

COONAMBLE SHIRE
COUNCIL

Financial Statements

for the year ended 30 June 2011



Coonamble Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2011

“Coonamble on the Castlereagh”



Coonamble Shire Council

General Purpose Financial Statements

for the financial year ended 30 June 2011

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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 17/08/11.
Council has the power to amend and reissue the financial statements.

Coonamble Shire Council

General Purpose Financial Statements for the financial year ended 30 June 2011

Understanding Council's Financial Statements

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 2011.

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.

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

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 2011

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.

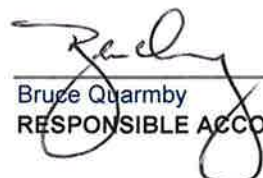
We are not aware of any matter that would render the Reports false or misleading in any way.

Signed in accordance with a resolution of Council made on 10 August 2011.



Tim Horan
MAYOR

Michael Webb
COUNCILLOR

Rick Warren
GENERAL MANAGER

Bruce Quarmby
RESPONSIBLE ACCOUNTING OFFICER

Coonamble Shire Council

Income Statement

for the financial year ended 30 June 2011

Budget ⁽¹⁾ 2011 \$ '000		Notes	Actual 2011	Actual 2010
Income from Continuing Operations				
Revenue:				
4,487	Rates & Annual Charges	3a	4,759	4,622
4,228	User Charges & Fees	3b	4,931	3,728
499	Interest & Investment Revenue	3c	796	598
369	Other Revenues	3d	801	1,189
5,344	Grants & Contributions provided for Operating Purposes	3e,f	6,865	5,549
420	Grants & Contributions provided for Capital Purposes	3e,f	857	778
Other Income:				
-	Net gains from the disposal of assets	5	-	28
-	Net Share of interests in Joint Ventures & Associated Entities using the equity method	19	-	31
15,347	Total Income from Continuing Operations		19,009	16,523
Expenses from Continuing Operations				
5,718	Employee Benefits & On-Costs	4a	6,360	6,095
10	Borrowing Costs	4b	9	16
5,045	Materials & Contracts	4c	5,803	4,873
3,214	Depreciation & Amortisation	4d	4,133	3,214
-	Impairment	4d	-	-
1,660	Other Expenses	4e	1,675	1,536
-	Interest & Investment Losses	3c	-	-
-	Net Losses from the Disposal of Assets	5	526	-
-	Net Share of interests in Joint Ventures & Associated Entities using the equity method	19	12	-
15,647	Total Expenses from Continuing Operations		18,518	15,734
(300)	Operating Result from Continuing Operations		491	789
Discontinued Operations				
-	Net Profit/(Loss) from Discontinued Operations	24	-	-
(300)	Net Operating Result for the Year		491	789
(300)	Net Operating Result attributable to Council		491	789
-	Net Operating Result attributable to Minority Interests		-	-
(720)	Net Operating Result for the year before Grants and Contributions provided for Capital Purposes		(366)	11

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

Coonamble Shire Council

Statement of Comprehensive Income

for the financial year ended 30 June 2011

\$ '000	Notes	Actual 2011	Actual 2010
Net Operating Result for the year (as per Income statement)		491	789
Other Comprehensive Income			
Gain (loss) on revaluation of I,PP&E	20b (ii)	287	29,237
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)	-	-
Total Other Comprehensive Income for the year		287	29,237
Total Comprehensive Income for the Year		778	30,026
Total Comprehensive Income attributable to Council		778	30,026
Total Comprehensive Income attributable to Minority Interests		-	-

Coonamble Shire Council

Balance Sheet

as at 30 June 2011

\$ '000	Notes	Actual 2011	Actual 2010
ASSETS			
Current Assets			
Cash & Cash Equivalents	6a	15,528	14,339
Investments	6b	-	-
Receivables	7	3,171	1,389
Inventories	8	1,230	457
Other	8	11	112
Non-current assets classified as "held for sale"	22	-	-
Total Current Assets		19,940	16,297
Non-Current Assets			
Investments	6b	-	-
Receivables	7	249	283
Inventories	8	-	-
Infrastructure, Property, Plant & Equipment	9	177,264	180,090
Investments accounted for using the equity method	19	61	73
Investment Property	14	-	-
Intangible Assets	25	-	-
Other	8	-	-
Total Non-Current Assets		177,574	180,446
TOTAL ASSETS		197,514	196,743
LIABILITIES			
Current Liabilities			
Payables	10	766	750
Borrowings	10	35	34
Provisions	10	1,619	1,610
Total Current Liabilities		2,420	2,394
Non-Current Liabilities			
Payables	10	-	-
Borrowings	10	82	117
Provisions	10	41	39
Total Non-Current Liabilities		123	156
TOTAL LIABILITIES		2,543	2,550
Net Assets		194,971	194,193
EQUITY			
Retained Earnings	20	148,479	147,730
Revaluation Reserves	20	46,492	46,463
Council Equity Interest		194,971	194,193
Minority Equity Interest		-	-
Total Equity		194,971	194,193

Coonamble Shire Council

Statement of Changes in Equity
for the financial year ended 30 June 2011

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Equity Interest	Minority Interest	Total Equity
2011						
Opening Balance (as per Last Year's Audited Accounts)		147,730	46,463	194,193	-	194,193
a. Correction of Prior Period Errors	20 (c)	-	-	-	-	-
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
Revised Opening Balance (as at 1/7/10)		147,730	46,463	194,193	-	194,193
c. Net Operating Result for the Year		491	-	491	-	491
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	287	287	-	287
- Revaluations: Other Reserves	20b (ii)	-	-	-	-	-
- Transfers to Income Statement	20b (ii)	-	-	-	-	-
- Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	-	-	-	-
- Other Movements	20b (ii)	-	-	-	-	-
Other Comprehensive Income		-	287	287	-	287
Total Comprehensive Income (c&d)		491	287	778	-	778
e. Distributions to/(Contributions from) Minority Interests		-	-	-	-	-
f. Transfers between Equity		258	(258)	-	-	-
Equity - Balance at end of the reporting period		148,479	46,492	194,971	-	194,971

