

# Coolamon Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2012

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



# Coolamon Shire Council

## General Purpose Financial Statements for the financial year ended 30 June 2012

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### Overview

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

Council's Statutory Charter is specified in Paragraph 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 21/09/12. 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 2012

### 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 20 September 2012.

  
\_\_\_\_\_  
Clr John Seymour  
MAYOR

  
\_\_\_\_\_  
Clr Bruce Hutcheon  
COUNCILLOR

  
\_\_\_\_\_  
Terrey Kiss  
GENERAL MANAGER

  
\_\_\_\_\_  
Courtney Armstrong  
RESPONSIBLE ACCOUNTING OFFICER

## Coolamon Shire Council

## Income Statement

for the financial year ended 30 June 2012

Budget <sup>(1)</sup>				Actual	Actual
2012	\$ '000		Notes	2012	2011
<b>Income from Continuing Operations</b>					
<b>Revenue:</b>					
2,619	Rates & Annual Charges		3a	2,621	2,494
972	User Charges & Fees		3b	1,045	1,017
522	Interest & Investment Revenue		3c	640	630
346	Other Revenues		3d	448	442
5,806	Grants & Contributions provided for Operating Purposes		3e,f	7,589	6,667
392	Grants & Contributions provided for Capital Purposes		3e,f	486	956
<b>Other Income:</b>					
158	Net gains from the disposal of assets		5	229	-
5	Net Share of interests in Joint Ventures & Associated Entities using the equity method		19	21	6
<b>10,820</b>	<b>Total Income from Continuing Operations</b>			<b>13,079</b>	<b>12,212</b>
<b>Expenses from Continuing Operations</b>					
4,475	Employee Benefits & On-Costs		4a	4,827	4,203
54	Borrowing Costs		4b	54	51
2,100	Materials & Contracts		4c	3,033	3,319
2,833	Depreciation & Amortisation		4d	2,744	2,744
	Impairment		4d	-	-
1,237	Other Expenses		4e	1,271	1,196
	Interest & Investment Losses		3c	-	-
	Net Losses from the Disposal of Assets		5	-	222
	Net Share of interests in Joint Ventures & Associated Entities using the equity method		19	-	-
<b>10,699</b>	<b>Total Expenses from Continuing Operations</b>			<b>11,929</b>	<b>11,735</b>
<b>121</b>	<b>Operating Result from Continuing Operations</b>			<b>1,150</b>	<b>477</b>
<b>Discontinued Operations</b>					
	Net Profit/(Loss) from Discontinued Operations		24	-	-
<b>121</b>	<b>Net Operating Result for the Year</b>			<b>1,150</b>	<b>477</b>
121	Net Operating Result attributable to Council			1,150	477
	Net Operating Result attributable to Minority Interests			-	-
<b>(271)</b>	<b>Net Operating Result for the year before Grants and Contributions provided for Capital Purposes</b>			<b>664</b>	<b>(479)</b>

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

## Coolamon Shire Council

Statement of Comprehensive Income  
for the financial year ended 30 June 2012

\$ '000	Notes	Actual 2012	Actual 2011
Net Operating Result for the year (as per Income statement)		<b>1,150</b>	<b>477</b>
<b>Other Comprehensive Income</b>			
Gain (loss) on revaluation of I,PP&E	20b (ii)	3,014	1,492
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)	-	-
Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	-
Other Movements in Reserves ( <a href="#">enter details here</a> )	20b (ii)	-	(3)
De-recognition of land under roads		-	-
Adjustment to correct prior period depreciation errors		-	-
<b>Total Other Comprehensive Income for the year</b>		<b>3,014</b>	<b>1,489</b>
<b>Total Comprehensive Income for the Year</b>		<b>4,164</b>	<b>1,966</b>
<b>Total Comprehensive Income attributable to Council</b>		<b>4,164</b>	<b>1,966</b>
<b>Total Comprehensive Income attributable to Minority Interests</b>		<b>-</b>	<b>-</b>

## Coolamon Shire Council

## Balance Sheet

as at 30 June 2012

\$ '000	Notes	Actual 2012	Actual 2011
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash & Cash Equivalents	6a	4,014	3,393
Investments	6b	7,700	7,500
Receivables	7	649	1,298
Inventories	8	68	69
Other	8	-	-
<b>Total Current Assets</b>		<b>12,431</b>	<b>12,260</b>
<b>Non-Current Assets</b>			
Investments	6b	-	200
Receivables	7	17	13
Inventories	8	282	282
Infrastructure, Property, Plant & Equipment	9	140,059	135,942
Investments accounted for using the equity method	19	112	91
Investment Property	14	-	-
Other	8	-	-
<b>Total Non-Current Assets</b>		<b>140,470</b>	<b>136,528</b>
<b>TOTAL ASSETS</b>		<b>152,901</b>	<b>148,788</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	10	4,489	4,693
Borrowings	10	-	-
Provisions	10	1,863	1,773
<b>Total Current Liabilities</b>		<b>6,352</b>	<b>6,466</b>
<b>Non-Current Liabilities</b>			
Payables	10	11	13
Borrowings	10	-	-
Provisions	10	895	830
Investments accounted for using the equity method	19	-	-
<b>Total Non-Current Liabilities</b>		<b>906</b>	<b>843</b>
<b>TOTAL LIABILITIES</b>		<b>7,258</b>	<b>7,309</b>
<b>Net Assets</b>		<b>145,643</b>	<b>141,479</b>
<b>EQUITY</b>			
Retained Earnings	20	74,722	73,572
Revaluation Reserves	20	70,921	67,907
Council Equity Interest		145,643	141,479
Minority Equity Interest		-	-
<b>Total Equity</b>		<b>145,643</b>	<b>141,479</b>

## Coolamon Shire Council

Statement of Changes in Equity  
for the financial year ended 30 June 2012

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Minority Interest	Total Equity
<b>2012</b>						
<b>Opening Balance</b> (as per Last Year's Audited Accounts)		73,572	67,907	<b>141,479</b>	-	<b>141,479</b>
a. Correction of Prior Period Errors	20 (c)	-	-	-	-	-
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
<b>Revised Opening Balance</b> (as at 1/7/11)		<b>73,572</b>	<b>67,907</b>	<b>141,479</b>	-	<b>141,479</b>
<b>c. Net Operating Result for the Year</b>		<b>1,150</b>		<b>1,150</b>	-	<b>1,150</b>
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)		3,014	<b>3,014</b>		<b>3,014</b>
- Revaluations: Other Reserves	20b (ii)		-	-		-
- Transfers to Income Statement	20b (ii)		-	-		-
- Impairment (loss) reversal relating to I,PP&E	20b (ii)		-	-		-
- Other Movements (enter details here)	20b (ii)		-	-		-
<b>Other Comprehensive Income</b>		-	<b>3,014</b>	<b>3,014</b>	-	<b>3,014</b>
<b>Total Comprehensive Income</b> (c&d)		<b>1,150</b>	<b>3,014</b>	<b>4,164</b>	-	<b>4,164</b>
e. Distributions to/(Contributions from) Minority Interests				-	-	-
f. Transfers between Equity		-	-	-	-	-
<b>Equity - Balance at end of the reporting period</b>		<b>74,722</b>	<b>70,921</b>	<b>145,643</b>	-	<b>145,643</b>

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Minority Interest	Total Equity
<b>2011</b>						
<b>Opening Balance</b> (as per Last Year's Audited Accounts)		73,095	66,418	<b>139,513</b>	-	<b>139,513</b>
a. Correction of Prior Period Errors	20 (c)	-	-	-	-	-
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
<b>Revised Opening Balance</b> (as at 1/7/10)		<b>73,095</b>	<b>66,418</b>	<b>139,513</b>	-	<b>139,513</b>
<b>c. Net Operating Result for the Year</b>		<b>477</b>	-	<b>477</b>	-	<b>477</b>
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	1,492	<b>1,492</b>	-	<b>1,492</b>
- Revaluations: Other Reserves	20b (ii)	-	-	-	-	-
- Transfers to Income Statement	20b (ii)	-	-	-	-	-
- Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	-	-	-	-
- Other Movements (rounding adjustment)	20b (ii)	-	(3)	<b>(3)</b>	-	<b>(3)</b>
<b>Other Comprehensive Income</b>		-	<b>1,489</b>	<b>1,489</b>	-	<b>1,489</b>
<b>Total Comprehensive Income</b> (c&d)		<b>477</b>	<b>1,489</b>	<b>1,966</b>	-	<b>1,966</b>
e. Distributions to/(Contributions from) Minority Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
<b>Equity - Balance at end of the reporting period</b>		<b>73,572</b>	<b>67,907</b>	<b>141,479</b>	-	<b>141,479</b>

## Coolamon Shire Council

## Statement of Cash Flows

for the financial year ended 30 June 2012

Budget 2012	\$ '000	Notes	Actual 2012	Actual 2011
<b>Cash Flows from Operating Activities</b>				
<b>Receipts:</b>				
2,610	Rates & Annual Charges		2,659	2,524
972	User Charges & Fees		1,039	1,016
522	Investment & Interest Revenue Received		594	694
6,198	Grants & Contributions		8,300	6,957
346	Other		897	435
<b>Payments:</b>				
(4,502)	Employee Benefits & On-Costs		(4,710)	(4,052)
(2,100)	Materials & Contracts		(3,072)	(2,805)
(1,228)	Other		(1,604)	(1,196)
<u>2,819</u>	<b>Net Cash provided (or used in) Operating Activities</b>	11b	<u>4,103</u>	<u>3,573</u>
<b>Cash Flows from Investing Activities</b>				
<b>Receipts:</b>				
-	Sale of Investment Securities		700	479
50	Sale of Real Estate Assets		50	100
175	Sale of Infrastructure, Property, Plant & Equipment		558	307
12	Deferred Debtors Receipts		-	132
<b>Payments:</b>				
	Purchase of Investment Securities		(700)	-
(3,982)	Purchase of Infrastructure, Property, Plant & Equipment		(4,184)	(3,168)
	Purchase of Real Estate Assets		-	(99)
	Deferred Debtors & Advances Made		(3)	-
<u>(3,745)</u>	<b>Net Cash provided (or used in) Investing Activities</b>		<u>(3,579)</u>	<u>(2,249)</u>
<b>Cash Flows from Financing Activities</b>				
<b>Receipts:</b>				
	Proceeds from Borrowings & Advances		97	541
<b>Payments:</b>				
(149)	Repayment of Borrowings & Advances		-	(691)
<u>(149)</u>	<b>Net Cash Flow provided (used in) Financing Activities</b>		<u>97</u>	<u>(150)</u>
<u>(1,075)</u>	<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>		<u>621</u>	<u>1,174</u>
1,596	plus: <b>Cash &amp; Cash Equivalents - beginning of year</b>	11a	<u>3,393</u>	<u>2,219</u>
<u>521</u>	<b>Cash &amp; Cash Equivalents - end of the year</b>	11a	<u>4,014</u>	<u>3,393</u>
Additional Information:				
	plus: <b>Investments on hand - end of year</b>	6b	<u>7,700</u>	<u>7,700</u>
<b>Total Cash, Cash Equivalents &amp; Investments</b>			<u>11,714</u>	<u>11,093</u>

Please refer to Note 11 for information on the following:

- Non Cash Financing & Investing Activities.
- Financing Arrangements.
- Net cash flow disclosures relating to any Discontinued Operations



## Coolamon Shire Council

### Notes to the Financial Statements for the financial year ended 30 June 2012

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## Coolamon Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2012

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

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

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

##### (a) Basis of preparation

###### (i) Background

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

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

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

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

Because 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.

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

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

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

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2011 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

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

Council has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2011.

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

###### (v) 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.

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

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

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

## Coolamon Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2012

#### Note 1. Summary of Significant Accounting Policies (continued)

##### **(vii) Critical Accounting Estimates**

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

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

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

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

Council makes estimates and assumptions concerning the future.

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

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

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

##### **Critical judgements in applying the entity's accounting policies**

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

##### **(b) Revenue recognition**

Council recognises revenue when the amount of revenue can be reliably measured, it is probable that

future economic benefits will flow to 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.

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

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

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

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

## Coolamon Shire Council

### Notes to the Financial Statements for the financial year ended 30 June 2012

#### Note 1. Summary of Significant Accounting Policies (continued)

The Council has obligations to provide facilities from contribution revenues levied on developers under the provisions of S94 of the EPA Act 1979. Whilst Council generally incorporates these amounts as part of a Development Consents Order, such developer contributions are only recognised as income upon their physical receipt by Council, due to the possibility that individual Development Consents may not be acted upon by the applicant and accordingly would not be payable to Council.

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

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

#### User Charges, Fees and Other Income

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

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

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

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

#### Interest and Rents

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 30/6/12) and **(ii)** all the related operating results (for the financial year ended the 30th June 2012).

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 Cultural Development Committee
- Ardlethan Memorial Hall Committee
- Mullins Centre Committee
- Ardlethan Preschool Committee
- Ardlethan Showground Committee
- Beckom Hall Committee
- Coolamon Showground Committee
- Ganmain Progress Committee

## Coolamon Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2012

#### Note 1. Summary of Significant Accounting Policies (continued)

- Ganmain Hall Committee
- Ganmain Retirement Village Committee
- Marrar Community Progress
- Matong Park Committee

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

<b>Total income from continuing operations</b>	\$44,000
<b>Total expenditure from continuing operations</b>	\$53,000
<b>Total net assets held (ie Equity)</b>	\$91,000

**Note:**

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

#### **(ii) The Trust Fund**

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

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

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

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

#### **(iii) Joint Ventures**

##### **Jointly Controlled Assets & Operations**

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

##### **Jointly Controlled Entities**

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

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

#### **(iv) Associated Entities**

Where Council has the power to participate in the financial and operating decisions (of another entity), ie. where Council is deemed to have "significant influence" over the other entities operations but neither controls nor jointly controls the entity, then Council accounts for such interests using the equity method of accounting – in a similar fashion to Joint Venture Entities & Partnerships.

Such entities are usually termed Associates.

#### **(v) County Councils**

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

- **Goldenfields Water County Council**  
Goldenfields Water County Council was proclaimed under the Local Government Act on 27 April 1997, and from 1 July 1997 became responsible for water supply functions within the Local Government areas of Bland, Coolamon, Cootamundra, Harden, Junee, Temora, Young and part of Narrandera.

The governing body of each County Council is responsible for managing its own affairs.

Council is of the opinion that it neither controls nor significantly influences the above County 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.

## Coolamon Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2012

#### Note 1. Summary of Significant Accounting Policies (continued)

##### (d) Leases

All Leases entered into by Council are reviewed and classified on inception date as either a Finance Lease or an Operating Lease.

##### Finance Leases

Leases of property, plant and equipment where the Council has substantially all the risks and rewards of ownership are classified as finance leases.

Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments.

The corresponding rental obligations, net of finance charges, are included in borrowings.

Each lease payment is allocated between the liability outstanding and the recognition of a finance charge.

The interest element of the finance charge is costed to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Property, plant and equipment acquired under finance leases is depreciated over the shorter of each leased asset's useful life and the lease term.

##### Operating Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Lease income from operating leases is recognised in income on a straight-line basis over the lease term.

##### (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.

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

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

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

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

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

## Coolamon Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2012

#### Note 1. Summary of Significant Accounting Policies (continued)

##### (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. 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.

## Coolamon Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2012

#### Note 1. Summary of Significant Accounting Policies (continued)

##### (ii) Subsequent Measurement

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

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

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

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

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

##### Impairment

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

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

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

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

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

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

##### (iii) Types of Investments

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

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

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

Council amended its policy following revisions to the Ministerial Local Government Investment Order arising from the Cole Inquiry recommendations. Certain investments that Council holds are no longer prescribed (eg. managed funds, CDOs, and equity linked notes), however they have been retained under grandfathering provisions of the Order. 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.



