

COONAMBLE SHIRE  
COUNCIL

# Financial Statements

for the year ended 30 June 2012



# Coonamble Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2012

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*“Coonamble on the Castlereagh”*



# Coonamble 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 Coonamble Shire Council.

(ii) Coonamble 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 31/10/12.  
Council has the power to amend and reissue the financial statements.

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## Coonamble Shire Council

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

## Understanding Council's Financial Statements

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#### Introduction

Each year, individual Local Governments across NSW are required to present a set of audited Financial Statements to their Council & Community.

#### What you will find in the Statements

The Financial Statements set out the financial performance, financial position & cash flows of Council for the financial year ended 30 June 2012.

The format of the Financial Statements is standard across all NSW Councils and complies with both the accounting & reporting requirements of Australian Accounting Standards and requirements as set down by the NSW Division of Local Government.

#### About the Councillor/Management Statement

The Financial Statements must be certified by Senior staff as "presenting fairly" the Council's financial results for the year, and are required to be adopted by Council - ensuring both responsibility for & ownership of the Financial Statements.

#### About the Primary Financial Statements

The Financial Statements incorporate 5 "primary" financial statements.

#### 1. An Income Statement

A summary of Council's financial performance for the year, listing all income & expenses.

This Statement also displays Council's original adopted budget to provide a comparison between what was projected and what actually occurred.

#### 2. A Statement of Comprehensive Income

Primarily records changes in the fair values of Council's Infrastructure, Property, Plant & Equip.

#### 3. A Balance Sheet

A 30 June snapshot of Council's Financial Position including its Assets & Liabilities.

#### 4. A Statement of Changes in Equity

The overall change for the year (in dollars) of Council's "net wealth".

#### 5. A Statement of Cash Flows

Indicates where Council's cash came from and where it was spent.

These Statements are prepared utilising the current accounting practise of recognising income when it is received. Given this practise the timing of the receipt of grant funds has the ability to dramatically alter the Financial Position of a council from one year to the next

In the 2011/12 Financial Year council recognised \$1,613,982 of the Financial Assistance Grant for 2012/13 that was received in advance. The expenditure of this grant will be taken to account in the 2012/13 financial year and will not match the period in which the income was received

#### About the Notes to the Financial Statements

The Notes to the Financial Statements provide greater detail and additional information on the 5 Primary Financial Statements.

#### About the Auditor's Reports

Council's Financial Statements are required to be audited by external accountants (that generally specialize in Local Government).

In NSW, the Auditor provides 2 audit reports:

1. An opinion on whether the Financial Statements present fairly the Council's financial performance & position, &
2. Their observations on the conduct of the Audit including the Council's financial performance & financial position.

#### Who uses the Financial Statements ?

The Financial Statements are publicly available documents & must be presented at a Council meeting between 7 days & 5 weeks after the date of the Audit Report.

Submissions from the public can be made to Council up to 7 days subsequent to the public presentation of the Financial Statements.

Council is required to forward an audited set of Financial Statements to the Division of Local Government.

## Coonamble 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 19 September 2012.**



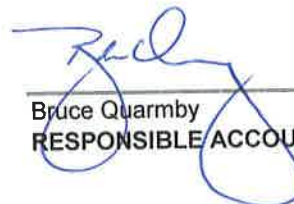
Tom Cullen  
**MAYOR**



**COUNCILLOR**



Rick Warren  
**GENERAL MANAGER**



Bruce Quarmby  
**RESPONSIBLE ACCOUNTING OFFICER**

## Coonamble Shire Council

## Income Statement

for the financial year ended 30 June 2012

Budget <sup>(1)</sup> 2012 \$ '000		Notes	Actual 2012	Actual 2011
<b>Income from Continuing Operations</b>				
<b>Revenue:</b>				
4,700	Rates & Annual Charges	3a	4,988	4,759
4,354	User Charges & Fees	3b	4,577	4,931
686	Interest & Investment Revenue	3c	942	796
410	Other Revenues	3d	756	801
6,447	Grants & Contributions provided for Operating Purposes	3e,f	7,835	6,865
800	Grants & Contributions provided for Capital Purposes	3e,f	771	857
<b>Other Income:</b>				
-	Net Share of interests in Joint Ventures & Associated Entities using the equity method	19	6	-
<b>17,397</b>	<b>Total Income from Continuing Operations</b>		<b>19,875</b>	<b>19,009</b>
<b>Expenses from Continuing Operations</b>				
5,606	Employee Benefits & On-Costs	4a	6,694	6,360
7	Borrowing Costs	4b	7	9
6,042	Materials & Contracts	4c	5,846	5,803
4,133	Depreciation & Amortisation	4d	4,046	4,133
-	Impairment	4d	-	-
2,060	Other Expenses	4e	2,082	1,675
-	Interest & Investment Losses	3c	-	-
-	Net Losses from the Disposal of Assets	5	228	526
-	Net Share of interests in Joint Ventures & Associated Entities using the equity method	19	-	12
<b>17,848</b>	<b>Total Expenses from Continuing Operations</b>		<b>18,903</b>	<b>18,518</b>
<b>(451)</b>	<b>Operating Result from Continuing Operations</b>		<b>972</b>	<b>491</b>
<b>Discontinued Operations</b>				
-	Net Profit/(Loss) from Discontinued Operations	24	-	-
<b>(451)</b>	<b>Net Operating Result for the Year</b>		<b>972</b>	<b>491</b>
(451)	Net Operating Result attributable to Council		972	491
-	Net Operating Result attributable to Minority Interests		-	-
<b>(1,251)</b>	<b>Net Operating Result for the year before Grants and Contributions provided for Capital Purposes</b>		<b>201</b>	<b>(366)</b>

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

## Coonamble 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)		972	491
<b>Other Comprehensive Income</b>			
Gain (loss) on revaluation of I,PP&E	20b (ii)	2,122	287
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	20b (ii)	-	-
<b>Total Other Comprehensive Income for the year</b>		<b>2,122</b>	<b>287</b>
<b>Total Comprehensive Income for the Year</b>		<b>3,094</b>	<b>778</b>
<b>Total Comprehensive Income attributable to Council</b>		<b>3,094</b>	<b>778</b>
<b>Total Comprehensive Income attributable to Minority Interests</b>		<b>-</b>	<b>-</b>

## Coonamble Shire Council

## Balance Sheet

as at 30 June 2012

\$ '000	Notes	Actual 2012	Actual 2011	Actual 2010
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash & Cash Equivalents	6a	19,031	15,528	14,339
Investments	6b	-	-	-
Receivables	7	2,868	3,171	1,389
Inventories	8	1,095	1,230	457
Other	8	9	11	112
Non-current assets classified as 'held for sale'	22	-	-	-
<b>Total Current Assets</b>		<b>23,003</b>	<b>19,940</b>	<b>16,297</b>
<b>Non-Current Assets</b>				
Investments	6b	-	-	-
Receivables	7	321	249	283
Inventories	8	-	-	-
Infrastructure, Property, Plant & Equipment	9	186,711	186,201	180,090
Investments accounted for using the equity method	19	67	61	73
Investment Property	14	-	-	-
Intangible Assets	25	-	-	-
<b>Total Non-Current Assets</b>		<b>187,099</b>	<b>186,511</b>	<b>180,446</b>
<b>TOTAL ASSETS</b>		<b>210,102</b>	<b>206,451</b>	<b>196,743</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Payables	10	1,027	766	750
Borrowings	10	37	35	34
Provisions	10	1,883	1,619	1,610
<b>Total Current Liabilities</b>		<b>2,947</b>	<b>2,420</b>	<b>2,394</b>
<b>Non-Current Liabilities</b>				
Payables	10	-	-	-
Borrowings	10	45	82	117
Provisions	10	108	41	39
<b>Total Non-Current Liabilities</b>		<b>153</b>	<b>123</b>	<b>156</b>
<b>TOTAL LIABILITIES</b>		<b>3,100</b>	<b>2,543</b>	<b>2,550</b>
<b>Net Assets</b>		<b>207,002</b>	<b>203,908</b>	<b>194,193</b>
<b>EQUITY</b>				
Retained Earnings	20	158,388	157,416	147,730
Revaluation Reserves	20	48,614	46,492	46,463
Council Equity Interest		207,002	203,908	194,193
Minority Equity Interest		-	-	-
<b>Total Equity</b>		<b>207,002</b>	<b>203,908</b>	<b>194,193</b>



## Coonamble 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)		148,479	46,492	<b>194,971</b>	-	<b>194,971</b>
a. Correction of Prior Period Errors	20 (c)	8,937	-	<b>8,937</b>	-	<b>8,937</b>
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
<b>Revised Opening Balance</b> (as at 1/7/11)		<b>157,416</b>	<b>46,492</b>	<b>203,908</b>	-	<b>203,908</b>
<b>c. Net Operating Result for the Year</b>		<b>972</b>	-	<b>972</b>	-	<b>972</b>
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	2,122	<b>2,122</b>	-	<b>2,122</b>
- Revaluations: Other Reserves	20b (ii)	-	-	-	-	-
- Transfers to Income Statement	20b (ii)	-	-	-	-	-
- Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	-	-	-	-
- Other Movements ( <a href="#">enter details here</a> )	20b (ii)	-	-	-	-	-
<b>Other Comprehensive Income</b>		<b>-</b>	<b>2,122</b>	<b>2,122</b>	-	<b>2,122</b>
<b>Total Comprehensive Income</b> (c&d)		<b>972</b>	<b>2,122</b>	<b>3,094</b>	-	<b>3,094</b>
e. Distributions to/(Contributions from) Minority Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
<b>Equity - Balance at end of the reporting period</b>		<b>158,388</b>	<b>48,614</b>	<b>207,002</b>	-	<b>207,002</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)		147,730	46,463	<b>194,193</b>	-	<b>194,193</b>
a. Correction of Prior Period Errors	20 (c)	8,937	-	<b>8,937</b>	-	<b>8,937</b>
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
<b>Revised Opening Balance</b> (as at 1/7/10)		<b>156,667</b>	<b>46,463</b>	<b>203,130</b>	-	<b>203,130</b>
<b>c. Net Operating Result for the Year</b>		<b>491</b>	-	<b>491</b>	-	<b>491</b>
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	287	<b>287</b>	-	<b>287</b>
- Revaluations: Other Reserves	20b (ii)	-	-	-	-	-
- Transfers to Income Statement	20b (ii)	-	-	-	-	-
- Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	-	-	-	-
- Other Movements ( <a href="#">enter details here</a> )	20b (ii)	-	-	-	-	-
<b>Other Comprehensive Income</b>		<b>-</b>	<b>287</b>	<b>287</b>	-	<b>287</b>
<b>Total Comprehensive Income</b> (c&d)		<b>491</b>	<b>287</b>	<b>778</b>	-	<b>778</b>
e. Distributions to/(Contributions from) Minority Interests		-	-	-	-	-
f. Transfers between Equity		258	(258)	-	-	-
<b>Equity - Balance at end of the reporting period</b>		<b>157,416</b>	<b>46,492</b>	<b>203,908</b>	-	<b>203,908</b>

## Coonamble 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>				
5,017	Rates & Annual Charges		4,835	4,774
4,974	User Charges & Fees		5,805	3,723
796	Investment & Interest Revenue Received		952	854
7,977	Grants & Contributions		8,494	7,836
-	Bonds, Deposits & Retention amounts received		119	90
723	Other		1,126	1,099
<b>Payments:</b>				
(5,458)	Employee Benefits & On-Costs		(6,381)	(6,385)
(6,243)	Materials & Contracts		(6,929)	(6,810)
(8)	Borrowing Costs		(8)	(10)
-	Bonds, Deposits & Retention amounts refunded		(48)	(129)
(1,097)	Other		(1,923)	(1,692)
<b>6,681</b>	<b>Net Cash provided (or used in) Operating Activities</b>	11b	<b>6,042</b>	<b>3,350</b>
<b>Cash Flows from Investing Activities</b>				
<b>Receipts:</b>				
345	Sale of Infrastructure, Property, Plant & Equipment		579	735
<b>Payments:</b>				
(4,251)	Purchase of Infrastructure, Property, Plant & Equipment		(3,041)	(2,281)
-	Purchase of Real Estate Assets		(42)	(581)
<b>(3,906)</b>	<b>Net Cash provided (or used in) Investing Activities</b>		<b>(2,504)</b>	<b>(2,127)</b>
<b>Cash Flows from Financing Activities</b>				
<b>Receipts:</b>				
Nil				
<b>Payments:</b>				
(35)	Repayment of Borrowings & Advances		(35)	(34)
<b>(35)</b>	<b>Net Cash Flow provided (used in) Financing Activities</b>		<b>(35)</b>	<b>(34)</b>
<b>2,740</b>	<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>		<b>3,503</b>	<b>1,189</b>
15,528	plus: <b>Cash &amp; Cash Equivalents - beginning of year</b>	11a	15,528	14,339
<b>18,268</b>	<b>Cash &amp; Cash Equivalents - end of the year</b>	11a	<b>19,031</b>	<b>15,528</b>
Additional Information:				
plus: <b>Investments on hand - end of year</b>				
		6b	-	-
<b>Total Cash, Cash Equivalents &amp; Investments</b>			<b>19,031</b>	<b>15,528</b>

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

## Coonamble Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2012

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n/a - not applicable

## Coonamble 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.

## Coonamble 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.

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

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

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).

## Coonamble Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2012

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

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

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

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

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

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

#### User Charges, Fees and Other Income

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

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

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
- Water Supply
- Sewerage Service

#### (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.



## Coonamble Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2012

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

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 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);

##### ▪ Castlereagh Macquarie County Council

Destruction and suppression of noxious weeds. The County Council comprises the Councils of Coonamble, Gilgandra, Warren, Walgett & Warrumbungle.

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

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

#### (vi) Additional Information

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

#### (d) Leases

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

## Coonamble Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2012

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

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.

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

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

##### (ii) Loans and receivables

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

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

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

##### (iii) Held-to-maturity investments

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

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

Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the reporting date, which are classified as current assets.



## Coonamble Shire Council

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

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

##### (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.

##### (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.

## Coonamble Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2012

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

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.

##### (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.

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

## Coonamble Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2012

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

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.

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;

- **Investment Properties** – refer Note 1(p),
- **Water and 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)

## Coonamble Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2012

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

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

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

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

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

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

##### Capitalisation Thresholds

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

<b>Land</b>	
- council land	100% Capitalised
- open space	100% Capitalised
- land under roads	100% Capitalised

<b>Plant &amp; Equipment</b>	
Office Furniture	> \$5,000
Office Equipment	> \$5,000
Other Plant & Equipment	> \$5,000

<b>Buildings &amp; Land Improvements</b>	
Park Furniture & Equipment	> \$5,000

<b>Building</b>	
- construction/extensions	100% Capitalised
- renovations	> \$10,000
Other Structures	> \$5,000

<b>Water &amp; Sewer Assets</b>	
Reticulation extensions	> \$5,000
Other	> \$5,000

<b>Stormwater Assets</b>	
Drains & Culverts	> \$5,000
Other	> \$5,000

## Coonamble Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2012

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

##### Transport Assets

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

##### Water & Sewer Assets

- Dams and reservoirs	80 to 100 years
- Bores	20 to 40 years
- Reticulation pipes : PVC	80 years
- Reticulation pipes : Other	25 to 75 years
- Pumps and telemetry	15 to 20 years

##### Depreciation

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

Land is not depreciated.

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

##### Plant & Equipment

- Office Equipment	5 to 10 years
- Office furniture	10 to 20 years
- Computer Equipment	3 years
- Vehicles	5 to 8 years
- Heavy Plant/Road Making equip.	5 to 8 years
- Other plant and equipment	5 to 15 years

##### Other Equipment

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

##### Buildings

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

##### Stormwater Drainage

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

##### Transportation Assets

- Sealed Roads : Surface	20 year
- Sealed Roads : Structure	50 years
- Unsealed roads	20 years
- Bridge : Concrete	100 years
- Bridge : Other	50 years
- Road Pavements	60 years
- Kerb, Gutter & Paths	40 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.



## Coonamble Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2012

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

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 incorporate the assets, their values and depreciation charges within these financial statements.

##### **(p) Investment property**

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

Investment property is carried at fair value, representing an in-house valuation based on a discounted cash flow analysis.

Annual changes in the fair value of Investment Properties are recorded in the Income Statement as part of "Other Income".

Full revaluations are carried out every three years with an appropriate index utilised each year in between the full revaluations.

##### **(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.

## Coonamble Shire Council

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

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

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 environmental clean up, which would affect future financial results.

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

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

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

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

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

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

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

## Coonamble Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2012

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

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

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

##### (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

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

Borrowings are subsequently measured at amortised cost.

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

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

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

##### (v) Borrowing costs

Borrowing costs are expensed.

##### (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.



## Coonamble Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2012

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

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

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

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

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

#### (x) Employee benefits

##### (i) Short Term Obligations

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

## Coonamble Shire Council

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

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

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

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

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

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

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. Coonamble Shire has been advised that its share of the estimated deficit that can be broadly attributed to Council amounted to an estimate of \$828,527 at 30 June 2012.

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

Council’s share of that deficiency cannot be accurately calculated as the Scheme is a mutual arrangement where assets and liabilities are pooled together for all member councils.

For this reason, no liability for the deficiency has been recognised in these financial statements.

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

#### Defined Contribution Plans

Contributions to Defined Contribution Plans are recognised as an expense as they become payable.

Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

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

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

These amounts include Superannuation and Workers Compensation expenses which will be payable upon the future payment of certain Leave Liabilities accrued as at 30/6/12.

#### (y) Self insurance

Council does not self insure.

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

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

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

#### Exceptions

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

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

#### (aa) Taxes

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

## Coonamble Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2012

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

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

##### Goods & Services Tax (GST)

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

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

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

The net amount of GST recoverable from or payable to the ATO is included as a current asset or current liability in the Balance Sheet.

Operating cash flows within the Cash Flow Statement are on a gross basis, ie. they are inclusive 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. Instead, the GST component of investing and financing activity cash flows which are recoverable from or payable to the ATO are classified as operating cash flows.

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.

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.

## Coonamble Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2012

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

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.

