recycling Services			232
Audit Services		42	51
General Maintenance Contract		67	-
Total Commitments		109	283
These expenditures are payable as follows:			
Within the next year		81	159
Later than one year and not later than 5 years		28	124
Later than 5 years			-
Total Payable		109	283

Coolamon Shire Council

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

Note 12. Commitments for Expenditure (continued)

\$ '000	Notes	Actual 2010	Actual 2009
(c) Finance Lease Commitments			
Nil			
(d) Operating Lease Commitments (Non Cancellable)			
Nil			
(e) Investment Property Commitments			
Nil			
(f) Remuneration Commitments			
Commitments for the payment of salaries & other remuneration under long-term employment contracts in existence at reporting date but not recognised as liabilities are payable:			
Within the next year		412	426
Later than one year and not later than 5 years		424	585
Later than 5 years		-	-
Total Payable		836	1,011

(g) Investment in Associates / Joint Ventures - Commitments

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

Coolamon Shire Council

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

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

\$ '000	Amounts 2010	Indicator 2010	Prior Periods 2009 2008	
1. Unrestricted Current Ratio				
Current Assets less all External Restrictions ⁽¹⁾	<u>5,310</u>	5.96 : 1	9.77	6.66
Current Liabilities less Specific Purpose Liabilities ^(2,3)	891			
2. Debt Service Ratio				
Debt Service Cost	<u>-</u>	0.00%	0.00%	0.00%
Revenue from Continuing Operations excluding Capital Items & Specific Purpose Grants/Contributions	7,094			
3. Rates & Annual Charges Coverage Ratio				
Rates & Annual Charges	<u>2,382</u>	21.32%	19.52%	21.58%
Revenue from Continuing Operations	11,174			
4. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage				
Rates, Annual & Extra Charges Outstanding	<u>211</u>	8.17%	6.26%	7.75%
Rates, Annual & Extra Charges Collectible	2,582			
5. Building & Infrastructure Renewals Ratio				
Asset Renewals ⁽⁴⁾ [Buildings & Infrastructure]	<u>1,835</u>	182.59%	268.47%	264.40%
Depreciation, Amortisation & Impairment (Building & Infrastructure Assets)	1,005			

Notes

⁽¹⁾ Refer Notes 6-8 inclusive.

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

⁽²⁾ Refer to Note 10(a).

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

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

Coolamon Shire Council

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

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

\$ '000

<p>1. Unrestricted Current Ratio</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio : 1</th> </tr> </thead> <tbody> <tr> <td>2007</td> <td>8.84</td> </tr> <tr> <td>2008</td> <td>6.66</td> </tr> <tr> <td>2009</td> <td>9.77</td> </tr> <tr> <td>2010</td> <td>5.96</td> </tr> </tbody> </table>	Year	Ratio : 1	2007	8.84	2008	6.66	2009	9.77	2010	5.96	<p>Purpose of Unrestricted Current Ratio</p> <p>To assess the adequacy of working capital and its ability to satisfy obligations in the short term for the unrestricted activities of Council.</p>	<p>Commentary on 2009/10 Result</p> <p>2009/10 Ratio 5.96 : 1</p> <p>Council continues to hold adequate current assets to meet its short term obligations.</p>
Year	Ratio : 1											
2007	8.84											
2008	6.66											
2009	9.77											
2010	5.96											
<p>2. Debt Service Ratio</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2007</td> <td>0.00%</td> </tr> <tr> <td>2008</td> <td>0.00%</td> </tr> <tr> <td>2009</td> <td>0.00%</td> </tr> <tr> <td>2010</td> <td>0.00%</td> </tr> </tbody> </table>	Year	Ratio %	2007	0.00%	2008	0.00%	2009	0.00%	2010	0.00%	<p>Purpose of Debt Service Ratio</p> <p>To assess the impact of loan principal & interest repayments on the discretionary revenue of council.</p>	<p>Commentary on 2009/10 Result</p> <p>2009/10 Ratio 0.00%</p> <p>Council's policy of internally financing capital works and equipment purchases remains in force. It is not Council's intention to take up any external borrowings in the 2010/2011 financial year.</p>
Year	Ratio %											
2007	0.00%											
2008	0.00%											
2009	0.00%											
2010	0.00%											
<p>3. Rates & Annual Charges Coverage Ratio</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2007</td> <td>20.40%</td> </tr> <tr> <td>2008</td> <td>21.58%</td> </tr> <tr> <td>2009</td> <td>19.52%</td> </tr> <tr> <td>2010</td> <td>21.32%</td> </tr> </tbody> </table>	Year	Ratio %	2007	20.40%	2008	21.58%	2009	19.52%	2010	21.32%	<p>Purpose of Rates & Annual Charges Coverage Ratio</p> <p>To assess the degree of Council's dependence upon revenue from rates and annual charges and to assess the security of Council's income.</p>	<p>Commentary on 2009/10 Result</p> <p>2009/10 Ratio 21.32%</p> <p>This ratio has returned to its normal level as compared to the previous financial year when it was affected by the receipt of grants during June 2009.</p>
Year	Ratio %											
2007	20.40%											
2008	21.58%											
2009	19.52%											
2010	21.32%											
<p>4. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2007</td> <td>7.39%</td> </tr> <tr> <td>2008</td> <td>7.75%</td> </tr> <tr> <td>2009</td> <td>6.26%</td> </tr> <tr> <td>2010</td> <td>8.17%</td> </tr> </tbody> </table>	Year	Ratio %	2007	7.39%	2008	7.75%	2009	6.26%	2010	8.17%	<p>Purpose of Rates & Annual Charges Outstanding Ratio</p> <p>To assess the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of recovery efforts.</p>	<p>Commentary on 2009/10 Result</p> <p>2009/10 Ratio 8.17%</p> <p>The increase in this ratio is a concern and as at 30 June 2010 Council had over \$100,000 of debt recovery with its solicitors and debt collection agency. Council will continue to monitor this ratio in an effort to ensure that it doesn't continue to increase.</p>
Year	Ratio %											
2007	7.39%											
2008	7.75%											
2009	6.26%											
2010	8.17%											

Coolamon Shire Council

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

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

\$ '000	Water 2010	Sewer 2010	General ¹ 2010
1. Unrestricted Current Ratio			
Current Assets less all External Restrictions ⁽¹⁾	n/a	123.20 : 1	5.96 : 1
Current Liabilities less Specific Purpose Liabilities ^(2,3)			
2. Debt Service Ratio			
Debt Service Cost	n/a	0.00%	0.00%
Revenue from Continuing Operations excluding Capital Items & Specific Purpose Grants/Contributions			
3. Rates & Annual Charges Coverage Ratio			
Rates & Annual Charges	n/a	64.90%	19.53%
Revenue from Continuing Operations			
4. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage			
Rates, Annual & Extra Charges Outstanding	n/a	10.56%	7.72%
Rates, Annual & Extra Charges Collectible			
5. Building & Infrastructure Renewals Ratio			
Asset Renewals ⁽⁴⁾ [Buildings & Infrastructure]	n/a	0.00%	200.33%
Depreciation, Amortisation & Impairment (Building & Infrastructure Assets)			

Notes

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

Coolamon Shire Council

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

Note 14. Investment Properties

\$ '000	Notes	Actual 2010	Actual 2009
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Council has not classified any Land or Buildings as "Investment Properties"

Coolamon Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 15. Financial Risk Management