## Coolamon Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2012

#### Note 1. Summary of Significant Accounting Policies (continued)

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 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.

## Coolamon Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2012

#### Note 1. Summary of Significant Accounting Policies (continued)

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 have been 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)
- **Community Land** (Internal Valuation)
- **Land Improvements**  
(as approximated by depreciated historical cost)
- **Other Structures**  
(as approximated by depreciated historical cost)
- **Other Assets**  
(as approximated by depreciated historical cost)

##### Initial Recognition

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

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

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

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

##### Subsequent costs

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

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

##### Asset Revaluations (including Indexation)

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

- Increases in the 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

## Coolamon Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2012

## Note 1. Summary of Significant Accounting Policies (continued)

remaining reserve attributable to the asset, with all other decreases charged to the Income statement.

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

Sewerage network assets are not indexed annually between full revaluations in accordance with the latest indices provided in the NSW Office of Water - Rates Reference Manual due to immateriality.

<b>Transport Assets</b>	
Road construction & reconstruction	> \$10,000
Reseal/Re-sheet & major repairs:	> \$10,000
Bridge construction & reconstruction	> \$10,000

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.

**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.

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

Land is not depreciated.

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

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

**Capitalisation Thresholds**

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

<b>Plant &amp; Equipment</b>	
- 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

**Land**

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

**Other Equipment**

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

**Plant & Equipment**

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

**Buildings**

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

**Buildings & Land Improvements**

Park Furniture & Equipment	> \$2,000
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**Stormwater Drainage**

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

**Building**

- construction/extensions	100% Capitalised
- renovations	> \$10,000

Other Structures	> \$2,000
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**Transportation Assets**

- Sealed Roads : Surface	1 to 31 years
- Sealed Roads : Structure	25 to 70 years
- Unsealed roads	1 to 15 years
- Bridge : Concrete	27 to 51 years
- Kerb, Gutter & Paths	5 to 60 years

**Sewer Assets**

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

**Stormwater Assets**

## Coolamon Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2012

#### Note 1. Summary of Significant Accounting Policies (continued)

##### Sewer Assets

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

##### 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.

##### (m) Intangible Assets

Council has not classified any assets as Intangible.

##### (n) Crown Reserves

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

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

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

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

##### (o) Rural Fire Service assets

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

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

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

## Coolamon Shire Council

### Notes to the Financial Statements for the financial year ended 30 June 2012

#### Note 1. Summary of Significant Accounting Policies (continued)

##### (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 2010/2011 or 2011/2012 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 discount is disclosed as a borrowing cost in Note 4(b).

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

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

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

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

These costs are charged to the income statement.

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

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

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

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

As a result there could be significant adjustments to the provision for close down and restoration and

## Coolamon Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2012

#### Note 1. Summary of Significant Accounting Policies (continued)

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**

Coolamon Shire Council did not hold any non-current assets "held for sale" or nor were there any discontinued operations during the 2011/2012 financial year.

#### **(s) Impairment of assets**

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

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

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

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

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 2011/2012 financial year.

#### **(v) Borrowing costs**

Borrowing costs are expensed.

#### **(w) Provisions**

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

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

Provisions are not recognised for future operating losses.

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

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

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

The discount rate used to determine the present value reflects current market assessments of the

## Coolamon Shire Council

### Notes to the Financial Statements for the financial year ended 30 June 2012

#### Note 1. Summary of Significant Accounting Policies (continued)

time value of money and the risks specific to the liability.

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

#### (x) Employee benefits

##### (i) Short Term Obligations

Short term employee benefit obligations include liabilities for wages and salaries (including non-monetary benefits), annual leave and vesting sick leave expected to be 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 in respect of services provided by employees up to the reporting date (which is not expected to be settled within the 12 months after the reporting period) are recognised in the provision for employee benefits.

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

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

Expected future payments are then discounted using market yields at the reporting date based on national government bonds with terms to maturity and

currency that match as closely as possible the estimated future cash outflows.

Due to the nature of when and how Long Service Leave can be taken, all Long Service Leave for employees with 4 or more years of service has been classified as Current, as it has been deemed that Council does not have the unconditional right to defer settlement beyond 12 months – even though it is not anticipated that all employees with more than 4 years service (as at reporting date) will apply for and take their leave entitlements in the next 12 months.

##### (iii) Retirement benefit obligations

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

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

##### Defined Benefit Plans

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

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

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

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

## Coolamon Shire Council

### Notes to the Financial Statements for the financial year ended 30 June 2012

#### Note 1. Summary of Significant Accounting Policies (continued)

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

payable upon the future payment of certain Leave Liabilities accrued as at 30/6/12.

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.

#### **(y) Self insurance**

Council does not self insure.

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. The share of this deficit that can be broadly attributed to Coolamon Shire Council was estimated to be in the order of \$165,644 as at 30 June 2012

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

As Council’s share of that deficiency is a broad estimate, and as the Scheme is a mutual arrangement where assets and liabilities are pooled together for all member councils, no liability for the deficiency has been recognised in these financial statements.

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

#### **Defined Contribution Plans**

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

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

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

These amounts include Superannuation and Workers Compensation expenses which will be



## Coolamon Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2012

#### Note 1. Summary of Significant Accounting Policies (continued)

##### **(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 state Payroll Tax, 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 as a current asset or current liability in the Balance Sheet.

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

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

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

##### **(ab) New accounting standards and UIG interpretations**

Certain new (or amended) accounting standards and interpretations have been published that are not mandatory for reporting periods ending 30 June 2012.

**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, AASB 2009 11 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) (effective from 1 January 2013)***

AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities.

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

When adopted, the standard will affect in particular the 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.

## Coolamon Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2012

#### Note 1. Summary of Significant Accounting Policies (continued)

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

The derecognition rules have been transferred from AASB 139 Financial Instruments: Recognition and Measurement and have not been changed

***AASB 10 - Consolidated Financial Statements, AASB 11 - Joint Arrangements, AASB 12 - Disclosure of Interests in Other Entities, revised AASB 127 - Separate Financial Statements and AASB 128 - Investments in Associates and Joint Ventures and AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards (effective 1 January 2013)***

In August 2011, the AASB issued a suite of five new and amended standards which address the accounting for joint arrangements, consolidated financial statements and associated disclosures.

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

The core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the mechanics of consolidation.

However, the standard introduces a single definition of control that applies to all entities.

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

Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both. Control exists when the investor can use its power to affect the amount of its returns.

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

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

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

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

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

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

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

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

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

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

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

Amendments to AASB 128 provide clarification that an entity continues to apply the equity method and does not remeasure its retained interest as part of ownership changes where a joint venture becomes an associate, and vice versa. The amendments also introduce a "partial disposal" concept. Council is still assessing the impact of these amendments.

Council does not expect to adopt the new standards before their operative date. They would therefore be first applied in the financial statements for the annual reporting period ending 30 June 2014.

## Coolamon Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2012

#### Note 1. Summary of Significant Accounting Policies (continued)

**AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13 (effective 1 January 2013)**

AASB 13 was released in September 2011.

It explains how to measure fair value and aims to enhance fair value disclosures. Council has yet to determine which, if any, of its current measurement techniques will have to change as a result of the new guidance.

It is therefore not possible to state the impact, if any, of the new rules on any of the amounts recognised in the financial statements. However, application of the new standard will impact the type of information disclosed in the notes to the financial statements.

Council does not intend to adopt the new standard before its operative date, which means that it would be first applied in the annual reporting period ending 30 June 2014.

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

None

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

**Revised AASB 119 Employee Benefits, AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) and AASB 2011-11 Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements (effective 1 January 2013)**

In September 2011, the AASB released a revised standard on accounting for employee benefits.

It requires the recognition of all remeasurements of defined benefit liabilities/assets immediately in other comprehensive income (removal of the so-called 'corridor' method) and the calculation of a net interest expense or income by applying the discount rate to the net defined benefit liability or asset.

This replaces the expected return on plan assets that is currently included in profit or loss.

The standard also introduces a number of additional disclosures for defined benefit liabilities/assets and could affect the timing of the recognition of termination benefits.

The amendments will have to be implemented retrospectively.

Council does not recognise defined benefit assets and liabilities for the reasons set out in note 1 (s)(iii) and so these changes will not have an impact on its reported results.

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

None

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

**(ac) Rounding of amounts**

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

**(ad) Comparative Figures**

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

**(ae) Disclaimer**

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

## Coolamon Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2012

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

Functions/Activities	Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 2(b).													
	Income from Continuing Operations			Expenses from Continuing Operations			Operating Result from Continuing Operations			Grants included in Income from Continuing Operations			Total Assets held (Current & Non-current)	
	Original Budget	Actual	Actual	Original Budget	Actual	Actual	Original Budget	Actual	Actual	Actual	Actual	Actual	Actual	Actual
	2012	2012	2011	2012	2012	2011	2012	2012	2011	2012	2011	2012	2011	2011
Governance		-	-	620	616	532	(620)	(616)	(532)	-	-	-	-	-
Administration	215	353	115	-	-	222	215	353	(107)					9,518
Public Order & Safety	48	62	49	278	274	269	(230)	(212)	(220)					349
Health	20	20	21	181	181	166	(161)	(161)	(145)					862
Environment	486	525	456	630	631	570	(144)	(106)	(114)	71	44			2,368
Community Services & Education	794	922	856	1,002	1,048	957	(208)	(126)	(101)	366	348			690
Housing & Community Amenities	208	250	233	551	562	518	(343)	(312)	(285)					4,246
Sewerage Services	412	533	413	391	416	452	21	117	(39)	13	25			14,709
Recreation & Culture	33	96	490	832	930	939	(799)	(834)	(449)	58	446			8,365
Mining, Manufacturing & Construction	26	39	26	266	265	236	(240)	(226)	(210)					326
Transport & Communication	2,001	2,352	2,657	4,355	5,128	5,256	(2,354)	(2,776)	(2,599)	718	351			98,213
Economic Affairs	1,688	1,832	1,674	1,593	1,878	1,618	95	(46)	56	806	684			13,143
<b>Total Functions &amp; Activities</b>	<b>5,931</b>	<b>6,984</b>	<b>6,990</b>	<b>10,699</b>	<b>11,929</b>	<b>11,735</b>	<b>(4,768)</b>	<b>(4,945)</b>	<b>(4,745)</b>	<b>2,032</b>	<b>1,898</b>	<b>152,789</b>	<b>148,697</b>	
Share of gains/(losses) in Associates & Joint Ventures (using the Equity Method)	5	21	6		-	-	5	21	6					112
General Purpose Income <sup>1</sup>	4,884	6,074	5,216				4,884	6,074	5,216	3,635	2,805			-
<b>Operating Result from Continuing Operations</b>	<b>10,820</b>	<b>13,079</b>	<b>12,212</b>	<b>10,699</b>	<b>11,929</b>	<b>11,735</b>	<b>121</b>	<b>1,150</b>	<b>477</b>	<b>5,667</b>	<b>4,703</b>	<b>152,901</b>	<b>148,788</b>	

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

## Coolamon Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2012

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

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

#### **GOVERNANCE**

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

#### **ADMINISTRATION**

Corporate Support and Other Support Services (not otherwise attributed to the listed functions / activities).

#### **PUBLIC ORDER & SAFETY**

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

#### **HEALTH**

Inspection, immunisations, food control, health centres, other, administration.

#### **ENVIRONMENT**

Noxious plants and insect/vermin control, other environmental protection, solid waste management, street cleaning, drainage, stormwater management.

#### **COMMUNITY SERVICES & EDUCATION**

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

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

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

#### **TRANSPORT & COMMUNICATION**

Urban roads, sealed rural roads, unsealed rural roads, bridges, footpaths, parking areas, bus shelters and services, RTA works, 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 2012

## Note 3. Income from Continuing Operations

\$ '000	Notes	Actual 2012	Actual 2011
<b>(a). Rates &amp; Annual Charges</b>			
<b>Ordinary Rates</b>			
Residential		471	454
Farmland		1,366	1,331
Mining		-	-
Business		71	71
Other		-	-
<b>Total Ordinary Rates</b>		<b>1,908</b>	<b>1,856</b>
<b>Special Rates</b>			
Nil		-	-
<b>Total Special Rates</b>		<b>-</b>	<b>-</b>
<b>Annual Charges</b> (pursuant to s.496, s.496A, s.496B, s.501 & s.611)			
Domestic Waste Management Services		299	345
Sewerage Services		326	293
Other (Tip Access)		88	-
<b>Total Annual Charges</b>		<b>713</b>	<b>638</b>
<b><u>TOTAL RATES &amp; ANNUAL CHARGES</u></b>		<b><u>2,621</u></b>	<b><u>2,494</u></b>

Council has used 2009 year valuations provided by the NSW Valuer General in calculating its rates.

## Coolamon Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2012

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

\$ '000	Notes	Actual 2012	Actual 2011
<b>(b). User Charges &amp; Fees</b>			
<b>Specific User Charges</b> (per s.502 - Specific "actual use" charges)			
Sewerage Services		3	-
Ardlethan Effluent		4	4
<b>Total User Charges</b>		<b>7</b>	<b>4</b>
<b>Other User Charges &amp; Fees</b>			
<b>(i) Fees &amp; Charges - Statutory &amp; Regulatory Functions</b> (per s.608)			
Building Regulation		38	26
Private Works - Section 67		61	93
Regulatory Fees		-	4
Section 149 Certificates (EPA Act)		11	8
Section 603 Certificates		9	7
Town Planning		14	7
<b>Total Fees &amp; Charges - Statutory/Regulatory</b>		<b>133</b>	<b>145</b>
<b>(ii) Fees &amp; Charges - Other (incl. General User Charges)</b> (per s.608)			
Aerodrome		-	-
Aged Care		538	498
Caravan Park		23	26
Cemeteries		71	54
Child Care		171	193
Community Aged Care Packages		19	21
Effluent Reuse		-	2
MSO & Community Transport		76	56
Waste Disposal Tipping Fees		3	18
Other		4	-
<b>Total Fees &amp; Charges - Other</b>		<b>905</b>	<b>868</b>
<b>TOTAL USER CHARGES &amp; FEES</b>		<b>1,045</b>	<b>1,017</b>

## Coolamon Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2012

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

\$ '000	Notes	Actual 2012	Actual 2011
<b>(c). Interest &amp; Investment Revenue (incl. losses)</b>			
<b>Interest &amp; Dividends</b>			
- Interest on Overdue Rates & Annual Charges		21	20
- Interest earned on Investments (interest & coupon payment income)		616	594
- Interest on Deferred Debtors		-	-
- Interest & Dividend Income (Other)		3	16
<b><u>TOTAL INTEREST &amp; INVESTMENT REVENUE</u></b>		<b><u>640</u></b>	<b><u>630</u></b>
<b>Interest Revenue is attributable to:</b>			
<b>Unrestricted Investments/Financial Assets:</b>			
Overdue Rates & Annual Charges (General Fund)		14	20
General Council Cash & Investments		517	258
<b>Restricted Investments/Funds - External:</b>			
Sewerage Fund Operations		75	73
Domestic Waste Management operations		34	30
<b>Restricted Investments/Funds - Internal:</b>			
Internally Restricted Assets			249
<b>Total Interest &amp; Investment Revenue Recognised</b>		<b><u>640</u></b>	<b><u>630</u></b>
<b>(d). Other Revenues</b>			
Rental Income - Other Council Properties		301	293
Legal Fees Recovery - Rates & Charges (Extra Charges)		22	29
Commissions & Agency Fees		1	-
Insurance Incentives		23	35
Recycling Income (non domestic)		23	-
Trainee Subsidy		3	18
Zone Rural Fire Service Administration		20	20
Other (VitalCall Agency)		9	-
Other		46	47
<b><u>TOTAL OTHER REVENUE</u></b>		<b><u>448</u></b>	<b><u>442</u></b>