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Equity Interest	Minority Interest	Total Equity
2010						
Opening Balance (as per Last Year's Audited Accounts)		84,884	17,226	102,110	-	102,110
a. Correction of Prior Period Errors	20 (c)	62,057	-	62,057	-	62,057
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
Revised Opening Balance (as at 1/7/09)		146,941	17,226	164,167	-	164,167
c. Net Operating Result for the Year		789	-	789	-	789
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	29,237	29,237	-	29,237
- Revaluations: Other Reserves	20b (ii)	-	-	-	-	-
- Transfers to Income Statement	20b (ii)	-	-	-	-	-
- Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	-	-	-	-
- Other Movements	20b (ii)	-	-	-	-	-
Other Comprehensive Income		-	29,237	29,237	-	29,237
Total Comprehensive Income (c&d)		789	29,237	30,026	-	30,026
e. Distributions to/(Contributions from) Minority Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
Equity - Balance at end of the reporting period		147,730	46,463	194,193	-	194,193

Coonamble Shire Council

Statement of Cash Flows

for the financial year ended 30 June 2011

Budget 2011	\$ '000	Notes	Actual 2011	Actual 2010
Cash Flows from Operating Activities				
Receipts:				
4,900	Rates & Annual Charges		4,774	4,601
2,995	User Charges & Fees		3,723	3,410
490	Investment & Interest Revenue Received		854	598
7,617	Grants & Contributions		7,836	6,313
418	Other		1,099	1,264
Payments:				
(5,468)	Employee Benefits & On-Costs		(6,385)	(6,080)
(7,013)	Materials & Contracts		(6,810)	(4,603)
(6)	Borrowing Costs		(10)	(17)
-	Bonds & Deposits Refunded		(39)	-
(1,430)	Other		(1,692)	(1,594)
2,503	Net Cash provided (or used in) Operating Activities	11b	3,350	3,892
Cash Flows from Investing Activities				
Receipts:				
245	Sale of Infrastructure, Property, Plant & Equipment		735	225
Payments:				
(2,393)	Purchase of Infrastructure, Property, Plant & Equipment		(2,281)	(1,848)
(600)	Purchase of Real Estate Assets		(581)	(140)
(2,748)	Net Cash provided (or used in) Investing Activities		(2,127)	(1,763)
Cash Flows from Financing Activities				
Receipts:				
Nil				
Payments:				
(34)	Repayment of Borrowings & Advances		(34)	(104)
(34)	Net Cash Flow provided (used in) Financing Activities		(34)	(104)
(279)	Net Increase/(Decrease) in Cash & Cash Equivalents		1,189	2,025
14,339	plus: Cash & Cash Equivalents - beginning of year	11a	14,339	12,314
14,060	Cash & Cash Equivalents - end of the year	11a	15,528	14,339
Additional Information:				
plus: Investments on hand - end of year				
		6b	-	-
Total Cash, Cash Equivalents & Investments			15,528	14,339

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 2011

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n/a - not applicable

Coonamble Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies

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

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

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

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

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

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) Basis of Accounting

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

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

(iv) Changes in Accounting Policies

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

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

(v) Critical Accounting Estimates

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

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

(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.

Coonamble Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies (continued)

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).

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.

Coonamble Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies (continued)

(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 30/6/11) and (ii) all the related operating results (for the financial year ended the 30th June 2011).

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.

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

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

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

(iii) Joint Ventures

Jointly Controlled Assets & Operations

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

Jointly Controlled Entities

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

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

(iv) Associated Entities

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

Such entities are usually termed Associates.

(v) County Councils

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

▪ 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

Coonamble Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies (continued)

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 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".

Coonamble Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies (continued)

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

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

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

(ii) Loans and receivables

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

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

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

(iii) Held-to-maturity investments

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

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

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

(iv) Available-for-sale financial assets

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

Investments must be designated as available-for-sale if they do not have fixed maturities and fixed or

determinable payments and management intends to hold them for the medium to long term.

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

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

Financial Assets – Reclassification

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

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

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

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

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

Coonamble Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies (continued)

"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.

(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.

Coonamble Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies (continued)

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

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

(h) Receivables

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

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

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

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

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

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

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

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

(i) Inventories

Raw Materials and Stores, Work in Progress and Finished Goods

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

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

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

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

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

Land Held for Resale/Capitalisation of Borrowing Costs

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

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

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.

Coonamble Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies (continued)

(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** (External Valuation)
- **Land Improvements**
(as approximated by depreciated historical cost)
- **Other Structures**
(as approximated by depreciated historical cost)
- **Other Assets**
(as approximated by depreciated historical cost)

Initial Recognition

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

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

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

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

Subsequent costs

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

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

Asset Revaluations (including Indexation)

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

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

Coonamble Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies (continued)

revalued asset's carrying amount may differ materially from that which would be determined if the asset were revalued at the reporting date.

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

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

Capitalisation Thresholds

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

Land

- council land	100% Capitalised
- open space	100% Capitalised
- land under roads	100% Capitalised

Plant & Equipment

Office Furniture	> \$5,000
Office Equipment	> \$5,000
Other Plant & Equipment	> \$5,000

Buildings & Land Improvements

Park Furniture & Equipment	> \$5,000
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Building

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

Other Structures	> \$5,000
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Water & Sewer Assets

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

Stormwater Assets

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

Transport Assets

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

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

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

Other Infrastructure Assets

- Bulk earthworks	Infinite
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Coonamble Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies (continued)

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

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

Disposal and De-recognition

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

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

(k) Land

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

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

(l) Land under roads

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

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

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

(m) Intangible Assets

Council has not classified any assets as Intangible.