\$ '000

Risk Management

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

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

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

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

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

	Carrying Value		Fair Value	
	2010	2009	2010	2009
Financial Assets				
Cash and Cash Equivalents	2,219	4,030	2,219	4,030
Investments				
- "Held for Trading"	7,479	5,100	7,479	5,100
- "Designated At Fair Value on Initial Recognition"	-	-	-	-
- "Held to Maturity"	700	700	700	700
- "Loans & Receivables"	-	-	-	-
- "Available for Sale"	-	-	-	-
Receivables	863	611	863	611
Other Financial Assets	-	-	-	-
Total Financial Assets	11,261	10,441	11,261	10,441
Financial Liabilities				
Bank Overdraft	-	-	-	-
Payables	4,325	3,935	4,325	3,935
Loans / Advances	-	-	-	-
Lease Liabilities	-	-	-	-
Other Financial Liabilities	-	-	-	-
Total Financial Liabilities	4,325	3,935	4,325	3,935

Fair Value is determined as follows:

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

Coolamon Shire Council

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

Note 15. Financial Risk Management (continued)

\$ '000

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

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

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

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

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

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

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

The following represents a summary of the sensitivity of Council's Income Statement and Accumulated Surplus (during 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
2010				
Possible impact of a 10% movement in Market Values	-	-	-	-
Possible impact of a 1% movement in Interest Rates	101	101	101	101
2009				
Possible impact of a 10% movement in Market Values	70	70	70	70
Possible impact of a 1% movement in Interest Rates	91	91	91	91

Coolamon Shire Council

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

Note 15. Financial Risk Management (continued)

\$ '000

(b) Receivables

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

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

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

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

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

Council makes suitable provision for doubtful receivables as required and carries out credit checks on most non-rate debtors.

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

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

	2010	2010	2009	2009
	Rates & Annual Charges	Other Receivables	Rates & Annual Charges	Other Receivables
(i) Ageing of Receivables				
Current (not yet overdue)	-	616	-	399
Past due by up to 30 days		8		11
Past due between 31 and 180 days	43	8	80	18
Past due between 181 and 365 days	112	7	42	8
Past due by more than 1 year	101	53	77	49
	256	692	199	485

**(ii) Movement in Provision for Impairment
of Receivables**

	2010	2009
Balance at the beginning of the year	73	86
+ new provisions recognised during the year	16	18
- amounts already provided for & written off this year		(4)
- amounts provided for but recovered during the year	(4)	(27)
- previous impairment losses reversed		-
Balance at the end of the year	85	73

Coolamon Shire Council

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

Note 15. Financial Risk Management (continued)

\$ '000

(c) Payables & Borrowings

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

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

As well, payment terms can (in extenuating circumstances) be extended & overdraft facilities can be drawn down.

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

\$ '000	Subject to no maturity	payable in:						Total Cash Outflows	Actual Carrying Values
		≤ 1 Year	1-2 Yrs	2-3 Yrs	3-4 Yrs	4-5 Yrs	> 5 Yrs		
2010									
Bank Overdraft	-							-	-
Trade/Other Payables	3,960	365						4,325	4,325
Loans & Advances								-	-
Lease Liabilities								-	-
Total Financial Liabilities	3,960	365	-	-	-	-	-	4,325	4,325
2009									
Bank Overdraft	-	-	-	-	-	-	-	-	-
Trade/Other Payables	3,681	254	-	-	-	-	-	3,935	3,935
Loans & Advances	-	-	-	-	-	-	-	-	-
Lease Liabilities	-	-	-	-	-	-	-	-	-
Total Financial Liabilities	3,681	254	-	-	-	-	-	3,935	3,935

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

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

	2010		2009	
	Carrying Value	Average Interest Rate	Carrying Value	Average Interest Rate
Bank Overdraft	-		-	
Trade/Other Payables	4,325	0.0%	3,935	0.0%
Loans & Advances - Fixed Interest Rate	-		-	
Loans & Advances - Variable Interest Rate	-		-	
Lease Liabilities	-		-	
	<u>4,325</u>		<u>3,935</u>	

Coolamon Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 16. Material Budget Variations

\$ '000

Council's Original Financial Budget for 09/10 was incorporated as part of its Management Plan and was adopted by the Council on 18 June 2009.

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

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

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

Note that for Variations: F = Favourable Budget Variation, **U** = Unfavourable Budget Variation

\$ '000	2010 Budget	2010 Actual	----- 2010 Variance* -----		
REVENUES					
Rates & Annual Charges	2,375	2,382	7	0%	F
User Charges & Fees	813	1,018	205	25%	F
Aged Care Fees exceeded Council's original budget of \$360,000 by \$97,000, due in part to the income levels and needs of residents.					
Child Care Fees exceeded Council's original budget of \$146,000 by \$49,000 due to higher enrolment rates					
Caravan Park Fees exceeded Council's original budget of \$15,000 by \$5,000 due to higher occupancy rates.					
Private Works Fees exceeded Council's original budget of \$40,000 by \$48,000 due large restoration works undertaken on behalf of Goldenfields Water County Council.					
Interest & Investment Revenue	375	498	123	33%	F
Council's investment strategy employed during the year resulted in higher than anticipated returns resulting in an additional \$112,000 income as compared to Council's original budget.					
Council's original budget did not allow for the receipt of any other interest income due on Council's long term loans to third parties.					
Other Revenues	346	414	68	20%	F
Income from the Sale of Recyclable exceeded Council's original budget of \$10,000 by \$43,000 due to the collection of black metal from Council's waste depots.					
Income from Legal Fees Recovery was not included in Council's original budget and amounted to \$20,000.					
Insurance Incentive Premiums received amounted to \$14,000 and were not included in Council's original budget.					
Operating Grants & Contributions	4,259	4,595	336	8%	F

Coolamon Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 16. Material Budget Variations (continued)

\$ '000	2010 Budget	2010 Actual	2010 Variance* -----		
Capital Grants & Contributions	2,165	2,091	(74)	(3%)	U
<p>portion of this money was received in the 2008/2009 financial year and the rest is expected in the 2010/2011 financial year.</p> <p>Council received \$160,000 from the federal government under the National Bike Paths Program that was not included in Council's original budget.</p> <p>Council received \$90,000 from the federal government under the Jobs Fund - Heritage Projects that was not included in Council's original budget</p> <p>Council received \$30,000 from the federal government under the RLCIP Second Round that was not included in Council's original budget.</p> <p>Kerb & Gutter Contributions of \$20,000 were received that were not included in Council's original budget</p> <p>Council received a donation of \$32,000 towards the fit out of the Ganmain Medical Centre that was not included in it's original budget.</p> <p>\$49,000 was received under a Royalty Agreement that was not included in Council's original budget.</p>					
Net Gains from Disposal of Assets	213	174	(39)	(18%)	U
<p>Council's original budget allowed for profit on the sale of plant and equipment of \$159,000 was overstated by \$20,000. This combined with lower than anticipated trade-in allowances have resulted in the budget variation.</p>					
Share of Net Profits - Joint Ventures & Associates	5	2	(3)	(60%)	U
<p>Council's original budget allowed for \$5,000 share of net profits based on historical profits.</p>					

Coolamon Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 16. Material Budget Variations (continued)