## Coolamon Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2012

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

\$ '000	2012 Operating	2011 Operating	2012 Capital	2011 Capital
<b>(e). Grants</b>				
<b>General Purpose (Untied)</b>				
Financial Assistance	3,602	2,774	-	-
Pensioners' Rates Subsidies - General Component	33	31	-	-
<b>Total General Purpose</b>	<b>3,635</b>	<b>2,805</b>	<b>-</b>	<b>-</b>
<b>Specific Purpose</b>				
Pensioners' Rates Subsidies:				
- Sewerage	13	13	-	-
- Domestic Waste Management	25	25	-	-
Aged & Disabled (CACP)	106	112	-	-
Allawah Lodge	804	673	-	-
Ardlethan Preschool	65	58	-	-
Coolamon Shire MSO & Community Transport	188	174	-	-
Heritage & Cultural	10	6	-	-
Library	25	24	-	36
Noxious Weeds	46	31	-	-
RLCIP	-	-	-	233
Transport (Roads to Recovery)	599	351	-	-
Transport (Other Roads & Bridges Funding)	119	-	-	-
Other (CBP - Garth Jones Collection)	-	13	-	-
Other (HACC Capital Strategy)	-	-	-	134
Other (Garth Jones Collection)	20	-	-	-
Other	12	15	-	-
<b>Total Specific Purpose</b>	<b>2,032</b>	<b>1,495</b>	<b>-</b>	<b>403</b>
<b>Total Grants</b>	<b>5,667</b>	<b>4,300</b>	<b>-</b>	<b>403</b>
<b>Grant Revenue is attributable to:</b>				
- Commonwealth Funding	5,111	3,979	-	233
- State Funding	556	321	-	170
- Other Funding	-	-	-	-
	<b>5,667</b>	<b>4,300</b>	<b>-</b>	<b>403</b>

## Coolamon Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2012

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

\$ '000	2012 Operating	2011 Operating	2012 Capital	2011 Capital
<b>(f). Contributions</b>				
<b>Developer Contributions:</b>				
<b>(s93 &amp; s94 - EP&amp;A Act, s64 of the NSW LG Act):</b>				
S 94 - Contributions towards amenities/services	-	-	2	2
Other Developer Contributions (disclose separately)	-	-	11	-
<b>Total Developer Contributions</b>	<b>17</b>	<b>-</b>	<b>13</b>	<b>2</b>
<b>Other Contributions:</b>				
Allawah Complex	102	3	119	204
Aged Care	10	9	-	-
Bushfire Services	78	74	-	-
Child Care	268	222	-	-
Cycleways/Footpaths	-	-	64	35
NSW Planning LEP Development	-	15	-	-
Recreation & Culture	-	17	-	-
Roads & Bridges	-	28	-	-
Road Safety Officer	93	121	-	-
RMS Contributions (Regional Roads, Block Grant)	1,279	1,813	153	278
Sewerage (excl. Section 64 contributions)	-	-	4	29
Other (ACDC Project)	-	51	-	-
Other (DSLO Employment)	46	-	-	-
Other (USP - Effluent Reuse Project)	-	-	110	-
Other (Godde Collection)	14	-	-	-
Other	32	14	23	5
<b>Total Other Contributions</b>	<b>1,922</b>	<b>2,367</b>	<b>473</b>	<b>551</b>
<b>Total Contributions</b>	<b>1,922</b>	<b>2,367</b>	<b>486</b>	<b>553</b>
<b>TOTAL GRANTS &amp; CONTRIBUTIONS</b>	<b>7,589</b>	<b>6,667</b>	<b>486</b>	<b>956</b>

## Coolamon Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2012

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

\$ '000	Actual 2012	Actual 2011
<b>(g). Restrictions relating to Grants and Contributions</b>		
<b>Certain grants &amp; contributions are obtained by Council on condition that they be spent in a specified manner:</b>		
Unexpended at the Close of the Previous Reporting Period	381	388
<b>add:</b> Grants & contributions recognised in the current period but not yet spent:	124	270
<b>less:</b> Grants & contributions recognised in a previous reporting period now spent:	(366)	(277)
<b>Net Increase (Decrease) in Restricted Assets during the Period</b>	<b>(242)</b>	<b>(7)</b>
<b>Unexpended and held as Restricted Assets</b>	<u><u>139</u></u>	<u><u>381</u></u>
<b>Comprising:</b>		
- Specific Purpose Unexpended Grants	139	240
- Developer Contributions	-	-
- Other Contributions		141
	<u><u>139</u></u>	<u><u>381</u></u>

## Coolamon Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2012

## Note 4. Expenses from Continuing Operations

\$ '000	Notes	Actual 2012	Actual 2011
<b>(a) Employee Benefits &amp; On-Costs</b>			
Salaries and Wages		3,447	3,258
Travelling		59	46
Employee Leave Entitlements (ELE)		977	681
Superannuation		366	332
Workers' Compensation Insurance		119	43
Fringe Benefit Tax (FBT)		15	12
Payroll Tax		49	-
Training Costs (other than Salaries & Wages)		73	58
Other		23	32
<b>Total Employee Costs</b>		<b>5,128</b>	<b>4,462</b>
less: Capitalised Costs		(301)	(259)
<b>TOTAL EMPLOYEE COSTS EXPENSED</b>		<b>4,827</b>	<b>4,203</b>
Number of "Equivalent Full Time" Employees at year end		70	73
Number of "Equivalent Full Time" Employees at year end (incl. vacancies)		70	74
<b>(b) Borrowing Costs</b>			
<b>(i) Interest Bearing Liability Costs</b>			
Nil			
<b>(ii) Other Borrowing Costs</b>			
Discount adjustments relating to movements in Provisions (other than ELE)		-	-
- Remediation Liabilities	26	54	51
<b>Total Other Borrowing Costs</b>		<b>54</b>	<b>51</b>
<b>TOTAL BORROWING COSTS EXPENSED</b>		<b>54</b>	<b>51</b>

## Coolamon Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2012

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

\$ '000	Notes	Actual 2012	Actual 2011
<b>(c) Materials &amp; Contracts</b>			
Raw Materials & Consumables		1,374	2,170
Contractor & Consultancy Costs		1,608	1,079
Auditors Remuneration <sup>(1)</sup>		17	14
Legal Expenses:			
- Legal Expenses: Planning & Development		-	7
- Legal Expenses: Other		11	16
- Legal Expenses: Debt Recovery		23	33
<b>Total Materials &amp; Contracts</b>		<b>3,033</b>	<b>3,319</b>
less: Capitalised Costs		-	-
<b><u>TOTAL MATERIALS &amp; CONTRACTS</u></b>		<b><u>3,033</u></b>	<b><u>3,319</u></b>

**1. Auditor Remuneration**

During the year, the following fees were incurred for services provided by the Council's Auditor (& the Auditors of other Consolidated Entities):

**(i) Audit and Other Assurance Services**

- Audit & review of financial statements: Council's Auditor		17	14
<b>Remuneration for audit and other assurance services</b>		<b>17</b>	<b>14</b>
		-	-

## Coolamon Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2012

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

\$ '000	Notes	Impairment Costs		Depreciation/Amortisation	
		Actual 2012	Actual 2011	Actual 2012	Actual 2011
<b>(d) Depreciation, Amortisation &amp; Impairment</b>					
Plant and Equipment		-	-	412	398
Office Equipment		-	-	3	10
Land Improvements (depreciable)		-	-	18	14
Buildings - Non Specialised		-	-	10	8
Buildings - Specialised		-	-	155	154
Other Structures		-	-	143	144
Infrastructure:					
- Roads, Bridges & Footpaths		-	-	1,988	1,973
- Stormwater Drainage		-	-	32	31
- Sewerage Network		-	-	94	90
Asset Reinstatement Costs	9 & 26	-	-	19	19
<b>Total Depreciation &amp; Impairment Costs</b>		-	-	<b>2,874</b>	<b>2,841</b>
less: Capitalised Costs		-	-	(130)	(97)
<b><u>TOTAL DEPRECIATION &amp; IMPAIRMENT COSTS EXPENSED</u></b>		<b>-</b>	<b>-</b>	<b><u>2,744</u></b>	<b><u>2,744</u></b>

## Coolamon Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2012

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

\$ '000	Notes	Actual 2012	Actual 2011
<b>(e) Other Expenses</b>			
Other Expenses for the year include the following:			
Advertising		28	19
Bad & Doubtful Debts		12	13
Bank Charges		18	16
Computer / Office Equipment Maintenance		77	92
Contributions/Levies to Other Levels of Government			
- Emergency Services Levy		12	24
- NSW Fire Brigade Levy		15	15
- NSW Rural Fire Service Levy		139	126
- Regional Library		91	89
Councillor Expenses - Mayoral Fee		12	12
Councillor Expenses - Councillors' Fees		67	65
Councillors' Expenses (incl. Mayor) - Other (excluding fees above)		7	8
Donations, Contributions & Assistance to other organisations (Section 356)		21	29
- Donations, Contributions & Assistance (Coolamon Sport & Rec Club - Bowlin		-	37
Electricity & Heating		148	152
Insurance		272	231
Postage		16	15
Printing & Stationery		30	26
Street Lighting		47	42
Subscriptions & Publications		51	34
Telephone & Communications		53	49
Valuation Fees		20	19
Water Charges		101	53
Other		34	30
<b>Total Other Expenses</b>		<b>1,271</b>	<b>1,196</b>
less: Capitalised Costs		-	-
<b><u>TOTAL OTHER EXPENSES</u></b>		<b><u>1,271</u></b>	<b><u>1,196</u></b>

## Coolamon Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2012

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

\$ '000	Notes	Actual 2012	Actual 2011
<b>Property</b> (excl. Investment Property)			
Proceeds from Disposal - Property		-	-
less: Carrying Amount of Property Assets Sold / Written Off		-	(343)
<b>Net Gain/(Loss) on Disposal</b>		<b>-</b>	<b>(343)</b>
<b>Plant &amp; Equipment</b>			
Proceeds from Disposal - Plant & Equipment		558	307
less: Carrying Amount of P&E Assets Sold / Written Off		(348)	(224)
<b>Net Gain/(Loss) on Disposal</b>		<b>210</b>	<b>83</b>
<b>Infrastructure</b>			
Proceeds from Disposal - Infrastructure		-	-
less: Carrying Amount of Infrastructure Assets Sold / Written Off		-	-
<b>Net Gain/(Loss) on Disposal</b>		<b>-</b>	<b>-</b>
<b>Real Estate Assets Held For Sale</b>			
Proceeds from Disposal - Real Estate Assets		50	100
less: Carrying Amount of Real Estate Assets Sold / Written Off		(31)	(62)
<b>Net Gain/(Loss) on Disposal</b>		<b>19</b>	<b>38</b>
<b>Investment Properties</b>			
Proceeds from Disposal - Investment Properties		-	-
less: Carrying Amount of Investment Properties Sold / Written Off		-	-
<b>Net Gain/(Loss) on Disposal</b>		<b>-</b>	<b>-</b>
<b>Financial Assets*</b>			
Proceeds from Disposal / Redemptions / Maturities - Financial Assets		700	479
less: Carrying Amount of Financial Assets Sold / Redeemed / Matured		(700)	(479)
<b>Net Gain/(Loss) on Disposal</b>		<b>-</b>	<b>-</b>
<b>Non Current Assets Classified as "Held for Sale"</b>			
Proceeds from Disposal - Non Current Assets "Held for Sale"		-	-
less: Carrying Amount of 'Held for Sale' Assets Sold / Written Off		-	-
<b>Net Gain/(Loss) on Disposal</b>		<b>-</b>	<b>-</b>
<b>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</b>		<b>229</b>	<b>(222)</b>
<b>* Financial Assets disposals / redemptions include:</b>			
- Net Gain/(Loss) from Financial Instruments "At Fair Value through profit & loss"		-	-
- Net Gain/(Loss) from Financial Instruments designated "Held for Trading"		-	-
- Net Gain/(Loss) from Financial Instruments designated "Available for Sale"		-	-
- Net Gain/(Loss) from Financial Instruments designated "Held to Maturity"		-	-
- Net Gain/(Loss) from Financial Instruments designated "Loans and Receivables"		-	-
<b>Net Gain/(Loss) on Disposal of Financial Instruments</b>		<b>-</b>	<b>-</b>



## Coolamon Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2012

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

\$ '000	Notes	2012 Actual Current	2012 Actual Non Current	2011 Actual Current	2011 Actual Non Current
<b>Cash &amp; Cash Equivalents (Note 6a)</b>					
Cash on Hand and at Bank		3,014	-	1,393	-
Cash-Equivalent Assets <sup>1</sup>					
- Short Term Deposits		1,000	-	2,000	-
<b>Total Cash &amp; Cash Equivalents</b>		<b>4,014</b>	<b>-</b>	<b>3,393</b>	<b>-</b>
<b>Investment Securities (Note 6b)</b>					
- Long Term Deposits		7,700	-	7,000	-
- Subordinated Debt		-	-	500	200
<b>Total Investment Securities</b>		<b>7,700</b>	<b>-</b>	<b>7,500</b>	<b>200</b>
<b>TOTAL CASH ASSETS, CASH EQUIVALENTS &amp; INVESTMENTS</b>		<b>11,714</b>	<b>-</b>	<b>10,893</b>	<b>200</b>

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

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

**Cash & Cash Equivalents**

a. "At Fair Value through the Profit & Loss"		<b>4,014</b>	<b>-</b>	<b>3,393</b>	<b>-</b>
--	--	--------------	----------	--------------	----------

**Investments**

a. "At Fair Value through the Profit & Loss"					
- "Held for Trading"	6(b-i)	7,700		7,000	-
b. "Held to Maturity"	6(b-ii)	-	-	500	200
c. "Loans & Receivables"	6(b-iii)			-	-
d. "Available for Sale"	6(b-iv)			-	-
<b>Investments</b>		<b>7,700</b>	<b>-</b>	<b>7,500</b>	<b>200</b>

## Coolamon Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2012

## Note 6b. Investments (continued)

\$ '000	2012 Actual Current	2012 Actual Non Current	2011 Actual Current	2011 Actual Non Current
<b>Note 6(b-i)</b>				
<b>Reconciliation of Investments classified as "At Fair Value through the Profit &amp; Loss"</b>				
Balance at the Beginning of the Year	7,000	-	7,479	-
Additions	700	-	-	-
Disposals (sales & redemptions)	-	-	(479)	-
<b>Balance at End of Year</b>	<b>7,700</b>	<b>-</b>	<b>7,000</b>	<b>-</b>
<b>Comprising:</b>				
- Other Long Term Financial Assets	7,700	-	7,000	-
<b>Total</b>	<b>7,700</b>	<b>-</b>	<b>7,000</b>	<b>-</b>
<b>Note 6(b-ii)</b>				
<b>Reconciliation of Investments classified as "Held to Maturity"</b>				
Balance at the Beginning of the Year	500	200	500	200
Disposals (sales & redemptions)	(500)	(200)	-	-
<b>Balance at End of Year</b>	<b>-</b>	<b>-</b>	<b>500</b>	<b>200</b>
<b>Comprising:</b>				
- Subordinated Debt	-	-	500	200
<b>Total</b>	<b>-</b>	<b>-</b>	<b>500</b>	<b>200</b>
<b>Note 6(b-iii)</b>				
<b>Reconciliation of Investments classified as "Loans &amp; Receivables"</b>				
Nil	-	-	-	-
<b>Note 6(b-iv)</b>				
<b>Reconciliation of Investments classified as "Available for Sale"</b>				
Nil	-	-	-	-