(n) Crown Reserves

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

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

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

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

(o) Rural Fire Service assets

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

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

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

Coonamble Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies (continued)

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.

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

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

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

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

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

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.

Coonamble Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies (continued)

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

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

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

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

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

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

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

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

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

(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

Coonamble Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies (continued)

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.

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

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

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

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

Coonamble Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies (continued)

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

(iii) Retirement benefit obligations

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

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

Defined Benefit Plans

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

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

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

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

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

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

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 Council has been advised the estimated deficit amounted to \$627,947 as at 30/06/2011.

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.

Define Contribution Plans

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

(iv) Employee Benefit On-Costs

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

These amounts include Superannuation and Workers Compensation expenses which will be payable upon the future payment of certain Leave Liabilities accrued as at 30/6/11.

Coonamble Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies (continued)

(y) Self insurance

Council does not self insure.

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

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

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

Exceptions

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

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

(aa) Taxes

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

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

Goods & Services Tax (GST)

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

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

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

The net amount of GST recoverable from or payable to the ATO is included 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 2011.

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

Coonamble Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies (continued)

recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss.

Applicable to Local Government but no implications for Council;

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

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

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

It permits entities to recognise an asset for a prepayment of contributions made to cover minimum funding requirements. Council does not make any such prepayments.

AASB 2010-6 Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets (effective for annual reporting periods beginning on or after 1 July 2011)

Amendments made to AASB 7 Financial Instruments: Disclosures in November 2010 introduce additional disclosures in respect of risk exposures arising from transferred financial assets.

The amendments will affect particularly entities that sell, factor, securitise, lend or otherwise transfer financial assets to other parties.

They are not expected to have any significant impact on Council's disclosures.

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

None

Not applicable to Local Government per se;

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

In December 2009 the AASB issued a revised AASB 124 Related Party Disclosures.

It is effective for accounting periods beginning on or after 1 January 2011 and must be applied retrospectively.

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

AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements (effective from 1 July 2013)

On 30 June 2010 the AASB officially introduced a revised differential reporting framework in Australia.

Under this framework, a two-tier differential reporting regime applies to all entities that prepare general purpose financial statements.

Local Government are specifically excluded from adopting the new Australian Accounting Standards – Reduced Disclosure Requirements.

AASB 2010-8 Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets (effective from 1 January 2012)

In December 2010, the AASB amended AASB 112 Income Taxes to provide a practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model.

AASB 112 requires the measurement of deferred tax assets or liabilities to reflect the tax consequences that would follow from the way management expects to recover or settle the carrying amount of the

Coonamble Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies (continued)

relevant assets or liabilities, that is through use or through sale.

Council is not subject to Income Tax and accordingly this amendment will have no impact on future financial statements.

(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 2011

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
	2011	2011	2010	2011	2011	2010	2011	2011	2010	2011	2010	2011	2010
Governance	-	-	-	-	120	-	-	(120)	-	7	-	20,189	-
Administration	150	101	129	2,095	3,157	2,697	(1,945)	(3,056)	(2,568)	-	-	3,619	11,119
Public Order & Safety	257	758	499	536	962	771	(279)	(204)	(272)	-	-	803	909
Health	15	8	18	253	167	199	(238)	(159)	(181)	-	-	88	678
Environment	-	575	476	-	1,008	856	-	(433)	(380)	98	21	-	-
Community Services & Education	105	186	69	141	66	74	(36)	120	(5)	178	54	1,102	1,112
Housing & Community Amenities	188	137	123	1,247	352	230	(1,059)	(215)	(107)	17	18	4,574	4,709
Water Supplies	454	1,123	615	766	670	733	(312)	453	(118)	383	12	5,785	10,425
Sewerage Services	284	581	557	830	791	814	(546)	(210)	(257)	12	12	3,758	6,562
Recreation & Culture	69	146	66	1,077	1,170	1,139	(1,008)	(1,024)	(1,073)	64	55	10,787	10,880
Fuel & Energy	-	-	-	-	-	-	-	-	-	-	-	-	-
Agriculture	122	55	418	120	122	322	2	(67)	96	-	-	-	107
Mining, Manufacturing & Construction	1,454	1,179	1,165	1,344	728	634	110	451	531	-	-	1,154	1,320
Transport & Communication	4,333	6,326	4,939	6,351	8,506	6,785	(2,018)	(2,180)	(1,846)	190	777	143,652	146,220
Economic Affairs	281	583	492	887	687	480	(606)	(104)	12	268	200	1,942	2,245
Total Functions & Activities	7,712	11,758	9,566	15,647	18,506	15,734	(7,935)	(6,748)	(6,168)	1,217	1,149	197,453	196,286
Share of gains/(losses) in Associates & Joint Ventures (using the Equity Method)	-	-	31	-	12	-	-	(12)	31	-	-	61	73
General Purpose Income ¹	7,635	7,251	6,926	-	-	-	7,635	7,251	6,926	3,075	2,862	-	384
Operating Result from Continuing Operations	15,347	19,009	16,523	15,647	18,518	15,734	(300)	491	789	4,292	4,011	197,514	196,743

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 2011

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 2011

Note 3. Income from Continuing Operations

\$ '000	Notes	Actual 2011	Actual 2010
(a). Rates & Annual Charges			
Ordinary Rates			
Residential		444	424
Farmland		3,218	3,167
Business		119	105
Total Ordinary Rates		3,781	3,696
Special Rates			
Nil			
Annual Charges (pursuant to s.496, s.501 & s.611)			
Domestic Waste Management Services		415	404
Water Supply Services		152	116
Sewerage Services		411	406
Total Annual Charges		978	926
<u>TOTAL RATES & ANNUAL CHARGES</u>		<u>4,759</u>	<u>4,622</u>