\$ '000	2010 Budget	2010 Actual	2010 ----- Variance* -----		
EXPENSES					
Employee Benefits & On-Costs	3,751	4,040	(289)	(8%)	U
Borrowing Costs	47	47	-	0%	F
Materials & Contracts	1,824	2,747	(923)	(51%)	U
Works undertaken at the Council's Waste Disposal Depots was included in Council's original budget as capital works but have been expensed as operating. This amounts to an additional \$203,000 materials and contracts expense.					
Additional operating expenditure at Allawah Lodge Aged Persons Hostel of \$90,000 was expensed during the year, \$20,000 of which was included in Council original budget as capital works but were reclassified during the year to be operating					
Legal Expenses exceeded Council's original budget by \$63,000 due to Council undertaking more debt recovery action and Council's action in relation to development undertaken without consent.					
Works undertaken at Council's swimming pools during the off season have resulted in an unfavourable variance of \$33,000.					
Works undertaken at Council's Skate Park and Touch Football fields exceeded Council's original budget by \$13,000					
Depreciation & Amortisation	1,589	1,427	162	10%	F
Council's original budget allowed for higher depreciation expense on plant and equipment of \$159,000.					
Impairment Expenses	-	-	-	0%	F
Other Expenses	995	1,149	(154)	(15%)	U
Electricity and Heating costs exceeded Council's original budget by \$77,000.					
Insurances exceeded Council's original budget by \$92,000.					
Net Losses from Disposal of Assets	-	-	-	0%	F
Share of Net Losses - Joint Ventures & Associates	-	-	-	0%	F
Operating Result from Discontinued Operations	-	-	-	0%	F

Coolamon Shire Council

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

Note 16. Material Budget Variations (continued)

\$ '000	2010 Budget	2010 Actual	2010 Variance*	
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Budget Variations relating to Council's Cash Flow Statement include:

Cash Flows from Operating Activities	3,702	3,174	(528)	(14.3%)	U
---	--------------	--------------	--------------	----------------	----------

See variances as detailed for operating revenues and expenditures

Cash Flows from Investing Activities	(3,741)	(5,247)	(1,506)	40.3%	U
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Council's original budget allowed for its investments to be classified as cash and cash equivalents as opposed to Investments. Therefore the change in Council's investment balance is reflected in the Investing Activities. The deferral of the Ganmain Aged Persons Units and associated subdivision works along with the reclassification of some works as operating has resulted in the cash outflows on Purchases of Infrastructure Property Plant and Equipment to achieve a favourable variance of \$768,000. The expected cash outflow on Real Estate Assets did not eventuate and has been deferred to the 2010/2011 financial year.

Cash Flows from Financing Activities	(170)	262	432	(254.1%)	F
---	--------------	------------	------------	-----------------	----------

Council's original budget did not allow for the changeover of residents in Allawah Lodge & Allawah Village. With each departure an increase of the liability results due to the ingoing contribution/loan licence amount increasing over time.

Coolamon Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 17. Statement of Developer Contributions

\$ '000

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

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

SUMMARY OF CONTRIBUTIONS & LEVIES

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage	-	-	-	-	-	-	-	-	-	-	-
Roads	-	5	-	-	-	(5)	-	173	-	173	233
Traffic Facilities	-	-	-	-	-	-	-	-	-	-	-
Parking	-	-	-	-	-	-	-	-	-	-	-
Open Space	-	-	-	-	-	-	-	-	-	-	-
Community Facilities	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-
S94 Contributions - under a Plan	-	5	-	-	-	(5)	-	173	-	173	233
S94A Levies - under a Plan	-	-	-	-	-	-	-				-
Total S94 Revenue Under Plans	-	5	-	-	-	(5)	-				233
S94 not under Plans	-	-	-	-	-	-	-	-	-	-	-
S93F Planning Agreements	-										
S64 Contributions	-										
Total Contributions	-	5	-	-	-	(5)	-	173	-	173	233

Coolamon Shire Council

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

Note 17. Statement of Developer Contributions (continued)

\$ '000

S94 CONTRIBUTIONS - UNDER A PLAN

CONTRIBUTION PLAN NUMBER 1

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage	-						-			-	
Roads	-	5				(5)	-	173		173	233
Traffic Facilities	-						-			-	
Parking	-						-			-	
Open Space	-						-			-	
Community Facilities	-						-			-	
Other	-						-			-	
Total	-	5	-	-	-	(5)	-	173	-	173	233

Coolamon Shire Council

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

Note 18. Contingencies & Other Assets/Liabilities Not Recognised

\$ '000

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

LIABILITIES NOT RECOGNISED:

1. Guarantees

(i) Defined Benefit Superannuation Contribution Plans

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

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

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

The Local Government Superannuation Scheme has provided to Council with its estimated share of the net deficit that being \$168,800 but Council has not recorded any net liability from its Defined Benefit Scheme obligations in accordance with AASB 119.

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

(ii) Statewide Limited

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

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

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

(iii) StateCover Limited

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

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

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

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

(iv) Other Guarantees

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

Coolamon Shire Council

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

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

\$ '000

LIABILITIES NOT RECOGNISED (continued):

2. Other Liabilities

(i) Third Party Claims

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

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

(ii) S94 Plans

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

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

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

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

ASSETS NOT RECOGNISED:

(i) Land Under Roads

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

(ii) Infringement Notices/Fines

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

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

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

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

(iii) S94 Expenditure in Advance

The Contributions Plan for Roads is currently in deficit by \$233,000 - representing expenditure in advance of Contributions.

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

Coolamon Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

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

\$ '000

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

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

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

Subsidiaries**Note 19(a)**

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

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

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

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

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

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

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

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

	Council's Share of Net Income		Council's Share of Net Assets	
	Actual 2010	Actual 2009	Actual 2010	Actual 2009
Associated Entities	-	-	-	-
Joint Venture Entities	2	6	85	83
Total	2	6	85	83

Coolamon Shire Council

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

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

\$ '000

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

Council has no interest in any Subsidiaries.

19(b) Associated Entities & Joint Venture Entities

(i) ASSOCIATED ENTITIES

Council has no interest in any Associated Entities.

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

Name of Entity	Principal Activity	2010	2009
Riverina Regional Library	Provision of Library Services	85	83
Total Carrying Amounts - Joint Venture Entities		85	83

(b) Relevant Interests

Name of Entity	Interest in Outputs		Interest in Ownership		Proportion of Voting Power	
	2010	2009	2010	2009	2010	2009
Riverina Regional Library	4%	4%	4%	4%	4%	4%

(c) Movement in Carrying Amounts

	Riverina Regional Library	
	2010	2009
Opening Balance	83	77
Share in Operating Result	2	6
New Capital Contributions	-	-
Distributions Received	-	-
Adjustments to Equity	-	-
Councils Equity Share in the Joint Venture Entity	85	83

Coolamon Shire Council

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

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

\$ '000

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

(d) Share of Joint Ventures Assets & Liabilities

	Assets		Liabilities		Net Assets
	Current	Non Current	Current	Non Current	
2010					
Riverina Regional Library	45	55	15		85
Totals	45	55	15	-	85
2009					
Riverina Regional Library	40	55	12	-	83
Totals	40	55	12	-	83

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

	2010			2009		
	Revenues	Expenses	Result	Revenues	Expenses	Result
Riverina Regional Library	68	66	2	61	55	6
Totals	68	66	2	61	55	6

(f) Share of Joint Venture Entities Expenditure Commitments

	2010	2009
Capital Commitments		-
Other Expenditure Commitments		-
Lease Commitments		-

(g) Contingent Liabilities of Joint Venture Entities

	2010	2009
Share of Contingent Liabilities incurred jointly with other Participants		-
Share of Contingent Liabilities for which Council is severally liable		-

19(c) Joint Venture Operations

Council has no interest in any Joint Venture Operations.