#### ***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.

# Coonamble Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2012

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

#### 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.



# Coonamble 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
	2012	2012	2011	2012	2012	2011	2012	2012	2011	2012	2011	2012	2011
Governance	-	-	-	147	120	120	(147)	(120)	(120)	1,479	1,648	35,692	29,126
Administration	205	395	101	3,317	3,560	3,157	(3,112)	(3,165)	(3,056)	41	-	3,559	3,619
Public Order & Safety	333	344	758	313	579	962	20	(235)	(204)	-	-	800	803
Health	5	7	8	195	254	167	(190)	(247)	(159)	-	-	87	88
Environment	588	620	575	1,023	857	1,008	(435)	(237)	(433)	189	98	-	-
Community Services & Education	51	53	186	126	140	66	(75)	(87)	120	50	178	1,087	1,102
Housing & Community Amenities	99	132	137	227	166	352	(128)	(34)	(215)	-	17	4,518	4,574
Water Supplies	758	707	1,123	792	662	670	(34)	45	453	68	383	5,799	5,785
Sewerage Services	792	748	581	642	809	791	150	(61)	(210)	12	12	3,319	3,758
Recreation & Culture	206	100	146	1,346	1,272	1,170	(1,140)	(1,172)	(1,024)	44	64	10,608	10,787
Fuel & Energy	-	-	-	-	-	-	-	-	-	-	-	-	-
Agriculture	122	163	55	122	150	122	-	13	(67)	-	-	-	-
Mining, Manufacturing & Construction	1,500	788	1,179	1,386	345	728	114	443	451	-	-	1,147	1,154
Transport & Communication	5,036	7,054	6,326	7,401	9,221	8,506	(2,365)	(2,167)	(2,180)	929	190	141,506	143,652
Economic Affairs	584	359	583	811	768	687	(227)	(409)	(104)	55	268	1,914	1,942
<b>Total Functions &amp; Activities</b>	<b>10,279</b>	<b>11,470</b>	<b>11,758</b>	<b>17,848</b>	<b>18,903</b>	<b>18,506</b>	<b>(7,569)</b>	<b>(7,433)</b>	<b>(6,748)</b>	<b>2,867</b>	<b>2,858</b>	<b>210,035</b>	<b>206,390</b>
Share of gains/(losses) in Associates & Joint Ventures (using the Equity Method)	-	6	-	-	-	12	-	6	(12)	-	-	67	61
General Purpose Income <sup>1</sup>	7,118	8,399	7,251	-	-	-	7,118	8,399	7,251	3,988	3,075	-	-
<b>Operating Result from Continuing Operations</b>	<b>17,397</b>	<b>19,875</b>	<b>19,009</b>	<b>17,848</b>	<b>18,903</b>	<b>18,518</b>	<b>(451)</b>	<b>972</b>	<b>491</b>	<b>6,855</b>	<b>5,933</b>	<b>210,102</b>	<b>206,451</b>

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

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

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

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

##### **WATER SUPPLIES**

##### **SEWERAGE SERVICES**

##### **RECREATION & CULTURE**

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

##### **FUEL & ENERGY - Gas Supplies**

##### **MINING, MANUFACTURING & CONSTRUCTION**

Building control, abattoirs, quarries & pits, other.

##### **TRANSPORT & COMMUNICATION**

Urban roads, sealed rural roads, unsealed rural roads, bridges, footpaths, aerodromes, parking areas, bus shelters and services, water transport, RTA works, other.

##### **ECONOMIC AFFAIRS**

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

## Coonamble 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		459	444
Farmland		3,320	3,218
Business		123	119
<b>Total Ordinary Rates</b>		<b>3,902</b>	<b>3,781</b>
<b>Special Rates</b>			
Nil			
<b>Annual Charges</b> (pursuant to s.496, s.496A, s.496B, s.501 & s.611)			
Domestic Waste Management Services		418	415
Water Supply Services		188	152
Sewerage Services		480	411
<b>Total Annual Charges</b>		<b>1,086</b>	<b>978</b>
<b>TOTAL RATES &amp; ANNUAL CHARGES</b>		<b>4,988</b>	<b>4,759</b>

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



## Coonamble 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)			
Water Supply Services		215	323
Sewerage Services		126	84
<b>Total User Charges</b>		<b>341</b>	<b>407</b>
<b>Other User Charges &amp; Fees</b>			
<b>(i) Fees &amp; Charges - Statutory &amp; Regulatory Functions</b> (per s.608)			
Regulatory/ Statutory Fees		92	75
<b>Total Fees &amp; Charges - Statutory/Regulatory</b>		<b>92</b>	<b>75</b>
<b>(ii) Fees &amp; Charges - Other (incl. General User Charges)</b> (per s.608)			
Aerodrome		11	11
Caravan Park		6	10
Cemeteries		54	38
Child Care		-	2
Lease Rentals		15	-
Library & Art Gallery		3	3
Private Works		153	134
Quarry Revenues		763	1,158
Recreational Grounds Fees		18	17
RMS (formerly RTA) Charges (State Roads not controlled by Council)		2,922	2,774
Saleyards		89	194
Sundry Sales		26	15
Swimming Centres		31	32
Tourism		-	2
Other		53	59
<b>Total Fees &amp; Charges - Other</b>		<b>4,144</b>	<b>4,449</b>
<b>TOTAL USER CHARGES &amp; FEES</b>		<b>4,577</b>	<b>4,931</b>

## Coonamble 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		70	63
- Interest earned on Investments (interest & coupon payment income)		872	733
<b><u>TOTAL INTEREST &amp; INVESTMENT REVENUE</u></b>		<b><u>942</u></b>	<b><u>796</u></b>
<b>Interest Revenue is attributable to:</b>			
<b>Unrestricted Investments/Financial Assets:</b>			
Overdue Rates & Annual Charges (General Fund)		70	63
General Council Cash & Investments		509	395
<b>Restricted Investments/Funds - External:</b>			
Water Fund Operations		232	265
Sewerage Fund Operations		131	73
<b><u>Total Interest &amp; Investment Revenue Recognised</u></b>		<b><u>942</u></b>	<b><u>796</u></b>
<b>(d). Other Revenues</b>			
Farming Income		163	39
Commissions & Agency Fees		79	-
Energy Rebate		72	-
Recycling Income (non domestic)		12	49
Reimbursement - Bushfire		320	650
Sales - General		12	10
Insurance Rebate		98	-
Other		-	53
<b><u>TOTAL OTHER REVENUE</u></b>		<b><u>756</u></b>	<b><u>801</u></b>

## Coonamble 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	3,963	3,050	-	-
Pensioners' Rates Subsidies - General Component	25	25	-	-
<b>Total General Purpose</b>	<b>3,988</b>	<b>3,075</b>	<b>-</b>	<b>-</b>
<b>Specific Purpose</b>				
Pensioners' Rates Subsidies:				
- Water	10	13	-	-
- Sewerage	12	12	-	-
- Domestic Waste Management	17	17	-	-
Water Supplies	30	-	28	370
Child Care	29	28	-	-
Community Care	21	-	-	-
Community Services	-	141	-	9
Employment & Training Programs	30	-	-	-
Environmental Protection	172	93	-	-
Flood Restoration	1,628	1,641	-	-
Library	26	25	-	-
Recreation & Culture	18	9	-	30
Street Lighting	31	30	-	-
Tourist Area Promotion	55	18	-	250
Transport (Roads to Recovery)	-	-	743	168
Other	17	4	-	-
<b>Total Specific Purpose</b>	<b>2,096</b>	<b>2,031</b>	<b>771</b>	<b>827</b>
<b>Total Grants</b>	<b>6,084</b>	<b>5,106</b>	<b>771</b>	<b>827</b>
<b>Grant Revenue is attributable to:</b>				
- Commonwealth Funding	3,997	3,207	771	161
- State Funding	2,087	1,899	-	620
- Other Funding	-	-	-	46
	<b>6,084</b>	<b>5,106</b>	<b>771</b>	<b>827</b>

## Coonamble 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
(f). Contributions				
<b>Developer Contributions:</b>				
(s93 & s94 - EP&A Act, s64 of the NSW LG Act):				
Nil				
<b>Other Contributions:</b>				
Community Services	-	4	-	-
RMS Contributions (Regional Roads, Block Grant)	1,751	1,730	-	-
Tourism	-	16	-	-
Other	-	9	-	30
<b>Total Other Contributions</b>	<b>1,751</b>	<b>1,759</b>	<b>-</b>	<b>30</b>
<b>Total Contributions</b>	<b>1,751</b>	<b>1,759</b>	<b>-</b>	<b>30</b>
<b><u>TOTAL GRANTS &amp; CONTRIBUTIONS</u></b>	<b><u>7,835</u></b>	<b><u>6,865</u></b>	<b><u>771</u></b>	<b><u>857</u></b>

\$ '000	Actual 2012	Actual 2011
(g). Restrictions relating to Grants and Contributions		
<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	349	501
<b>add:</b> Grants & contributions recognised in the current period but not yet spent:	58	248
<b>less:</b> Grants & contributions recognised in a previous reporting period now spent:	(135)	(400)
<b>Net Increase (Decrease) in Restricted Assets during the Period</b>	<b>(77)</b>	<b>(152)</b>
<b>Unexpended and held as Restricted Assets</b>	<b><u>272</u></b>	<b><u>349</u></b>
<b>Comprising:</b>		
- Specific Purpose Unexpended Grants	272	349
	<b><u>272</u></b>	<b><u>349</u></b>

## Coonamble 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		4,962	4,634
Travelling		127	107
Employee Leave Entitlements (ELE)		832	626
Superannuation		566	635
Workers' Compensation Insurance		177	284
Fringe Benefit Tax (FBT)		22	28
Training Costs (other than Salaries & Wages)		106	75
Protective Clothing		34	-
Other		40	22
<b>Total Employee Costs</b>		<b>6,866</b>	<b>6,411</b>
less: Capitalised Costs		(172)	(51)
<b><u>TOTAL EMPLOYEE COSTS EXPENSED</u></b>		<b><u>6,694</u></b>	<b><u>6,360</u></b>
Number of "Equivalent Full Time" Employees at year end		<b>102</b>	<b>105</b>
<b>(b) Borrowing Costs</b>			
<b>(i) Interest Bearing Liability Costs</b>			
Interest on Loans		7	9
<b>Total Interest Bearing Liability Costs</b>		<b>7</b>	<b>9</b>
less: Capitalised Costs		-	-
<b>Total Interest Bearing Liability Costs Expensed</b>		<b>7</b>	<b>9</b>
<b>(ii) Other Borrowing Costs</b>			
Nil			
<b><u>TOTAL BORROWING COSTS EXPENSED</u></b>		<b><u>7</u></b>	<b><u>9</u></b>

## Coonamble 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		3,783	3,200
Contractor & Consultancy Costs			
- Roadmarking Services		196	672
- External Plant Hire		1,067	1,064
- Waste Management		181	324
- Electrical		-	48
- Quarry		-	183
- Planning		89	33
- Rangers		17	69
- Administration		92	75
- Building		23	16
- Other		363	91
Auditors Remuneration <sup>(1)</sup>		27	26
Legal Expenses:			
- Legal Expenses: Other		8	2
<b>Total Materials &amp; Contracts</b>		<b>5,846</b>	<b>5,803</b>
less: Capitalised Costs		-	-
<b>TOTAL MATERIALS &amp; CONTRACTS</b>		<b>5,846</b>	<b>5,803</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	27	26
<b>Total Auditor Remuneration</b>	<b>27</b>	<b>26</b>

## Coonamble 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
(d) Depreciation, Amortisation & Impairment					
Plant and Equipment		-	-	849	963
Office Equipment		-	-	75	72
Buildings - Non Specialised		-	-	79	75
Buildings - Specialised		-	-	146	159
Other Structures		-	-	220	213
Infrastructure:					
- Roads, Bridges & Footpaths		-	-	2,039	2,029
- Stormwater Drainage		-	-	20	20
- Water Supply Network		-	-	239	237
- Sewerage Network		-	-	379	365
<b>Total Depreciation &amp; Impairment Costs</b>		-	-	<b>4,046</b>	<b>4,133</b>
less: Capitalised Costs		-	-	-	-
less: Impairments (to)/from ARR [Equity]	9a	-	-	-	-
<b>TOTAL DEPRECIATION &amp; IMPAIRMENT COSTS EXPENSED</b>		-	-	<b>4,046</b>	<b>4,133</b>

## Coonamble 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	30
Bad & Doubtful Debts		50	50
Bank Charges		10	-
Commission		22	-
Contributions/Levies to Other Levels of Government		506	366
- NSW Fire Brigade Levy		-	16
- NSW Rural Fire Service Levy		-	77
Councillor Expenses - Mayoral Fee		15	13
Councillor Expenses - Councillors' Fees		70	69
Councillors' Expenses (incl. Mayor) - Other (excluding fees above)		3	8
Donations, Contributions & Assistance to other organisations (Section 356)		34	53
Electricity & Heating		186	301
Farming Costs		52	122
Fuels and oils		491	-
Insurance		252	358
Postage		15	-
Printing & Stationery		75	36
Royalties		34	-
Street Lighting		85	94
Subscriptions & Publications		50	-
Telephone & Communications		55	82
Valuation Fees		20	-
Other - Sundry		29	-
<b>Total Other Expenses</b>		<b>2,082</b>	<b>1,675</b>
less: Capitalised Costs		-	-
<b><u>TOTAL OTHER EXPENSES</u></b>		<b><u>2,082</u></b>	<b><u>1,675</u></b>



## Coonamble 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		441	555
less: Carrying Amount of Property Assets Sold / Written Off		(695)	(689)
<b>Net Gain/(Loss) on Disposal</b>		<b>(254)</b>	<b>(134)</b>
<b>Plant &amp; Equipment</b>			
Proceeds from Disposal - Plant & Equipment		138	180
less: Carrying Amount of P&E Assets Sold / Written Off		(112)	(87)
<b>Net Gain/(Loss) on Disposal</b>		<b>26</b>	<b>93</b>
<b>Infrastructure</b>			
Proceeds from Disposal - Infrastructure		-	-
less: Carrying Amount of Infrastructure Assets Sold / Written Off		-	(485)
<b>Net Gain/(Loss) on Disposal</b>		<b>-</b>	<b>(485)</b>
<b>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</b>		<b>(228)</b>	<b>(526)</b>

## Coonamble 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		1,781	-	1,778	-
Cash-Equivalent Assets <sup>1</sup>					
- Deposits at Call		2,250	-	1,750	-
- Short Term Deposits		15,000	-	12,000	-
<b>Total Cash &amp; Cash Equivalents</b>		<b>19,031</b>	<b>-</b>	<b>15,528</b>	<b>-</b>
<b>Investment Securities (Note 6b)</b>					
Nil					
<b><u>TOTAL CASH ASSETS, CASH EQUIVALENTS &amp; INVESTMENTS</u></b>		<b><u>19,031</u></b>	<b><u>-</u></b>	<b><u>15,528</u></b>	<b><u>-</u></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:**

<b>Cash &amp; Cash Equivalents</b>					
a. "At Fair Value through the Profit & Loss"		<b>19,031</b>	<b>-</b>	<b>15,528</b>	<b>-</b>

### Investments

Nil

## Coonamble 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>19,031</b>	<b>-</b>	<b>15,528</b>	<b>-</b>
<b>attributable to:</b>				
External Restrictions (refer below)	9,609	-	8,220	-
Internal Restrictions (refer below)	9,400	-	7,274	-
Unrestricted	22	-	34	-
	<b>19,031</b>	<b>-</b>	<b>15,528</b>	<b>-</b>

2012 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
-----------------	--------------------	------------------------------	--------------------------------	--------------------

## Details of Restrictions

## External Restrictions - Included in Liabilities

Nil

## External Restrictions - Other

Specific Purpose Unexpended Grants (F)	349	-	(77)	272
Water Supplies (G)	4,891	-	(65)	4,826
Sewerage Services (G)	2,791	1,452	-	4,243
Domestic Waste Management (G)	189	79	-	268
<b>External Restrictions - Other</b>	<b>8,220</b>	<b>1,531</b>	<b>(142)</b>	<b>9,609</b>
<b>Total External Restrictions</b>	<b>8,220</b>	<b>1,531</b>	<b>(142)</b>	<b>9,609</b>

F Grants which are not yet expended for the purposes for which the grants were obtained. (refer Note 1)

G Water, Sewerage, Domestic Waste Management (DWM) & other Special Rates/Levies/Charges are externally restricted assets and must be applied for the purposes for which they were raised.

## Coonamble 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	2,341	754	(290)	2,805
Employees Leave Entitlement	555	-	(50)	505
Carry Over Works	6	30	-	36
Deposits, Retentions & Bonds	20	119	(48)	91
Aerodrome	16	-	(16)	-
Bore Baths Study	6	-	-	6
Caravan Park	10	-	-	10
Cemetery	20	-	-	20
Common	17	1	(15)	3
Corporate Visit	15	-	(15)	-
Dental Surgery	12	-	(12)	-
Depot Improvements	130	-	(12)	118
Development	279	75	(54)	300
Election Expenses	40	-	-	40
Farming	43	-	-	43
Financial Assistance Grant (in advance)	775	1,614	(775)	1,614
Indoor Arena Reserve	500	298	(298)	500
Industrial Land	93	-	-	93
Levee Reserve	500	500	-	1,000
Local Environmental Plan	70	-	-	70
Museum	6	-	-	6
Office Equipment	157	-	(30)	127
Premises Refurbishment	130	304	-	434
Quarry	327	79	-	406
Quarry Rehabilitation	60	10	-	70
Riverwalk	2	-	-	2
Road Reloaming	200	-	-	200
Road Reserve Sealed	200	-	-	200
Rural Fire Service	36	-	-	36
Salary Review	37	-	(37)	-
Saleyards	54	-	(50)	4
Showground	55	50	(16)	89
Single Invitation Contract	200	-	-	200
Street Lighting	-	10	-	10
Urban Streets	362	-	-	362
<b>Total Internal Restrictions</b>	<b>7,274</b>	<b>3,844</b>	<b>(1,718)</b>	<b>9,400</b>
<b>TOTAL RESTRICTIONS</b>	<b>15,494</b>	<b>5,375</b>	<b>(1,860)</b>	<b>19,009</b>

## Coonamble 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		223	410	164	301
Interest & Extra Charges		16	49	31	93
User Charges & Fees		1,794	-	2,648	-
Accrued Revenues					
- Interest on Investments		126	-	77	-
Government Grants & Subsidies		709	-	118	-
Other Debtors		89	-	165	-
<b>Total</b>		<b>2,957</b>	<b>459</b>	<b>3,203</b>	<b>394</b>
<b>less: Provision for Impairment</b>					
Rates & Annual Charges		(45)	(138)	(30)	(138)
User Charges & Fees		(44)	-	(2)	(7)
<b>Total Provision for Impairment - Receivables</b>		<b>(89)</b>	<b>(138)</b>	<b>(32)</b>	<b>(145)</b>
<b><u>TOTAL NET RECEIVABLES</u></b>		<b><u>2,868</u></b>	<b><u>321</u></b>	<b><u>3,171</u></b>	<b><u>249</u></b>
<b>Externally Restricted Receivables</b>					
<b>Water Supply</b>					
- Specific Purpose Grants		1	-	-	-
- Rates & Availability Charges		19	-	194	-
- Other		194	-	4	-
<b>Sewerage Services</b>					
- Specific Purpose Grants		1	-	104	-
- Rates & Availability Charges		12	-	-	-
- Other		103	-	2	-
<b>Total External Restrictions</b>		<b>330</b>	<b>-</b>	<b>304</b>	<b>-</b>
<b>Internally Restricted Receivables</b>					
Nil					
<b>Internally Restricted Receivables</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Unrestricted Receivables</b>		<b>2,538</b>	<b>321</b>	<b>2,867</b>	<b>249</b>
<b>TOTAL NET RECEIVABLES</b>		<b>2,868</b>	<b>321</b>	<b>3,171</b>	<b>249</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.