## Coolamon Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2012

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

\$ '000	2012 Actual Current	2012 Actual Non Current	2011 Actual Current	2011 Actual Non Current
<b>Total Cash, Cash Equivalents and Investment Securities</b>	<b>11,714</b>	<b>-</b>	<b>10,893</b>	<b>200</b>
<b>attributable to:</b>				
External Restrictions (refer below)	6,050	-	5,848	-
Internal Restrictions (refer below)	5,641	-	5,044	200
Unrestricted	23	-	1	-
	<b>11,714</b>	<b>-</b>	<b>10,893</b>	<b>200</b>

2012 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
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## Details of Restrictions

**External Restrictions - Included in Liabilities**

Allawah Lodge Accommodation Bonds	883	454	(457)	880
Allawah Village Loan - Licence	2,874	370	(270)	2,974
<b>External Restrictions - Included in Liabilities</b>	<b>3,757</b>	<b>824</b>	<b>(727)</b>	<b>3,854</b>

**External Restrictions - Other**

Developer Contributions - General (D)	-	2	(2)	-
Specific Purpose Unexpended Grants (F)	240	-	(101)	139
Sewerage Services (G)	1,237	217	-	1,454
Domestic Waste Management (G)	473	130	-	603
Other	141	19	(160)	-
<b>External Restrictions - Other</b>	<b>2,091</b>	<b>368</b>	<b>(263)</b>	<b>2,196</b>
<b>Total External Restrictions</b>	<b>5,848</b>	<b>1,192</b>	<b>(990)</b>	<b>6,050</b>

## Coolamon Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2012

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

2012 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
<b>Internal Restrictions</b>				
Plant & Vehicle Replacement	1,000			1,000
Asset Management/Replacement	1,431	38		1,469
Employees Leave Entitlement	1,400		(55)	1,345
Carry Over Works	553		(350)	203
Ardlethan Preschool	23		(8)	15
Community Housing Program	30			30
Financial Assistance Grant (Pmt received in advance)	705	1,467	(705)	1,467
Rehabilitation of Gravel Pits	87	10		97
Swimming Pools	15			15
<b>Total Internal Restrictions</b>	<b>5,244</b>	<b>1,515</b>	<b>(1,118)</b>	<b>5,641</b>
<b>TOTAL RESTRICTIONS</b>	<b>11,092</b>	<b>2,707</b>	<b>(2,108)</b>	<b>11,691</b>

- 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** RMA 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** 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 2012

## Note 7. Receivables

\$ '000	Notes	2012		2011	
		Current	Non Current	Current	Non Current
<b>Purpose</b>					
Rates & Annual Charges		179	-	209	-
Interest & Extra Charges		29	-	30	-
User Charges & Fees		46	-	23	-
Private Works		11	-	5	-
Accrued Revenues					
- Interest on Investments		144	-	95	-
- Other Income Accruals		235	-	660	-
Government Grants & Subsidies		23	-	259	-
Coolamon Shire MSO & Community Transport		1	-	7	-
Deferred Debtors		6	17	7	13
Rents		9	-	5	-
Sewerage Connections		28	-	34	-
Other Debtors		-	-	16	-
<b>Total</b>		<b>711</b>	<b>17</b>	<b>1,350</b>	<b>13</b>
<b>less: Provision for Impairment</b>					
Rates & Annual Charges		(48)	-	(40)	-
Interest & Extra Charges		(14)	-	(12)	-
<b>Total Provision for Impairment - Receivables</b>		<b>(62)</b>	<b>-</b>	<b>(52)</b>	<b>-</b>
<b><u>TOTAL NET RECEIVABLES</u></b>		<b><u>649</u></b>	<b><u>17</u></b>	<b><u>1,298</u></b>	<b><u>13</u></b>
<b>Externally Restricted Receivables</b>					
<b>Sewerage Services</b>					
- Rates & Availability Charges		13	-	20	-
- Other		31	-	34	-
<b>Domestic Waste Management</b>		<b>30</b>	<b>-</b>	<b>42</b>	<b>-</b>
<b>Total External Restrictions</b>		<b>74</b>	<b>-</b>	<b>96</b>	<b>-</b>
<b>Internally Restricted Receivables</b>					
Nil					
<b>Unrestricted Receivables</b>		<b>575</b>	<b>17</b>	<b>1,202</b>	<b>13</b>
<b>TOTAL NET RECEIVABLES</b>		<b>649</b>	<b>17</b>	<b>1,298</b>	<b>13</b>

**Notes on Debtors above:**

- (i) Rates & Annual Charges Outstanding are secured against the property.
- (ii) Doubtful Rates Debtors are provided for where the value of the property is less than the debt outstanding.  
An allowance for other doubtful debts is made when there is objective evidence that a receivable is impaired.
- (iii) Interest was charged on overdue rates & charges at 11.00% (2011 9.00%).  
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 2012

## Note 8. Inventories &amp; Other Assets

\$ '000	Notes	2012		2011	
		Current	Non Current	Current	Non Current
<b>Inventories</b>					
Real Estate for resale (refer below)		-	282	31	282
Stores & Materials		68	-	38	-
<b>Total Inventories</b>		<b>68</b>	<b>282</b>	<b>69</b>	<b>282</b>
<b><u>TOTAL INVENTORIES / OTHER ASSETS</u></b>		<b><u>68</u></b>	<b><u>282</u></b>	<b><u>69</u></b>	<b><u>282</u></b>

**Externally Restricted Assets**

There are no restrictions applicable to the above assets.

## Coolamon Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2012

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

\$ '000	2012		2011	
	Current	Non Current	Current	Non Current
<b>(i) Other Disclosures</b>				
<b>(a) Details for Real Estate Development</b>				
Residential	-	282	31	282
<b>Total Real Estate for Resale</b>	<b>-</b>	<b>282</b>	<b>31</b>	<b>282</b>
(Valued at the lower of cost and net realisable value)				
<b>Represented by:</b>				
Acquisition Costs	-	175	4	175
Development Costs		107	26	107
Other Holding Costs			1	-
<b>Total Costs</b>	<b>-</b>	<b>282</b>	<b>31</b>	<b>282</b>
less: Provision for Under Recovery			-	-
<b>Total Real Estate for Resale</b>	<b>-</b>	<b>282</b>	<b>31</b>	<b>282</b>
<b>Movements:</b>				
Real Estate assets at beginning of the year	31	282	124	183
- Purchases and other costs	-	-	-	99
- Transfers in from (out to) Note 9	-		(31)	-
- WDV of Sales (exp)	(31)		(62)	-
<b>Total Real Estate for Resale</b>	<b>-</b>	<b>282</b>	<b>31</b>	<b>282</b>

**(b) 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;

	2012	2011
Real Estate for Resale		-
Other		-
	<b>-</b>	<b>-</b>

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

- Real Estate for Resale		-
- Stores & Materials	227	158
- Trading Stock		-

**(d) Inventory Write Downs**

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

Notes to the Financial Statements  
for the financial year ended 30 June 2012

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

	as at 30/6/2011				Asset Movements during the Reporting Period					as at 30/6/2012				
	At Cost	At Fair Value	Accumulated Dep'n	Carrying Value	Asset Additions	WDV of Asset Disposals	Depreciation Expense	W/P Transfers	Revaluation Increments to Equity (ARR)	At Cost	At Fair Value	Accumulated Dep'n	Accumulated Impairment	Carrying Value
Capital Work in Progress	309	-	-	309	311			(296)		324	-	-	-	324
Plant & Equipment	-	4,338	2,513	1,825	865	(199)	(412)			-	4,498	2,419	-	2,079
Office Equipment	-	210	204	6	6		(3)			-	216	207	-	9
Furniture & Fittings	-	-	-	-	-		-			-	-	-	-	-
Plant & Equipment (under Finance Lease)	-	-	-	-	-		-			-	-	-	-	-
<b>Land:</b>														
- Operational Land	-	2,590	-	2,590	131	(50)				-	2,671	-	-	2,671
- Community Land	-	1,597	-	1,597						-	1,597	-	-	1,597
Land Improvements - non depreciable	-	-	-	-						-	-	-	-	-
Land Improvements - depreciable	-	576	107	469	20		(18)			-	597	126	-	471
Buildings - Non Specialised	-	799	24	775	262	(97)	(10)	110		-	1,071	31	-	1,040
Buildings - Specialised	-	23,170	7,674	15,496	179		(155)			-	23,349	7,829	-	15,520
Other Structures	-	10,651	5,910	4,741	228		(143)	186		-	11,813	6,245	-	5,568
<b>Infrastructure:</b>														
- Roads, Bridges, Footpaths	-	78,159	30,937	47,222	2,321		(1,988)			-	80,480	32,925	-	47,555
- Bulk Earthworks (non-depreciable)	-	50,454	-	50,454						-	50,454	-	-	50,454
- Stormwater Drainage	-	3,176	1,465	1,711			(32)			-	3,176	1,497	-	1,679
- Sewerage Network	-	10,746	2,345	8,401			(94)		2,458	-	13,484	2,719	-	10,765
<b>Reinstatement, Rehabilitation &amp; Restoration Assets (refer Note 26)</b>														
- Quarry Asset	-	480	134	346			(19)			-	480	153	-	327
<b>TOTAL INFRASTRUCTURE,</b>														
<b>PROPERTY, PLANT &amp; EQUIP.</b>	<b>309</b>	<b>186,946</b>	<b>51,313</b>	<b>135,942</b>	<b>4,323</b>	<b>(346)</b>	<b>(2,874)</b>	<b>-</b>	<b>3,014</b>	<b>324</b>	<b>193,886</b>	<b>54,151</b>	<b>-</b>	<b>140,059</b>

Additions to Depreciable Land Improvements, Buildings, Other Structures & Infrastructure Assets are made up of Asset Renewals (\$2,555,768) and New Assets (\$756,410). Renewals are defined as the replacement of existing assets (as opposed to the acquisition of new assets).



## Coolamon Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2012

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

\$ '000 Class of Asset	Actual 2012				Actual 2011			
	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value
<b>Sewerage Services</b>								
WIP	64			<b>64</b>	-	-	-	-
Land								
- Operational Land		578		<b>578</b>	-	578	-	<b>578</b>
Other Structures		3,501	1,697	<b>1,804</b>	-	2,752	1,452	<b>1,300</b>
Infrastructure		13,484	2,719	<b>10,765</b>	-	10,747	2,345	<b>8,402</b>
<b>Total Sewerage Services</b>	<b>64</b>	<b>17,563</b>	<b>4,416</b>	<b>13,211</b>	-	<b>14,077</b>	<b>3,797</b>	<b>10,280</b>
<b>Domestic Waste Management</b>								
Buildings		46	19	<b>27</b>	-	46	18	<b>28</b>
Other Assets		196	167	<b>29</b>	-	196	164	<b>32</b>
<b>Total DWM</b>	-	<b>242</b>	<b>186</b>	<b>56</b>	-	<b>242</b>	<b>182</b>	<b>60</b>
<b>TOTAL RESTRICTED I,PP&amp;E</b>	<b>64</b>	<b>17,805</b>	<b>4,602</b>	<b>13,267</b>	-	<b>14,319</b>	<b>3,979</b>	<b>10,340</b>

## Coolamon Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2012

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

\$ '000	Notes	Actual 2012	Actual 2011
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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 2012

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

\$ '000	Notes	2012		2011	
		Current	Non Current	Current	Non Current
<b>Payables</b>					
Goods & Services - operating expenditure		41	11	48	13
Payments Received In Advance		23	-	-	-
Accrued Expenses:					
- Salaries & Wages		67	-	51	-
- Other Expenditure Accruals		504	-	837	-
Advances		3,854	-	3,757	-
Other		-	-	-	-
<b>Total Payables</b>		<b>4,489</b>	<b>11</b>	<b>4,693</b>	<b>13</b>
<b>Borrowings</b>					
Nil					
<b>Total Borrowings</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Provisions</b>					
<b>Employee Benefits;</b>					
Annual Leave		512	-	476	-
Long Service Leave		1,337	70	1,278	59
Rostered Days Off		14	-	19	-
Sub Total - Aggregate Employee Benefits		1,863	70	1,773	59
Asset Remediation/Restoration (Future Works)	26	-	825	-	771
<b>Total Provisions</b>		<b>1,863</b>	<b>895</b>	<b>1,773</b>	<b>830</b>
<b>Total Payables, Borrowings &amp; Provisions</b>		<b>6,352</b>	<b>906</b>	<b>6,466</b>	<b>843</b>

## (i) Liabilities relating to Restricted Assets

	2012		2011	
	Current	Non Current	Current	Non Current
<b>Externally Restricted Assets</b>				
Sewer	30	-	10	-
Domestic Waste Management			7	-
Other	3,854	-	3,757	-
Liabilities relating to externally restricted assets	3,884	-	3,774	-
<b>Internally Restricted Assets</b>				
Nil				
Liabilities relating to internally restricted assets	-	-	-	-
<b>Total Liabilities relating to restricted assets</b>	<b>3,884</b>	<b>-</b>	<b>3,774</b>	<b>-</b>

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

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

## Coolamon Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2012

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

\$ '000	2012	2011
<b>(ii) Current Liabilities not anticipated to be settled within the next 12 months</b>		
The following Liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions - Employees Benefits	1,275	1,472
Payables - Security Bonds, Deposits & Retentions	3,704	3,589
Other Liabilities: Specify		-
	<b>4,979</b>	<b>5,061</b>

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

Class of Provision	2011			2012		
	Opening Balance as at 1/7/11	Additional Provisions	Decrease due to Payments	Remeasurement effects due to Discounting	Unused amounts reversed	Closing Balance as at 30/6/12
Annual Leave	476	366	(330)			512
Long Service Leave	1,337	306	(236)			1,407
Other Leave	19	-	(5)			14
Asset Remediation	771	54				825
<b>TOTAL</b>	<b>2,603</b>	<b>726</b>	<b>(571)</b>	-	-	<b>2,758</b>

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

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

## Coolamon Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2012

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

\$ '000	Notes	Actual 2012	Actual 2011
<b>(a) Reconciliation of Cash Assets</b>			
Total Cash & Cash Equivalent Assets	6a	4,014	3,393
Less Bank Overdraft	10	-	-
<b>BALANCE as per the STATEMENT of CASH FLOWS</b>		<b>4,014</b>	<b>3,393</b>
<b>(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities</b>			
<b>Net Operating Result from Income Statement</b>		<b>1,150</b>	<b>477</b>
<b>Adjust for non cash items:</b>			
Depreciation & Amortisation		2,744	2,744
Net Losses/(Gains) on Disposal of Assets		(229)	222
Non Cash Capital Grants and Contributions		(11)	-
Unwinding of Discount Rates on Reinstatement Provisions		54	51
Share of Net (Profits) or Losses of Associates/Joint Ventures		(21)	(6)
<b>+/- Movement in Operating Assets and Liabilities &amp; Other Cash Items:</b>			
Decrease/(Increase) in Receivables		638	(547)
Increase/(Decrease) in Provision for Doubtful Debts		10	(33)
Decrease/(Increase) in Inventories		(30)	3
Increase/(Decrease) in Payables		(9)	17
Increase/(Decrease) in other accrued Expenses Payable		(317)	514
Increase/(Decrease) in Other Liabilities		23	-
Increase/(Decrease) in Employee Leave Entitlements		101	131
<b>NET CASH PROVIDED FROM/(USED IN) OPERATING ACTIVITIES from the STATEMENT of CASH FLOWS</b>		<b>4,103</b>	<b>3,573</b>

## Coolamon Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2012

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

\$ '000	Notes	Actual 2012	Actual 2011
<b>(c) Non-Cash Investing &amp; Financing Activities</b>			
Other Dedications		11	-
<b>Total Non-Cash Investing &amp; Financing Activities</b>		<b>11</b>	<b>-</b>
<b>(d) Financing Arrangements</b>			
<b>(i) Unrestricted access was available at balance date to the following lines of credit:</b>			
Credit Cards / Purchase Cards		20	-
<b>Total Financing Arrangements</b>		<b>20</b>	<b>-</b>
<b>Amounts utilised as at Balance Date:</b>			
- Credit Cards / Purchase Cards		2	-
<b>Total Financing Arrangements Utilised</b>		<b>2</b>	<b>-</b>

1. The Bank overdraft facility may be drawn at any time and may be terminated by the bank without notice.

Interest rates on overdrafts are Interest Rates on Loans & Other Payables are disclosed in Note 15.