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

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

Coolamon Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 20. Equity - Retained Earnings and Revaluation Reserves

\$ '000	Notes	Actual 2010	Actual 2009
a. Retained Earnings			
Movements in Retained Earnings were as follows:			
Balance at beginning of Year (from previous years audited accounts)		82,512	79,461
a. Correction of Prior Period Errors	20 (c)	(11,181)	(11,181)
b. Changes in Accounting Policies (Prior Period Effects)	20 (d)	-	-
c. Other Comprehensive Income (excl. direct to Reserves transactions)		-	-
d. Net Operating Result for the Year		1,764	3,051
e. Distributions to/(Contributions from) Minority Interests		-	-
f. Transfers between Equity		-	-
g. Other Changes (disclosure required)		-	-
Balance at End of the Reporting Period		73,095	71,331

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

- Infrastructure, Property, Plant & Equipment Revaluation Reserve		66,418	13,031
- "Available for Sale" Financial Investments Revaluation Reserve		-	-
- Other Reserves (Specify)		-	-
Total		66,418	13,031

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

- Opening Balance		13,031	13,031
- Revaluations for the year	9(a)	53,387	-
- Impairment of revalued assets (incl. impairment reversals)	9(a)	-	-
- Transfer to Retained Earnings for Asset disposals		-	-
- Balance at End of Year		66,418	13,031

TOTAL VALUE OF RESERVES

66,418	13,031
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(iii). Nature & Purpose of Reserves**Infrastructure, Property, Plant & Equipment Revaluation Reserve**

- The Infrastructure, Property, Plant & Equipment Revaluation Reserve is used to record increments/decrements of Non Current Asset values due to their revaluation.

Coolamon Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

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

\$ '000	Notes	Actual 2010	Actual 2009
c. Correction of Error/s relating to a Previous Reporting Period			
<p>As part of Council's transition to measuring all its I,PP&E at Fair Values, Council this year reviewed and brought to account Fair Values for the following Asset Classes:</p> <ul style="list-style-type: none"> - Roads, Bridges & Footpaths Asset Class - Stormwater Drainage Asset Class <p>As part of that evaluation & measurement process, the remaining useful life of each asset has been reassessed to actual.</p> <p>This reassessment has resulted in a material difference as to where some assets actually sit in relation to their asset life cycle relative to what the value of accumulated depreciation in Council's Financial Reports had previously indicated.</p> <p>Council does not have sufficient and reliable information that will allow the restatement of information prior to 30/6/09 (the closing date for the comparative figures in this report).</p> <p>As a result, Council has adjusted the accumulated depreciation for the following asset classes as at 30/6/09 to reflect the correct value of accumulated depreciation;</p>			
Roads, Bridges & Footpaths Asset Class	(increase)/decrease to accumulated deprec	(10,822)	
Stormwater Drainage Asset Class	(increase)/decrease to accumulated depreciation	(359)	
<p>This adjustment resulted in net increase / (decrease) in Council's Accumulated Surplus as at 30/6/09.</p>			
<p>In accordance with AASB 108 - Accounting Policies, Changes in Accounting Estimates and Errors, the above Prior Period Errors have been recognised retrospectively.</p>			
These amounted to the following Equity Adjustments:			
- Adjustments to Opening Equity - 1/7/08			-
(relating to adjustments for the 30/6/08 reporting year end and prior periods)			
- Adjustments to Closing Equity - 30/6/09		(11,181)	
(relating to adjustments for the 30/6/09 year end)			
Total Prior Period Adjustments - Prior Period Errors		(11,181)	-

Coolamon Shire Council

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

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

\$ '000	Notes	Actual 2010	Actual 2009
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d. Voluntary Changes in Accounting Policies

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

Coolamon Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 21. Financial Result & Financial Position by Fund

Income Statement by Fund	Actual	Actual	Actual	Actual
\$ '000	2010	2010	2010	2010
Continuing Operations	Other	Water	Sewer	General¹
Income from Continuing Operations				
Rates & Annual Charges	328	-	307	1,797
User Charges & Fees	11	-	8	999
Interest & Investment Revenue	29	-	56	413
Other Revenues	53	-	2	432
Grants & Contributions provided for Operating Purposes	25	-	13	4,557
Grants & Contributions provided for Capital Purposes		-	87	2,004
Other Income				
Net Gains from Disposal of Assets		-	-	174
Share of interests in Joint Ventures & Associates using the Equity Method				2
Total Income from Continuing Operations	446	-	473	10,378
Expenses from Continuing Operations				
Employee Benefits & on-costs	24	-	149	3,867
Borrowing Costs	-	-	-	47
Materials & Contracts	535	-	96	2,116
Depreciation & Amortisation	3	-	142	1,282
Impairment				-
Other Expenses	42	-	68	1,162
Interest & Investment Losses				-
Net Losses from the Disposal of Assets		-	-	-
Share of interests in Joint Ventures & Associates using the Equity Method				-
Total Expenses from Continuing Operations	604	-	455	8,474
Operating Result from Continuing Operations	(158)	-	18	1,904
Discontinued Operations				
Net Profit/(Loss) from Discontinued Operations		-	-	-
Net Operating Result for the Year	(158)	-	18	1,904
Net Operating Result attributable to each Council Fund	(158)	-	18	1,904
Net Operating Result attributable to Minority Interests	-	-	-	-
Net Operating Result for the year before Grants and Contributions provided for Capital Purposes	(158)	-	(69)	(100)

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

* Other represents Domestic Waste Management only

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

Coolamon Shire Council

Notes to the Financial Statements

as at 30 June 2010

Note 21. Financial Result & Financial Position by Fund

Balance Sheet by Fund	Actual	Actual	Actual	Actual
\$ '000	2010	2010	2010	2010
ASSETS	Other	Water	Sewer	General¹
Current Assets				
Cash & Cash Equivalents	409	-	1,161	649
Investments		-	-	7,979
Receivables	48	-	71	621
Inventories		-	-	165
Total Current Assets	457	-	1,232	9,414
Non-Current Assets				
Investments		-	-	200
Receivables		-	-	135
Inventories		-	-	183
Infrastructure, Property, Plant & Equipment	62	-	10,391	124,112
Investments Accounted for using the equity method		-	-	85
Total Non-Current Assets	62	-	10,391	124,715
TOTAL ASSETS	519	-	11,623	134,129
LIABILITIES				
Current Liabilities				
Payables	7	-	10	4,309
Borrowings		-	-	-
Provisions		-	-	1,401
Liabilities associated with assets classified as "held for sale"		-	-	-
Total Current Liabilities	7	-	10	5,710
Non-Current Liabilities				
Payables		-	-	11
Borrowings		-	-	-
Provisions		-	-	1,020
Total Non-Current Liabilities	-	-	-	1,031
TOTAL LIABILITIES	7	-	10	6,741
Net Assets	512	-	11,613	127,388
EQUITY				
Retained Earnings	454	-	6,123	66,518
Revaluation Reserves	58	-	5,490	60,870
Council Equity Interest	512	-	11,613	127,388
Minority Interests	-	-	-	-
Total Equity	512	-	11,613	127,388

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

* Other represents Domestic Waste Management only

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

Coolamon Shire Council

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

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

\$ '000	2010		2009	
	Current	Non Current	Current	Non Current

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

Coolamon Shire Council

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

Note 23. Events occurring after Balance Sheet Date

\$ '000

Events that occur after the reporting date of 30 June 2010, up to and including the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

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

Accordingly, the "authorised for issue" date is 24/09/10.

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

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

These financial statements (and the figures therein) incorporate all "adjusting events" that provided evidence of conditions that existed at 30 June 2010.

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

These financial statements (and figures therein) do not incorporate any "non adjusting events" that have occurred after 30 June 2010 and which are only indicative of conditions that arose after 30 June 2010.