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 2011

Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2011	Actual 2010
(b). User Charges & Fees			
Specific User Charges (per s.502 - Specific "actual use" charges)			
Water Supply Services		323	298
Sewerage Services		84	68
Total User Charges		407	366
Other User Charges & Fees			
(i) Fees & Charges - Statutory & Regulatory Functions (per s608 & 610A)			
Regulatory/ Statutory Fees		75	60
Total Fees & Charges - Statutory/Regulatory		75	60
(ii) Fees & Charges - Other (incl. General User Charges (per s.610C))			
Aerodrome		11	9
Caravan Park		10	-
Cemeteries		38	36
Child Care		2	-
Library & Art Gallery		3	-
Quarry Revenues		1,158	1,148
RTA Charges (State Roads not controlled by Council)		2,774	1,852
Saleyards		194	195
Sundry Sales		15	-
Swimming Centres		32	27
Tourism		2	-
Private Works		134	-
Recreational Grounds Fees		17	-
Other		59	35
Total Fees & Charges - Other		4,449	3,302
TOTAL USER CHARGES & FEES		4,931	3,728

Coonamble Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2011	Actual 2010
(c). Interest & Investment Revenue (incl. losses)			
Interest & Dividends			
- Interest on Overdue Rates & Annual Charges		63	43
- Interest earned on Investments (interest & coupon payment income)		733	555
<u>TOTAL INTEREST & INVESTMENT REVENUE</u>		<u>796</u>	<u>598</u>
Interest Revenue is attributable to:			
Unrestricted Investments/Financial Assets:			
Overdue Rates & Annual Charges		63	39
General Council Cash & Investments		395	305
Restricted Investments/Funds - External:			
Water Fund Operations		265	185
Sewerage Fund Operations		73	69
<u>Total Interest & Investment Revenue Recognised</u>		<u>796</u>	<u>598</u>
(d). Other Revenues			
Rental Income - Other Council Properties		-	76
Commissions & Agency Fees		-	71
Farming Income		39	418
Rebate - Workers Compensation		-	37
Recycling Income (non domestic)		49	-
Reimbursement - Bushfire		650	489
Sales - General		10	11
Other		53	87
<u>TOTAL OTHER REVENUE</u>		<u>801</u>	<u>1,189</u>

Coonamble Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 3. Income from Continuing Operations (continued)

\$ '000	2011 Operating	2010 Operating	2011 Capital	2010 Capital
(e). Grants				
General Purpose (Untied)				
Financial Assistance	3,050	2,837	-	-
Pensioners' Rates Subsidies - General Component	25	25	-	-
Total General Purpose	3,075	2,862	-	-
Specific Purpose				
Pensioners' Rates Subsidies:				
- Water	13	12	-	-
- Sewerage	12	12	-	-
- Domestic Waste Management	17	18	-	-
Water Supplies	-	-	370	-
Child Care	28	33	-	-
Community Care	-	21	-	-
Environmental Protection	93	21	-	-
Library	25	25	-	-
Recreation & Culture	9	-	30	30
Street Lighting	30	29	-	-
Tourist Area Promotion	18	187	250	-
Transport (Roads to Recovery)	-	-	168	748
Community Services	141	-	9	-
Other	4	13	-	-
Total Specific Purpose	390	371	827	778
Total Grants	3,465	3,233	827	778
Grant Revenue is attributable to:				
- Commonwealth Funding	3,207	2,902	161	778
- State Funding	254	329	620	-
- Other Funding	4	2	46	-
	3,465	3,233	827	778

Coonamble Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2011

Note 3. Income from Continuing Operations (continued)

\$ '000	2011 Operating	2010 Operating	2011 Capital	2010 Capital
(f). Contributions				
Developer Contributions:				
(s93 & s94 - EP&A Act, s64 of the NSW LG Act):				
Nil				
Other Contributions:				
Business Development	-	10	-	-
Community Services	4	1	-	-
Roads & Bridges	1,641	827	-	-
RTA Contributions (Regional/Local, Block Grant)	1,730	1,476	-	-
Tourism	16	-	-	-
Other	9	2	30	-
Total Other Contributions	3,400	2,316	30	-
Total Contributions	3,400	2,316	30	-
<u>TOTAL GRANTS & CONTRIBUTIONS</u>	<u>6,865</u>	<u>5,549</u>	<u>857</u>	<u>778</u>

\$ '000	Actual 2011	Actual 2010
(g). Restrictions relating to Grants and Contributions		
Certain grants & contributions are obtained by Council on condition that they be spent in a specified manner:		
Unexpended at the Close of the Previous Reporting Period	501	224
add: Grants and contributions recognised in the current period which have not been spent:	248	402
less: Grants and contributions recognised in a previous reporting period which have been spent in the current reporting period:	(400)	(125)
Net Increase (Decrease) in Restricted Assets during the Current Reporting Period	(152)	277
Unexpended at the Close of this Reporting Period and held as Restricted Assets	349	501
Comprising:		
- Specific Purpose Unexpended Grants	349	501
	349	501

Coonamble Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2011

Note 4. Expenses from Continuing Operations

\$ '000	Notes	Actual 2011	Actual 2010
(a) Employee Benefits & On-Costs			
Salaries and Wages		4,634	4,505
Travelling		107	14
Employee Leave Entitlements (ELE)		626	605
Superannuation		635	645
Workers' Compensation Insurance		284	333
Fringe Benefit Tax (FBT)		28	16
Training Costs (other than Salaries & Wages)		75	76
Other		22	16
Total Employee Costs		6,411	6,210
less: Capitalised Costs		(51)	(115)
TOTAL EMPLOYEE COSTS EXPENSED		6,360	6,095
Number of "Equivalent Full Time" Employees at year end		105	105
(b) Borrowing Costs			
(i) Interest Bearing Liability Costs			
Interest on Loans		9	16
Total Interest Bearing Liability Costs		9	16
less: Capitalised Costs		-	-
Total Interest Bearing Liability Costs Expensed		9	16
(ii) Other Borrowing Costs			
Nil			
TOTAL BORROWING COSTS EXPENSED		9	16