**(ii) Secured Loan Liabilities**

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

**(e) 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 2012

## Note 12. Commitments for Expenditure

\$ '000	Notes	Actual 2012	Actual 2011
<b>(a) Capital Commitments (exclusive of GST)</b>			
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
<b>Property, Plant &amp; Equipment</b>			
Buildings		143	197
Plant & Equipment		83	77
Other			-
<b>Investment Property</b>			
- Land			-
- Buildings			-
- Other			-
<b>Total Commitments</b>		<b>226</b>	<b>274</b>
<b>These expenditures are payable as follows:</b>			
Within the next year		226	274
Later than one year and not later than 5 years			-
Later than 5 years			-
<b>Total Payable</b>		<b>226</b>	<b>274</b>
<b>Sources for Funding of Capital Commitments:</b>			
Internally Restricted Reserves		226	274
<b>Total Sources of Funding</b>		<b>226</b>	<b>274</b>

**(b) Finance Lease Commitments**

Nil

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

Nil

**(d) Investment Property Commitments**

Nil

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

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

## Coolamon Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2012

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

\$ '000	Amounts 2012	Indicator 2012	Prior Periods 2011      2010	
<b>Local Government Industry Indicators</b>				
<b>1. Unrestricted Current Ratio</b>				
Current Assets less all External Restrictions <sup>(1)</sup>	<u>6,307</u>	<b>5.29 : 1</b>	5.18	5.96
Current Liabilities less Specific Purpose Liabilities <sup>(2,3)</sup>	<u>1,193</u>			
<b>2. Debt Service Ratio</b>				
Debt Service Cost	<u>-</u>	<b>0.00%</b>	0.00%	0.00%
Income from Continuing Operations excluding Capital Items & Specific Purpose Grants/Contributions	<u>8,639</u>			
<b>3. Rates &amp; Annual Charges Coverage Ratio</b>				
Rates & Annual Charges	<u>2,621</u>	<b>20.04%</b>	20.42%	21.32%
Income from Continuing Operations	<u>13,079</u>			
<b>4. Rates, Annual Charges, Interest &amp; Extra Charges Outstanding Percentage</b>				
Rates, Annual & Extra Charges Outstanding	<u>146</u>	<b>5.12%</b>	6.79%	8.17%
Rates, Annual & Extra Charges Collectible	<u>2,851</u>			
<b>5. Building &amp; Infrastructure Renewals Ratio</b>				
Asset Renewals <sup>(4)</sup>	<u>2,343</u>	<b>102.81%</b>	77.30%	182.59%
Depreciation, Amortisation & Impairment	<u>2,279</u>			

## Notes

(1) Refer Notes 6-8 inclusive.

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

(2) Refer to Note 10(a).

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

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

Asset Renewals include building and infrastructure assets only.



# Coolamon Shire Council

## Notes to the Financial Statements for the financial year ended 30 June 2012

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

<p><b>1. Unrestricted Current Ratio</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio : 1</th> </tr> </thead> <tbody> <tr> <td>2009</td> <td>9.77</td> </tr> <tr> <td>2010</td> <td>5.96</td> </tr> <tr> <td>2011</td> <td>5.18</td> </tr> <tr> <td>2012</td> <td>5.29</td> </tr> </tbody> </table>	Year	Ratio : 1	2009	9.77	2010	5.96	2011	5.18	2012	5.29	<p><b>Purpose of Unrestricted Current Ratio</b></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><b>Commentary on 2011/12 Result</b></p> <p><b>2011/12 Ratio 5.29 : 1</b></p> <p>Council continues to hold adequate liquidity to meet its short term obligations</p>
Year	Ratio : 1											
2009	9.77											
2010	5.96											
2011	5.18											
2012	5.29											
<p><b>2. Debt Service Ratio</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2009</td> <td>0.00%</td> </tr> <tr> <td>2010</td> <td>0.00%</td> </tr> <tr> <td>2011</td> <td>0.00%</td> </tr> <tr> <td>2012</td> <td>0.00%</td> </tr> </tbody> </table>	Year	Ratio %	2009	0.00%	2010	0.00%	2011	0.00%	2012	0.00%	<p><b>Purpose of Debt Service Ratio</b></p> <p>To assess the impact of loan principal &amp; interest repayments on the discretionary revenue of council.</p>	<p><b>Commentary on 2011/12 Result</b></p> <p><b>2011/12 Ratio 0.00%</b></p> <p>Council's practice 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 2012/2013 financial year.</p>
Year	Ratio %											
2009	0.00%											
2010	0.00%											
2011	0.00%											
2012	0.00%											
<p><b>3. Rates &amp; Annual Charges Coverage Ratio</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2009</td> <td>19.52%</td> </tr> <tr> <td>2010</td> <td>21.32%</td> </tr> <tr> <td>2011</td> <td>20.42%</td> </tr> <tr> <td>2012</td> <td>20.04%</td> </tr> </tbody> </table>	Year	Ratio %	2009	19.52%	2010	21.32%	2011	20.42%	2012	20.04%	<p><b>Purpose of Rates &amp; Annual Charges Coverage Ratio</b></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><b>Commentary on 2011/12 Result</b></p> <p><b>2011/12 Ratio 20.04%</b></p> <p>This ratio has remained steady this year despite additional grant and contribution income received during the year.</p>
Year	Ratio %											
2009	19.52%											
2010	21.32%											
2011	20.42%											
2012	20.04%											
<p><b>4. Rates, Annual Charges, Interest &amp; Extra Charges Outstanding Percentage</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2009</td> <td>6.26%</td> </tr> <tr> <td>2010</td> <td>8.17%</td> </tr> <tr> <td>2011</td> <td>6.79%</td> </tr> <tr> <td>2012</td> <td>5.12%</td> </tr> </tbody> </table>	Year	Ratio %	2009	6.26%	2010	8.17%	2011	6.79%	2012	5.12%	<p><b>Purpose of Rates &amp; Annual Charges Outstanding Ratio</b></p> <p>To assess the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of recovery efforts.</p>	<p><b>Commentary on 2011/12 Result</b></p> <p><b>2011/12 Ratio 5.12%</b></p> <p>Council has continued to make progress during the 2011/2012 financial year in relation to the recovery of outstanding rates and charges.</p>
Year	Ratio %											
2009	6.26%											
2010	8.17%											
2011	6.79%											
2012	5.12%											
<p><b>5. Building &amp; Infrastructure Renewals Ratio</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2009</td> <td>268.47%</td> </tr> <tr> <td>2010</td> <td>182.59%</td> </tr> <tr> <td>2011</td> <td>77.30%</td> </tr> <tr> <td>2012</td> <td>102.81%</td> </tr> </tbody> </table>	Year	Ratio %	2009	268.47%	2010	182.59%	2011	77.30%	2012	102.81%	<p><b>Purpose of Asset Renewals Ratio</b></p> <p>To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.</p>	<p><b>Commentary on Result</b></p> <p><b>2011/12 Ratio 102.81%</b></p> <p>Council's renewals have exceeded depreciation for the year, as opposed to the previous financial year where the revaluation of Roads, Bridges and Footpaths along with the shift from capitalisation to maintenance works caused the ratio to fall to below 100%</p>
Year	Ratio %											
2009	268.47%											
2010	182.59%											
2011	77.30%											
2012	102.81%											

## Coolamon Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2012

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

\$ '000	Water 2012	Sewer 2012	General <sup>1</sup> 2012
<b>Local Government Industry Indicators</b>			
<b>1. Unrestricted Current Ratio</b>			
<u>Current Assets less all External Restrictions<sup>(1)</sup></u>	<b>n/a</b>	<b>49.93 : 1</b>	<b>5.29 : 1</b>
Current Liabilities less Specific Purpose Liabilities <sup>(2,3)</sup>			
prior period:	n/a	129.10 : 1	5.18 : 1
<b>2. Debt Service Ratio</b>			
<u>Debt Service Cost</u>	<b>n/a</b>	<b>0.00%</b>	<b>0.00%</b>
Income from Continuing Operations excluding Capital Items & Specific Purpose Grants/Contributions			
prior period:	n/a	0.00%	0.00%
<b>3. Rates &amp; Annual Charges Coverage Ratio</b>			
<u>Rates &amp; Annual Charges</u>	<b>n.a</b>	<b>62.92%</b>	<b>18.12%</b>
Income from Continuing Operations			
prior period:	n/a	72.54%	18.49%
<b>4. Rates, Annual Charges, Interest &amp; Extra Charges Outstanding Percentage</b>			
<u>Rates, Annual &amp; Extra Charges Outstanding</u>	<b>n/a</b>	<b>4.26%</b>	<b>5.90%</b>
Rates, Annual & Extra Charges Collectible			
prior period:	n/a	5.52%	6.98%
<b>5. Building &amp; Infrastructure Renewals Ratio</b>			
<u>Asset Renewals (Building &amp; Infrastructure assets)</u>	<b>n/a</b>	<b>0.00%</b>	<b>107.23%</b>
Depreciation, Amortisation & Impairment			
prior period:	n/a	0.00%	80.48%

## Notes

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

## Coolamon Shire Council

### Notes to the Financial Statements for the financial year ended 30 June 2012

#### Note 14. Investment Properties

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\$ '000	Notes	Actual 2012	Actual 2011
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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 2012

## 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	
	2012	2011	2012	2011
<b>Financial Assets</b>				
Cash and Cash Equivalents	4,014	3,393	4,014	3,393
Investments				
- "Held for Trading"	7,700	7,000	7,700	7,000
- "Held to Maturity"	-	700	-	700
Receivables	666	1,311	666	1,311
<b>Total Financial Assets</b>	<b>12,380</b>	<b>12,404</b>	<b>12,380</b>	<b>12,404</b>
<b>Financial Liabilities</b>				
Payables	4,477	4,706	4,477	4,706
<b>Total Financial Liabilities</b>	<b>4,477</b>	<b>4,706</b>	<b>4,477</b>	<b>4,706</b>

Fair Value is determined as follows:

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

## Coolamon Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2012

## Note 15. Financial Risk Management (continued)

\$ '000

## (a) Fair Value Measurements

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

AASB 7 Financial Instruments: Disclosures, requires the disclosure of how fair valuations have been arrived at for all financial assets and financial liabilities that have been measured at fair value.

Arriving at fair values for financial assets & liabilities can be broken up into 3 distinct measurement hierarchies:

**Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities

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

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

The following table presents the financial assets and financial liabilities that have been measured & recognised at fair values:

2012	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>				
Investments				
- "Held for Trading"	7,700			7,700
- Other - Receivables	666			666
<b>Total Financial Assets</b>	<b>8,366</b>	<b>-</b>	<b>-</b>	<b>8,366</b>
<b>Financial Liabilities</b>				
- Other - Payables	4,477			4,477
<b>Total Financial Liabilities</b>	<b>4,477</b>	<b>-</b>	<b>-</b>	<b>4,477</b>
2011	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>				
Investments				
- "Held for Trading"	7,000	-	-	7,000
- "Held to Maturity" Investments	700	-	-	700
- Other - Receivables	1,311	-	-	1,311
<b>Total Financial Assets</b>	<b>9,011</b>	<b>-</b>	<b>-</b>	<b>9,011</b>
<b>Financial Liabilities</b>				
- Other - Payables	4,706	-	-	4,706
<b>Total Financial Liabilities</b>	<b>4,706</b>	<b>-</b>	<b>-</b>	<b>4,706</b>

## Coolamon Shire Council

### Notes to the Financial Statements for the financial year ended 30 June 2012

#### Note 15. Financial Risk Management (continued)

\$ '000

#### (b) 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 these changes are caused by factors specific to individual financial instruments or their issuers or are caused by factors affecting similar instruments traded in a market.

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 investment counterparty will not complete their obligations particular to a financial instrument, resulting in a financial loss to Council - be it of a capital or income nature.

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

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

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

2012	Increase of Values/Rates		Decrease of Values/Rates	
	Profit	Equity	Profit	Equity
Possible impact of a 10% movement in Market Values				
Possible impact of a 1% movement in Interest Rates	117	117	117	117
<b>2011</b>				
Possible impact of a 10% movement in Market Values				
Possible impact of a 1% movement in Interest Rates	109	109	109	109

## Coolamon Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2012

## Note 15. Financial Risk Management (continued)

\$ '000

## (c) Receivables

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

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

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

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

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

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

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

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

	2012	2012	2011	2011
	Rates & Annual Charges	Other Receivables	Rates & Annual Charges	Other Receivables
<b>(i) Ageing of Receivables</b>				
Current (not yet overdue)	-	468	-	986
Past due by up to 30 days	72	6	-	109
Past due between 31 and 180 days	24	19	112	2
Past due between 181 and 365 days	23	4	31	20
Past due by more than 1 year	60	52	66	37
	<b>179</b>	<b>549</b>	<b>209</b>	<b>1,154</b>

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

	2012	2011
Balance at the beginning of the year	52	85
+ new provisions recognised during the year	11	13
- amounts already provided for & written off this year	-	(44)
- amounts provided for but recovered during the year	(1)	(2)
- previous impairment losses reversed	-	-
<b>Balance at the end of the year</b>	<b>62</b>	<b>52</b>

## Coolamon Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2012

## Note 15. Financial Risk Management (continued)

\$ '000

## (d) Payables &amp; Borrowings

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

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

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

The contractual undiscounted cash outflows (ie. principal and interest) of Council's Payables & Borrowings are set out in the 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		
<b>2012</b>									
Trade/Other Payables	4,477							4,477	4,477
<b>Total Financial Liabilities</b>	<b>4,477</b>	-	-	-	-	-	-	<b>4,477</b>	<b>4,477</b>
<b>2011</b>									
Trade/Other Payables	3,818	888	-	-	-	-	-	4,706	4,706
<b>Total Financial Liabilities</b>	<b>3,818</b>	<b>888</b>	-	-	-	-	-	<b>4,706</b>	<b>4,706</b>



## Coolamon Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2012

## Note 16. Material Budget Variations

\$ '000

Council's Original Financial Budget for 11/12 was adopted by the Council on 16 June 2011.

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 result for the year as per the Income Statement - even though such variations may have been adjusted for during each Quarterly Budget Review.