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

Coolamon Shire Council

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

Note 24. Discontinued Operations

	Actual 2010	Actual 2009
\$ '000		

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

Coolamon Shire Council

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

Note 25. Intangible Assets

\$ '000

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

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

Coolamon Shire Council

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

Note 26. Reinstatement, Rehabilitation & Restoration Liabilities

\$ '000

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

Asset/Operation	Estimated year of restoration	NPV of Provision	
		2010	2009
Various Gravel Pit Sites across the Shire	2029	720	673
Balance at End of the Reporting Period	10	720	673

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

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

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

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

- the actual scope of works required at the time of remediation may increase or reduce Council's actual costs
- the actual cpi index associated with the planned works may increase or decrease Council's actual costs
- [list details of any assumptions or uncertainties, including timing issues, cost issues etc](#)

Reconciliation of movement in Provision for year:

Balance at beginning of year	673	629
Amounts capitalised to new or existing assets:		
Effect of a change in discount rates used in PV calculations		-
Effect of a change in other calculation estimates used		-
Amortisation of discount (expensed to borrowing costs)	47	44
Expenditure incurred attributable to Provisions		-
Total - Reinstatement, rehabilitation and restoration provision	720	673

Amount of Expected Reimbursements

Of the above Provisions for Reinstatement, Rehabilitation and Restoration works, those applicable to Garbage Services & Waste Management are able to be funded through future charges incorporated within Council's Annual Domestic Waste Management Charge.

Coolamon Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 27. Segment Note

\$ '000

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

Accounting Policy

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

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

	Residential Aged Care		Other		Consolidated	
	Actual 2010	Actual 2009	Actual 2010	Actual 2009	Actual 2010	Actual 2009
Revenue						
Government Subsidies	750	780	3,096	3,589	3,846	4,369
Resident Charges	467	428	-	-	467	428
Capital Grants	-	-	851	1,397	851	1,397
Bond retentions	66	66	-	-	66	66
Interest Income	78	92	420	502	498	594
Donations	1	-	-	-	1	-
Contributions (capital & operating)	-	-	1,922	1,746	1,922	1,746
Other	12	17	3,634	3,319	3,646	3,336
Total Revenue	1,374	1,383	9,923	10,553	11,297	11,936
Expenses						
Care employee expenses	852	827	-	-	852	827
Other employee expenses	-	-	3,188	2,757	3,188	2,757
Management Fees	114	108	-	-	114	108
Interest expense	-	-	47	44	47	44
Depreciation & amortisation	46	46	1,381	1,314	1,427	1,360
Insurances	11	9	248	217	259	226
Electricity & Heating	45	33	90	80	135	113
Telephone	2	2	53	44	55	46
Water	8	8	88	108	96	116
Rates	9	7	-	-	9	7
Audit Fees	2	2	13	12	15	14
Other	224	195	3,112	3,072	3,336	3,267
Total Expense	1,313	1,237	8,220	7,648	9,533	8,885
Segment Results (Pre Tax)	61	146	1,703	2,905	1,764	3,051

Coolamon Shire Council

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

Note 27. Segment Note

\$ '000

	Residential Aged Care		Other		Consolidated	
	Actual 2010	Actual 2009	Actual 2010	Actual 2009	Actual 2010	Actual 2009
Assets						
Current Assets	1,171	1,688	9,920	8,163	11,091	9,851
Non-current Assets	3,998	3,239	131,972	77,336	135,970	80,575
Total Assets	5,169	4,927	141,892	85,499	147,061	90,426
Liabilities						
Current Liabilities	1,171	1,004	4,544	4,289	5,715	5,293
Non-current Liabilities	20	6	1,813	765	1,833	771
Total Liabilities	1,191	1,010	6,357	5,054	7,548	6,064
Net Assets	3,978	3,917	135,535	80,445	139,513	84,362

Component of Segment Liabilities included above:

Accommodation bond liabilities	1,002	846	-	-	1,002	846
Interest bearing borrowings	-	-	-	-	-	-

Business Segments:

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

Geographical Segments:

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

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

Coolamon Shire Council

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

Note 28. Additional Council Disclosures - Council Information

Principal Place of Business:

55 Cowabbie Street
Coolamon NSW 2701

Contact Details**Mailing Address:**

PO Box 101
Coolamon NSW 2701

Telephone: 02 6927 3206

Facsimile: 02 6927 3168

Opening Hours

General Business 8.30am to 5.00pm

Cashier 8.30am to 4.00pm

Internet: www.coolamon.nsw.gov.au

Email: council@coolamon.nsw.gov.au

Officers**GENERAL MANAGER**

Terrey Kiss

RESPONSIBLE ACCOUNTING OFFICER

Courtney Armstrong

PUBLIC OFFICER

Terrey Kiss

AUDITORS

Auswild & Co

Elected Members**MAYOR**

Clr Robert Menzies

COUNCILLORS

Clr John Seymour

Clr John O'Brien

Clr Barrie Logan

Clr Geoff Glass

Clr Bruce Hutcheon

Clr Dennis Brill

Clr David McCann

Clr Grant Beard

Other Information

ABN: 32 573 173 265



Auswild & Co

CHARTERED ACCOUNTANTS

ABN: 29 725 771 792

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

We have audited the accompanying general purpose financial report of the Coolamon Shire Council, which comprises the Statement by Councillors and Management, Balance Sheet as at 30th June, 2010, Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity and Cash Flow Statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes.

Councils' Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

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

Independence

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

Auditor's Opinion

In our opinion,

- (a) The Council's accounting records have been kept in accordance with the requirements of the Local Government Act, 1993 Chapter 13 Part 3 Division 2; and
- (b) The general purpose financial report
 - (i) has been prepared in accordance with the requirements of this Division;
 - (ii) is consistent with the Council's accounting records;
 - (iii) presents fairly the Council's financial position, the results of its operations and its cash flows; and
 - (iv) are in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia.
- (c) all information relevant to the conduct of the audit has been obtained; and
- (d) there are no material deficiencies in the accounting records or financial report that have come to light during the course of the audit.

AUSWILD & CO.



G.J. BRADLEY
Principal

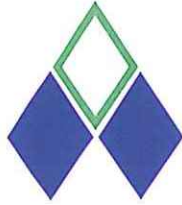
Registered Auditor No: 1249

CANBERRA
21st September, 2010

COOLAMON SHIRE COUNCIL

REPORT ON THE CONDUCT
OF THE AUDIT

2010



Auswild & Co

CHARTERED ACCOUNTANTS

ABN: 29 725 771 792

21st September, 2010

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

Dear Cr Menzies,

Having completed an audit examination of the books of account and associated records of the Coolamon Shire Council for the twelve months period ended 30th June 2010 we have pleasure in submitting our report on the conduct of the audit in accordance with Section 417 (3) of the Local Government Act 1993.

Background

The financial statements for the year ended 30th June, 2010 have been prepared in accordance with

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

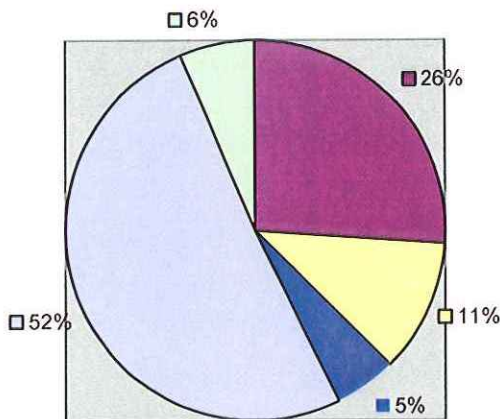
In accordance with the timetable determined by the Department of Local Government for the revaluation of assets, Coolamon Shire Council conducted a full revaluation of its Roads, Bridges, Footpaths and Drainage assets in the current year. With the exception of Community Land, Land Improvements and Other Structures (which will be revalued in 2010/2011) Council has now revalued all its infrastructure, property plant & equipment assets to fair values.