Coonamble Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2011	Actual 2010
(c) Materials & Contracts			
Raw Materials & Consumables		3,200	2,218
Contractor & Consultancy Costs			
- Contractor & Consultancy Costs: Roadmarking Services		672	1,396
- Contractor & Consultancy Costs: External Plant Hire		1,064	481
- Contractor & Consultancy Costs: Waste Management		324	345
- Contractor & Consultancy Costs: Electrical		48	23
- Contractor & Consultancy Costs: Quarry		183	89
- Contractor & Consultancy Costs: Planning		33	56
- Contractor & Consultancy Costs: Rangers		69	63
- Contractor & Consultancy Costs: Administration		75	36
- Contractor & Consultancy Costs: Building		16	66
- Contractor & Consultancy Costs: Other		91	73
Auditors Remuneration			
- Audit Services: Council's Auditor		26	25
Legal Expenses:			
- Legal Expenses: Other		2	2
Total Materials & Contracts		5,803	4,873
less: Capitalised Costs		-	-
TOTAL MATERIALS & CONTRACTS		5,803	4,873

\$ '000	Notes	Impairment Costs		Depreciation/Amortisation	
		Actual 2011	Actual 2010	Actual 2011	Actual 2010
Plant and Equipment		-	-	963	991
Office Equipment		-	-	72	80
Buildings - Non Specialised		-	-	75	71
Buildings - Specialised		-	-	159	158
Other Structures		-	-	213	209
Infrastructure:					
- Roads, Bridges & Footpaths		-	-	2,029	1,057
- Stormwater Drainage		-	-	20	20
- Water Supply Network		-	-	237	265
- Sewerage Network		-	-	365	363
Total Depreciation & Impairment Costs		-	-	4,133	3,214
less: Capitalised Costs		-	-	-	-
less: Impairments offset in ARR (Equity)	9a	-	-	-	-
TOTAL DEPRECIATION & IMPAIRMENT COSTS EXPENSED		-	-	4,133	3,214

Coonamble Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2011

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2011	Actual 2010
(e) Other Expenses			
Other Expenses for the year include the following:			
Advertising		30	21
Bad & Doubtful Debts		50	23
Contributions/Levies to Other Levels of Government		366	316
- NSW Fire Brigade Levy		16	15
- NSW Rural Fire Service Levy		77	68
Councillor Expenses - Mayoral Fee		13	13
Councillor Expenses - Councillors' Fees		69	58
Councillors' Expenses (incl. Mayor) - Other (excluding fees above)		8	13
Donations, Contributions & Assistance to other organisations (Section 356)		53	50
Electricity & Heating		301	265
Farming Costs		122	210
Insurance		358	317
Printing & Stationery		36	-
Street Lighting		94	87
Telephone & Communications		82	80
Total Other Expenses		1,675	1,536
less: Capitalised Costs		-	-
<u>TOTAL OTHER EXPENSES</u>		<u>1,675</u>	<u>1,536</u>

Note 5. Gains or Losses from the Disposal of Assets

\$ '000	Notes	Actual 2011	Actual 2010
Property (excl. Investment Property)			
Proceeds from Disposal		555	-
less: Carrying Amount of Property Assets Sold		(689)	-
Net Gain/(Loss) on Disposal		(134)	-
Plant & Equipment			
Proceeds from Disposal		180	225
less: Carrying Amount of P&E Assets Sold		(87)	(197)
Net Gain/(Loss) on Disposal		93	28
Infrastructure			
Proceeds from Disposal		-	-
less: Carrying Amount of Infrastructure Assets Sold / Written Off		(485)	-
Net Gain/(Loss) on Disposal		(485)	-
<u>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</u>		<u>(526)</u>	<u>28</u>

Coonamble Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

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

\$ '000	Notes	2011 Actual Current	2011 Actual Non Current	2010 Actual Current	2010 Actual Non Current
Cash & Cash Equivalents (Note 6a)					
Cash on Hand and at Bank		1,778	-	1,989	-
Cash-Equivalent Assets ¹					
- Deposits at Call		1,750	-	1,350	-
- Short Term Deposits		12,000	-	11,000	-
Total Cash & Cash Equivalents		15,528	-	14,339	-
Investment Securities (Note 6b)					
Nil					
<u>TOTAL CASH ASSETS, CASH EQUIVALENTS & INVESTMENTS</u>		<u>15,528</u>	<u>-</u>	<u>14,339</u>	<u>-</u>

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

attributable to:

External Restrictions (refer below)	8,220	-	7,670	-
Internal Restrictions (refer below)	7,274	-	6,602	-
Unrestricted	34	-	67	-
	15,528	-	14,339	-

Details of Restrictions

2011 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
External Restrictions - Included in Liabilities				
Nil				
External Restrictions - Other				
Specific Purpose Unexpended Grants (F)	501	-	(152)	349
Water Supplies (G)	4,477	414	-	4,891
Sewerage Services (G)	2,488	303	-	2,791
Domestic Waste Management (G)	204	-	(15)	189
External Restrictions - Other	7,670	717	(167)	8,220
Total External Restrictions	7,670	717	(167)	8,220