## Coonamble 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)		763	-	721	-
Stores & Materials		185	-	368	-
Trading Stock		147	-	141	-
<b>Total Inventories</b>		<b>1,095</b>	<b>-</b>	<b>1,230</b>	<b>-</b>
<b>Other Assets</b>					
Prepayments		9	-	8	-
Investment in Listed Company - AWB		-	-	3	-
<b>Total Other Assets</b>		<b>9</b>	<b>-</b>	<b>11</b>	<b>-</b>
<b>TOTAL INVENTORIES / OTHER ASSETS</b>		<b>1,104</b>	<b>-</b>	<b>1,241</b>	<b>-</b>
<b>Externally Restricted Assets</b>					
<b>Water</b>					
Stores & Materials		13	-	13	-
<b>Total Water</b>		<b>13</b>	<b>-</b>	<b>13</b>	<b>-</b>
Total Externally Restricted Assets		13	-	13	-
Total Internally Restricted Assets		-	-	-	-
Total Unrestricted Assets		1,091	-	1,228	-
<b>TOTAL INVENTORIES &amp; OTHER ASSETS</b>		<b>1,104</b>	<b>-</b>	<b>1,241</b>	<b>-</b>

## Coonamble Shire Council

# Notes to the Financial Statements

for the financial year ended 30 June 2012

## Note 8. Inventories & 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>				
Industrial/Commercial	763		721	-
<b>Total Real Estate for Resale</b>	<b>763</b>	<b>-</b>	<b>721</b>	<b>-</b>
(Valued at the lower of cost and net realisable value)				
<b>Represented by:</b>				
Acquisition Costs	763	-	721	-
<b>Total Costs</b>	<b>763</b>	<b>-</b>	<b>721</b>	<b>-</b>
less: Provision for Under Recovery	-	-	-	-
<b>Total Real Estate for Resale</b>	<b>763</b>	<b>-</b>	<b>721</b>	<b>-</b>
<b>Movements:</b>				
Real Estate assets at beginning of the year	721	-	140	-
- Purchases and other costs	42	-	581	-
<b>Total Real Estate for Resale</b>	<b>763</b>	<b>-</b>	<b>721</b>	<b>-</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	763	721
	<b>763</b>	<b>721</b>



## Coonamble Shire Council

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

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

\$ '000	as at 30/6/2011					Asset Movements during the Reporting Period					as at 30/6/2012				
	At Cost	At Fair Value	Accumulated		Carrying Value	Asset Additions	WDV of Asset Disposals	Depreciation Expense	Revaluation Decrements to Equity (ARR)	Revaluation Increments to Equity (ARR)	At Cost	At Fair Value	Accumulated		Carrying Value
			Dep'n	Impairment									Dep'n	Impairment	
Plant & Equipment	-	12,163	6,084	-	6,079	429	(112)	(849)	-	-	-	12,480	6,933	-	5,547
Office Equipment	-	716	426	-	290	132	-	(75)	-	-	-	849	502	-	347
<b>Land:</b>															
- Operational Land	-	2,323	-	-	2,323	298	(241)	-	-	-	-	2,380	-	-	2,380
- Community Land	-	1,218	-	-	1,218	-	-	-	-	-	-	1,218	-	-	1,218
Buildings - Non Specialised	-	3,624	2,041	-	1,583	7	(454)	(79)	-	-	-	3,176	2,119	-	1,057
Buildings - Specialised	-	16,322	2,822	-	13,500	40	-	(146)	-	-	-	16,361	2,967	-	13,394
Other Structures	-	8,397	2,854	-	5,543	508	-	(220)	-	-	-	8,905	3,074	-	5,831
<b>Infrastructure:</b>															
- Roads, Bridges, Footpaths	-	175,717	39,647	-	136,070	1,407	-	(2,039)	-	-	-	177,124	41,686	-	135,438
- Stormwater Drainage	-	1,982	563	-	1,419	-	-	(20)	-	-	-	1,981	582	-	1,399
- Water Supply Network	-	14,978	6,225	-	8,753	361	-	(239)	(775)	-	-	14,000	5,900	-	8,100
- Sewerage Network	-	18,906	9,483	-	9,423	58	-	(379)	-	2,897	-	25,000	13,000	-	12,000
<b><u>TOTAL INFRASTRUCTURE, PROPERTY, PLANT &amp; EQUIP.</u></b>	<b>-</b>	<b>256,346</b>	<b>70,145</b>	<b>-</b>	<b>186,201</b>	<b>3,240</b>	<b>(807)</b>	<b>(4,046)</b>	<b>(775)</b>	<b>2,897</b>	<b>-</b>	<b>263,474</b>	<b>76,763</b>	<b>-</b>	<b>186,711</b>

Additions to Depreciable Land Improvements, Buildings, Other Structures & Infrastructure Assets are made up of Asset Renewals \$1,644 and New Assets \$737.

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

## Coonamble Shire Council

# Notes to the Financial Statements

for the financial year ended 30 June 2012

## Note 9b. Externally Restricted Infrastructure, Property, Plant & 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>Water Supply</b>								
Infrastructure	-	14,000	5,900	<b>8,100</b>	-	14,978	9,283	<b>5,695</b>
<b>Total Water Supply</b>	-	<b>14,000</b>	<b>5,900</b>	<b>8,100</b>	-	<b>14,978</b>	<b>9,283</b>	<b>5,695</b>
<b>Sewerage Services</b>								
Infrastructure	-	25,000	13,000	<b>12,000</b>	-	18,906	15,362	<b>3,544</b>
<b>Total Sewerage Services</b>	-	<b>25,000</b>	<b>13,000</b>	<b>12,000</b>	-	<b>18,906</b>	<b>15,362</b>	<b>3,544</b>
<b>Domestic Waste Management</b>								
Other Structures	-	171	34	<b>137</b>	-	171	32	<b>139</b>
<b>Total DWM</b>	-	<b>171</b>	<b>34</b>	<b>137</b>	-	<b>171</b>	<b>32</b>	<b>139</b>
<b>TOTAL RESTRICTED I,PP&amp;E</b>	-	<b>39,171</b>	<b>18,934</b>	<b>20,237</b>	-	<b>34,055</b>	<b>24,677</b>	<b>9,378</b>

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

Council has recognised no impairment losses during the reporting period nor reversed any prior period losses.

## Coonamble 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
Payables					
Goods & Services - operating expenditure		374	-	621	-
Goods & Services - capital expenditure		200	-	-	-
Payments Received In Advance		113	-	123	-
Accrued Expenses:					
- Borrowings		1	-	2	-
- Other Expenditure Accruals		248	-	-	-
Security Bonds, Deposits & Retentions		91	-	20	-
Total Payables		1,027	-	766	-
Borrowings					
Loans - Secured <sup>1</sup>		37	45	35	82
Total Borrowings		37	45	35	82
Provisions					
Employee Benefits;					
Annual Leave		690	-	651	-
Long Service Leave		1,193	108	968	41
Sub Total - Aggregate Employee Benefits		1,883	108	1,619	41
Total Provisions		1,883	108	1,619	41
Total Payables, Borrowings & Provisions		2,947	153	2,420	123

## (i) Liabilities relating to Restricted Assets

	2012		2011	
	Current	Non Current	Current	Non Current
<b>Externally Restricted Assets</b>				
Water	51	-	22	-
Sewer	12	45	8	52
<b>Liabilities relating to externally restricted assets</b>	<b>63</b>	<b>45</b>	<b>30</b>	<b>52</b>
<b>Internally Restricted Assets</b>				
Nil				
<b>Total Liabilities relating to restricted assets</b>	<b>63</b>	<b>45</b>	<b>30</b>	<b>52</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.

## Coonamble 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
(ii) Current Liabilities not anticipated to be settled within the next 12 months		
The following Liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions - Employees Benefits	1,135	809
Payables - Security Bonds, Deposits & Retentions	15	10
	<b>1,150</b>	<b>819</b>

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

Class of Provision	2011	2012				Closing Balance as at 30/6/12
	Opening Balance as at 1/7/11	Additional Provisions	Decrease due to Payments	Remeasurement effects due to Discounting	Unused amounts reversed	
Annual Leave	651	325	(363)	105	(28)	690
Long Service Leave	1,009	614	(189)	143	(276)	1,301
<b>TOTAL</b>	<b>1,660</b>	<b>939</b>	<b>(552)</b>	<b>248</b>	<b>(304)</b>	<b>1,991</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.

## Coonamble 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	19,031	15,528
Less Bank Overdraft	10	-	-
<b>BALANCE as per the STATEMENT of CASH FLOWS</b>		<b>19,031</b>	<b>15,528</b>
<b>(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities</b>			
<b>Net Operating Result from Income Statement</b>		<b>972</b>	<b>491</b>
Adjust for non cash items:			
Depreciation & Amortisation		4,046	4,133
Net Losses/(Gains) on Disposal of Assets		228	526
Share of Net (Profits) or Losses of Associates/Joint Ventures		(6)	12
<b>+/- Movement in Operating Assets and Liabilities &amp; Other Cash Items:</b>			
Decrease/(Increase) in Receivables		181	(1,795)
Increase/(Decrease) in Provision for Doubtful Debts		50	47
Decrease/(Increase) in Inventories		177	(192)
Decrease/(Increase) in Other Assets		2	101
Increase/(Decrease) in Payables		(247)	31
Increase/(Decrease) in accrued Interest Payable		(1)	(1)
Increase/(Decrease) in other accrued Expenses Payable		248	-
Increase/(Decrease) in Other Liabilities		61	(14)
Increase/(Decrease) in Employee Leave Entitlements		331	11
<b>NET CASH PROVIDED FROM/(USED IN)</b>			
<b>OPERATING ACTIVITIES from the STATEMENT of CASH FLOWS</b>		<b>6,042</b>	<b>3,350</b>

**(c) Non-Cash Investing & Financing Activities**

Nil

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

Bank Overdraft Facilities <sup>(1)</sup>	250	250
Credit Cards / Purchase Cards	20	20
<b>Total Financing Arrangements</b>	<b>270</b>	<b>270</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 &amp; Other Payables are disclosed in Note 15.

# Coonamble 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>			
Plant & Equipment		816	-
Rehabilitation of Sewer Mains		556	-
<b>Total Commitments</b>		<b>1,372</b>	<b>-</b>
<b>These expenditures are payable as follows:</b>			
Within the next year		1,372	-
<b>Total Payable</b>		<b>1,372</b>	<b>-</b>
<b>Sources for Funding of Capital Commitments:</b>			
Externally Restricted Reserves		556	-
Internally Restricted Reserves		816	-
<b>Total Sources of Funding</b>		<b>1,372</b>	<b>-</b>

### (b) Finance Lease Commitments

Nil

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

#### a. Commitments under Non Cancellable Operating Leases at the Reporting date, but not recognised as Liabilities are payable:

Within the next year	28	28
Later than one year and not later than 5 years	66	94
Later than 5 years	-	-
<b>Total Non Cancellable Operating Lease Commitments</b>	<b>94</b>	<b>122</b>

#### b. Non Cancellable Operating Leases include the following assets:

Office Rentals , Accounting Software Package Lease

Contingent Rentals may be payable depending on the condition of items or usage during the lease term.

#### Conditions relating to Operating Leases:

- All Operating Lease Agreements are secured only against the Leased Asset.
- No Lease Agreements impose any financial restrictions on Council regarding future debt etc.

### (d) Investment Property Commitments

Nil

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

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

## Coonamble 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 20112010	
Local Government Industry Indicators				
1. Unrestricted Current Ratio				
Current Assets less all External Restrictions <sup>(1)</sup>	12,288	7.09 : 1	6.80	5.72
Current Liabilities less Specific Purpose Liabilities <sup>(2,3)</sup>	1,734			
2. Debt Service Ratio				
Debt Service Cost	42	0.28%	0.30%	0.92%
Income from Continuing Operations excluding Capital Items & Specific Purpose Grants/Contributions	15,257			
3. Rates & Annual Charges Coverage Ratio				
Rates & Annual Charges	4,988	25.10%	25.04%	27.97%
Income from Continuing Operations	19,875			
4. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage				
Rates, Annual & Extra Charges Outstanding	515	9.40%	8.00%	8.54%
Rates, Annual & Extra Charges Collectible	5,479			
5. Building & Infrastructure Renewals Ratio				
Asset Renewals <sup>(4)</sup>	1,644	56.65%	53.93%	59.57%
Depreciation, Amortisation & Impairment	2,902			

## Notes

<sup>(1)</sup> Refer Notes 6-8 inclusive.

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

<sup>(2)</sup> Refer to Note 10(a).<sup>(3)</sup> Refer to Note 10(a)(ii) - excludes all payables & provisions not expected to be paid in the next 12 months (incl. ELE).<sup>(4)</sup> Asset Renewals represent the replacement &/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.



## Coonamble Shire Council

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

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

<div><div>1. Unrestricted Current Ratio</div><div><div>Ratio : 1</div><div><div><div><div></div><div></div><div></div><div></div></div><div><div>5.34</div><div>5.72</div><div>6.80</div><div>7.09</div></div><div><div>2009</div><div>2010</div><div>2011</div><div>2012</div></div></div></div></div></div>	<div><div>Purpose of Unrestricted Current Ratio</div><div>To assess the adequacy of working capital and its ability to satisfy obligations in the short term for the unrestricted activities of Council.</div></div>	<div><div>2011/12 Ratio</div><div>7.09 : 1</div></div>
<div><div>2. Debt Service Ratio</div><div><div>Ratio %</div><div><div><div><div></div><div></div><div></div><div></div></div><div><div>0.41%</div><div>0.92%</div><div>0.30%</div><div>0.28%</div></div><div><div>2009</div><div>2010</div><div>2011</div><div>2012</div></div></div></div></div></div>	<div><div>Purpose of Debt Service Ratio</div><div>To assess the impact of loan principal &amp; interest repayments on the discretionary revenue of council.</div></div>	<div><div>2011/12 Ratio</div><div>0.28%</div></div>
<div><div>3. Rates &amp; Annual Charges Coverage Ratio</div><div><div>Ratio %</div><div><div><div><div></div><div></div><div></div><div></div></div><div><div>25.64%</div><div>27.97%</div><div>25.04%</div><div>25.10%</div></div><div><div>2009</div><div>2010</div><div>2011</div><div>2012</div></div></div></div></div></div>	<div><div>Purpose of Rates &amp; Annual Charges Coverage Ratio</div><div>To assess the degree of Council's dependence upon revenue from rates and annual charges and to assess the security of Council's income.</div></div>	<div><div>2011/12 Ratio</div><div>25.10%</div></div>
<div><div>4. Rates, Annual Charges, Interest &amp; Extra Charges Outstanding Percentage</div><div><div>Ratio %</div><div><div><div><div></div><div></div><div></div><div></div></div><div><div>9.27%</div><div>8.54%</div><div>8.00%</div><div>9.40%</div></div><div><div>2009</div><div>2010</div><div>2011</div><div>2012</div></div></div></div></div></div>	<div><div>Purpose of Rates &amp; Annual Charges Outstanding Ratio</div><div>To assess the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of recovery efforts.</div></div>	<div><div>2011/12 Ratio</div><div>9.40%</div></div>
<div><div>5. Building &amp; Infrastructure Renewals Ratio</div><div><div>Ratio %</div><div><div><div><div></div><div></div><div></div><div></div></div><div><div>123.35%</div><div>59.57%</div><div>53.93%</div><div>56.65%</div></div><div><div>2009</div><div>2010</div><div>2011</div><div>2012</div></div></div></div></div></div>	<div><div>Purpose of Asset Renewals Ratio</div><div>To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.</div></div>	<div><div>2011/12 Ratio</div><div>56.65%</div></div>

## Coonamble 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>			
Current Assets less all External Restrictions <sup>(1)</sup>	<b>99.08 : 1</b>	<b>363.25 : 1</b>	<b>7.08 : 1</b>
Current Liabilities less Specific Purpose Liabilities <sup>(2,3)</sup>			
prior period:	231.91	512.88	5.98
<b>2. Debt Service Ratio</b>			
Debt Service Cost	<b>0.00%</b>	<b>1.34%</b>	<b>0.23%</b>
Income from Continuing Operations excluding Capital Items & Specific Purpose Grants/Contributions			
prior period:	0.00%	1.55%	0.25%
<b>3. Rates &amp; Annual Charges Coverage Ratio</b>			
Rates & Annual Charges	<b>25.74%</b>	<b>64.04%</b>	<b>23.49%</b>
Income from Continuing Operations			
prior period:	13.54%	62.37%	24.36%
<b>4. Rates, Annual Charges, Interest &amp; Extra Charges Outstanding Percentage</b>			
Rates, Annual & Extra Charges Outstanding	<b>10.22%</b>	<b>2.51%</b>	<b>10.05%</b>
Rates, Annual & Extra Charges Collectible			
prior period:	22.29%	18.98%	6.56%
<b>5. Building &amp; Infrastructure Renewals Ratio</b>			
Asset Renewals (Building & Infrastructure assets)	<b>0.00%</b>	<b>0.00%</b>	<b>71.98%</b>
Depreciation, Amortisation & Impairment			
prior period:	84.39%	28.22%	54.88%

#### Notes

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

## Coonamble Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2012

#### Note 14. Investment Properties

\$ '000

Council has not classified any Land or Buildings as "Investment Properties"

#### Note 15. Financial Risk Management

##### 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	19,031	15,528	19,031	15,528
Investments				
Receivables	3,189	3,420	3,189	3,420
<b>Total Financial Assets</b>	<b>22,220</b>	<b>18,948</b>	<b>22,220</b>	<b>18,948</b>
<b>Financial Liabilities</b>				
Payables	914	643	914	643
Loans / Advances	82	117	82	117
<b>Total Financial Liabilities</b>	<b>996</b>	<b>760</b>	<b>996</b>	<b>760</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.

## Coonamble Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2012

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

\$ '000

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

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

Council's Finance area manages the Cash & Investments portfolio with the assistance of independent advisors.

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.

Council also seeks advice from independent advisers before placing any funds in Cash Equivalents & Investments.