**Note that for Variations\* of Budget to Actual :**

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

**F** = Favourable Budget Variation, **U** = Unfavourable Budget Variation

\$ '000	2012 Budget	2012 Actual	2012 ----- Variance* -----		
<b>REVENUES</b>					
<b>Rates &amp; Annual Charges</b>	2,619	2,621	2	0%	<b>F</b>
<b>User Charges &amp; Fees</b>	972	1,045	73	8%	<b>F</b>
<b>Interest &amp; Investment Revenue</b>	522	640	118	23%	<b>F</b>
Council's original budget allowed for a total investment portfolio over the 2011/2012 financial year to be an average of \$9,700,000. The actual average investment portfolio for the 2011/2012 financial year was \$11,500,000 which therefore resulted in the additional investment income.					
<b>Other Revenues</b>	346	448	102	29%	<b>F</b>
Proceeds from the sales of Recyclables exceeded Council's original budget by \$21,000. Council's original budget did not allow for any recovery of legal fees which amounted to \$22,000, or the receipt of Insurance Premium Incentives which totalled \$23,000					
<b>Operating Grants &amp; Contributions</b>	5,806	7,589	1,783	31%	<b>F</b>
Receipt of one half of the 2012/2013 Financial assistance grant from the Federal Government in June 2012 contributed \$897,000 to this favourable variance. Along with an additional \$144,000 received for Allawah Lodge Subsidy, \$50,000 additional for MSO & Community Transport, \$97,000 for Coolamon Early Childhood Centre, \$258,000 RTA Contributions for Regional & Local Roads, \$100,000 from residents and community contributions to Allawah Lodge.					
<b>Capital Grants &amp; Contributions</b>	392	486	94	24%	<b>F</b>
Grant funding for the extension of Council's Effluent Reuse Scheme was not allowed for in the original budget for 2011/2012 and amounted to \$110,000					
<b>Net Gains from Disposal of Assets</b>	158	229	71	45%	<b>F</b>
Council's original budget allowed for a total of \$139,000 profit to be made from the sale of plant and equipment but Council was able to achieve a total of \$175,000 resulting in a favourable variance of \$36,000. This variance can also be attributed to the sale of surplus housing stock that was not included in Council's original budget.					
<b>Share of Net Profits - Joint Ventures &amp; Associates</b>	5	21	16	320%	<b>F</b>
Riverina Regional Library received additional grant funding and made savings in relation to operational expenditure that resulted in Council recording this favourable variance					

## Coolamon Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2012

## Note 16. Material Budget Variations (continued)

\$ '000	2012 Budget	2012 Actual	2012 ----- Variance* -----		
<b>EXPENSES</b>					
Employee Benefits & On-Costs	4,475	4,827	(352)	(8%)	<b>U</b>
Borrowing Costs	54	54	-	0%	<b>F</b>
Materials & Contracts	2,100	3,033	(933)	(44%)	<b>U</b>
Engagement of Council's Tourism and Business Manager resulted in \$35,000 unbudgeted expenditure, the engagement of a consultant to access Council's claims for subsidy in relation to Allawah Lodge cost \$25,000 Backpayment of a Laundry account for Allawah Lodge amounted to \$15,000.					
Additional flood recovery works and additional maintenance performed on Council's Regional Road Network have contributed to this unfavourable variance.					
Depreciation & Amortisation	2,833	2,744	89	3%	<b>F</b>
Impairment Expenses	-	-	-	0%	<b>F</b>
Other Expenses	1,237	1,271	(34)	(3%)	<b>U</b>

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

Cash Flows from Operating Activities	2,819	4,103	1,284	45.6%	<b>F</b>
See variances detailed for revenues and expenses.					
Cash Flows from Investing Activities	(3,745)	(3,579)	166	(4.4%)	<b>F</b>
Cash Flows from Financing Activities	(149)	97	246	(165.1%)	<b>F</b>

Following the departure of a number of residents from both Allawah Lodge Aged Persons Hostel and Allawah Village, incoming residents are required to pay larger bonds and loan licence amounts than the amounts refunded and retained from existing residents.

## Coolamon Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2012

## 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	-	2	-	-	-	(2)	-	171	(229)	(58)	229
Traffic Facilities	-	-	-	-	-	-	-	-	-	-	-
Parking	-	-	-	-	-	-	-	-	-	-	-
Open Space	-	-	-	-	-	-	-	-	-	-	-
Community Facilities	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-
<b>S94 Contributions - under a Plan</b>	-	<b>2</b>	-	-	-	<b>(2)</b>	-	<b>171</b>	<b>(229)</b>	<b>(58)</b>	<b>229</b>
<b>S94A Levies - under a Plan</b>	-	-	-	-	-	-	-	-	-	-	-
<b>Total S94 Revenue Under Plans</b>	-	<b>2</b>	-	-	-	<b>(2)</b>	-	-	-	-	<b>229</b>
S94 not under Plans	-	-	-	-	-	-	-	-	-	-	-
S93F Planning Agreements	-	-	-	-	-	-	-	-	-	-	-
S64 Contributions	-	-	-	-	-	-	-	-	-	-	-
<b>Total Contributions</b>	-	<b>2</b>	-	-	-	<b>(2)</b>	-	<b>171</b>	<b>(229)</b>	<b>(58)</b>	<b>229</b>

## 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	-	2				(2)	-	171	(229)	(58)	229	
Traffic Facilities	-						-					
Parking	-						-					
Open Space	-						-					
Community Facilities	-						-					
Other	-						-					
<b>Total</b>	-	<b>2</b>	-	-	-	<b>(2)</b>	-	<b>171</b>	<b>(229)</b>	<b>(58)</b>	<b>229</b>	

## Coolamon Shire Council

### Notes to the Financial Statements for the financial year ended 30 June 2012

#### 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 with member Councils required to make significantly higher contributions in future years.

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

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

##### (ii) Statewide Limited

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

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

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

##### (iii) StateCover Limited

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

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

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

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

##### (iv) Other Guarantees

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

## Coolamon Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2012

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

\$ '000

**LIABILITIES NOT RECOGNISED** (continued):**2. Other Liabilities****(i) Third Party Claims**

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

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

**(ii) S94 Plans**

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

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

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

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

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

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

**(ii) Infringement Notices/Fines**

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

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

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

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

**(iii) S94 Expenditure in Advance**

The Contributions Plan for Roads is currently in deficit by \$229,000 - 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 2012

#### 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 2012	Actual 2011	Actual 2012	Actual 2011
Associated Entities	-	-	-	-
Joint Venture Entities	21	6	112	91
<b>Total</b>	<b>21</b>	<b>6</b>	<b>112</b>	<b>91</b>

## Coolamon Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2012

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

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 \$ '000
 

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

Council has no interest in any Subsidiaries.

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

**(i) ASSOCIATED ENTITIES**

Council has no interest in any Associated Entities.

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

Name of Entity	Principal Activity	2012	2011
Riverina Regional Library	Provision of Library Services	91	91
<b>Total Carrying Amounts - Joint Venture Entities</b>		<b>91</b>	<b>91</b>

**(b) Relevant Interests**

Name of Entity	Interest in Outputs		Interest in Ownership		Proportion of Voting Power	
	2012	2011	2012	2011	2012	2011
Riverina Regional Library	4%	4%	4%	4%	4%	4%

**(c) Movement in Carrying Amounts**

	Riverina Regional Library	
	2012	2011
Opening Balance	91	85
Share in Operating Result	21	6
<b>Council's Equity Share in the Joint Venture Entity</b>	<b>112</b>	<b>91</b>



## Coolamon Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2012

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

\$ '000

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

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

	Assets		Liabilities		Net Assets
	Current	Non Current	Current	Non Current	
<b>2012</b>					
Riverina Regional Library	66	63	17		112
<b>Totals</b>	<b>66</b>	<b>63</b>	<b>17</b>	<b>-</b>	<b>112</b>
<b>2011</b>					
Riverina Regional Library	44	64	17	-	91
<b>Totals</b>	<b>44</b>	<b>64</b>	<b>17</b>	<b>-</b>	<b>91</b>

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

	2012			2011		
	Revenues	Expenses	Result	Revenues	Expenses	Result
Riverina Regional Library	87	66	21	68	62	6
<b>Totals</b>	<b>87</b>	<b>66</b>	<b>21</b>	<b>68</b>	<b>62</b>	<b>6</b>

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

	2012	2011
Capital Commitments		-
Other Expenditure Commitments		-
Lease Commitments		-

## (g) Contingent Liabilities of Joint Venture Entities

	2012	2011
Share of Contingent Liabilities incurred jointly with other Participants		-
Share of Contingent Liabilities for which Council is severally liable		-

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

## 19(c) Joint Venture Operations

Council has no interest in any Joint Venture Operations.

## 19(d) Subsidiaries, Associated Entities &amp; 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 2012

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

\$ '000	Notes	Actual 2012	Actual 2011
<b>a. Retained Earnings</b>			
<b>Movements in Retained Earnings were as follows:</b>			
Balance at beginning of Year (from previous years audited accounts)		73,572	73,095
a. Correction of Prior Period Errors	20 (c)	-	-
b. Changes in Accounting Policies (prior period effects)	20 (d)	-	-
c. Other Comprehensive Income (excl. direct to Reserves transactions)		-	-
d. Net Operating Result for the Year		1,150	477
e. Distributions to/(Contributions from) Minority Interests		-	-
f. Transfers between Equity		-	-
g. Other Changes (disclosure required)		-	-
<b>Balance at End of the Reporting Period</b>		<b>74,722</b>	<b>73,572</b>
<b>b. Reserves</b>			
<b>(i) Reserves are represented by:</b>			
- Infrastructure, Property, Plant & Equipment Revaluation Reserve		70,921	67,907
<b>Total</b>		<b>70,921</b>	<b>67,907</b>
<b>(ii). Reconciliation of movements in Reserves:</b>			
<b>Infrastructure, Property, Plant &amp; Equipment Revaluation Reserve</b>			
- Opening Balance		67,907	66,418
- Revaluations for the year	9(a)	3,014	1,492
- Other movements (rounding adjustment)			(3)
<b>- Balance at End of Year</b>		<b>70,921</b>	<b>67,907</b>
<b>TOTAL VALUE OF RESERVES</b>		<b>70,921</b>	<b>67,907</b>
<b>(iii). Nature &amp; Purpose of Reserves</b>			
<b>Infrastructure, Property, Plant &amp; Equipment Revaluation Reserve</b>			
- 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 2012

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

\$ '000	Notes	Actual 2012	Actual 2011
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## c. Correction of Error/s relating to a Previous Reporting Period

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

## d. Voluntary Changes in Accounting Policies

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

## Coolamon Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2012

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

Income Statement by Fund \$ '000	Actual 2012	Actual 2012	Actual 2012	Actual 2012
	Other	Water	Sewer	General <sup>1</sup>
<b>Continuing Operations</b>				
<b>Income from Continuing Operations</b>				
Rates & Annual Charges		-	353	2,299
User Charges & Fees		-	3	1,042
Interest & Investment Revenue		-	75	565
Other Revenues		-	3	482
Grants & Contributions provided for Operating Purposes		-	13	7,576
Grants & Contributions provided for Capital Purposes		-	114	372
<b>Other Income</b>				
Net Gains from Disposal of Assets		-	-	229
Share of interests in Joint Ventures & Associates using the Equity Method				21
<b>Total Income from Continuing Operations</b>	<b>-</b>	<b>-</b>	<b>561</b>	<b>12,586</b>
<b>Expenses from Continuing Operations</b>				
Employee Benefits & on-costs		-	126	4,701
Borrowing Costs		-	-	54
Materials & Contracts		-	114	2,919
Depreciation & Amortisation		-	147	2,597
Impairment				-
Other Expenses		-	69	1,270
<b>Total Expenses from Continuing Operations</b>	<b>-</b>	<b>-</b>	<b>456</b>	<b>11,541</b>
<b>Operating Result from Continuing Operations</b>	<b>-</b>	<b>-</b>	<b>105</b>	<b>1,045</b>
<b>Discontinued Operations</b>				
Net Profit/(Loss) from Discontinued Operations		-	-	-
<b>Net Operating Result for the Year</b>	<b>-</b>	<b>-</b>	<b>105</b>	<b>1,045</b>
<b>Net Operating Result attributable to each Council Fund</b>	<b>-</b>	<b>-</b>	<b>105</b>	<b>1,045</b>
<b>Net Operating Result attributable to Minority Interests</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Operating Result for the year before Grants and Contributions provided for Capital Purposes</b>	<b>-</b>	<b>-</b>	<b>(9)</b>	<b>673</b>

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

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

## Coolamon Shire Council

Notes to the Financial Statements  
as at 30 June 2012

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

Balance Sheet by Fund \$ '000	Actual 2012	Actual 2012	Actual 2012	Actual 2012
	Other	Water	Sewer	General <sup>1</sup>
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash & Cash Equivalents		-	1,454	2,560
Investments		-	-	7,700
Receivables		-	44	629
Inventories		-	-	68
<b>Total Current Assets</b>	<b>-</b>	<b>-</b>	<b>1,498</b>	<b>10,957</b>
<b>Non-Current Assets</b>				
Receivables		-	-	17
Inventories		-	-	282
Infrastructure, Property, Plant & Equipment		-	13,211	126,848
Investments Accounted for using the equity method		-	-	112
<b>Total Non-Current Assets</b>	<b>-</b>	<b>-</b>	<b>13,211</b>	<b>127,259</b>
<b>TOTAL ASSETS</b>	<b>-</b>	<b>-</b>	<b>14,709</b>	<b>138,216</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Payables		-	30	4,483
Borrowings		-	-	-
Provisions		-	-	1,863
<b>Total Current Liabilities</b>	<b>-</b>	<b>-</b>	<b>30</b>	<b>6,346</b>
<b>Non-Current Liabilities</b>				
Payables		-	-	11
Borrowings		-	-	-
Provisions		-	-	895
<b>Total Non-Current Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>906</b>
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>30</b>	<b>7,252</b>
<b>Net Assets</b>	<b>-</b>	<b>-</b>	<b>14,679</b>	<b>130,964</b>
<b>EQUITY</b>				
Retained Earnings		-	6,176	68,546
Revaluation Reserves		-	8,503	62,418
<b>Council Equity Interest</b>	<b>-</b>	<b>-</b>	<b>14,679</b>	<b>130,964</b>
Minority Interests		-	-	-
<b>Total Equity</b>	<b>-</b>	<b>-</b>	<b>14,679</b>	<b>130,964</b>

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

\* Other represents ADD DESCRIPTION HERE...

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

## Coolamon Shire Council

### Notes to the Financial Statements for the financial year ended 30 June 2012

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

\$ '000	2012 Current	2012 Non Current	2011 Current	2011 Non Current
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Council did not classify any Non Current Assets or Disposal Groups as "Held for Sale".

## Coolamon Shire Council

### Notes to the Financial Statements for the financial year ended 30 June 2012

#### Note 23. Events occurring after Balance Sheet Date

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\$ '000

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Events that occur after the reporting date of 30 June 2012, 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 21/09/12.

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 2012.

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

These financial statements (& figures therein) do not incorporate any "non adjusting events" that have occurred after 30 June 2012 and which are only indicative of conditions that arose after 30 June 2012.