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 2011

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

2011 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
Internal Restrictions				
Plant & Vehicle Replacement	1,780	972	(411)	2,341
Infrastructure Replacement	-	-	-	-
Employees Leave Entitlement	707	-	(152)	555
Carry Over Works	6	-	-	6
Deposits, Retentions & Bonds	59	-	(39)	20
Aerodrome	16	-	-	16
Bore Baths Study	6	-	-	6
Broome Park	8	-	(8)	-
Caravan Park	7	3	-	10
Cemetery	-	20	-	20
Combara Hall	5	-	(5)	-
Common	28	-	(11)	17
Corporate Visit	-	25	(10)	15
Dental Surgery	6	6	-	12
Depot Improvements	130	-	-	130
Development	234	555	(510)	279
Election Expenses	-	60	(20)	40
Farming	43	-	-	43
Financial Assistance Grant (in advance)	740	775	(740)	775
Garbage Depot Rehab	-	-	-	-
Indoor Arena Reserve	-	500	-	500
Industrial Land	425	-	(332)	93
Levee Reserve	500	-	-	500
Local Environmental Plan	70	-	-	70
Museum	6	-	-	6
Office Equipment	303	-	(146)	157
Premises Refurbishment	130	-	-	130
Quarry	271	87	(31)	327
Quarry Rehabilitation	-	60	-	60
Riverwalk	5	-	(3)	2
Road Reloaming	200	-	-	200
Road Reserve Sealed	200	-	-	200
Rural Fire Service	36	-	-	36
Salary Review	-	37	-	37
Saleyards	11	43	-	54
Showground	104	-	(49)	55
Single Invitation Contract	200	-	-	200
Street Lighting	4	-	(4)	-
Swimming Pools	-	-	-	-
Urban Streets	362	-	-	362
Total Internal Restrictions	6,602	3,143	(2,471)	7,274
TOTAL RESTRICTIONS	14,272	3,860	(2,638)	15,494

Coonamble Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 7. Receivables

\$ '000	Notes	2011		2010	
		Current	Non Current	Current	Non Current
Purpose					
Rates & Annual Charges		164	301	195	240
Interest & Extra Charges		31	93	24	102
User Charges & Fees		2,648	-	911	37
Accrued Revenues					
- Interest on Investments		77	-	133	-
Government Grants & Subsidies		118	-	21	-
Other Debtors		165	-	139	-
Total		3,203	394	1,423	379
less: Provision for Impairment					
Rates & Annual Charges		(30)	(138)	(33)	(90)
User Charges & Fees		(2)	(7)	(1)	(6)
Total Provision for Impairment - Receivables		(32)	(145)	(34)	(96)
<u>TOTAL NET RECEIVABLES</u>		<u>3,171</u>	<u>249</u>	<u>1,389</u>	<u>283</u>
Externally Restricted Receivables					
Water Supply					
- Rates & Availability Charges		194	-	135	-
- Other		4	-	5	-
Sewerage Services					
- Rates & Availability Charges		104	-	81	-
- Other		2	-	1	-
Total External Restrictions		304	-	222	-
Internally Restricted Receivables					
Nil					
Unrestricted Receivables		2,867	249	1,167	283
TOTAL NET RECEIVABLES		3,171	249	1,389	283

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 9.00% (2010 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 2011

Note 8. Inventories & Other Assets

\$ '000	Notes	2011		2010	
		Current	Non Current	Current	Non Current
Inventories					
Real Estate for resale (refer below)		721	-	140	-
Stores & Materials		368	-	236	-
Trading Stock		141	-	81	-
Total Inventories		1,230	-	457	-
Other Assets					
Prepayments		8	-	109	-
Investment in Listed Company - AWB		3	-	3	-
Total Other Assets		11	-	112	-
TOTAL INVENTORIES / OTHER ASSETS		1,241	-	569	-
Externally Restricted Assets					
Water					
Stores & Materials		13	-	12	-
Total Water		13	-	12	-
Total Externally Restricted Assets		13	-	12	-
Total Internally Restricted Assets		-	-	-	-
Total Unrestricted Assets		1,228	-	557	-
TOTAL INVENTORIES & OTHER ASSETS		1,241	-	569	-

Coonamble Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2011

Note 8. Inventories & Other Assets (continued)

\$ '000	2011		2010	
	Current	Non Current	Current	Non Current
(i) Other Disclosures				
(a) Details for Real Estate Development				
Residential	721	-	-	-
Industrial/Commercial	-	-	140	-
Total Real Estate for Resale	721	-	140	-
(Valued at the lower of cost and net realisable value)				
Represented by:				
Acquisition Costs	721	-	114	-
Development Costs	-	-	26	-
Total Costs	721	-	140	-
less: Provision for Under Recovery	-	-	-	-
Total Real Estate for Resale	721	-	140	-
Movements:				
Real Estate assets at beginning of the year	140	-	-	-
- Purchases and other costs	581	-	140	-
Total Real Estate for Resale	721	-	140	-

(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;