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

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

	Increase of Values/Rates		Decrease of Values/Rates	
	Profit	Equity	Profit	Equity
<b>2012</b>				
Possible impact of a 10% movement in Market Values	-	-	-	-
Possible impact of a 1% movement in Interest Rates	172	172	172	172
<b>2011</b>				
Possible impact of a 10% movement in Market Values	-	-	-	-
Possible impact of a 1% movement in Interest Rates	164	164	164	164

# Coonamble Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2012

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

\$ '000

#### (b) Receivables

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

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

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

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

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

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

	2012	2012	2011	2011
	Rates & Annual Charges	Other Receivables	Rates & Annual Charges	Other Receivables
<b>(i) Ageing of Receivables</b>				
Current (not yet overdue)	633	2,269	-	2,713
Past due between 31 and 180 days	-	192	195	153
Past due between 181 and 365 days	-	210	51	166
Past due by more than 1 year	-	112	219	100
	<b>633</b>	<b>2,783</b>	<b>465</b>	<b>3,132</b>
<b>(ii) Movement in Provision for Impairment of Receivables</b>			2012	2011
Balance at the beginning of the year			177	130
+ new provisions recognised during the year			50	50
- amounts already provided for & written off this year			-	(3)
<b>Balance at the end of the year</b>			<b>227</b>	<b>177</b>

## Coonamble Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2012

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

\$ '000

##### (c) Payables & Borrowings

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

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

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	≤ 1 Year	1-2 Yrs	payable in:				4-5 Yrs	> 5 Yrs	Total Cash Outflows	Actual Carrying Values
				2-3 Yrs	3-4 Yrs						
<b>2012</b>											
Trade/Other Payables	91	959	-	-	-	-	-	-	-	1,050	914
Loans & Advances	-	37	7	8	16	9	5			82	82
<b>Total Financial Liabilities</b>	<b>91</b>	<b>996</b>	<b>7</b>	<b>8</b>	<b>16</b>	<b>9</b>	<b>5</b>			<b>1,132</b>	<b>996</b>
<b>2011</b>											
Trade/Other Payables	20	623	-	-	-	-	-	-	-	643	643
Loans & Advances	-	35	37	7	8	30	-			117	117
<b>Total Financial Liabilities</b>	<b>20</b>	<b>658</b>	<b>37</b>	<b>7</b>	<b>8</b>	<b>30</b>	<b>-</b>			<b>760</b>	<b>760</b>

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

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

	2012		2011	
	Carrying Value	Average Interest Rate	Carrying Value	Average Interest Rate
Trade/Other Payables	914	0.0%	643	0.0%
Loans & Advances - Fixed Interest Rate	82	7.3%	117	7.3%
	<u>996</u>		<u>760</u>	

# Coonamble 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 prior to 30 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 results for the year as per the Income Statement - even though such variations may have been adjusted for during each Quarterly Budget Review.

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

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

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

\$ '000	2012 Budget	2012 Actual	2012 Variance* -----		
<b>REVENUES</b>					
<b>Rates &amp; Annual Charges</b>	<b>4,700</b>	<b>4,988</b>	<b>288</b>	6%	<b>F</b>
<b>User Charges &amp; Fees</b>	<b>4,354</b>	<b>4,577</b>	<b>223</b>	5%	<b>F</b>
<b>Interest &amp; Investment Revenue</b>	<b>686</b>	<b>942</b>	<b>256</b>	37%	<b>F</b>
The Council Budget was prepared in accordance with the Local Government Act timeframes, conservative estimates of potential interest revenue was used in the preparation of the budget.					
<b>Other Revenues</b>	<b>410</b>	<b>756</b>	<b>346</b>	84%	<b>F</b>
Additional revenue was generated as result of additional reimbursement of expenditure that was not anticipated for during the preparation of the 2011/12 estimates					
<b>Operating Grants &amp; Contributions</b>	<b>6,447</b>	<b>7,835</b>	<b>1,388</b>	22%	<b>F</b>
Council received additional grant funding predominately in the form of advance payments of the 2012-13 Financial Assistance grant					
<b>Capital Grants &amp; Contributions</b>	<b>800</b>	<b>771</b>	<b>(29)</b>	(4%)	<b>U</b>
Council through the course of the year received additional grant funds and contributions that where not anticipated for in the preparation of the 2011-12 estimates.					



## Coonamble 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	5,606	6,694	(1,088)	(19%)	U
Borrowing Costs	7	7	-	0%	F
Materials & Contracts	6,042	5,846	196	3%	F
Depreciation & Amortisation	4,133	4,046	87	2%	F
Other Expenses	2,060	2,082	(22)	(1%)	U
Net Losses from Disposal of Assets	-	228	(228)	0%	U

\$ '000	2012 Budget	2012 Actual	2012 ----- Variance* -----		
<b>Budget Variations relating to Council's Cash Flow Statement include:</b>					
Cash Flows from Operating Activities	6,681	6,042	(639)	(9.6%)	U
Cash Flows from Investing Activities	(3,906)	(2,504)	1,402	(35.9%)	F
Major Capital Works/ replacement fo existing infrastructure was delayed through the 2011-2012 Financial year.					
Cash Flows from Financing Activities	(35)	(35)	-	0.0%	F

## Coonamble Shire Council

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

#### Note 17. Statement of Developer Contributions

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\$ '000

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Council currently has no S94 Developer Contribution Plans or S94 Funds on hand from prior years.

#### Note 18. Contingencies & Other Assets/Liabilities Not Recognised

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 it's Defined Benefit Scheme obligations in accordance with AASB 119.

##### (i) Defined Benefit Superannuation Contribution Plans (continued)

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.

## Coonamble Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2012

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

\$ '000

#### LIABILITIES NOT RECOGNISED (continued):

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

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

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

##### (iv) Other Guarantees

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

#### 2. Other Liabilities

##### (i) Third Party Claims

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

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

##### (ii) Garage Depot Reinstatement

Council garbage is disposed of in pits at the Coonamble Waste Depot. The pit is reinstated as the new pit is established. As a result, relevant costs are expensed each year.

#### ASSETS NOT RECOGNISED:

##### (i) Land Under Roads

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

##### (ii) Infringement Notices/Fines

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

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

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

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

## Coonamble 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	6	(12)	67	61
<b>Total</b>	<b>6</b>	<b>(12)</b>	<b>67</b>	<b>61</b>

# Coonamble 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

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

Council has no interest in any Subsidiaries.

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

Council has no interest in any Associated Entities & Joint Venture Entities.

##### (i) ASSOCIATED ENTITIES

Council has no interest in any Associated Entities.

##### (ii) JOINT VENTURE ENTITIES

###### (a) Carrying Amounts

Name of Entity	Principal Activity	2012	2011
Northern Western Library Service	Provision of Library Services	67	61
<b>Total Carrying Amounts - Joint Venture Entities</b>		<b>67</b>	<b>61</b>

###### (b) Relevant Interests

Name of Entity	Interest in Outputs		Interest in Ownership		Proportion of Voting Power	
	2012	2011	2012	2011	2012	2011
Northern Western Library Service	25%	25%	25%	25%	25%	25%

###### (c) Movement in Carrying Amounts

		Northern Western Library Service	
		2012	2011
Opening Balance		61	73
Share in Operating Result		6	(12)
<b>Council's Equity Share in the Joint Venture Entity</b>		<b>67</b>	<b>61</b>

## Coonamble 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>					
Northern Western Library Service	13	54	-	-	67
<b>Totals</b>	<b>13</b>	<b>54</b>	<b>-</b>	<b>-</b>	<b>67</b>
<b>2011</b>					
Northern Western Library Service	2	59	-	-	61
<b>Totals</b>	<b>2</b>	<b>59</b>	<b>-</b>	<b>-</b>	<b>61</b>

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

	2012			2011		
	Revenues	Expenses	Result	Revenues	Expenses	Result
Northern Western Library Service	55	49	6	40	52	(12)
<b>Totals</b>	<b>55</b>	<b>49</b>	<b>6</b>	<b>40</b>	<b>52</b>	<b>(12)</b>

## (f) Contingent Liabilities of Joint Venture Entities

	2012	2011
Share of Contingent Liabilities incurred jointly with other Participants	25%	25%
Share of Contingent Liabilities for which Council is severally liable	25%	25%

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.

## Coonamble 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)		148,479	147,730
a. Correction of Prior Period Errors	20 (c)	8,937	8,937
b. Net Operating Result for the Year		972	491
c. Transfers between Equity		-	258
<b>Balance at End of the Reporting Period</b>		<b>158,388</b>	<b>157,416</b>

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

- Infrastructure, Property, Plant & Equipment Revaluation Reserve	48,614	46,492
<b>Total</b>	<b>48,614</b>	<b>46,492</b>

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

- Opening Balance	46,492	46,463
- Revaluations for the year	2,122	287
- Transfer to Retained Earnings for Asset disposals	-	(258)
<b>- Balance at End of Year</b>	<b>48,614</b>	<b>46,492</b>

**TOTAL VALUE OF RESERVES**

<b>48,614</b>	<b>46,492</b>
---------------	---------------

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

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



## Coonamble 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
<b>c. Correction of Error/s relating to a Previous Reporting Period</b>			
<b>Correction of errors disclosed in this year's financial statements:</b>			
Council revalued the following asset classes for the 11/12 Year End:			
<ul style="list-style-type: none"> <li>- Water Asset Class</li> <li>- Sewerage Asset Class</li> </ul>			
As part of that evaluation & measurement process, the remaining useful life of each asset has been reassessed to actual.			
This reassessment has resulted in a material difference as to where some assets actually sit in relation to their asset life cycle relative to what the value of accumulated depreciation in Council's Financial Reports had previously indicated.			
Council does not have sufficient and reliable information that will allow the restatement of information prior to 30/6/11 (the closing date for the comparative figures in this report).			
As a result, Council has adjusted the accumulated depreciation for the following asset classes as at 30/6/11 to reflect the correct value of accumulated depreciation;			
Water Asset Class decrease to accumulated depreciation		3,058	
Sewerage Asset Class decrease to accumulated depreciation		5,879	
This adjustment resulted in net increase / (decrease) in Council's Accumulated Surplus as at 30/6/11.			
<b>In accordance with AASB 108 - Accounting Policies, Changes in Accounting Estimates and Errors, the above Prior Period Errors have been recognised retrospectively.</b>			
<b>These amounted to the following Equity Adjustments:</b>			
- Adjustments to Opening Equity - 1/7/10			-
(relating to adjustments for the 30/6/10 reporting year end and prior periods)			
- Adjustments to Closing Equity - 30/6/11		8,937	-
(relating to adjustments for the 30/6/11 year end)			
<b>Total Prior Period Adjustments - Prior Period Errors</b>		<b>8,937</b>	<b>-</b>

#### d. Voluntary Changes in Accounting Policies

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

# Coonamble Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2012

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

Income Statement by Fund \$ '000	Actual 2012	Actual 2012	Actual 2012
	Water	Sewer	General <sup>1</sup>
<b>Continuing Operations</b>			
<b>Income from Continuing Operations</b>			
Rates & Annual Charges	182	479	4,327
User Charges & Fees	214	120	4,243
Interest & Investment Revenue	232	131	579
Other Revenues	11	8	737
Grants & Contributions provided for Operating Purposes	40	10	7,785
Grants & Contributions provided for Capital Purposes	28	-	743
<b>Other Income</b>			
Net Gains from Disposal of Assets	-	-	-
Share of interests in Joint Ventures & Associates using the Equity Method	-	-	6
<b>Total Income from Continuing Operations</b>	<b>707</b>	<b>748</b>	<b>18,420</b>
<b>Expenses from Continuing Operations</b>			
Employee Benefits & on-costs	173	205	6,316
Borrowing Costs	-	4	3
Materials & Contracts	233	218	5,395
Depreciation & Amortisation	239	379	3,428
Impairment	-	-	-
Other Expenses	18	3	2,061
Interest & Investment Losses	-	-	-
Net Losses from the Disposal of Assets	-	-	228
<b>Total Expenses from Continuing Operations</b>	<b>663</b>	<b>809</b>	<b>17,431</b>
<b>Operating Result from Continuing Operations</b>	<b>44</b>	<b>(61)</b>	<b>989</b>
<b>Discontinued Operations</b>			
Net Profit/(Loss) from Discontinued Operations	-	-	-
<b>Net Operating Result for the Year</b>	<b>44</b>	<b>(61)</b>	<b>989</b>
<b>Net Operating Result attributable to each Council Fund</b>	<b>44</b>	<b>(61)</b>	<b>989</b>
<b>Net Operating Result attributable to Minority Interests</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Operating Result for the year before Grants and Contributions provided for Capital Purposes</b>	<b>16</b>	<b>(61)</b>	<b>246</b>

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

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

## Coonamble 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
<b>ASSETS</b>	<b>Water</b>	<b>Sewer</b>	<b>General<sup>1</sup></b>
<b>Current Assets</b>			
Cash & Cash Equivalents	4,826	4,243	9,962
Investments	-	-	-
Receivables	214	116	2,538
Inventories	13	-	1,082
Other	-	-	9
Non-current assets classified as 'held for sale'	-	-	-
<b>Total Current Assets</b>	<b>5,053</b>	<b>4,359</b>	<b>13,591</b>
<b>Non-Current Assets</b>			
Investments	-	-	-
Receivables	-	-	321
Inventories	-	-	-
Infrastructure, Property, Plant & Equipment	8,100	12,000	166,611
Investments Accounted for using the equity method	-	-	67
Investment Property	-	-	-
Intangible Assets	-	-	-
<b>Total Non-Current Assets</b>	<b>8,100</b>	<b>12,000</b>	<b>166,999</b>
<b>TOTAL ASSETS</b>	<b>13,153</b>	<b>16,359</b>	<b>180,590</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	51	5	971
Borrowings	-	7	30
Provisions	-	-	1,883
<b>Total Current Liabilities</b>	<b>51</b>	<b>12</b>	<b>2,884</b>
<b>Non-Current Liabilities</b>			
Payables	-	-	-
Borrowings	-	45	-
Provisions	-	-	108
<b>Total Non-Current Liabilities</b>	<b>-</b>	<b>45</b>	<b>108</b>
<b>TOTAL LIABILITIES</b>	<b>51</b>	<b>57</b>	<b>2,992</b>
<b>Net Assets</b>	<b>13,102</b>	<b>16,302</b>	<b>177,598</b>
<b>EQUITY</b>			
Retained Earnings	11,601	12,071	134,716
Revaluation Reserves	1,501	4,231	42,882
<b>Total Equity</b>	<b>13,102</b>	<b>16,302</b>	<b>177,598</b>

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

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

## Coonamble 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

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\$ '000

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

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

---

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 31/10/12.

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.**

#### Note 24. Discontinued Operations

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

## Coonamble 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.

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

---

Council has no outstanding obligations to make, restore, rehabilitate or reinstate any of its assets/operations.

## Coonamble Shire Council

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

#### Note 27. Council Information & Contact Details

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**Principal Place of Business:**

80 Castlereagh Street  
Coonamble NSW 2829

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

PO Box 249  
Coonamble NSW 2829

**Opening Hours:**

8:30am to 5:00pm Monday to Friday

**Telephone:** 02 6827 1911

**Facsimile:** 02 6822 1626

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

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

**Officers**
**GENERAL MANAGER**

Rick Warren

**RESPONSIBLE ACCOUNTING OFFICER**

Bruce Quarmby

**PUBLIC OFFICER**

Bruce Quarmby

**AUDITORS**

Hill Rogers Spencer Steer  
Level 5, 1 Chiffley Square  
Sydney NSW 2000

**Elected Members**
**MAYOR**

Tom Cullen

**COUNCILLORS**

Tim Horan  
Michael Webb  
Allan Karanouh  
Donald Schieb  
Tom Cullen  
Jack Canham  
Barbara O'Brien

**Other Information**

**ABN:** 19 499 848 443

COONAMBLE SHIRE COUNCIL

GENERAL PURPOSE FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT

---

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying **general purpose financial statements** of **Coonamble Shire Council**, which comprises the Balance Sheet as at 30 June 2012, Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the Statement by Councillors and Management. The financial statements include the consolidated financial statements of the economic entity and the entities it controlled at year end or from time to time during the year.

**Responsibility of Council for the Financial Statements**

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

**Auditors' Responsibility**

Our responsibility is to express an opinion on the financial statements 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 statements are free from material misstatement. Our audit responsibility does not extend to the original budget information disclosed in the Income Statement, Statement of Cash Flows, and Note 2(a) or the budget variation explanations disclosed in Note 16. Accordingly, no opinion is expressed on these matters.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 Council'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 statements.

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Steer Assurance Partners

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Hill Rogers  
Spencer Steer

Our audit did not involve 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 financial statements:
  - (i) have been presented in accordance with the requirements of this Division;
  - (ii) are consistent with the Council's accounting records;
  - (iii) present fairly the Council's financial position, the results of its operations and its cash flows; and
  - (iv) are in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia.
- (c) all information relevant to the conduct of the audit has been obtained; and
- (d) there are no material deficiencies in the accounting records or financial statements that we have become aware of during the course of the audit.

### **HILL ROGERS SPENCER STEER**



**GARY MOTTAU**

Partner

Dated at Sydney this 31<sup>st</sup> day of October 2012



31 October 2012

The Mayor  
Coonamble Shire Council  
PO Box 249  
**COONAMBLE NSW 2829**

Mayor,

**Audit Report - Year Ended 30 June 2012**

We are pleased to advise completion of the audit of Council's books and records for the year ended 30 June 2012 and that all information required by us was readily available. We have signed our reports as required under Section 417(1) of the Local Government Act, 1993 and the Local Government Code of Accounting Practice and Financial Reporting to the General and Special Purpose Financial Statements.

Our audit has been conducted in accordance with Australian Auditing Standards so as to express an opinion on both the General and Special Purpose Financial Statements of the Council. We have ensured that the accounts have been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS) and the Local Government Code of Accounting Practice and Financial Reporting.

This report on the conduct of the audit is also issued under Section 417(1) and we now offer the following comments on the financial statements and the audit;

**I. RESULTS FOR THE YEAR**

**1.1 Operating Result**

The operating result for the year was a surplus of \$972,000 as compared with \$491,000 in the previous year.

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Steer Assurance Partners

ABN 56 435 338 966

The following table sets out the results for the year and the extent (%) that each category of revenue and expenses contributed to the total.

	2012 \$'000	% of Total	2011 \$'000	% of Total	Increase (Decrease) \$'000
<b>Revenues before capital items</b>					
Rates & annual charges	4,988	26%	4,759	26%	229
User charges, fees & other revenues	5,339	28%	5,732	32%	(393)
Grants & contributions provided for operating purposes	7,835	41%	6,865	38%	970
Interest & investment revenue	942	5%	796	4%	146
	<b>19,104</b>	<b>100%</b>	<b>18,152</b>	<b>100%</b>	<b>952</b>
<b>Expenses</b>					
Employee benefits & costs	6,694	35%	6,360	34%	334
Materials, contracts & other expenses	8,156	43%	8,016	43%	140
Depreciation, amortisation & impairment	4,046	21%	4,133	22%	(87)
Borrowing costs	7	0%	9	0%	(2)
	<b>18,903</b>	<b>100%</b>	<b>18,518</b>	<b>100%</b>	<b>385</b>
<b>Surplus/(Deficit) before capital items</b>	<b>201</b>		<b>(366)</b>		<b>567</b>
Grants & contributions provided for capital purposes	771		857		(86)
<b>Net Surplus/(Deficit) for the year</b>	<b>972</b>		<b>491</b>		<b>481</b>

The above table shows an overall increase from the previous year of \$481,000 and is mostly attributable to the receipt of an additional installment of grant funding from the federal government.