Financial Results

Council recorded an operating deficit before capital grants and contributions of \$327,000 for the year ended 30 June 2010 (2009 – surplus of \$714,000). Operating revenues (\$9.08 million) decreased approximately 4.2% on those of the previous year (\$9.48 million) however we note that this situation was principally due to one less instalment of the financial assistance grant being received in the current year. Operating expenses (including depreciation expenses of \$1.43 million) increased approximately 7.30% or \$640,000 principally due to increases in employee on-costs such as leave entitlements and superannuation.

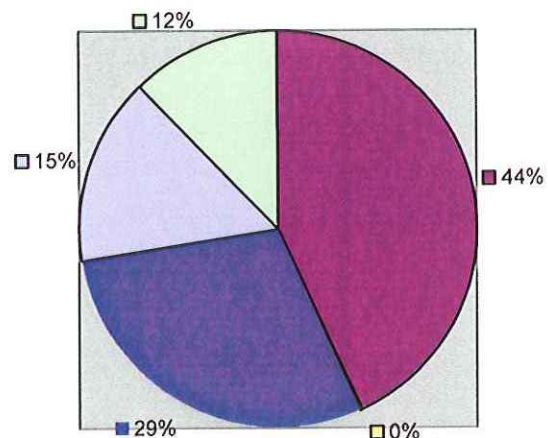
A breakdown of Council's operating revenues and expenses for the year is as follows:

Operating Revenues



- Rates & Annual Charges
- User Charges & Fees
- Interest & Other
- Grants & Contributions (Operating)
- Other Revenues

Operating Expenditure



- Employee
- Borrowing
- Materials & Contracts
- Depreciation
- Other

In addition to operating revenues, Council received capital grants and contributions amounting to \$2.09 million (2009 - \$2.34 million).

In the twelve months period to 30 June 2010 Council's operating result from continuing operations' (**including** capital grants and contributions) was \$1.76 million compared with \$3.05 million in the previous year.



Further, we note that the Allawah Aged Persons Complex (which is deemed to be controlled by Council) was again consolidated in Council's statements in accordance with the Code of Accounting Practice. The Allawah Complex reduced Council's operating result before capital grants and contributions by \$12,000.

Budget Comparison

The net operating surplus for the year of \$1.76 million was well below original budget expectations which anticipated a surplus of \$2.35 million.

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

Favourable Variances

- Enrolments and occupancy rates at the Child Care Centre and Caravan Park were significantly higher than original budget expectations. Additionally, Aged Care fees rose in response to differing income levels and the needs of residents.
- Better than anticipated interest rates have boosted interest revenues.

Unfavourable Variances

- Employee on-costs such as leave entitlements and superannuation significantly exceeded original budget expectations.
- Increased materials and contract costs resulting from additional maintenance work in lieu of capital works.
- Increased costs associated with Heating, Electricity and Insurances.



DETAILED AUDIT OBSERVATIONS

Rates and Annual Charges

Revenue from rates and annual charges (excluding Council owned properties) amounted to \$2.38 million (2009 - \$2.31 million).

In setting the **ordinary rates** for the year, Council resolved to adopt the maximum increase available of 3.5%. This action, together with an increase in the number of assessments has resulted in revenues from ordinary rates increasing from \$1.75 million in 2008/2009 to \$1.79 million in the current year.

Council's ordinary rating base increased by 19 assessments during the twelve months period and at year's end 2,776 assessments was subject to ordinary rates.

Council further resolved that the **sewerage charges** for connected and unconnected properties be increased by \$7 and \$5 respectively and pedestal charges were increased by \$2.

The **domestic waste management charges** were increased by \$10 whilst a \$5 increase was applied to the **domestic recycling charges**.

Such movements have resulted in revenues as follows:

<u>Annual Charges</u>	2010	2009
	\$	\$
Sewerage	283,000	277,000
Domestic Waste	305,000	285,000

Rebates of \$124,000 were provided to eligible pensioners and a subsidy of \$69,000 was received from the Department of Local Government towards the cost of these rebates.

Interest and extra charges on overdue rates and annual charges for the year were \$22,000 (2009 - \$30,000) and outstanding rates were subject to interest at the rate of 9.00% pa.



User Charges and Fees

Council derived \$153,000 from **Statutory/Regulatory User Charges & Fees** (2009 - \$126,000) and a further \$865,000 from **Other Fees & Charges** (2009 - \$776,000) imposed during the twelve months period ended 30 June 2010.

Contributing significantly to the increased income from "Other Fees" were the operations of the Aged Care Facility and the Coolamon Early Childhood Centre.

Revenues received from user charges and fees included:-

	2010 \$	2009 \$
Child Care	195,000	147,000
Allawah Lodge	467,000	428,000
RTA Charges	25,000	58,000
Private Works	88,000	61,000
Cemeteries	45,000	42,000
MSO and Community Transport	71,000	68,000

Interest

Despite increased monies being available for investment, interest and investment revenues decreased in the twelve months period due to lower interest rates available. Interest and investments revenues were earned as follows:

	2010 \$	2009 \$
Overdue Rates & Charges	22,000	30,000
Allawah Lodge & Village investments	147,000	178,000
Sewerage Fund	56,000	57,000
Domestic Waste Management	29,000	38,000
Internally Restricted	244,000	291,000
	<u>\$ 498,000</u>	<u>\$ 594,000</u>



Excluding interest attributed to the Allawah Complex investments (\$147,000) investment income represented approximately 19.57% of ordinary rating income and therefore remains an important component of Council's budget.

Other Revenues

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

Grants, Subsidies and Contributions

Operating Grants and Contributions

Operating grants and contributions amounting to \$4.60 million were received in 2009/2010 compared with \$5.24 million received in the previous year.

Council's untied financial assistance grant decreased 18.36% from \$3.15 million in 2008/2009 to \$2.58 million this year. This situation has arisen from the Australian Government's decision to adjust the timing of grant instalments. In 2008/2009 the first quarterly payment of the 2009/2010 local government financial assistance grant was received in advance resulting in five instalments being brought to account in 2008/2009.

Other major operating grants and contributions were received for Coolamon Shire MSO & Community Transport (\$154,000), Aged & Disabled CACP (\$115,000), Allawah Lodge (\$750,000), Ardlethan Preschool (\$79,000), Road Safety Officer (\$71,000), Child Care (\$227,000) and regional roads (\$394,000).

Capital Grants and Contributions

Total capital grants and contributions received for the year amounted to \$2.09 million (2009 - \$2.34 million) and principally related to Roads to Recovery Program (\$536,000), bike paths (\$160,000), public halls (\$90,000), Allawah Complex (\$193,000), RTA contributions for regional and local roads (\$781,000) and contributions for several infrastructure programs.



In accordance with the Code of Accounting Practice all grant and contribution monies received in 2009/2010 (both expended and unexpended) have been brought to account as income. Grants and contributions recognised as revenues in the current reporting period but not yet expended in accordance with the conditions attaching thereto amounted to \$107,000. At year end Council held specific purpose unexpended grants and contributions amounting to \$388,000 (2009 - \$391,000) and such funds have been identified as an externally restricted asset.

Operating Expenditure

Expenses from continuing operations (\$9.41 million) were significantly higher than both budget expectations (\$8.21 million) and those of the previous year (\$8.77 million).

Depreciation expenses (\$1.43 million) accounted for approximately 15.16% of Council's total operating expenses and whilst such expenses have a significant impact on Council's operating result we note that Council's depreciation percentage appears reasonable in comparison with most rural Council's with which we are associated. We do however anticipate future increases in depreciation expenses as Council's fixed assets are progressively revalued to fair value.