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 2012

#### Note 24. Discontinued Operations

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	Actual 2012	Actual 2011
<b>\$ '000</b>		

---

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 2012

#### Note 25. Intangible Assets

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**\$ '000**

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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 2012

## Note 26. Reinstatement, Rehabilitation &amp; Restoration Liabilities

\$ '000

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

Asset/Operation	Estimated year of restoration	NPV of Provision	
		2012	2011
Various Gravel Pit Sites across the Shire	2029	825	771
Balance at End of the Reporting Period	10(a)	<u>825</u>	<u>771</u>

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

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

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

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

Balance at beginning of year	771	720
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)	54	51
Expenditure incurred attributable to Provisions		-
<b>Total - Reinstatement, rehabilitation and restoration provision</b>	<u><b>825</b></u>	<u><b>771</b></u>

**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 2012

## Note 27. Operating Segments

\$ '000

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

**Accounting Policy**

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

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

\$ '000	Residential Aged Care		Other		Consolidated	
	2012 Actual	2011 Actual	2012 Actual	2011 Actual	2012 Actual	2011 Actual
<b>Revenue</b>						
Government Subsidies	804	673	4,863	3,627	5,667	4,300
Resident Charges	538	498	-	-	538	498
Capital Gains	-	-	229	403	229	403
Bond Retentions	60	68	-	-	60	68
Interest Income	106	84	534	546	640	630
Donations	42	3	-	-	42	3
Contributions (Capital & Operating)	-	-	2,293	2,918	2,293	2,918
Other	13	15	3,734	3,520	3,747	3,535
<b>Total Revenue</b>	<b>1,563</b>	<b>1,341</b>	<b>11,653</b>	<b>11,014</b>	<b>13,216</b>	<b>12,355</b>
<b>Expenses</b>						
Care Employee Expenses	1,046	864	-	-	1,046	864
Other Employee Expenses	-	-	3,781	3,339	3,781	3,339
Management Fees	128	135	-	-	128	135
Interest Expense	-	-	54	51	54	51
Depreciation & Amortisation	47	48	2,697	2,696	2,744	2,744
Insurances	16	11	256	220	272	231
Electricity & Heating	32	43	116	109	148	152
Telephone	2	2	51	47	53	49
Water	10	7	91	46	101	53
Rates	9	8	-	-	9	8
Audit Fees	-	-	17	14	17	14
Other	296	217	3,417	4,021	3,713	4,238
<b>Total Expenses</b>	<b>1,586</b>	<b>1,335</b>	<b>10,480</b>	<b>10,543</b>	<b>12,066</b>	<b>11,878</b>
<b>Segment Results (Pre-Tax)</b>	<b>(23)</b>	<b>6</b>	<b>1,173</b>	<b>471</b>	<b>1,150</b>	<b>477</b>

## Coolamon Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2012

## Note 27. Operating Segments

\$ '000

\$ '000	Residential Aged Care		Other		Consolidated	
	2012 Actual	2011 Actual	2012 Actual	2011 Actual	2012 Actual	2011 Actual
<b>Assets</b>						
Current Assets	1,077	1,182	11,397	11,194	12,474	12,376
Non-Current Assets	3,947	3,980	137,325	133,350	141,272	137,330
<b>Total Assets</b>	<b>5,024</b>	<b>5,162</b>	<b>148,722</b>	<b>144,544</b>	<b>153,746</b>	<b>149,706</b>
<b>Liabilities</b>						
Current Liabilities	1,059	1,175	5,336	5,407	6,395	6,582
Non-Current Liabilities	5	4	1,703	1,641	1,708	1,645
<b>Total Liabilities</b>	<b>1,064</b>	<b>1,179</b>	<b>7,039</b>	<b>7,048</b>	<b>8,103</b>	<b>8,227</b>
<b>Net Assets</b>	<b>3,960</b>	<b>3,983</b>	<b>141,683</b>	<b>137,496</b>	<b>145,643</b>	<b>141,479</b>

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

Accommodation Bond Liabilities:	880	883	-	-	880	883
Interest Bearing Liabilities	-	-	-	-	-	-

**Business Segments:**

Residential Aged Care - Allaway Lodge Aged Persons Hostel provides residential aged care services

Other - provides other Local Government Services

**Geographical Segments:**

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

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

## Coolamon Shire Council

### Notes to the Financial Statements for the financial year ended 30 June 2012

#### Note 28. Council Information & Contact Details

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**Principal Place of Business:**

55 Cowabbie Street  
Coolamon NSW 2701

**Contact Details****Mailing Address:**

PO Box 101  
Coolamon NSW 2701

**Opening Hours:**

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

**Telephone:** 02 6930 1800

**Facsimile:** 02 6927 3168

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

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

**Officers****GENERAL MANAGER**

Terrey Kiss

**RESPONSIBLE ACCOUNTING OFFICER**

Courtney Armstrong

**PUBLIC OFFICER**

Terrey Kiss

**AUDITORS**

Auswild & Co

**Elected Members****MAYOR**

Clr John Seymour

**COUNCILLORS**

Clr Bruce Hutcheon

Clr Grant Beard

Clr Dennis Brill

Clr Bec Huxtable

Clr Kerrilee Logan

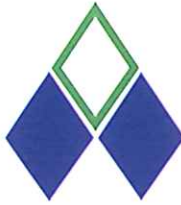
Clr Kathy Maslin

Clr David McCann

Clr Alan White

**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 30<sup>th</sup> June, 2012, 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) is in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia.
- (c) all information relevant to the conduct of the audit has been obtained; and
- (d) there are no material deficiencies in the accounting records or financial report that have come to light during the course of the audit.

**AUSWILD & CO.**



G.J. BRADLEY  
Principal

Registered Auditor No: 1249

CANBERRA  
21<sup>st</sup> September, 2012

**COOLAMON SHIRE COUNCIL**

**REPORT ON THE CONDUCT  
OF THE AUDIT**

**2012**





Auswild & Co  
CHARTERED ACCOUNTANTS

ABN: 29 725 771 792

21<sup>st</sup> September, 2012

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

Dear Cr Seymour,

Having completed an audit examination of the books of account and associated records of the Coolamon Shire Council for the twelve months period ended 30<sup>th</sup> June 2012 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 30<sup>th</sup> June, 2012 have been prepared in accordance with

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

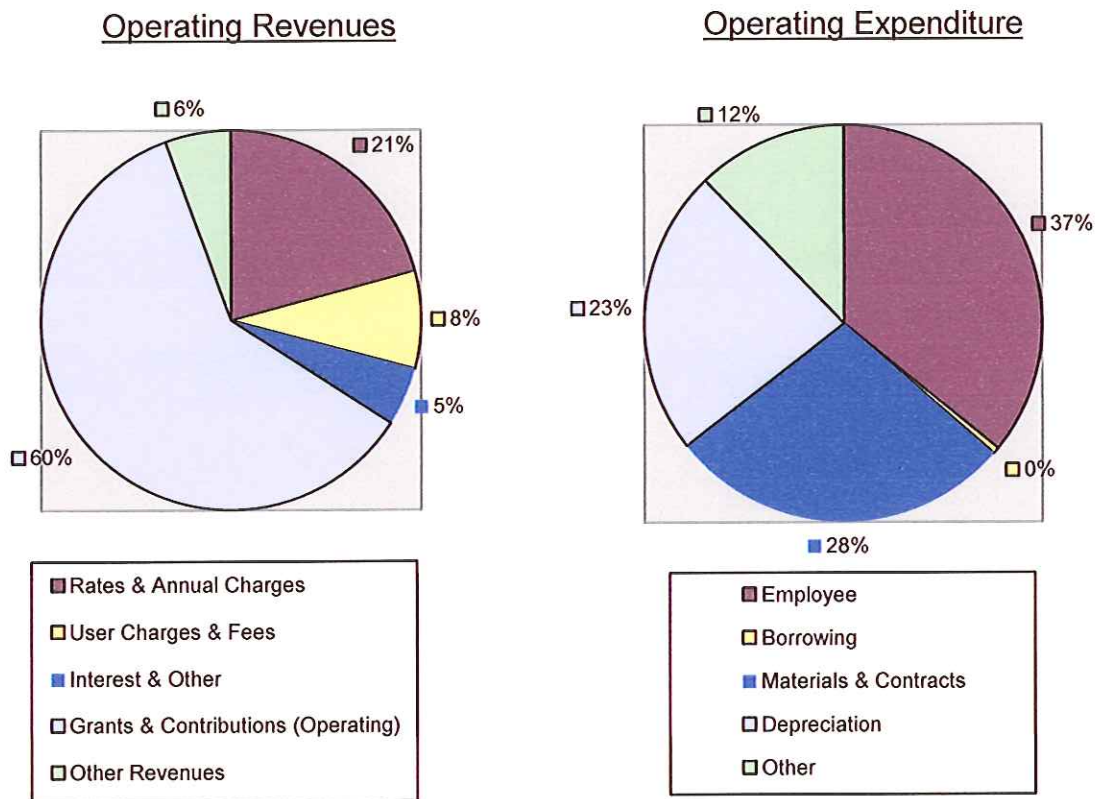
These financial statements have been prepared in much the same manner as those of the previous year.

In accordance with the timetable enunciated in the Code of Accounting Practice, Coolamon Shire Council has continued to revalue certain classes of assets on a five year rotation basis. In the current year all sewerage infrastructure assets were revalued in accordance with fair value principals.

**Financial Results**

Council reported an operating surplus before capital grants and contributions of \$664,000 for the year ended 30 June 2012 (2011 – deficit of \$479,000). Operating revenues (\$12.59 million) increased approximately 11.88% on those of the previous year (\$11.26 million) whilst during the same period operating expenses (\$11.93 million) increased approximately 1.65%.

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



In addition to operating revenues, Council received capital grants and contributions amounting to \$486,000 (2011 - \$956,000).

In the twelve months period to 30 June 2012 Council's operating result from continuing operations' (**including** capital grants and contributions) was \$1.15 million compared with \$477,000 in the previous year.



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Further, we note that the Allawah Aged Persons Complex (which is deemed to be controlled by Council) was again consolidated in Council's statements in accordance with the Code of Accounting Practice. The Allawah Complex improved Council's operating result before capital grants and contributions by \$45,000.

### Budget Comparison

The net operating surplus for the year of \$1.15 million was well above the original budget expectations which anticipated a surplus of \$121,000.

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

- The Federal Government paid half of the 2012/2013 Financial Assistance Grant (FAG) in advance. These instalments amounted to \$1.47 million and were received and brought to account as operating income in June, 2012. Additional grants were also received for Allawah Lodge, MSO & Community Transport, Coolamon Early Childhood Centre and Local & Regional Roads.
- Increased revenues have contributed to investment income exceeding budget expectations.
- "Other Revenues" exceed budget expectations primarily through the receipt of increased insurance incentives and legal fees recovery.

#### Unfavourable Variances

- Employees leave entitlements expenses increased substantially primarily in response to the decreased discount rates as advised by the Reserve Bank.
- Increased materials and contract costs resulting from flood recovery works and engagement of consultants.



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## DETAILED AUDIT OBSERVATIONS

### Rates and Annual Charges

Revenue from rates and annual charges (excluding Council owned properties) amounted to \$2.62 million (2011 - \$2.49 million).

In setting the **ordinary rates** for the year, Council resolved to adopt the maximum increase available of 2.8%. This action, together with an increase in the number of assessments has resulted in revenues from ordinary rates increasing from \$1.86 million in 2010/2011 to \$1.91 million in the current year.

Council's ordinary rating base increased by 8 assessments during the twelve months period and at year's end 2,903 assessments was subject to ordinary rates.

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

- Sewerage connected charges increased \$30 to \$310
- Sewerage unconnected charges increased \$19 to \$145
- Pedestal charges increased \$11 to \$90
- Ardlethan Effluent charges for connected properties increased \$13 to \$150
- Domestic Waste Management collection charges increased \$20 to \$160
- Domestic Recycling charges increased \$10 to \$75

Such movements have resulted in revenues as follows:

<b><u>Annual Charges</u></b>	<b>2011</b>	<b>2012</b>
	\$	\$
Sewerage	293,000	326,000
Domestic Waste	345,000	299,000
Tip Access	Nil	88,000

Rebates of \$126,562 were provided to eligible pensioners and a subsidy of \$71,000 was received from the Division of Local Government towards the cost of these rebates.

Interest and extra charges on overdue rates and annual charges for the year were \$21,000 (2011 - \$20,000) and outstanding rates were subject to interest at the rate of 11.00% pa (2011 – 9.00%).



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### User Charges and Fees

Council derived \$140,000 from **Statutory/Regulatory User Charges & Fees** (2011 - \$149,000) and a further \$905,000 from **Other Fees & Charges** (2011 - \$868,000) imposed during the twelve months period ended 30 June 2012.

Revenues received from user charges and fees included:-

	<b>2011</b>	<b>2012</b>
	\$	\$
Child Care	193,000	171,000
Allawah Lodge	498,000	538,000
Caravan Park	26,000	23,000
Private Works	93,000	61,000
Cemeteries	54,000	71,000
MSO and Community Transport	56,000	76,000

### Interest

Interest and investment revenues increased marginally in the twelve months period, principally in response to additional funds being available for investment.

Interest and investments revenues were earned as follows:

	<b>2011</b>	<b>2012</b>
	\$	\$
Overdue Rates & Charges	20,000	21,000
Allawah Lodge & Village investments	241,000	221,000
Sewerage Fund	68,000	72,000
Domestic Waste Management	30,000	34,000
General Investments	271,000	292,000
	<u>\$ 630,000</u>	<u>\$ 640,000</u>



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Excluding interest attributed to the Allawah Complex investments (\$221,000) investment income represented approximately 22.00% of ordinary rating income and therefore remains an important component of Council's budget.

### **Other Revenues**

Coolamon Shire has again received important revenues from a number of non core activities. Predominately, such income has been earned from the lease rentals of property including Aged Persons Units (\$301,000).

### **Grants, Subsidies and Contributions**

#### Operating Grants and Contributions

Operating grants and contributions amounting to \$7.59 million were received in 2011/2012 compared with \$6.67 million received in the previous year.

Council's untied Financial Assistance Grant increased approximately 30.0% from \$2.77 million in 2010/2011 to \$3.60 million this year. This significant increase is attributed to the Australian Government decision to pay half of the 2012/2013 grant in advance. The advance payment to Coolamon Shire amounted to \$1.47 million and was received and brought to account in late June, 2012. Although these advance payments have been restricted by Council for utilization in 2012/2013 we emphasise that Council's future operating results may be adversely impacted should the Australian Government act to realign the FAG grants to the years to which they relate.

Other major operating grants and contributions were received for Coolamon Shire MSO & Community Transport (\$188,000), Aged & Disabled CACP (\$106,000), Allawah Lodge (\$804,000), Ardlethan Preschool (\$65,000), Road Safety Officer (\$93,000), Child Care (\$268,000), Regional Roads (\$1.28 million) and Roads to Recovery funding (\$599,000).

#### Capital Grants and Contributions

Capital grants and contributions received in 2011/2012 amounted to \$486,000 (2011 - \$956,000) and comprised of funding for Allawah Complex (\$119,000), RMS contributions for regional and local roads (\$153,000) and minor contributions for several infrastructure programs.



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In accordance with the Code of Accounting Practice all grant and contribution monies received in 2011/2012 (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 \$124,000. At year end Council held specific purpose unexpended grants and contributions amounting to \$139,000 (2011 - \$381,000) and such funds have been identified as an externally restricted asset.

### **Operating Expenditure**

Expenses from continuing operations (\$11.93 million) were significantly higher than budget expectations (\$10.70 million) and marginally higher than those of the previous year (\$11.74 million).

Major variances with the previous year included:

#### Employee Leave Entitlements

The Reserve Bank advised of a significant reduction in the discount rates which are an integral component of the industry accepted calculation that determines the monetary amount applicable for all leave outstanding as at year end. The reduction in the discount rate has increased the monetary amount of the liability and expense for the year.