## 1.2 Funding Result

The operating result does not take into account all revenues and all expenditures and in reviewing the overall financial performance of Council it is useful to take into account the total source of revenues and where they were spent during the year which is illustrated in the table below.

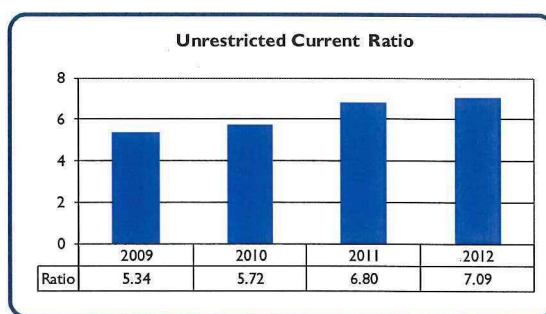
	2012 \$'000	2011 \$'000
<b>Funds were provided by:-</b>		
<b>Operating Result (as above)</b>	<b>972</b>	<b>491</b>
Add back non funding items:-		
- Depreciation, amortisation & impairment	4,046	4,133
- Book value of non current assets sold	807	1,261
- (Surplus)/Deficit in joint ventures	(6)	12
Net Changes in current/non current assets & liabilities	288	0
	<b>6,107</b>	<b>5,897</b>
<b>Funds were applied to:-</b>		
Purchase and construction of assets	(3,241)	(2,279)
Principal repaid on loans	(35)	(34)
Transfers to externally restricted assets (net)	(1,382)	(650)
Transfers to internal reserves (net)	(2,126)	(672)
Net Changes in current/non current assets & liabilities	0	(577)
	<b>(6,784)</b>	<b>(4,212)</b>
<b>Increase/(Decrease) in Available Working Capital</b>	<b>(677)</b>	<b>1,685</b>

## 2. FINANCIAL POSITION

### 2.1 Unrestricted Current Ratio

The Unrestricted Current Ratio is a financial indicator specific to local government and represents Council's ability to meet its debts and obligations as they fall due.

After eliminating externally restricted assets and current liabilities not expected to be paid within the next 12 months net current assets amounted to \$10.554 million representing a factor of 7.09 to 1.



## 2.2 Available Working Capital – (Working Funds)

A more meaningful financial indicator specific to local government is the level of **Available Working Capital**. Net Current Assets are adjusted by eliminating both external and internal reserves held for future purposes.

At the close of the year the Available Working Capital of Council stood at \$2.015 million as detailed below;

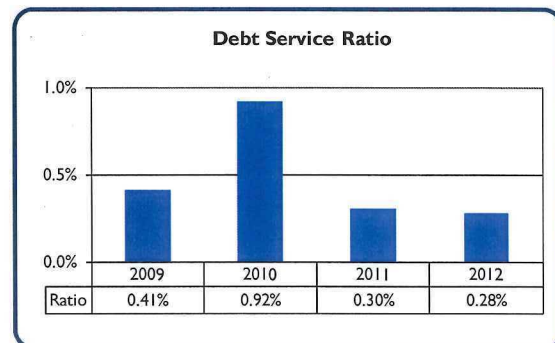
	2012	2011	Change
	\$'000	\$'000	\$'000
<b>Net Current Assets (Working Capital) as per</b>			
<b>Accounts</b>	<b>20,056</b>	<b>17,520</b>	<b>2,536</b>
<b>Add:</b> Payables, provisions & inventories not expected to be realised in the next 12 months included above	387	98	289
Adjusted Net Current Assets	20,443	17,618	2,825
<b>Add:</b> Budgeted & expected to pay in the next 12 months			
- Borrowings	37	35	2
- Employees leave entitlements	748	810	(62)
- Deposits & retention moneys	76	10	66
<b>Less:</b> Externally restricted assets	(9,889)	(8,507)	(1,382)
<b>Less:</b> Internally restricted assets	(9,400)	(7,274)	(2,126)
<b>Available Working Capital as at 30 June</b>	<b>2,015</b>	<b>2,692</b>	<b>(677)</b>

The balance of Available Working Capital should be at a level to manage Council's day to day operations including the financing of hard core debtors, stores and to provide a buffer against unforeseen and unbudgeted expenditures. Taking into consideration the nature and level of the internally restricted assets (Reserves) set aside we are of the opinion that Available Working Capital as at 30 June 2012 was adequate.

## 2.3 Debt

Operating revenue (excluding special purpose grants and contributions) required to service debt (loan repayments) was 0.28%.

Total debt at 30 June 2012 amounted to \$82,000.





## 2.4 Summary

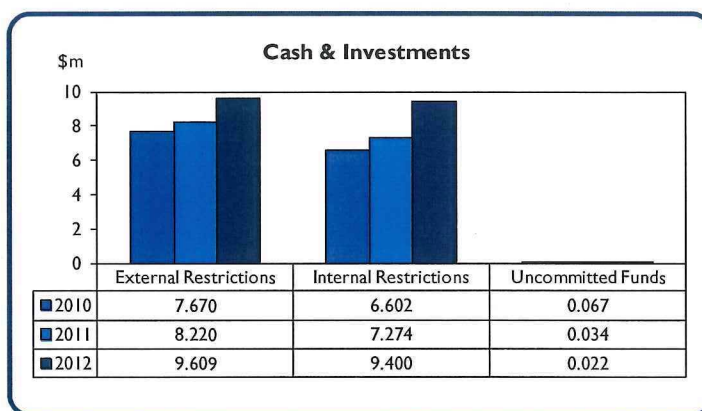
Council's overall financial position, when taking into account the above financial indicators is, in our opinion, sound.

## 3. CASH ASSETS

### 3.1 Cash & Investments

Cash and investments held at the close of the year amounted to \$19.031 million as compared with \$15.528 million and \$14.339 million at the close of financial years 2011 and 2010 respectively.

The table alongside summarises the purposes for which cash and investments were held.



**Externally restricted cash and investments** are restricted in their use by externally imposed requirements and consisted of unexpended grant funding (\$272,000), domestic waste management charges (\$268,000) and water and sewerage funds (\$9.069 million).

**Internally restricted cash and investments** have been restricted in their use by resolution or policy of Council to reflect forward plans, identified programs of works, and are, in fact, Council's "**Reserves**". These Reserves totalled \$9.4 million and their purposes are more fully disclosed in Note 6 of the financial statements.

**Unrestricted cash and investments** amounted to \$22,000.

### 3.2 Cash Flows

The Statement of Cash Flows illustrates the flow of cash illustrating the flow of cash moving in and out of Council during the year and reveals that cash increased by \$3.503 million to \$19.031 million at the close of the year. In addition to operating activities which contributed net cash of \$6.042 million were the proceeds from the sale of assets (\$579,000). Cash outflows other than operating activities were used to repay loans (\$35,000) and to purchase and construct assets (\$3.083 million).

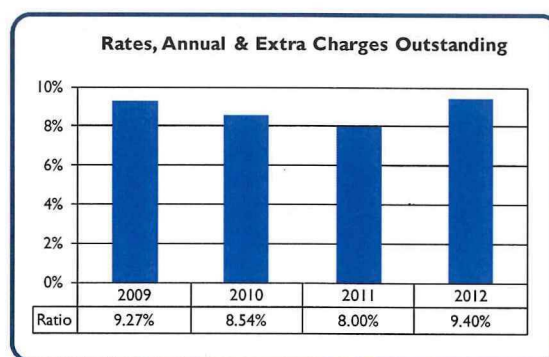
#### 4. RECEIVABLES

##### 4.1 Rates & Annual Charges (excluding interest & extra charges)

Net rates and annual charges levied during the year totalled \$4.988 million and represented 25.10% of Council's total revenues. Including arrears, the total rates and annual charges collectible was \$5.285 million of which \$4.835 million (91.49%) was collected.

##### 4.2 Rates, Annual & Extra Charges

Arrears of rates, annual & extra charges stood at \$515,000 at the end of the year and represented 9.4% of those receivables.



##### 4.3 Other Receivables

Receivables (other than rates, annual & extra charges) totalled \$2.718 million and mainly consisted of user charges and fees (\$1.794 million). User charges and fees receivables included \$1.341 million for RMS works. Those considered to be uncertain of collection have been provided for as doubtful debts and this provision amounted to \$44,000.

#### 5. PAYABLES

##### 5.1 Employees Leave Entitlements

Council's provision for its liability toward employees leave entitlements and associated on costs amounted to \$1.991 million.

A cash reserve of \$505,000 was held at year end representing 25.36% of this liability and was, in our opinion, sufficient to enable Council to meet unbudgeted and unanticipated retirements.

Hill Rogers  
Spencer Steer

**5.2 Deposits, Retentions & Bonds**

Deposits, retentions and bonds held at year end amounted to \$91,000 and were fully funded by cash and investments held in reserves.

**6. MANAGEMENT LETTER**

A letter was issued to management during the year in respect of our examination of certain aspects of Council's accounting systems and internal controls necessary to produce reliable financial reports that we considered warrant attention.

**7. CONCLUSION**

We wish to record our appreciation to your General Manager and his staff for their ready co-operation and the courtesies extended to us during the conduct of the audit.

Yours faithfully,

**HILL ROGERS SPENCER STEER**



**GARY MOTTAU**

Partner

# Coonamble Shire Council

SPECIAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2012

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*“Coonamble on the Castlereagh”*





# Coonamble Shire Council

## Special Purpose Financial Statements

for the financial year ended 30 June 2012

Contents	Page
<b>1. Statement by Councillors &amp; Management</b>	<b>2</b>
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### Background

(i) These Special Purpose Financial Statements have been prepared for the use by both Council and the Division of Local Government in fulfilling their requirements under National Competition Policy.

(ii) The principle of competitive neutrality is based on the concept of a "level playing field" between persons/entities competing in a market place, particularly between private and public sector competitors.

Essentially, the principle is that government businesses, whether Commonwealth, State or Local, should operate without net competitive advantages over other businesses as a result of their public ownership.

(iii) For Council, the principle of competitive neutrality & public reporting applies only to declared business activities.

These include **(a)** those activities classified by the Australian Bureau of Statistics as business activities being water supply, sewerage services, abattoirs, gas production and reticulation and **(b)** those activities with a turnover of over \$2 million that Council has formally declared as a Business Activity (defined as Category 1 activities).

(iv) In preparing these financial statements for Council's self classified Category 1 businesses and ABS defined activities, councils must **(a)** adopt a corporatisation model and **(b)** apply full cost attribution including tax equivalent regime payments & debt guarantee fees (where the business benefits from councils borrowing position by comparison with commercial rates).

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## Coonamble Shire Council

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

### Statement by Councillors and Management made pursuant to the Local Government Code of Accounting Practice and Financial Reporting

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

- The NSW Government Policy Statement "Application of National Competition Policy to Local Government".
- The Division of Local Government Guidelines "Pricing & Costing for Council Businesses - A Guide to Competitive Neutrality".
- The Local Government Code of Accounting Practice and Financial Reporting.
- The NSW Office of Water (Department of Environment, Climate Change and Water) Guidelines - "Best Practice Management of Water and Sewerage".

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

- Present fairly the Operating Result and Financial Position for each of Council's declared Business Activities for the year, and
- Accord with Council's accounting and other records.

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

**Signed in accordance with a resolution of Council made on 19 September 2012.**



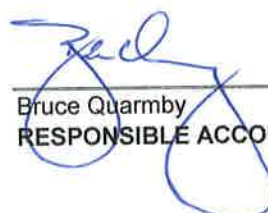
Tom Cullen  
MAYOR



COUNCILLOR



Rick Warren  
GENERAL MANAGER



Bruce Quarmby  
RESPONSIBLE ACCOUNTING OFFICER

## Coonamble Shire Council

## Income Statement of Council's Water Supply Business Activity

for the financial year ended 30 June 2012

\$ '000	Actual 2012	Actual 2011	Actual 2010
<b>Income from continuing operations</b>			
Access charges	182	152	116
User charges	214	323	298
Fees	-	-	-
Interest	232	265	185
Grants and contributions provided for non capital purposes	40	13	12
Profit from the sale of assets	-	-	-
Other income	11	-	4
<b>Total income from continuing operations</b>	<b>679</b>	<b>753</b>	<b>615</b>
<b>Expenses from continuing operations</b>			
Employee benefits and on-costs	173	118	251
Borrowing costs	-	-	-
Materials and contracts	233	298	204
Depreciation and impairment	239	237	265
Water purchase charges	-	-	-
Loss on sale of assets	-	-	-
Calculated taxation equivalents	-	-	-
Debt guarantee fee (if applicable)	-	-	-
Other expenses	18	17	13
<b>Total expenses from continuing operations</b>	<b>663</b>	<b>670</b>	<b>733</b>
<b>Surplus (deficit) from Continuing Operations before capital amounts</b>	<b>16</b>	<b>83</b>	<b>(118)</b>
Grants and contributions provided for capital purposes	28	370	-
<b>Surplus (deficit) from Continuing Operations after capital amounts</b>	<b>44</b>	<b>453</b>	<b>(118)</b>
Surplus (deficit) from discontinued operations	-	-	-
<b>Surplus (deficit) from ALL Operations before tax</b>	<b>44</b>	<b>453</b>	<b>(118)</b>
less: Corporate Taxation Equivalent (30%) [based on result before capital]	(5)	(25)	-
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>39</b>	<b>428</b>	<b>(118)</b>
plus Opening Retained Profits	8,499	8,046	8,164
plus/less: Prior Period Adjustments	3,058	-	-
plus Adjustments for amounts unpaid:			
- Taxation equivalent payments	-	-	-
- Debt guarantee fees	-	-	-
- Corporate taxation equivalent	5	25	-
less:			
- Tax Equivalent Dividend paid	-	-	-
- Surplus dividend paid	-	-	-
<b>Closing Retained Profits</b>	<b>11,601</b>	<b>8,499</b>	<b>8,046</b>
<b>Return on Capital %</b>	<b>0.2%</b>	<b>1.5%</b>	<b>-2.1%</b>
<b>Subsidy from Council</b>	<b>229</b>	<b>214</b>	<b>401</b>
<b>Calculation of dividend payable:</b>			
Surplus (deficit) after tax	39	428	(118)
less: Capital grants and contributions (excluding developer contributions)	(28)	(370)	-
<b>Surplus for dividend calculation purposes</b>	<b>11</b>	<b>58</b>	<b>-</b>
<b>Potential Dividend calculated from surplus</b>	<b>6</b>	<b>29</b>	<b>-</b>

## Coonamble Shire Council

## Income Statement of Council's Sewerage Business Activity

for the financial year ended 30 June 2012

\$ '000	Actual 2012	Actual 2011	Actual 2010
<b>Income from continuing operations</b>			
Access charges	479	411	406
User charges	120	79	68
Liquid Trade Waste charges	-	-	-
Fees	-	-	-
Interest	131	151	158
Grants and contributions provided for non capital purposes	10	12	12
Profit from the sale of assets	-	-	-
Other income	8	6	2
<b>Total income from continuing operations</b>	<b>748</b>	<b>659</b>	<b>646</b>
<b>Expenses from continuing operations</b>			
Employee benefits and on-costs	205	159	282
Borrowing costs	4	4	5
Materials and contracts	218	247	154
Depreciation and impairment	379	365	363
Loss on sale of assets	-	-	-
Calculated taxation equivalents	-	-	-
Debt guarantee fee (if applicable)	-	-	-
Other expenses	3	16	10
<b>Total expenses from continuing operations</b>	<b>809</b>	<b>791</b>	<b>814</b>
<b>Surplus (deficit) from Continuing Operations before capital amounts</b>	<b>(61)</b>	<b>(132)</b>	<b>(168)</b>
Grants and contributions provided for capital purposes	-	-	-
<b>Surplus (deficit) from Continuing Operations after capital amounts</b>	<b>(61)</b>	<b>(132)</b>	<b>(168)</b>
Surplus (deficit) from discontinued operations	-	-	-
<b>Surplus (deficit) from ALL Operations before tax</b>	<b>(61)</b>	<b>(132)</b>	<b>(168)</b>
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	-	-
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>(61)</b>	<b>(132)</b>	<b>(168)</b>
plus Opening Retained Profits	6,253	6,385	6,553
plus/less: Prior Period Adjustments	5,879	-	-
plus Adjustments for amounts unpaid:			
- Taxation equivalent payments	-	-	-
- Debt guarantee fees	-	-	-
- Corporate taxation equivalent	-	-	-
less:			
- Tax Equivalent Dividend paid	-	-	-
- Surplus dividend paid	-	-	-
<b>Closing Retained Profits</b>	<b>12,071</b>	<b>6,253</b>	<b>6,385</b>
<b>Return on Capital %</b>	<b>-0.5%</b>	<b>-3.6%</b>	<b>-4.4%</b>
<b>Subsidy from Council</b>	<b>421</b>	<b>313</b>	<b>351</b>
<b>Calculation of dividend payable:</b>			
Surplus (deficit) after tax	(61)	(132)	(168)
less: Capital grants and contributions (excluding developer contributions)	-	-	-
<b>Surplus for dividend calculation purposes</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Potential Dividend calculated from surplus</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Coonamble Shire Council

## Income Statement of Council's Other Business Activities

for the financial year ended 30 June 2012

Quarry

Category 1/2

\$ '000	Actual	
	2012	2011
<b>Income from continuing operations</b>		
Access charges	-	-
User charges	1,690	1,983
Fees	-	-
Interest	-	-
Grants and contributions provided for non capital purposes	-	-
Profit from the sale of assets	-	-
Other income	-	-
<b>Total income from continuing operations</b>	<b>1,690</b>	<b>1,983</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	257	339
Borrowing costs	-	-
Materials and contracts	939	1,128
Depreciation and impairment	78	87
Loss on sale of assets	-	-
Calculated taxation equivalents	-	-
Debt guarantee fee (if applicable)	-	-
Other expenses	-	-
<b>Total expenses from continuing operations</b>	<b>1,274</b>	<b>1,554</b>
<b>Surplus (deficit) from Continuing Operations before capital amounts</b>	<b>416</b>	<b>429</b>
Grants and contributions provided for capital purposes	-	-
<b>Surplus (deficit) from Continuing Operations after capital amounts</b>	<b>416</b>	<b>429</b>
Surplus (deficit) from discontinued operations	-	-
<b>Surplus (deficit) from ALL Operations before tax</b>	<b>416</b>	<b>429</b>
less: Corporate Taxation Equivalent (30%) [based on result before capital]	(125)	(129)
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>291</b>	<b>300</b>
plus Opening Retained Profits	2,828	2,399
plus/less: Prior Period Adjustments	-	-
plus Adjustments for amounts unpaid:		
- Taxation equivalent payments	-	-
- Debt guarantee fees	-	-
- Corporate taxation equivalent	125	129
add:		
- Subsidy Paid/Contribution To Operations	-	-
less:		
- TER dividend paid	-	-
- Dividend paid	-	-
<b>Closing Retained Profits</b>	<b>3,244</b>	<b>2,828</b>
<b>Return on Capital %</b>	<b>38.7%</b>	<b>37.2%</b>
<b>Subsidy from Council</b>	<b>-</b>	<b>-</b>