Employee costs (\$4.04 million) increased approximately 12.7% with significant increases being incurred in employee on-costs such as leave entitlements and superannuation expenses. The number of full time equivalent employees at year end totalled 64 (2009 – 64)

Most other operating expenses were in line with the previous year and/or Council's expectations.

Capital Expenditure

During the reporting period Council expended \$3.28 million (2009 - \$3.72 million) on the acquisition of assets. The principal items being:-

	2010	2009
	\$	\$
Plant & Equipment	612,000	450,000
Buildings	218,000	519,000
Roads, Bridges & Footpaths	1,865,000	2,015,000
Other Structures	274,000	365,000
Sewerage Network	118,000	47,000



The expenditure associated with buildings and infrastructure has given Council a very satisfactory assets renewals ratio 182.59%. This ratio assesses the rate at which assets are being renewed against the rate at which they are depreciating.

Cash & Investments

At balance date Council controlled cash and investments totalling \$10.40 million (2009 - \$9.83 million).

Council utilises its investments to cover both externally and internally imposed requirements and comprises Allawah Complex investments (\$4.07 million), employee entitlements (\$1.25 million), unexpended grants and contributions (\$388,000), sewerage (\$1.16 million), domestic waste management (\$409,000) and monies for future capital works.

Externally restricted investments amounted to \$5.86 million whilst Council has "earmarked" a further \$4.54 million towards the funding of its future long-term objectives.

Council's cash and investments were held as follows:

	2010 \$	2009 \$
General Fund	4,536,000	5,298,000
Sewerage Fund	1,161,000	1,114,000
Externally Restricted Funds	4,701,000	3,418,000
	<u>10,398,000</u>	<u>9,830,000</u>

and comprised:

Cash on Hand and at Bank	1,219,000	525,000
Short Term Deposits	1,000,000	3,505,000
Long Term Deposits	7,479,000	5,100,000
Subordinated Debt	700,000	700,000
	<u>10,398,000</u>	<u>9,830,000</u>



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

Debtors

Rates and Annual Charges

At balance date net outstanding rates, annual charges and interest amounted to \$211,000 (2009 - \$158,000) which represented 8.17% of total receivable (2009 - 6.26%). Whilst this arrears percentage is still remains within acceptable limits we nevertheless encourage Council to continue positive recovery action in an endeavour to lower this arrears percentage to under 5.0%.

We further note that Council is not materially exposed to the arrears of any one ratepayer and at year end the ten largest outstanding arrears collectively amounted to less than \$57,000 compared with \$45,000 at the same time last year.

We note the following outstanding rates position:

<u>Outstanding Assessment Amount</u>	<u>Number of Assessments</u>
\$3,000 - \$4,000	8
\$4,001 - \$5,000	2
\$5,001 - \$6,000	1
\$6,001 - \$7,000	2
Greater than \$7,000	2

All outstanding arrears have been subject to interest of 9.00% pa and Council has maintained a provision for doubtful debts amounting to \$85,000.

Real Estate

During the year Council sold three lots of land in the Stinson Street Stage 2 subdivision which realised a profit of \$57,000. At year end Council had available for sale four lots of developed land with a book value of \$124,000 together with undeveloped land valued at \$183,000.



Property, Plant & Equipment excluding Real Estate

During the year Council acquired assets to the value of \$3.46 million and disposed of assets with a written down value of \$149,000. The disposal of these assets has resulted in a profit of \$117,000 being brought to account (2009 - \$45,000).

In accordance with the timetable determined by the Department of Local Government Council's roads, bridges, footpaths and stormwater drainage assets were revalued to fair value in the current year which has resulted in significant increases in the written down value of the following assets.

- Roads, Bridges, Footpaths - increased \$13.06 million to \$47.67 million
- Bulk Earthworks - increased \$39.28 million to \$50.45 million
- Stormwater Drainage - increased \$1.05 million to \$1.74 million

The combined action of asset movements and revaluations has resulted in the written down value of property, plant and equipment increasing from \$79.47 million in 2009 to \$134.57 million as at 30 June 2010.

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

Provisions

At 30 June 2010 the Provision for Employee Accrued Entitlements totalled \$1,701,000. The components of the liability are:-

	2010	2009
	\$	\$
Annual Leave	462,000	407,000
Long Service Leave	1,227,000	1,036,000
Other	12,000	13,000

The average leave entitlement per employee as at 30 June 2010 was \$26,578 (2009 - \$22,750). At year end Council had set aside funds amounting to \$1,250,000 or 74.0% of the employee leave entitlement liability and such funds have been identified as an internally restricted asset.

Loans and Debt Servicing

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



SUMMARY

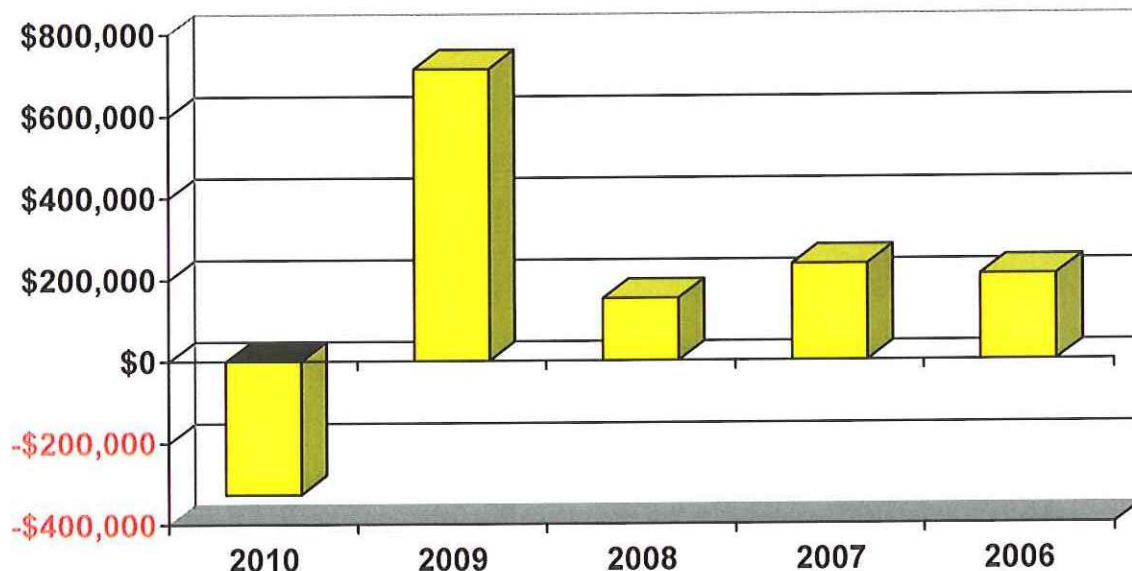
In analysing Council's financial results for the year, particular attention must be given to the following:-

- Operating result before capital amounts (deficit \$327,000)
- Net increase in cash and investments held (\$568,000)
- Internal and unrestricted investments (\$4,536,000) and Sewerage investments (\$1,161,000)
- Performance ratios

Operating Result

Council recorded an operating deficit before capital amounts of \$327,000 for the twelve months period to 30 June 2010. This result has been reported after allowing for depreciation expenses of \$1,427,000 and was lower than both budget expectation (surplus - \$180,000) and the result of the previous year (surplus \$714,000).

Operating Surplus before Capital Amounts



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

	Surplus/(Deficit)	
	2010	2009
	\$	\$
General Fund	(88,000)	629,000
Domestic Waste Management	(158,000)	(1,000)
Sewerage Fund	(69,000)	8,000
Allawah Complex	(12,000)	78,000
	<u>(327,000)</u>	<u>714,000</u>

As illustrated, Council has reported sound operating surplus for some years and in fact, this is the first deficit reported since 1999/2000. We note the impact of the following on the operating result.