	2011	2010
Real Estate for Resale	721	140
	721	140

Notes to the Financial Statements
for the financial year ended 30 June 2011

Note 9a. Infrastructure, Property, Plant & Equipment

\$ '000	as at 30/6/2010					Asset Movements during the Reporting Period					as at 30/6/2011				
	At Cost	At Fair Value	Accumulated		Carrying Value	Asset Additions	WDV of Asset Disposals	Depreciation Expense	Adjustments & Transfers	Revaluation Increments to Equity (ARR)	At Cost	At Fair Value	Accumulated		Carrying Value
			Deprec.	Impairment									Dep'n	Impairment	
Plant & Equipment	-	11,773	5,236	-	6,537	592	(87)	(963)	-	-	-	12,163	6,084	-	6,079
Office Equipment	-	585	354	-	231	131	-	(72)	-	-	-	716	426	-	290
Land:															
- Operational Land	-	2,468	-	-	2,468	-	(156)	-	11	-	-	2,323	-	-	2,323
- Community Land	-	1,229	-	-	1,229	-	-	-	(11)	-	-	1,218	-	-	1,218
Buildings - Non Specialised	-	3,612	1,965	-	1,647	12	-	(75)	-	-	-	3,624	2,041	-	1,583
Buildings - Specialised	-	17,032	2,868	-	14,164	28	(533)	(159)	-	-	-	16,322	2,822	-	13,500
Other Structures	-	8,287	2,642	-	5,645	109	-	(213)	-	-	-	8,397	2,854	-	5,543
Infrastructure:															
- Roads, Bridges, Footpaths	-	175,646	38,166	-	137,480	1,104	(485)	(2,029)	-	-	-	175,717	39,647	-	136,070
- Stormwater Drainage	-	1,981	543	-	1,438	-	-	(20)	-	-	-	1,982	563	-	1,419
- Water Supply Network	-	14,314	8,759	-	5,555	200	-	(237)	-	177	-	14,978	9,283	-	5,695
- Sewerage Network	-	18,217	14,521	-	3,696	103	-	(365)	-	110	-	18,906	15,362	-	3,544
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIP	-	255,144	75,054	-	180,090	2,279	(1,261)	(4,133)	-	287	-	256,346	79,082	-	177,264

Coonamble Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

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

\$ '000 Class of Asset	Actual 2011				Actual 2010			
	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value
Water Supply								
Infrastructure	-	14,978	9,283	5,695	-	14,314	8,759	5,555
Total Water Supply	-	14,978	9,283	5,695	-	14,314	8,759	5,555
Sewerage Services								
Infrastructure	-	18,906	15,362	3,544	-	18,217	14,521	3,696
Total Sewerage Services	-	18,906	15,362	3,544	-	18,217	14,521	3,696
Domestic Waste Management								
Other Structures	-	171	32	139	-	171	29	142
Total DWM	-	171	32	139	-	171	29	142
TOTAL RESTRICTED I,PP&E	-	34,055	24,677	9,378	-	32,702	23,309	9,393

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 2011

Note 10a. Payables, Borrowings & Provisions

\$ '000	Notes	2011		2010	
		Current	Non Current	Current	Non Current
Payables					
Goods & Services - operating expenditure		621	-	590	-
Payments Received In Advance		123	-	81	-
Accrued Expenses:					
- Borrowings		2	-	3	-
Security Bonds, Deposits & Retentions		20	-	59	-
Total Payables		766	-	750	-
Borrowings					
Loans - Secured ¹		35	82	34	117
Total Borrowings		35	82	34	117
Provisions					
Employee Benefits;					
Annual Leave		651	-	621	-
Long Service Leave		968	41	989	39
Sub Total - Aggregate Employee Benefits		1,619	41	1,610	39
Total Provisions		1,619	41	1,610	39
Total Payables, Borrowings & Provisions		2,420	123	2,394	156

(i) Liabilities relating to Restricted Assets

	2011		2010	
	Current	Non Current	Current	Non Current
Externally Restricted Assets				
Water	22	-	40	-
Sewer	8	52	7	58
Liabilities relating to externally restricted assets	30	52	47	58
Internally Restricted Assets				
Nil				
Total Liabilities relating to restricted assets	30	52	47	58

¹. Loans are secured over the General Rating Income of Council

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

Coonamble Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

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

\$ '000	2011	2010
(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	809	875
Payables - Security Bonds, Deposits & Retentions	10	30
	819	905

Note 10b. Description of and movements in Provisions

Class of Provision	2010	2011				Closing Balance as at 30/6/11
	Opening Balance as at 1/7/10	Additional Provisions	Decrease due to Payments	Remeasurement effects due to Discounting	Unused amounts reversed	
Annual Leave	621	428	(385)	(13)	-	651
Long Service Leave	1,028	173	(242)	50	-	1,009
TOTAL	1,649	601	(627)	37	-	1,660

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 2011

Note 11. Statement of Cash Flows - Additional Information

\$ '000	Notes	Actual 2011	Actual 2010
(a) Reconciliation of Cash Assets			
Total Cash & Cash Equivalent Assets	6a	15,528	14,339
Less Bank Overdraft	10	-	-
BALANCE as per the STATEMENT of CASH FLOWS		15,528	14,339
(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities			
Net Operating Result from Income Statement		491	789
Adjust for non cash items:			
Depreciation & Amortisation		4,133	3,214
Net Losses/(Gains) on Disposal of Assets		526	(28)
Share of Net (Profits) or Losses of Associates/Joint Ventures		12	(31)
+/- Movement in Operating Assets and Liabilities & Other Cash Items:			
Decrease/(Increase) in Receivables		(1,795)	(175)
Increase/(Decrease) in Provision for Doubtful Debts		47	(102)
Decrease/(Increase) in Inventories		(192)	55
Decrease/(Increase) in Other Assets		101	(16)
Increase/(Decrease) in Payables		31	215
Increase/(Decrease) in accrued Interest Payable		(1)	(1)
Increase/(Decrease) in other accrued Expenses Payable		-	-
Increase/(Decrease) in Other Liabilities		(14)	(43)
Increase/(Decrease) in Employee Leave Entitlements		11	15
Increase/(Decrease) in Other Provisions		-	-
NET CASH PROVIDED FROM/(USED IN) OPERATING ACTIVITIES from the STATEMENT of CASH FLOWS		3,350	3,892

Coonamble Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

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

\$ '000	Notes	Actual 2011	Actual 2010
(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 ⁽¹⁾		250	250
Credit Cards / Purchase Cards		20	20
Total Financing Arrangements		270	270
Amounts utilised as at Balance Date:			
- Bank Overdraft Facilities		-	-
- Credit Cards / Purchase Cards		-	-
Total Financing Arrangements Utilised		-	-