## Coonamble Shire Council

## Balance Sheet of Council's Water Supply Business Activity

as at 30 June 2012

<b>\$ '000</b>	<b>Actual 2012</b>	<b>Actual 2011</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	4,826	4,891
Investments	-	-
Receivables	214	198
Inventories	13	13
Other	-	-
Non-current assets classified as held for sale	-	-
<b>Total Current Assets</b>	<b>5,053</b>	<b>5,102</b>
<b>Non-Current Assets</b>		
Investments	-	-
Receivables	-	-
Inventories	-	-
Infrastructure, property, plant and equipment	8,100	5,695
Investments accounted for using equity method	-	-
Investment property	-	-
Other	-	-
<b>Total non-Current Assets</b>	<b>8,100</b>	<b>5,695</b>
<b>TOTAL ASSETS</b>	<b>13,153</b>	<b>10,797</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Bank Overdraft	-	-
Payables	51	22
Interest bearing liabilities	-	-
Provisions	-	-
<b>Total Current Liabilities</b>	<b>51</b>	<b>22</b>
<b>Non-Current Liabilities</b>		
Payables	-	-
Interest bearing liabilities	-	-
Provisions	-	-
<b>Total Non-Current Liabilities</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>51</b>	<b>22</b>
<b>NET ASSETS</b>	<b>13,102</b>	<b>10,775</b>
<b>EQUITY</b>		
Retained earnings	11,601	8,499
Revaluation reserves	1,501	2,276
Council equity interest	13,102	10,775
Minority equity interest	-	-
<b>TOTAL EQUITY</b>	<b>13,102</b>	<b>10,775</b>

## Coonamble Shire Council

## Balance Sheet of Council's Sewerage Business Activity

as at 30 June 2012

<b>\$ '000</b>	<b>Actual 2012</b>	<b>Actual 2011</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	4,243	2,791
Investments	-	-
Receivables	116	1,312
Inventories	-	-
Other	-	-
Non-current assets classified as held for sale	-	-
<b>Total Current Assets</b>	<b>4,359</b>	<b>4,103</b>
<b>Non-Current Assets</b>		
Investments	-	-
Receivables	-	-
Inventories	-	-
Infrastructure, property, plant and equipment	12,000	3,544
Investments accounted for using equity method	-	-
Investment property	-	-
Other	-	-
<b>Total non-Current Assets</b>	<b>12,000</b>	<b>3,544</b>
<b>TOTAL ASSETS</b>	<b>16,359</b>	<b>7,647</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Bank Overdraft	-	-
Payables	5	-
Interest bearing liabilities	7	8
Provisions	-	-
<b>Total Current Liabilities</b>	<b>12</b>	<b>8</b>
<b>Non-Current Liabilities</b>		
Payables	-	-
Interest bearing liabilities	45	52
Provisions	-	-
<b>Total Non-Current Liabilities</b>	<b>45</b>	<b>52</b>
<b>TOTAL LIABILITIES</b>	<b>57</b>	<b>60</b>
<b>NET ASSETS</b>	<b>16,302</b>	<b>7,587</b>
<b>EQUITY</b>		
Retained earnings	12,071	6,253
Revaluation reserves	4,231	1,334
Council equity interest	16,302	7,587
Minority equity interest	-	-
<b>TOTAL EQUITY</b>	<b>16,302</b>	<b>7,587</b>

## Coonamble Shire Council

## Balance Sheet of Council's Other Business Activities

as at 30 June 2012

Quarry

Category 1/2

\$ '000	Actual 2012	Actual 2011
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	2,053	1,418
Investments	-	-
Receivables	110	248
Inventories	132	125
Other	-	-
Non-current assets classified as held for sale	-	-
<b>Total Current Assets</b>	<b>2,295</b>	<b>1,791</b>
<b>Non-Current Assets</b>		
Investments	-	-
Receivables	-	-
Inventories	-	-
Infrastructure, property, plant and equipment	1,076	1,154
Investments accounted for using equity method	-	-
Investment property	-	-
Other	-	-
<b>Total Non-Current Assets</b>	<b>1,076</b>	<b>1,154</b>
<b>TOTAL ASSETS</b>	<b>3,371</b>	<b>2,945</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Bank Overdraft	-	-
Payables	10	-
Interest bearing liabilities	-	-
Provisions	-	-
<b>Total Current Liabilities</b>	<b>10</b>	<b>-</b>
<b>Non-Current Liabilities</b>		
Payables	-	-
Interest bearing liabilities	-	-
Provisions	-	-
Other Liabilities	-	-
<b>Total Non-Current Liabilities</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>10</b>	<b>-</b>
<b>NET ASSETS</b>	<b>3,361</b>	<b>2,945</b>
<b>EQUITY</b>		
Retained earnings	3,244	2,828
Revaluation reserves	117	117
Council equity interest	<b>3,361</b>	<b>2,945</b>
Minority equity interest	-	-
<b>TOTAL EQUITY</b>	<b>3,361</b>	<b>2,945</b>



## Coonamble Shire Council

### Special Purpose Financial Statements

for the financial year ended 30 June 2012

#### Contents of the Notes accompanying the Financial Statements

Note	Details	Page
1	Summary of Significant Accounting Policies	10
2	Water Supply Business Best Practice Management disclosure requirements	13
3	Sewerage Business Best Practice Management disclosure requirements	15

## Coonamble Shire Council

### Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2012

#### Note 1. Significant Accounting Policies

These financial statements are a Special Purpose Financial Statements (SPFS) prepared for use by Council and the Division of Local Government.

For the purposes of these statements, the Council's business activities (reported herein) are not reporting entities.

These special purpose financial statements, unless otherwise stated, have been prepared in accordance with;

- applicable Australian Accounting Standards,
- other authoritative pronouncements of the Australian Accounting Standards Board,
- Australian Accounting Interpretations,
- the Local Government Act and Regulation, and
- the Local Government Code of Accounting Practice and Financial Reporting.

The statements are also prepared on an accruals basis. They are based on historic costs and do not take into account changing money values nor current values of non-current assets (except where specifically stated).

Certain taxes and other costs (appropriately described) have been imputed for the purposes of the National Competition Policy.

#### National Competition Policy

Council has adopted the principle of 'competitive neutrality' to its business activities as part of the national competition policy which is being applied throughout Australia at all levels of government.

The framework for its application is set out in the June 1996 Government Policy statement on the "Application of National Competition Policy to Local Government".

The "Pricing & Costing for Council Businesses A Guide to Competitive Neutrality" issued by the Division of Local Government in July 1997 has also been adopted.

The pricing & costing guidelines outline the process for identifying and allocating costs to activities and provide a standard of disclosure requirements.

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

#### Declared Business Activities

In accordance with *Pricing & Costing for Council Businesses - A Guide to Competitive Neutrality*, Council has declared that the following are to be considered as business activities:

##### Category 1

(where gross operating turnover is over \$2 million)

Council does not operate any Category 1 business activities.

##### Category 2

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

##### a. Water Supply Service

Comprising the whole of the water supply operations and net assets servicing Coonamble Shire.

##### b. Sewerage Service

Comprising the whole of the sewerage reticulation and treatment operations and net assets system servicing Coonamble Shire.

##### c. Quarry Operations

Extraction and production of road making materials.

#### Monetary Amounts

Amounts shown in the financial statements are in Australian currency and rounded to the nearest one thousand dollars, with the exception of some figures disclosed in Note 2 (Water Supply Best Practice Management Disclosures) and Note 3 (Sewerage Best Practice Management Disclosures).

As required by the NSW Office of Water (Department of Environment, Climate Change and Water) some amounts shown in Notes 2 and Note 3 are disclosed in whole dollars.

## Coonamble Shire Council

### Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2012

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

##### (i) Taxation Equivalent Charges

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

However, where Council is exempt from paying taxes which are generally paid by private sector businesses (such as income tax), equivalent tax payments have been applied to all Council nominated business activities and are reflected in these financial statements.

For the purposes of disclosing comparative information relevant to the private sector equivalent, the following taxation equivalents have been applied to all council nominated business activities (this does not include council's non-business activities):

##### Notional Rate Applied %

###### Corporate Income Tax Rate – 30%

Land Tax – The first **\$396,000** of combined land values attracts **0%**. From \$396,001 to \$2,421,000 the rate is **1.6% + \$100**. For the remaining combined land value that exceeds \$2,421,000, a premium marginal rate of **2.0%** applies.

Payroll Tax – **5.45%** on the value of taxable salaries and wages in excess of \$678,000.

In accordance with the guidelines for Best Practice Management of Water Supply and Sewerage, a payment for the amount calculated as the annual tax equivalent charges (excluding income tax) must be paid from Water Supply and Sewerage Business activities.

The payment of taxation equivalent charges, referred in the Best Practice Management of Water Supply and Sewerage Guides to as a “Dividend for Taxation equivalent”, may be applied for any purpose allowed under the Local Government Act, 1993.

Achievement of substantial compliance against the guidelines for Best Practice Management of Water Supply and Sewerage is not a prerequisite for the payment of the tax equivalent charges, however the payment must not exceed \$3 per assessment.

##### Income Tax

An income tax equivalent has been applied on the profits of the business.

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

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

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

Since this taxation equivalent is notional - that is, it is payable to the “Council” as the owner of business operations, it represents an internal payment and has no effect on the operations of the council. Accordingly, there is no need for disclosure of internal charges in Council's GPFS.

The rate applied of 30% is the equivalent company tax rate prevalent as at balance date. No adjustments have been made for variations that have occurred during the year.

##### Local Government Rates & Charges

A calculation of the equivalent rates and charges payable on all Category 1 businesses has been applied to all land assets owned or exclusively used by the business activity.

##### Loan & Debt Guarantee Fees

The debt guarantee fee is designed to ensure that council business activities face “true” commercial borrowing costs in line with private sector competitors.

In order to calculate a debt guarantee fee, council has determined what the differential borrowing rate would have been between the commercial rate and the council's borrowing rate for its business activities.

## Coonamble Shire Council

### Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2012

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

##### (ii) Subsidies

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

Subsidies occur where council provides services on a less than cost recovery basis. This option is exercised on a range of services in order for council to meet its community service obligations.

Accordingly, Subsidies disclosed (in relation to National Competition Policy) represents the difference between revenue generated from 'rate of return' pricing and revenue generated from prices set by the council in any given financial year.

The overall effect of subsidies is contained within the Income Statement of Business Activities.

##### (iii) Return on Investments (Rate of Return)

The Policy statement requires that councils with Category 1 businesses "would be expected to generate a return on capital funds employed that is comparable to rates of return for private businesses operating in a similar field".

Such funds are subsequently available for meeting commitments or financing future investment strategies.

The Rate of Return on Capital is calculated as follows:

**Operating Result before Capital Income + Interest Expense**

**Written Down Value of I,PP&E as at 30 June**

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 3.03% at 30/6/12.

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

##### (iv) Dividends

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

Local Government Water Supply and Sewerage Businesses are permitted to pay an annual dividend from its water supply or sewerage business surplus.

The dividend, calculated and approved in accordance with the Best Practice Management Guidelines, must not exceed either **(i)** 50% of this surplus in any one year, or **(ii)** the number of water supply or sewerage assessments at 30 June 2012 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

In accordance with the guidelines for Best Practice Management of Water Supply and Sewerage, a Dividend Payment form, Statement of Compliance, Unqualified Independent Financial Audit Report and Compliance Audit Report are required to be submitted to the NSW Office of Water prior to making the dividend and only after it has approved its payment.

## Coonamble Shire Council

# Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2012

## Note 2. Water Supply Business

### Best Practice Management disclosure requirements

Dollars Amounts shown below are in **WHOLE DOLLARS** (unless otherwise indicated)

**2012**

#### 1. Calculation and Payment of Tax-Equivalents

[All Local Government Local Water Utilities must pay this dividend for tax-equivalents]

(i)	Calculated Tax Equivalents	<input type="text" value="-"/>
(ii)	No of assessments multiplied by \$3/assessment	<input type="text" value="4,977"/>
(iii)	Amounts payable for Tax Equivalents [lesser of (i) and (ii)]	<input type="text" value="-"/>
(iv)	Amounts actually paid for Tax Equivalents	<input type="text"/>

#### 2. Dividend from Surplus

(i)	50% of Surplus before Dividends [Calculated in accordance with Best Practice Management for Water Supply and Sewerage Guidelines]	<input type="text" value="5,600"/>
(ii)	No. of assessments multiplied by \$30/assessment, less tax equivalent charges/assessment	<input type="text" value="49,770"/>
(iii)	Cumulative surplus before Dividends for the 3 years to 30 June 2012, less the cumulative dividends paid for the 2 years to 30 June 2011 & 30 June 2010	<input type="text" value="(48,700)"/>

2012 Surplus	<input type="text" value="11,200"/>	2011 Surplus	<input type="text" value="58,100"/>	2010 Surplus	<input type="text" value="(118,000)"/>
		2011 Dividend	<input type="text" value="-"/>	2010 Dividend	<input type="text" value="-"/>

(iv)	Maximum dividend from surplus [least of (i), (ii) and (iii) above]	<input type="text" value="n/a"/>
(v)	Dividend actually paid from surplus [refer below for required pre-dividend payment Criteria]	<input type="text"/>

#### 3. Required outcomes for 6 Criteria

[To be eligible for the payment of a "Dividend from Surplus", ALL the Criteria below need a "YES"]

(i)	Completion of Strategic Business Plan (including Financial Plan)	<input type="text"/>
(ii)	Full Cost Recovery, without significant cross subsidies [Refer Item 2(a) in Table 1 on page 22 of the Best Practice Guidelines]	<input type="text"/>
	- Complying charges [Item 2(b) in Table 1]	<input type="text"/>
	- DSP with Commercial Developer Charges [Item 2(e) in Table 1]	<input type="text"/>
	- If Dual Water Supplies, Complying Charges [Item 2(g) in Table 1]	<input type="text"/>
(iii)	Sound Water Conservation and Demand Management implemented	<input type="text"/>
(iv)	Sound Drought Management implemented	<input type="text"/>
(v)	Complete Performance Reporting Form (by 15 September each year)	<input type="text"/>
(vi)	a. Integrated Water Cycle Management Evaluation	<input type="text"/>
	b. Complete and implement Integrated Water Cycle Management Strategy	<input type="text"/>

## Coonamble Shire Council

# Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2012

## Note 2. Water Supply Business

### Best Practice Management disclosure requirements (continued)

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated) 2012

#### National Water Initiative (NWI) Financial Performance Indicators

<b>NWI F1</b>	Total Revenue (Water) Total Income (w13) - Grants for the Acquisition of Assets (w11a) - Interest Income (w9)	\$'000	504
<b>NWI F4</b>	Revenue from Residential Usage Charges (Water) Income from Residential Usage Charges (w6b) x 100 divided by the sum of [Income from Residential Usage Charges (w6a) + Income from Residential Access Charges (w6b)]	%	57.91%
<b>NWI F9</b>	Written Down Replacement Cost of Fixed Assets (Water) Written down current cost of system assets (w47)	\$'000	8,100
<b>NWI F11</b>	Operating Cost (OMA) (Water) Management Expenses (w1) + Operational & Maintenance Expenses (w2)	\$'000	406
<b>NWI F14</b>	Capital Expenditure (Water) Acquisition of fixed assets (w16)	\$'000	361
<b>NWI F17</b>	Economic Real Rate of Return (Water) [Total Income (w13) - Interest Income (w9) - Grants for acquisition of assets (w11a) - Operating Costs (NWI F11) - Current Cost Depreciation (w3)] x 100 divided by [Written Down Current Cost of System Assets (w47) + Plant & Equipment (w33b)]	%	-1.74%
<b>NWI F26</b>	Capital Works Grants (Water) Grants for the Acquisition of Assets (w11a)	\$'000	28

- Notes:
- References to w (eg. w12) refer to item numbers within Special Schedules No. 3 & 4 of Council's Annual Financial Statements.
  - The NWI Performance Indicators are based upon the National Performance Framework Handbook for Urban Performance Reporting Indicators & Definitions.