Financial Assistance Grant

In the current year Council's untied financial assistance grant decreased 18.36% from \$3.15 million in 2008/2009 to \$2.58 million this year. This situation has arisen from the Australian Government's decision to adjust the timing of grant instalments. In 2008/2009 the first quarterly payment of the 2009/2010 local government financial assistance grant was received in advance resulting in five instalments being brought to account in 2008/2009.

Interest Income

Over the past two years annual interest income has fallen \$159,000 to \$498,000 in the current year.

Gains from the sale of Assets

The sale of Council's assets has realised a profit of \$174,000 in the current year compared with a profit of \$83,000 in 2008/2009.

Employee Costs

Lead by significant increases in leave entitlements and superannuation expenses, total employee costs have increased \$456,000 in the twelve months period.

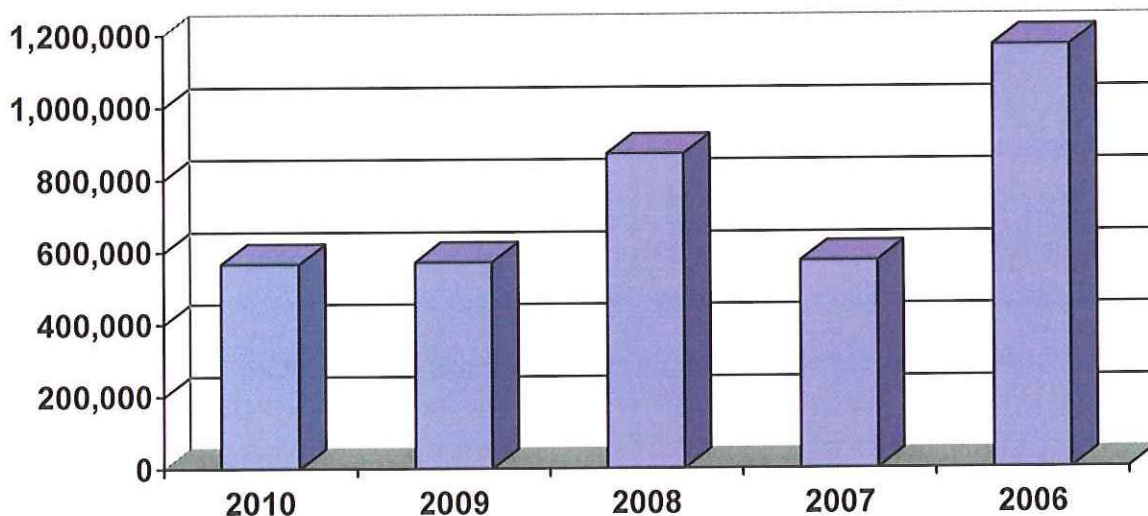


As we reported last year Council's ability to report an operating surplus before capital movements has been largely dependent on the income generated/received from the abovementioned income items. Council exerts very little influence over these revenues sources and consequently, such income cannot be relied upon to return Council to an operating surplus position. With significant increases expected in depreciation expenses (following the revaluation of roads etc.) in the coming years Council in our opinion may need to generate additional revenues from core activities or curtail expenditures.

Cash Flow

Council achieved a cash surplus of \$3.17 million (2009 - \$4.31 million) from its operating activities which was principally utilized to purchase assets (\$3.28 million). These actions together with the proceeds from the sale of property, plant and equipment have resulted in Council achieving a cash flow surplus (including investments) of \$568,000 for the year.

Cash Flow Surplus/Deficit



For comparative purposes, we note the following factors that have impacted on the cash flow surplus in 2009/2010.

- The first instalment of the 2010/2011 financial assistance grant (\$672,000) was received in the current year.
- Capital expenditure amounted to \$3.28 million in the current year compared with \$3.72 million in 2008/2009.



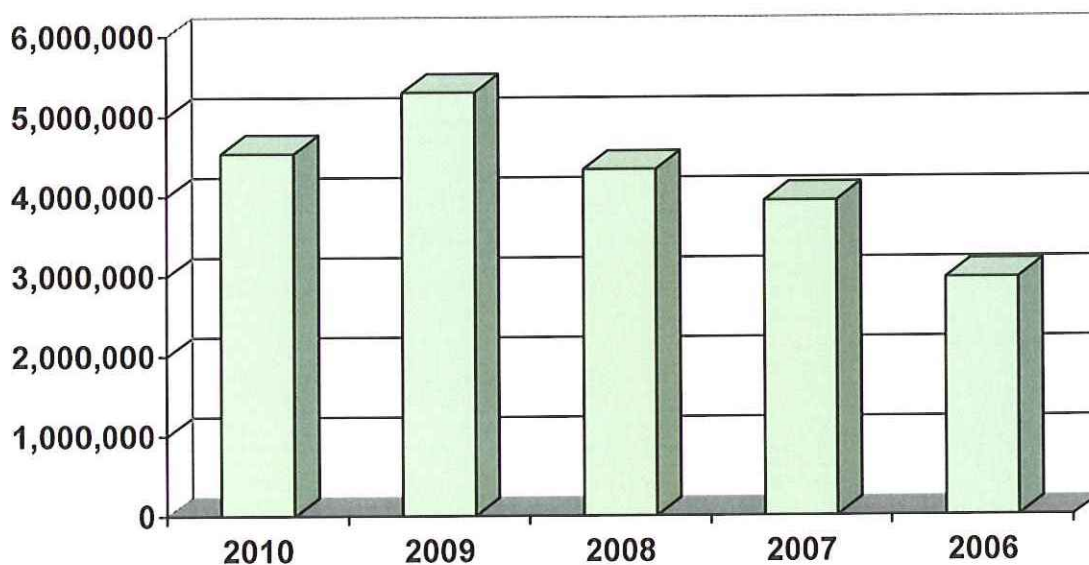
Upon analysis the cash flow surplus can be identified as follows:

<u>Activity</u>	<u>Surplus/(Deficit)</u>	
	<u>2010</u>	<u>2009</u>
	\$	\$
<u>Externally Restricted</u>		
Sewerage Fund	47,000	14,000
Other External Restrictions	1,283,000	(406,000)
<u>Internally Restricted & Unrestricted</u>		
General Fund	(762,000)	964,000
	\$ 568,000	\$ 572,000

Reserves (Internally and Unrestricted Assets)

As noted above, Council's internal and unrestricted funds have decreased by \$762,000 during the twelve months period and at year end Council held internally and unrestricted investments amounting to \$4.54 million. In addition to these funds we report that the sewerage fund held cash and investments amounting to \$1.16 million.

Reserves (Internally and Unrestricted Assets)



The decrease in internal reserve funding has resulted from Council's decision to fully cash back Allawah Village Loan – Licence fees. This has required an additional \$1.04 million to be transferred to the external reserve in the current year.

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

Performance Ratios

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

In particular, we note the unrestricted current ratio (which is a measurement of Council's ability to meet its financial obligations) of 5.96 which compares very favourably with the industry generally. With a debt service ratio of 0.00% and a manageable outstanding rates ratio of 8.17% Coolamon Shire should be well pleased with its performance indicators.

In addition to the above, a number of matters of a minor nature were discussed with the appropriate staff who have actioned or undertaken to see that appropriate action is taken with respect to each. Council's books of account and other records appear to have been maintained in a satisfactory and up-to-date manner and the requirements of the Local Government Act and regulations well observed.

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

Yours faithfully,
AUSWILD & CO.

per:



G.J. BRADLEY

Certificated Local Government
Auditor No. 608