#### Net Losses from the Disposal of Assets

The sale/disposal of Council assets in the current year has resulted in a profit of \$229,000 being brought to account (2011 – loss \$222,000). The losses reported in 2010/2011 mainly relate to the transfer of the Coolamon Bowling Green from Council to the Coolamon Sport & Recreation Club.



### Capital Expenditure

During the reporting period Council expended \$4.18 million (2011 - \$3.17 million) on the acquisition of assets. The principal items being:-

	2011 \$	2012 \$
Plant & Equipment	746,000	865,000
Buildings	494,000	441,000
Roads, Bridges & Footpaths	1,428,000	2,191,000
Other Structures	104,000	228,000

The expenditure associated with buildings and infrastructure has given Council a assets renewals ratio 102.81%. 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 \$11.71 million (2011 - \$11.09 million).

Council utilises its investments to cover both externally and internally imposed requirements and comprises Allawah Complex investments (\$3.85 million), employee entitlements (\$1.35 million), unexpended grants and contributions (\$139,000), 2012/2013 financial assistance grant (\$1.47 million), sewerage (\$1.45 million), domestic waste management (\$603,000) and monies for future capital works.

Externally restricted investments (including sewerage fund) amounted to \$6.05 million whilst Council has "earmarked" a further \$5.64 million towards the funding of its future long-term objectives.

Council's cash and investments were held as follows:

	2011 \$	2012 \$
General Fund	5,245,000	5,664,000
Sewerage Fund	1,237,000	1,454,000
Externally Restricted Funds	4,611,000	4,596,000
	<u>11,093,000</u>	<u>11,714,000</u>





and comprised:

	2011 \$	2012 \$
Cash on Hand and at Bank	1,393,000	3,014,000
Short Term Deposits	2,000,000	1,000,000
Long Term Deposits	7,000,000	7,700,000
Subordinated Debt	700,000	Nil
	11,093,000	11,714,000

## Debtors

### Rates and Annual Charges

At balance date net outstanding rates, annual charges and associated interest amounted to \$146,000 (2011 - \$187,000) which represented 5.12% of total receivable (2011 - 6.79%). Council's outstanding arrears percentage has fallen significantly over the past three years (from 8.17% in 2009/10) and it is also pleasing to note that Council is not materially exposed to the arrears of any one ratepayer. At year end the ten highest arrears collectively amounted to approx. \$49,000 (2011 - \$59,000)

All outstanding arrears have been subject to interest of 11.00% pa and Council has maintained a provision for doubtful debts amounting to \$62,000.

## Real Estate

During the year Council sold the last remaining lot of land in the Stinson Street Stage 2 subdivision which realised a profit of \$19,000. At year end Council held largely undeveloped land with a book value of \$282,000.

## Property, Plant & Equipment excluding Real Estate

During the year Council acquired assets to the value of \$4.32 million and disposed of assets with a written down value of \$346,000. The disposal of these assets has resulted in a profit of \$210,000 being brought to account (2011 - loss \$260,000).



Further we report that in accordance with the requirements of the Code of Accounting Practice, Council's sewerage infrastructure assets were subject to a full revaluation which is required to be conducted every five years. This revaluation has resulted in Council's Sewerage Network assets increasing by 3.01 million to \$13.21 million.

The combined action of asset movements and revaluations has resulted in the written down value of property, plant and equipment increasing from \$135.94 million in 2011 to \$140.06 million as at 30 June 2012.

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

### Provisions

At 30 June 2012 the Provision for Employee Accrued Entitlements totalled \$1,933,000. The components of the liability are:-

	<b>2011</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
Annual Leave	476,000	512,000
Long Service Leave	1,337,000	1,407,000
Other	19,000	14,000

The average leave entitlement per employee as at 30 June 2012 was \$27,600 (2011 - \$25,000). At year end Council had set aside funds amounting to \$1,345,000 or 70.00% of the employees leave entitlement liability and such funds have been identified as an internally restricted asset.

Council's provision for Tip remediation/restoration was increased by \$54,000 and at year end amounted to \$825,000.

### Loans and Debt Servicing

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



## SUMMARY

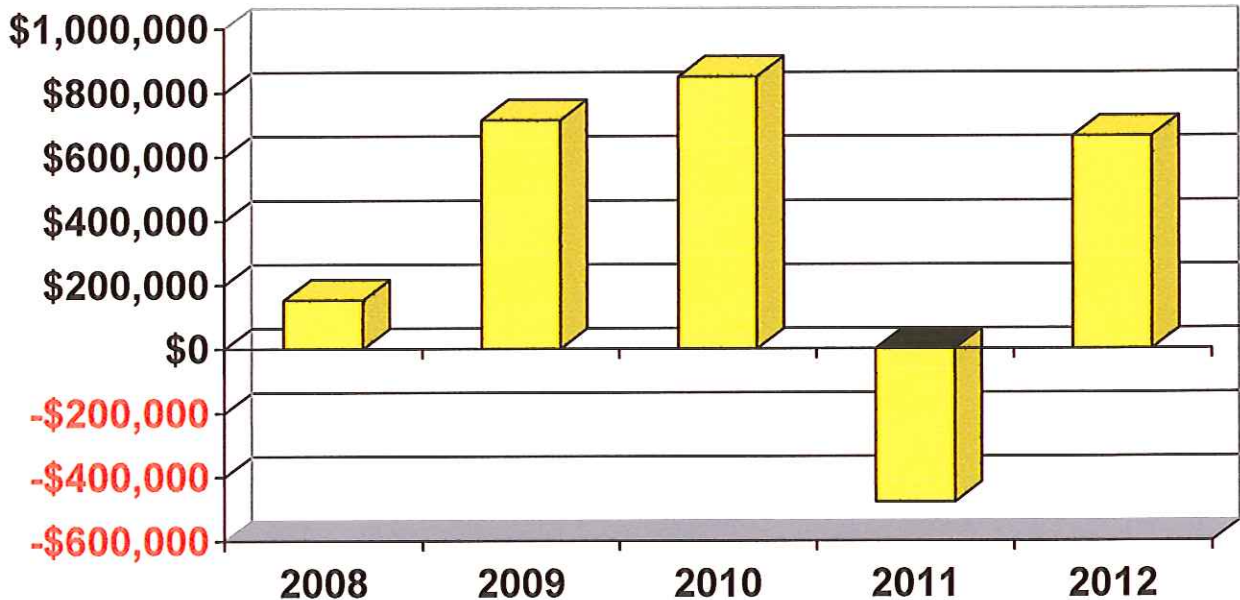
In analysing Council's financial results for the year, particular attention must be given to the following:-

- Operating result before capital amounts (surplus \$664,000)
- Net increase in cash and investments held (\$621,000)
- Internal and unrestricted investments (\$5,664,000) and Sewerage investments (\$1,454,000)
- Performance ratios

### Operating Result

Council recorded an operating surplus before capital amounts of \$664,000 for the twelve months period to 30 June 2012. This result has been reported after allowing for depreciation expenses of \$2,744,000 and was significantly higher than both the original budget expectations (deficit - \$271,000) and the result of the previous year (deficit - \$479,000).

#### 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:

	<b>Surplus/(Deficit)</b>	
	<b>2011</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
General Fund	(435,000)	628,000
Sewerage Fund	(81,000)	(9,000)
Allawah Complex	37,000	45,000
	<u>(479,000)</u>	<u>664,000</u>

The significant improvement in the operating surplus can be directly attributed to the decision of the Australian Government to make an advance payment of the 2012/2013 financial assistance grant. The advance payment was received in June 2012 and amounted to \$1.47 million. In accordance with accounting standards this untied grant was required to be brought to account as operating income in the year in which it was received and consequently this accounting treatment has "artificially" inflated the year's result by \$1.47 million.

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

	<b>2011</b>	<b>2012</b>	<b>Variance</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<u>Income</u>			
Roads to Recovery Grants	351,000	599,000	248,000
RMS Contributions	1,813,000	1,279,000	(534,000)
Profit/(Loss) on disposals	(222,000)	229,000	451,000
<u>Expenses</u>			
Employee Leave Entitlements	681,000	977,000	(296,000)
Depreciation	2,744,000	2,744,000	Nil

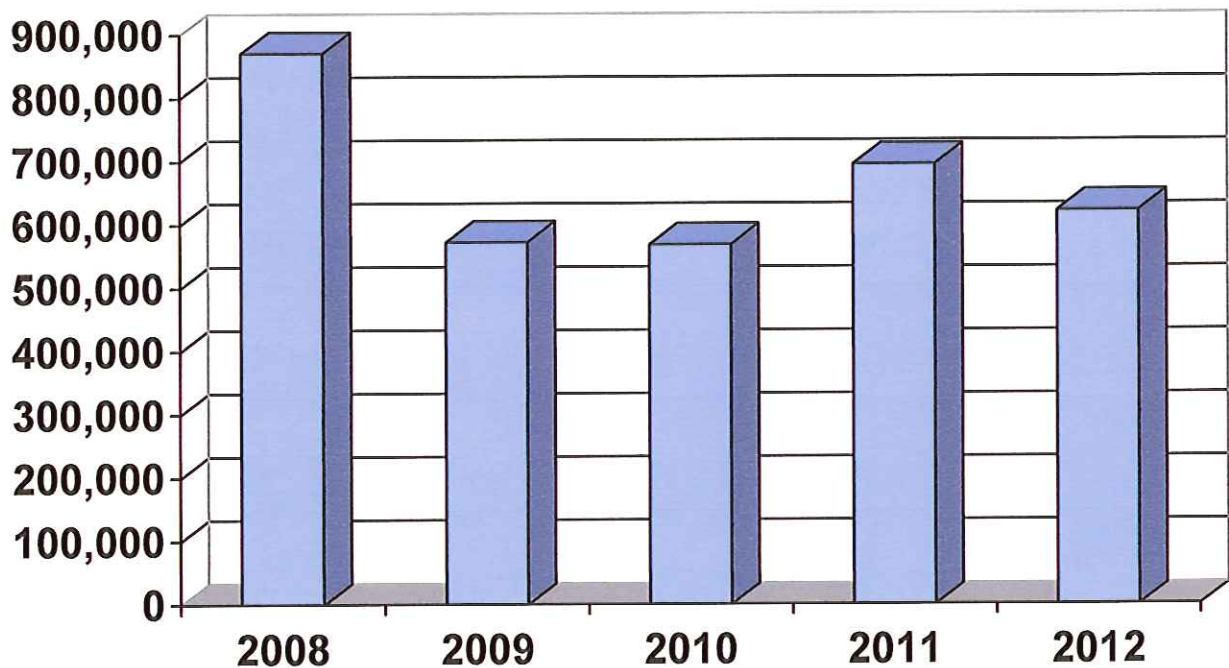
On balance we consider that Council has reported a satisfactory operating result.



**Cash Flow**

Council achieved a cash surplus of \$4.10 million (2011 - \$3.57 million) from its operating activities which was principally utilised to purchase assets (\$4.18 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 \$621,000 for the year.

Cash Flow Surplus/Deficit



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

<u>Activity</u>	<u>Surplus/(Deficit)</u>	
	<u>2011</u> \$	<u>2012</u> \$
<u>Externally Restricted</u>		
Sewerage Fund	76,000	217,000
Other External Restrictions	(90,000)	(15,000)
<u>Internally Restricted &amp; Unrestricted</u>		
General Fund	<u>709,000</u>	<u>419,000</u>
	\$ 695,000	\$ 621,000



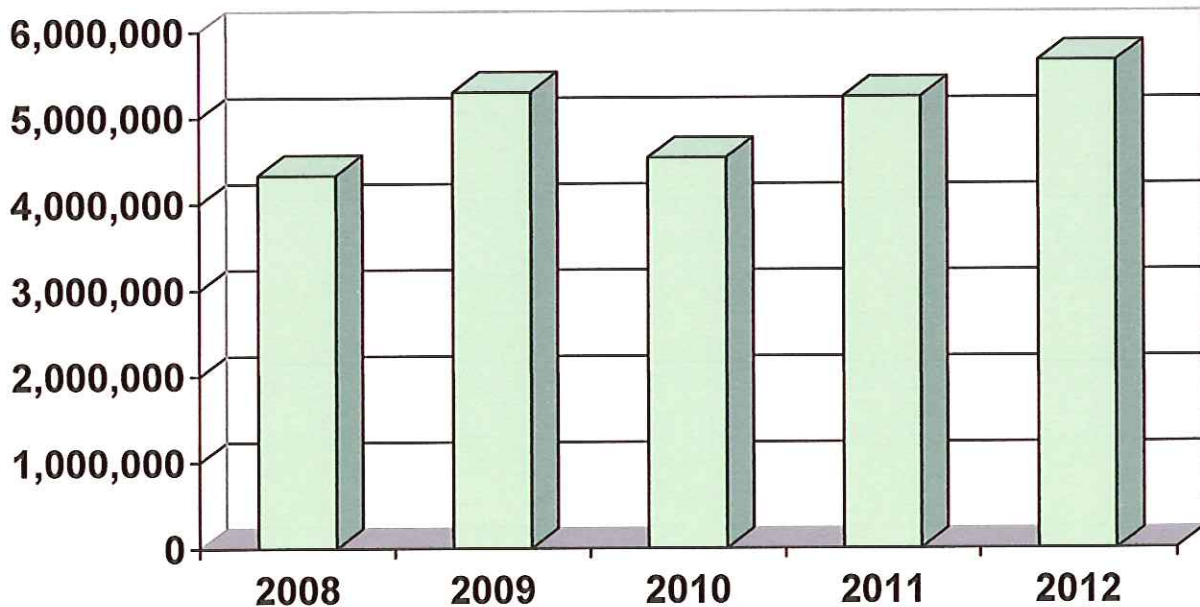
For comparative purposes, we note the following factors that have impacted on the cash flow surplus in 2011/2012.

- Advance instalments of the 2012/2013 financial assistance grant (\$1.47 million) was received in the current year.
- Capital expenditure amounted to \$4.18 million in the current year compared with \$3.17 million in 2010/2011.
- A significant reduction in debtors during the current year.

### **Reserves (Internally and Unrestricted Assets)**

As noted above, Council's internal and unrestricted funds have increased by \$419,000 during the twelve months period and at year end Council held internally and unrestricted investments amounting to \$5.66 million. In addition to these funds we report that the sewerage fund held cash and investments amounting to \$1.45 million.

### **Reserves (Internally and Unrestricted Assets)**



As illustrated, Council's reserve funds have continued to strengthen over the past three years and in our opinion this has been a most important achievement and has contributed significantly to Council's sound financial position. As we have consistently reported, the adequate funding of reserves is probably the greatest challenge facing local government generally and Coolamon Shire Council should be well pleased with the manner in which they are addressing this situation.

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

### **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 5.29, the declining rates and annual charges arrears percentage (5.12%) and Council's enviable debt free status.

In addition to the above, a number of matters of a minor nature were discussed with the appropriate staff who have actioned or undertaken to see that appropriate action is taken with respect to each.

Council's books of account and other records appear to have been maintained in a satisfactory and up-to-date manner and the requirements of the Local Government Act and Regulations well observed. In conclusion we wish to acknowledge the courteous assistance and co-operation extended to us by the General Manager and staff during the conduct of the audit, from whom we have obtained all the information and explanations which we required.

Yours faithfully,  
**AUSWILD & CO.**

per:



**G.J. BRADLEY**

**Certificated Local Government**  
**Auditor No. 608**