# Coonamble Shire Council

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

### Note 3. Sewerage Business Best Practice Management disclosure requirements

Dollars Amounts shown below are in **WHOLE DOLLARS** (unless otherwise indicated)

**2012**

#### 1. Calculation and Payment of Tax-Equivalents

[All Local Government Local Water Utilities must pay this dividend for tax-equivalents]

(i) Calculated Tax Equivalents	<input type="text" value="-"/>
(ii) No of assessments multiplied by \$3/assessment	<input type="text" value="4,122"/>
(iii) Amounts payable for Tax Equivalents [lesser of (i) and (ii)]	<input type="text" value="-"/>
(iv) Amounts actually paid for Tax Equivalents	<input type="text"/>

#### 2. Dividend from Surplus

(i) 50% of Surplus before Dividends [Calculated in accordance with Best Practice Management for Water Supply and Sewerage Guidelines]	<input type="text" value="-"/>
(ii) No. of assessments x (\$30 less tax equivalent charges per assessment)	<input type="text" value="41,220"/>
(iii) Cumulative surplus before dividends for the 3 years to 30 June 2012, less the cumulative dividends paid for the 2 years to 30 June 2011 & 30 June 2010	<input type="text" value="(361,000)"/>

2012 Surplus	<input type="text" value="(61,000)"/>	2011 Surplus	<input type="text" value="(132,000)"/>	2010 Surplus	<input type="text" value="(168,000)"/>
		2011 Dividend	<input type="text" value="-"/>	2010 Dividend	<input type="text" value="-"/>

(iv) Maximum dividend from surplus [least of (i), (ii) and (iii) above]	<input type="text" value="n/a"/>
(v) Dividend actually paid from surplus [refer below for required pre-dividend payment Criteria]	<input type="text"/>

#### 3. Required outcomes for 4 Criteria

[To be eligible for the payment of a "Dividend from Surplus", ALL the Criteria below need a "YES"]

(i) Completion of Strategic Business Plan (including Financial Plan)	<input type="text"/>
(ii) Pricing with full cost-recovery, without significant cross subsidies [Refer Item 2(a) in Table 1 on page 22 of the Best Practice Guidelines]	<input type="text"/>
Complying charges (a) Residential [Item 2(c) in Table 1]	<input type="text"/>
(b) Non Residential [Item 2(c) in Table 1]	<input type="text"/>
(c) Trade Waste [Item 2(d) in Table 1]	<input type="text"/>
DSP with Commercial Developer Charges [Item 2(e) in Table 1]	<input type="text"/>
Liquid Trade Waste Approvals & Policy [Item 2(f) in Table 1]	<input type="text"/>
(iii) Complete Performance Reporting Form (by 15 September each year)	<input type="text"/>
(iv) a. Integrated Water Cycle Management Evaluation	<input type="text"/>
b. Complete and implement Integrated Water Cycle Management Strategy	<input type="text"/>

## Coonamble Shire Council

## Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2012

## Note 3. Sewerage Business

## Best Practice Management disclosure requirements (continued)

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Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated) 2012


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## National Water Initiative (NWI) Financial Performance Indicators

NWI F2	Total Revenue (Sewerage) Total Income (s14) - Grants for Acquisition of Assets (s12a) - Interest Income (s10)	\$'000	636
NWI F10	Written Down Replacement Cost of Fixed Assets (Sewerage) Written down current cost of system assets (s48)	\$'000	12,000
NWI F12	Operating Cost (Sewerage) Management Expenses (s1) + Operational & Maintenance Expenses (s2)	\$'000	430
NWI F15	Capital Expenditure (Sewerage) Acquisition of Fixed Assets (s17)	\$'000	58
NWI F18	Economic Real Rate of Return (Sewerage) [Total Income (s14) - Interest Income (s10) - Grants for acquisition of Assets (s12a) - Operating cost (NWI F12) - Current cost depreciation (s3)] x 100 divided by [Written down current cost (ie. WDCC) of System Assets (s48) + Plant & Equipment (s34b)]	%	-1.44%
NWI F27	Capital Works Grants (Sewerage) Grants for the Acquisition of Assets (12a)	\$'000	-

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National Water Initiative (NWI) Financial Performance Indicators  
Water & Sewer (combined)

NWI F3	Total Income (Water & Sewerage) Total Income (w13 + s14) + Gain/Loss on disposal of assets (w14 + s15) minus Grants for acquisition of assets (w11a + s12a) - Interest Income (w9 + s10)	\$'000	1,140
NWI F8	Revenue from Community Service Obligations (Water & Sewerage) Community Service Obligations (NWI F25) x 100 divided by Total Income (NWI F3)	%	1.93%
NWI F16	Capital Expenditure (Water & Sewerage) Acquisition of Fixed Assets (w16 + s17)	\$'000	419
NWI F19	Economic Real Rate of Return (Water & Sewerage) [Total Income (w13 + s14) - Interest Income (w9 + s10) - Grants for acquisition of assets (w11a + s12a) - Operating Cost (NWI F11 + NWI F12) - Current cost depreciation (w3 + s3)] x 100 divided by [Written down replacement cost of fixed assets (NWI F9 + NWI F10) + Plant & equipment (w33b + s34b)]	%	-1.56%
NWI F20	Dividend (Water & Sewerage) Dividend paid from surplus (2(v) of Note 2 + 2(v) of Note 3)	\$'000	-
NWI F21	Dividend Payout Ratio (Water & Sewerage) Dividend (NWI F20) x 100 divided by Net Profit after tax (NWI F24)	%	0.00%



## Coonamble Shire Council

Notes to the Special Purpose Financial Statements  
for the financial year ended 30 June 2012Note 3. Sewerage Business  
Best Practice Management disclosure requirements (continued)

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated)

2012

National Water Initiative (NWI) Financial Performance Indicators  
Water & Sewer (combined)

<b>NWI F22</b>	Net Debt to Equity (Water & Sewerage)	%	-30.67%
	Overdraft (w36 + s37) + Borrowings (w38 + s39) - Cash & Investments (w30 + s31) x 100 divided by [Total Assets (w35 + s36) - Total Liabilities (w40 + s41)]		
<b>NWI F23</b>	Interest Cover (Water & Sewerage)		-
	Earnings before Interest & Tax (EBIT) divided by Net Interest		
	Earnings before Interest & Tax (EBIT):		- 314
	Operating Result (w15a + s16a) + Interest expense (w4a + s4a) - Interest Income (w9 + s10) - Gain/Loss on disposal of assets (w14 + s15) + Miscellaneous Expenses (w4b + w4c + s4b + s4c)		
	Net Interest:		- 421
	Interest Expense (w4a + s4a) - Interest Income (w9 + s10)		
<b>NWI F24</b>	Net Profit After Tax (Water & Sewerage)	\$'000	89
	Surplus before dividends (w15a + s16a) - Tax equivalents paid (Note 2-1(iv) + Note 3-1(iv))		
<b>NWI F25</b>	Community Service Obligations (Water & Sewerage)	\$'000	22
	Grants for Pensioner Rebates (w11b + s12b)		

- Notes:
- References to w (eg. s12) refer to item numbers within Special Schedules No. 5 & 6 of Council's Annual Financial Statements.
  - The NWI Performance Indicators are based upon the National Performance Framework Handbook for Urban Performance Reporting Indicators & Definitions.

COONAMBLE SHIRE COUNCIL  
SPECIAL PURPOSE FINANCIAL STATEMENTS  
INDEPENDENT AUDITORS' REPORT

---

**REPORT ON THE FINANCIAL STATEMENTS**

We have audited the accompanying *special purpose financial statements* of **Coonamble Shire Council**, which comprises the Balance Sheet as at 30 June 2012, Income Statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the Statement by Councillors and Management.

***Responsibility of Council for the Financial Statements***

The Council is responsible for the preparation and fair presentation of the financial statements in accordance with the Local Government Act 1993 and have determined that the accounting policies described in Note 1 to the financial statements, which form part of the financial statements, are appropriate to meet the financial reporting requirements of the Division of Local Government. This responsibility includes the maintenance of adequate accounting records and internal controls designed to prevent and detect fraud and error; designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

***Auditors' Responsibility***

Our responsibility is to express an opinion on the financial statements 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 statements are free from material misstatement. Our audit responsibility does not extend to the best practice management disclosures in Notes 2 and 3 and, accordingly, no opinion is expressed on these disclosures.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 Council'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 statements.

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Steer Assurance Partners

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Our audit did not involve 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, the special purpose financial statements of the Council are presented fairly in accordance with the requirements of those applicable Accounting Standards detailed in Note 1 and the Local Government Code of Accounting Practice and Financial Reporting.

***Basis of Accounting***

Without modifying our opinion, we draw attention to Note 1 to the financial statements, which describes the basis of accounting. The financial statements have been prepared for the purpose of fulfilling the requirements of the Division of Local Government. As a result, the financial statements may not be suitable for another purpose.

**HILL ROGERS SPENCER STEER**



**GARY MOTTAU**  
Partner

Dated at Sydney this 31<sup>st</sup> day of October 2012

# Coonamble Shire Council

SPECIAL SCHEDULES  
for the year ended 30 June 2012

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***“Coonamble on the Castlereagh”***



# Coonamble Shire Council

## Special Schedules

for the financial year ended 30 June 2012

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<sup>1</sup> Special Purpose Schedules are not audited.

### Background

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

## Coonamble Shire Council

# Special Schedule No. 1 - Net Cost of Services

for the financial year ended 30 June 2012

\$'000

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
<b>Governance</b>	<b>120</b>	-	-	<b>(120)</b>
<b>Administration</b>	<b>3,560</b>	<b>395</b>	-	<b>(3,165)</b>
<b>Public Order and Safety</b>				
Fire Service Levy, Fire Protection, Emergency Services	472	332	-	<b>(140)</b>
Beach Control	-	-	-	-
Enforcement of Local Govt. Regulations	-	-	-	-
Animal Control	99	12	-	<b>(87)</b>
Other	8	-	-	<b>(8)</b>
<b>Total Public Order &amp; Safety</b>	<b>579</b>	<b>344</b>	-	<b>(235)</b>
<b>Health</b>	<b>254</b>	<b>7</b>	-	<b>(247)</b>
<b>Environment</b>				
Noxious Plants and Insect/Vermin Control	88	-	-	<b>(88)</b>
Other Environmental Protection	38	172	-	<b>134</b>
Solid Waste Management	390	448	-	<b>58</b>
Street Cleaning	297	-	-	<b>(297)</b>
Drainage	44	-	-	<b>(44)</b>
Stormwater Management	-	-	-	-
<b>Total Environment</b>	<b>857</b>	<b>620</b>	-	<b>(237)</b>
<b>Community Services and Education</b>				
Administration & Education	28	-	-	<b>(28)</b>
Social Protection (Welfare)	61	20	-	<b>(41)</b>
Aged Persons and Disabled	11	-	-	<b>(11)</b>
Children's Services	40	33	-	<b>(7)</b>
<b>Total Community Services &amp; Education</b>	<b>140</b>	<b>53</b>	-	<b>(87)</b>
<b>Housing and Community Amenities</b>				
Public Cemeteries	51	54	-	<b>3</b>
Public Conveniences	22	-	-	<b>(22)</b>
Street Lighting	87	31	-	<b>(56)</b>
Town Planning	-	41	-	<b>41</b>
Other Community Amenities	6	6	-	-
<b>Total Housing and Community Amenities</b>	<b>166</b>	<b>132</b>	-	<b>(34)</b>
<b>Water Supplies</b>	<b>662</b>	<b>679</b>	<b>28</b>	<b>45</b>
<b>Sewerage Services</b>	<b>809</b>	<b>748</b>	-	<b>(61)</b>



## Coonamble Shire Council

# Special Schedule No. 1 - Net Cost of Services (continued)

for the financial year ended 30 June 2012

\$'000

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
<b>Recreation and Culture</b>				
Public Libraries	203	29	-	(174)
Museums	25	8	-	(17)
Art Galleries	-	-	-	-
Community Centres and Halls	33	-	-	(33)
Performing Arts Venues	-	-	-	-
Other Performing Arts	-	-	-	-
Other Cultural Services	23	-	-	(23)
Sporting Grounds and Venues	123	20	-	(103)
Swimming Pools	453	31	-	(422)
Parks & Gardens (Lakes)	410	12	-	(398)
Other Sport and Recreation	2	-	-	(2)
<b>Total Recreation and Culture</b>	<b>1,272</b>	<b>100</b>	<b>-</b>	<b>(1,172)</b>
<b>Fuel &amp; Energy</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Agriculture</b>	<b>150</b>	<b>163</b>	<b>-</b>	<b>13</b>
<b>Mining, Manufacturing and Construction</b>				
Building Control	1	26	-	25
Other Mining, Manufacturing & Construction	344	762	-	418
<b>Total Mining, Manufacturing and Const.</b>	<b>345</b>	<b>788</b>	<b>-</b>	<b>443</b>
<b>Transport and Communication</b>				
Urban Roads (UR) - Local	488	-	-	(488)
Urban Roads - Regional	-	-	-	-
Sealed Rural Roads (SRR) - Local	1,344	-	743	(601)
Sealed Rural Roads (SRR) - Regional	1,924	1,750	-	(174)
Unsealed Rural Roads (URR) - Local	2,189	1,628	-	(561)
Unsealed Rural Roads (URR) - Regional	5	-	-	(5)
Bridges on UR - Local	-	-	-	-
Bridges on SRR - Local	85	-	-	(85)
Bridges on URR - Local	-	-	-	-
Bridges on Regional Roads	7	-	-	(7)
Parking Areas	1	-	-	(1)
Footpaths	229	-	-	(229)
Aerodromes	162	11	-	(151)
Other Transport & Communication	2,787	2,922	-	135
<b>Total Transport and Communication</b>	<b>9,221</b>	<b>6,311</b>	<b>743</b>	<b>(2,167)</b>
<b>Economic Affairs</b>				
Camping Areas & Caravan Parks	7	6	-	(1)
Other Economic Affairs	761	353	-	(408)
<b>Total Economic Affairs</b>	<b>768</b>	<b>359</b>	<b>-</b>	<b>(409)</b>
<b>Totals – Functions</b>	<b>18,903</b>	<b>10,699</b>	<b>771</b>	<b>(7,433)</b>
<b>General Purpose Revenues<sup>(2)</sup></b>		<b>8,399</b>		<b>8,399</b>
<b>Share of interests - joint ventures &amp; associates using the equity method</b>	<b>-</b>	<b>6</b>		<b>6</b>
<b>NET OPERATING RESULT<sup>(1)</sup></b>	<b>18,903</b>	<b>19,104</b>	<b>771</b>	<b>972</b>

(1) As reported in the Income Statement | (2) Includes: Rates & Annual Charges (incl. Ex Gratia, excl. Water & Sewer), Non Capital General Purpose Grants & Interest on Investments (excl. Ext. Restricted Assets)

# Coonamble Shire Council

## Special Schedule No. 2(a) - Statement of Long Term Debt (all purpose)

for the financial year ended 30 June 2012

\$'000

Classification of Debt	Principal outstanding at beginning of the year			New Loans raised during the year	Debt redemption during the year		Transfers to Sinking Funds	Interest applicable for Year	Principal outstanding at the end of the year		
	Current	Non Current	Total		From Revenue	Sinking Funds			Current	Non Current	Total
<b>Loans (by Source)</b>											
Commonwealth Government	-	-	-	-	-	-	-	-	-	-	-
Treasury Corporation	-	-	-	-	-	-	-	-	-	-	-
Other State Government	-	-	-	-	-	-	-	-	-	-	-
Public Subscription	-	-	-	-	-	-	-	-	-	-	-
Financial Institutions	35	82	117	-	35	-	-	7	37	45	82
Other	-	-	-	-	-	-	-	-	-	-	-
<b>Total Loans</b>	<b>35</b>	<b>82</b>	<b>117</b>	<b>-</b>	<b>35</b>	<b>-</b>	<b>-</b>	<b>7</b>	<b>37</b>	<b>45</b>	<b>82</b>
<b>Other Long Term Debt</b>											
Ratepayers Advances	-	-	-	-	-	-	-	-	-	-	-
Government Advances	-	-	-	-	-	-	-	-	-	-	-
Finance Leases	-	-	-	-	-	-	-	-	-	-	-
Deferred Payments	-	-	-	-	-	-	-	-	-	-	-
<b>Total Long Term Debt</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Debt</b>	<b>35</b>	<b>82</b>	<b>117</b>	<b>-</b>	<b>35</b>	<b>-</b>	<b>-</b>	<b>7</b>	<b>37</b>	<b>45</b>	<b>82</b>

Notes: Excludes (i) Internal Loans & (ii) Principal Inflows/Outflows relating to Loan Re-Financing.

This Schedule is prepared using the **face value** of debt obligations, rather than **fair value** (which are reported in the GPFS).



# Coonamble Shire Council

## Special Schedule No. 2(b) - Statement of Internal Loans [Section 410(3) LGA 1993]

for the financial year ended 30 June 2012

\$'000

### Summary of Internal Loans

Borrower (by purpose)	Amount originally raised	Total repaid during the year (Principal & Interest)	Principal Outstanding at end of year
General	1,600	281	991
Water	-	-	-
Sewer	-	-	-
Domestic Waste Management	-	-	-
Gas	-	-	-
Other	-	-	-
	-	-	-
<b>Totals</b>	<b>1,600</b>	<b>281</b>	<b>991</b>

Note: The summary of Internal Loans (above) represents the total of Council's Internal Loans categorised according to the borrower.

### Details of Individual Internal Loans

Borrower (by purpose)	Lender (by purpose)	Date of Minister's Approval	Date Raised	Term (years)	Dates of Maturity	Rate of Interest	Amount Originally raised	Total repaid during year (Princ. & Int.)	Principal Outstanding at end of year
General Fund	Coonamble Sewer Fund	05/02/09	30/06/09	7	30/06/16	6.00%	1,600	281	991
<b>Totals</b>							<b>1,600</b>	<b>281</b>	<b>991</b>

## Coonamble Shire Council

## Special Schedule No. 3 - Water Supply Income Statement

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
for the financial year ended 30 June 2012

\$'000	Actuals 2012	Actuals 2011
<b>A Expenses and Income</b> <b>Expenses</b>		
<b>1. Management expenses</b>		
a. Administration	61	40
b. Engineering and Supervision	60	41
<b>2. Operation and Maintenance expenses</b>		
<b>- Dams &amp; Weirs</b>		
a. Operation expenses	-	-
b. Maintenance expenses	-	-
<b>- Mains</b>		
c. Operation expenses	-	-
d. Maintenance expenses	87	192
<b>- Reservoirs</b>		
e. Operation expenses	-	-
f. Maintenance expenses	28	14
<b>- Pumping Stations</b>		
g. Operation expenses (excluding energy costs)	-	-
h. Energy costs	58	56
i. Maintenance expenses	49	49
<b>- Treatment</b>		
j. Operation expenses (excluding chemical costs)	-	-
k. Chemical costs	-	-
l. Maintenance expenses	-	-
<b>- Other</b>		
m. Operation expenses	29	-
n. Maintenance expenses	34	24
o. Purchase of water	-	-
<b>3. Depreciation expenses</b>		
a. System assets	239	237
b. Plant and equipment	-	-
<b>4. Miscellaneous expenses</b>		
a. Interest expenses	-	-
b. Revaluation Decrements	-	-
c. Other expenses	18	17
d. Tax Equivalents Dividends (actually paid)	-	-
<b>5. Total expenses</b>	<b>663</b>	<b>670</b>

## Coonamble Shire Council

## Special Schedule No. 3 - Water Supply Income Statement (continued)

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
for the financial year ended 30 June 2012

\$'000	Actuals 2012	Actuals 2011
<b>Income</b>		
<b>6. Residential charges</b>		
a. Access (including rates)	189	152
b. Usage charges	260	316
<b>7. Non-residential charges</b>		
a. Access (including rates)	-	-
b. Usage charges	-	-
<b>8. Extra charges</b>	4	5
<b>9. Interest income</b>	228	260
<b>10. Other income</b>	11	7
<b>11. Grants</b>		
a. Grants for acquisition of assets	28	370
b. Grants for pensioner rebates	10	13
c. Other grants	30	-
<b>12. Contributions</b>		
a. Developer charges	-	-
b. Developer provided assets	-	-
c. Other contributions	-	-
<b>13. Total income</b>	<b>760</b>	<b>1,123</b>
<b>14. Gain (or loss) on disposal of assets</b>	-	-
<b>15. Operating Result</b>	<b>97</b>	<b>453</b>
<b>15a. Operating Result (less grants for acquisition of assets)</b>	69	83

## Coonamble Shire Council

## Special Schedule No. 3 - Water Supply Income Statement (continued)

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
for the financial year ended 30 June 2012

\$'000	Actuals 2012	Actuals 2011
<b>B Capital transactions</b>		
<b>Non-operating expenditures</b>		
<b>16. Acquisition of Fixed Assets</b>		
a. New Assets for Improved Standards	-	-
b. New Assets for Growth	324	191
c. Renewals	37	9
d. Plant and equipment	-	-
<b>17. Repayment of debt</b>		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
<b>18. Transfer to sinking fund</b>	-	-
<b>19. Totals</b>	<b>361</b>	<b>200</b>
<b>Non-operating funds employed</b>		
<b>20. Proceeds from disposal of assets</b>	-	-
<b>21. Borrowing utilised</b>		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
<b>22. Transfer from sinking fund</b>	-	-
<b>23. Totals</b>	<b>-</b>	<b>-</b>
<b>C Rates and charges</b>		
<b>24. Number of assessments</b>		
a. Residential (occupied)	1,294	1,290
b. Residential (unoccupied, ie. vacant lot)	148	152
c. Non-residential (occupied)	214	214
d. Non-residential (unoccupied, ie. vacant lot)	3	3
<b>25. Number of ETs for which developer charges were received</b>	- ET	- ET
<b>26. Total amount of pensioner rebates (actual dollars)</b>	\$ 10,074	\$ 12,593

## Coonamble Shire Council

## Special Schedule No. 3 - Water Supply Cross Subsidies

for the financial year ended 30 June 2012

\$'000	Yes	No	Amount
<b>D Best practice annual charges and developer charges*</b>			
<b>27. Annual charges</b>			
a. Does Council have best-practice water supply annual charges and usage charges*?	<input type="checkbox"/> Yes	<input type="checkbox"/>	
If Yes, go to 28a.			
If No, please report if council has removed <b>land value</b> from access charges (ie rates)?			
	<input type="checkbox"/>	<input type="checkbox"/>	
<b>NB.</b> Such charges for both residential customers and non-residential customers comply with section 3.2 of Water Supply, Sewerage and Trade Waste Pricing Guidelines, NSW Office of Water, December, 2002. Such charges do not involve significant cross subsidies.			
b. Cross-subsidy <b>from</b> residential customers using less than allowance (page 25 of Guidelines)			<input type="text"/>
c. Cross-subsidy <b>to</b> non-residential customers (page 24 of Guidelines)			<input type="text"/>
d. Cross-subsidy <b>to</b> large connections in unmetered supplies (page 26 of Guidelines)			<input type="text"/>
<b>28. Developer charges</b>			
a. Has council completed a water supply Development Servicing** Plan?	<input type="checkbox"/>	<input type="checkbox"/> NO	
b. Total cross-subsidy in water supply developer charges for 2011/12 (page 47 of Guidelines)			<input type="text"/>
** In accordance with page 9 of Developer Charges Guidelines for Water Supply, Sewerage and Stormwater, NSW Office of Water, December, 2002.			
<b>29. Disclosure of cross-subsidies</b>			
<b>Total of cross-subsidies (27b +27c + 27d + 28b)</b>			<input type="text" value="-"/>
<p>* Councils which have not yet implemented best practice water supply pricing should disclose cross-subsidies in items 27b, 27c and 27d above.</p> <p>However, disclosure of cross-subsidies is <b>not</b> required where a Council has implemented best practice pricing and is phasing in such pricing over a period of 3 years.</p>			

## Coonamble Shire Council

## Special Schedule No. 4 - Water Supply Balance Sheet

Includes INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
as at 30 June 2012

\$'000	Actuals Current	Actuals Non Current	Actuals Total
<b>ASSETS</b>			
<b>30. Cash and investments</b>			
a. Developer charges	-	-	-
b. Special purpose grants	-	-	-
c. Accrued leave	-	-	-
d. Unexpended loans	-	-	-
e. Sinking fund	-	-	-
f. Other	4,826	-	4,826
<b>31. Receivables</b>			
a. Specific purpose grants	1	-	1
b. Rates and Availability Charges	19	-	19
c. Other (including User Charges)	194	-	194
<b>32. Inventories</b>	13	-	13
<b>33. Property, plant and equipment</b>			
a. System assets	-	8,100	8,100
b. Plant and equipment	-	-	-
<b>34. Other assets</b>	-	-	-
<b>35. Total assets</b>	<b>5,053</b>	<b>8,100</b>	<b>13,153</b>
<b>LIABILITIES</b>			
<b>36. Bank overdraft</b>	-	-	-
<b>37. Creditors</b>	51	-	51
<b>38. Borrowings</b>			
a. Loans	-	-	-
b. Advances	-	-	-
c. Finance leases	-	-	-
<b>39. Provisions</b>			
a. Tax equivalents	-	-	-
b. Dividend	-	-	-
c. Other	-	-	-
<b>40. Total liabilities</b>	<b>51</b>	<b>-</b>	<b>51</b>
<b>41. NET ASSETS COMMITTED</b>	<b>5,002</b>	<b>8,100</b>	<b>13,102</b>
<b>EQUITY</b>			
<b>42. Accumulated surplus</b>			11,601
<b>43. Asset revaluation reserve</b>			1,501
<b>44. TOTAL EQUITY</b>			<b>13,102</b>
<b>Note to system assets:</b>			
<b>45. Current replacement cost</b> of system assets			14,000
<b>46. Accumulated current cost</b> depreciation of system assets			(5,900)
<b>47. Written down current cost</b> of system assets			<b>8,100</b>

## Coonamble Shire Council

## Special Schedule No. 5 - Sewerage Income Statement

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
for the financial year ended 30 June 2012

\$'000	Actuals 2012	Actuals 2011
<b>A Expenses and Income Expenses</b>		
<b>1. Management expenses</b>		
a. Administration	46	38
b. Engineering and Supervision	42	24
<b>2. Operation and Maintenance expenses</b>		
<b>- Mains</b>		
a. Operation expenses	-	-
b. Maintenance expenses	90	71
<b>- Pumping Stations</b>		
c. Operation expenses (excluding energy costs)	27	30
d. Energy costs	26	21
e. Maintenance expenses	49	71
<b>- Treatment</b>		
f. Operation expenses (excl. chemical, energy, effluent & biosolids management costs)	74	83
g. Chemical costs	-	-
h. Energy costs	19	14
i. Effluent Management	-	-
j. Biosolids Management	-	-
k. Maintenance expenses	57	54
<b>- Other</b>		
l. Operation expenses	-	-
m. Maintenance expenses	-	-
<b>3. Depreciation expenses</b>		
a. System assets	379	365
b. Plant and equipment	-	-
<b>4. Miscellaneous expenses</b>		
a. Interest expenses	4	4
b. Revaluation Decrements	-	-
c. Other expenses	-	16
d. Tax Equivalents Dividends (actually paid)	-	-
<b>5. Total expenses</b>	<b>813</b>	<b>791</b>

## Coonamble Shire Council

## Special Schedule No. 5 - Sewerage Income Statement (continued)

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
for the financial year ended 30 June 2012

\$'000	Actuals 2012	Actuals 2011
<b>Income</b>		
<b>6. Residential charges</b> (including rates)	485	411
<b>7. Non-residential charges</b>		
a. Access (including rates)	-	-
b. Usage charges	132	79
<b>8. Trade Waste Charges</b>		
a. Annual Fees	-	-
b. Usage charges	-	-
c. Excess mass charges	-	-
d. Re-inspection fees	-	-
<b>9. Extra charges</b>	-	-
<b>10. Interest income</b>	197	151
<b>11. Other income</b>	7	6
<b>12. Grants</b>		
a. Grants for acquisition of assets	-	-
b. Grants for pensioner rebates	12	12
c. Other grants	-	-
<b>13. Contributions</b>		
a. Developer charges	-	-
b. Developer provided assets	-	-
c. Other contributions	-	-
<b>14. Total income</b>	<b>833</b>	<b>659</b>
<b>15. Gain (or loss) on disposal of assets</b>	-	-
<b>16. Operating Result</b>	<b>20</b>	<b>(132)</b>
<b>16a. Operating Result (less grants for acquisition of assets)</b>	20	(132)



## Coonamble Shire Council

## Special Schedule No. 5 - Sewerage Income Statement (continued)

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
for the financial year ended 30 June 2012

\$'000	Actuals 2012	Actuals 2011
<b>B Capital transactions</b>		
<b>Non-operating expenditures</b>		
<b>17. Acquisition of Fixed Assets</b>		
a. New Assets for Improved Standards	-	-
b. New Assets for Growth	-	103
c. Renewals	58	-
d. Plant and equipment	-	-
<b>18. Repayment of debt</b>		
a. Loans	6	6
b. Advances	-	-
c. Finance leases	-	-
<b>19. Transfer to sinking fund</b>	-	-
<b>20. Totals</b>	<b>64</b>	<b>109</b>
<b>Non-operating funds employed</b>		
<b>21. Proceeds from disposal of assets</b>	-	-
<b>22. Borrowing utilised</b>		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
<b>23. Transfer from sinking fund</b>	-	-
<b>24. Totals</b>	<b>-</b>	<b>-</b>
<b>C Rates and charges</b>		
<b>25. Number of assessments</b>		
a. Residential (occupied)	1,095	1,095
b. Residential (unoccupied, ie. vacant lot)	146	146
c. Non-residential (occupied)	130	130
d. Non-residential (unoccupied, ie. vacant lot)	3	3
<b>26. Number of ETs for which developer charges were received</b>	- ET	- ET
<b>27. Total amount of pensioner rebates (actual dollars)</b>	\$ 12,040	\$ 11,894

## Coonamble Shire Council

## Special Schedule No. 5 - Sewerage Cross Subsidies

for the financial year ended 30 June 2012

\$'000	Yes	No	Amount
<b>D Best practice annual charges and developer charges*</b>			
<b>28. Annual charges</b>			
a. Does Council have best-practice sewerage annual charges, usage charges and trade waste fees & charges*?	<input type="checkbox"/>	<input type="checkbox"/>	
If Yes, go to 29a.			
If No, please report if council has removed <b>land value</b> from access charges (ie rates)?			
<input type="checkbox"/>			
<input type="checkbox"/>			
NB. Such charges for both residential customers and non-residential customers comply with section 4.2 & 4.3 of the Water Supply, Sewerage and Trade Waste Pricing Guidelines, NSW Office of Water, December, 2002. Such charges do not involve significant cross subsidies.			
b. Cross-subsidy to non-residential customers (page 45 of Guidelines)			<input type="text"/>
c. Cross-subsidy to trade waste discharges (page 46 of Guidelines)			<input type="text"/>
<b>29. Developer charges</b>			
a. Has council completed a sewerage Development Servicing** Plan?	<input type="checkbox"/>	<input type="checkbox"/>	
no			
b. Total cross-subsidy in sewerage developer charges for 2011/12 (page 47 of Guidelines)			<input type="text"/>
** In accordance with page 9 of Developer Charges Guidelines for Water Supply, Sewerage and Stormwater, NSW Office of Water, December, 2002.			
<b>30. Disclosure of cross-subsidies</b>			
<b>Total of cross-subsidies (28b + 28c + 29b)</b>			<input type="text"/>

\* Councils which have not yet implemented best practice sewer pricing & liquid waste pricing should disclose cross-subsidies in items 28b and 28c above.

However, disclosure of cross-subsidies is **not** required where a Council has implemented best practice sewerage and liquid waste pricing and is phasing in such pricing over a period of 3 years.

## Coonamble Shire Council

## Special Schedule No. 6 - Sewerage Balance Sheet

Includes INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
as at 30 June 2012

\$'000	Actuals Current	Actuals Non Current	Actuals Total
<b>ASSETS</b>			
<b>31. Cash and investments</b>			
a. Developer charges	-	-	-
b. Special purpose grants	-	-	-
c. Accrued leave	-	-	-
d. Unexpended loans	-	-	-
e. Sinking fund	-	-	-
f. Other	4,243	-	4,243
<b>32. Receivables</b>			
a. Specific purpose grants	1	-	1
b. Rates and Availability Charges	12	-	12
c. Other (including User Charges)	103	-	103
<b>33. Inventories</b>	-	-	-
<b>34. Property, plant and equipment</b>			
a. System assets	-	12,000	12,000
b. Plant and equipment	-	-	-
<b>35. Other assets</b>	-	-	-
<b>36. Total Assets</b>	<b>4,359</b>	<b>12,000</b>	<b>16,359</b>
<b>LIABILITIES</b>			
<b>37. Bank overdraft</b>	-	-	-
<b>38. Creditors</b>	5	-	5
<b>39. Borrowings</b>			
a. Loans	7	45	52
b. Advances	-	-	-
c. Finance leases	-	-	-
<b>40. Provisions</b>			
a. Tax equivalents	-	-	-
b. Dividend	-	-	-
c. Other	-	-	-
<b>41. Total Liabilities</b>	<b>12</b>	<b>45</b>	<b>57</b>
<b>42. NET ASSETS COMMITTED</b>	<b>4,347</b>	<b>11,955</b>	<b>16,302</b>
<b>EQUITY</b>			
<b>42. Accumulated surplus</b>			12,071
<b>44. Asset revaluation reserve</b>			4,231
<b>45. TOTAL EQUITY</b>			<b>16,302</b>
<b>Note to system assets:</b>			
<b>46. Current replacement cost</b> of system assets			25,000
<b>47. Accumulated current cost</b> depreciation of system assets			(13,000)
<b>48. Written down current cost</b> of system assets			12,000

## Coonamble Shire Council

### Notes to Special Schedule No.'s 3 & 5 for the financial year ended 30 June 2012

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

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

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

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

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

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

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

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

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

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

**Residential charges** <sup>(2)</sup> (items 6a, 6b and item 6 of Special Schedules 3 and 5 respectively) include all income from residential charges. Item 6 of Schedule 3 should be separated into 6a Access Charges (including rates if applicable) and 6b Usage Charges.

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

**Trade waste charges** (item 8 of Special Schedule 5) include all income from trade waste charges separated into 8a Annual Fees, 8b Usage Charges and 8c Excess Mass Charges and 8d Re-inspection Fees.

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

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

#### Notes:

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

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

**\$'000**

Special Schedules 2012

ASSET CLASS	Asset Category	Dep'n. Rate (%)	Dep'n Expense (\$)	Cost	Valuation	Accum. Depreciation Amortisation & Impairment	Carrying Amount (WDV)	Asset Condition <sup>#.</sup>	Estimated cost to bring up to a satisfactory condition / standard <sup>(1)</sup>	Required <sup>(2)</sup> Annual Maintenance	Current <sup>(3)</sup> Annual Maintenance
<b>Water</b>		per Note 1	per Note 4	<<<<<<<<< per Note 9 >>>>>>>>>							
	Bores	1.50%	11		760	360	400	3	50	30	10
	Reservoirs	1.50%	41		3,540	1,975	1,565	3	150	50	10
	Pipeline	2.00%	157		9,143	3,446	5,697	3	200	90	77
	Pump Station	1.50%	8		147	89	58	3	50	45	41
	Other Structures	1.00%	21		410	30	380	3	25	20	16
	<b>sub total</b>		<b>238</b>	-	<b>14,000</b>	<b>5,900</b>	<b>8,100</b>		<b>475</b>	<b>235</b>	<b>154</b>
<b>Sewerage</b>											
	Pump Stations	1.50%	25		4,830	3,160	1,670	3	50	47	35
	Pipeline	2.00%	254		13,060	4,940	8,120	3	200	85	41
	Treatment Works	2.00%	99		7,110	4,900	2,210	3	250	82	46
	<b>sub total</b>		<b>378</b>	-	<b>25,000</b>	<b>13,000</b>	<b>12,000</b>		<b>500</b>	<b>214</b>	<b>122</b>

		Dep'n. Rate (%)	Dep'n Expense (\$)	Cost	Valuation	Accum. Depreciation Amortisation & Impairment	Carrying Amount (WDV)	Asset Condition <sup>#</sup> .	Estimated cost to bring up to a satisfactory condition / standard <sup>(1)</sup>	Required <sup>(2)</sup> Annual Maintenance	Current <sup>(3)</sup> Annual Maintenance
ASSET CLASS	Asset Category										
<b>Drainage Works</b>		per Note 1	per Note 4	<<<<<<<<< per Note 9 >>>>>>>>>							
	Stormwater Conduits	1.00%	20		1,981	582	1,399	3	39	30	19
	<b>sub total</b>		<b>20</b>	-	<b>1,981</b>	<b>582</b>	<b>1,399</b>		<b>39</b>	<b>30</b>	<b>19</b>
	<b>TOTAL - ALL ASSETS</b>		<b>3,119</b>	-	<b>246,548</b>	<b>69,327</b>	<b>177,221</b>		<b>4,124</b>	<b>2,084</b>	<b>1,940</b>

- (1). Satisfactory refers to estimated cost to bring the asset to a satisfactory condition as deemed by Council. It does not include any planned enhancements to the existing asset.
- (2). Required Annual Maintenance is what should be spent to maintain assets in a satisfactory standard.
- (3). Current Annual Maintenance is what has been spent in the current year to maintain assets.

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

## Coonamble Shire Council

## Special Schedule No. 8 - Financial Projections

as at 30 June 2012

\$'000	Actual <sup>(1)</sup> 11/12	Forecast 12/13	Forecast 13/14	Forecast <sup>(3)</sup> 14/15	Forecast <sup>(3)</sup> 15/16
<b>(i) OPERATING BUDGET</b>					
Income from continuing operations	19,875	18,110	21,535	21,875	18,925
Expenses from continuing operations	18,903	20,034	20,778	21,347	21,798
<b>Operating Result from Continuing Operations</b>	<b>972</b>	<b>(1,924)</b>	<b>757</b>	<b>528</b>	<b>(2,873)</b>
<b>(ii) CAPITAL BUDGET</b>					
New Capital Works <sup>(2)</sup>	1,894	3,000	5,000	5,000	1,000
Replacement/Refurbishment of Existing Assets	2,253	361	2,321	2,291	952
<b>Total Capital Budget</b>	<b>4,147</b>	<b>3,361</b>	<b>7,321</b>	<b>7,291</b>	<b>1,952</b>
<b>Funded by:</b>					
– Loans	700	-	1,700	1,700	-
– Asset sales	-	-	-	-	-
– Reserves	3,364	1,920	1,398	1,411	1,100
– Grants/Contributions	83	885	3,955	3,955	655
– Recurrent revenue	-	556	268	225	197
– Other	-	-	-	-	-
	<b>4,147</b>	<b>3,361</b>	<b>7,321</b>	<b>7,291</b>	<b>1,952</b>

**Notes:**

(1) From 11/12 Income Statement.

(2) New Capital Works are major non-recurrent projects, eg new Leisure Centre, new Library, new Swimming pool etc.

(3) If Council has only adopted 3 years of projections then only show 3 years.

(4) Financial Projections should be in accordance with Council's Integrated Planning &amp; Reporting framework.





## **COONAMBLE SHIRE COUNCIL**

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