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

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

(ii) Secured Loan Liabilities

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

(e) Net Cash Flows Attributable to Discontinued Operations

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

Coonamble Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 12. Commitments for Expenditure

\$ '000	Notes	Actual 2011	Actual 2010
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(a) Capital Commitments (exclusive of GST)

Nil

(b) Other Expenditure Commitments (exclusive of GST)

Other Non Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:

Audit Services	54	82
Waste Management Services	187	100
Total Commitments	241	182

These expenditures are payable as follows:

Within the next year	215	128
Later than one year and not later than 5 years	26	54
Later than 5 years	-	-
Total Payable	241	182

(c) Finance Lease Commitments

Nil

(d) 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	-
Later than one year and not later than 5 years	94	-
Later than 5 years	-	-
Total Non Cancellable Operating Lease Commitments	122	-

b. Non Cancellable Operating Leases include the following assets:

Telephone System and Provision of Computer Accounting systems

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

Coonamble Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 12. Commitments for Expenditure (continued)

\$ '000	Notes	Actual 2011	Actual 2010
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Conditions relating to Finance & 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.

(e) Investment Property Commitments

Nil

(f) Remuneration Commitments

Commitments for the payment of salaries & other remuneration under long-term employment contracts in existence at reporting date but not recognised as liabilities are payable:

Within the next year	312	660
Later than one year and not later than 5 years	1,356	1,130
Later than 5 years	-	-
Total Payable	1,668	1,790

(g) Investment in Associates / Joint Ventures - Commitments

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

Coonamble Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

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

\$ '000	Amounts 2011	Indicator 2011	Prior Periods 20102009	
Local Government Industry Indicators				
1. Unrestricted Current Ratio				
Current Assets less all External Restrictions ⁽¹⁾	10,682	6.80 : 1	5.72	5.34
Current Liabilities less Specific Purpose Liabilities ^(2,3)	1,571			
2. Debt Service Ratio				
Debt Service Cost	43	0.30%	0.92%	0.41%
Income from Continuing Operations excluding Capital Items & Specific Purpose Grants/Contributions	14,362			
3. Rates & Annual Charges Coverage Ratio				
Rates & Annual Charges	4,759	25.04%	27.97%	25.64%
Income from Continuing Operations	19,009			
4. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage				
Rates, Annual & Extra Charges Outstanding	421	8.00%	8.54%	9.27%
Rates, Annual & Extra Charges Collectible	5,260			
5. Building & Infrastructure Renewals Ratio				
Asset Renewals ⁽⁴⁾ [Buildings & Infrastructure]	1,556	53.93%	59.57%	123.35%
Depreciation, Amortisation & Impairment (Building & Infrastructure Assets)	2,885			

Notes

⁽¹⁾ Refer Notes 6-8 inclusive.

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

⁽²⁾ Refer to Note 10(a).⁽³⁾ Refer to Note 10(c) - excludes all payables & provisions not expected to be paid in the next 12 months (incl. ELE).⁽⁴⁾ Asset Renewals represent the replacement &/or refurbishment of existing assets to an equivalent capacity or performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance.

Coonamble Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

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

\$ '000	Water 2011	Sewer 2011	General ¹ 2011
Local Government Industry Indicators			
1. Unrestricted Current Ratio			
Current Assets less all External Restrictions ⁽¹⁾	231.91 : 1	512.88 : 1	5.98 : 1
Current Liabilities less Specific Purpose Liabilities ^(2,3)			
2. Debt Service Ratio			
Debt Service Cost	0.00%	1.55%	0.25%
Income from Continuing Operations excluding Capital Items & Specific Purpose Grants/Contributions			
3. Rates & Annual Charges Coverage Ratio			
Rates & Annual Charges	13.54%	62.37%	24.36%
Income from Continuing Operations			
4. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage			
Rates, Annual & Extra Charges Outstanding	22.29%	18.98%	6.56%
Rates, Annual & Extra Charges Collectible			
5. Building & Infrastructure Renewals Ratio			
Asset Renewals ⁽⁴⁾ [Buildings & Infrastructure]	84.39%	28.22%	54.88%
Depreciation, Amortisation & Impairment (Building & Infrastructure Assets)			

Notes

⁽¹⁾ 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 2011

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	
	2011	2010	2011	2010
Financial Assets				
Cash and Cash Equivalents	15,528	14,339	15,528	14,339
Receivables	3,420	1,672	3,420	1,672
Total Financial Assets	18,948	16,011	18,948	16,011
Financial Liabilities				
Payables	643	669	643	669
Loans / Advances	117	151	117	151
Total Financial Liabilities	760	820	760	820

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 2011

Note 15. Financial Risk Management (continued)

\$ '000

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

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

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

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

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

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

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

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

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

	Increase of Values/Rates		Decrease of Values/Rates	
	Profit	Equity	Profit	Equity
2011				
Possible impact of a 10% movement in Market Values				
Possible impact of a 1% movement in Interest Rates	164	164	164	164
2010				
Possible impact of a 10% movement in Market Values				
Possible impact of a 1% movement in Interest Rates	124	124	124	124

Coonamble Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

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.

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:

	2011	2011	2010	2010
	Rates & Annual Charges	Other Receivables	Rates & Annual Charges	Other Receivables
(i) Ageing of Receivables				
Current (not yet overdue)	-	2,713	-	1,057
Past due by up to 30 days	-	-	-	60
Past due between 31 and 180 days	195	153	136	55
Past due between 181 and 365 days	51	166	59	56
Past due by more than 1 year	219	100	240	139
	465	3,132	435	1,367
(ii) Movement in Provision for Impairment of Receivables			2011	2010
Balance at the beginning of the year			130	232
+ new provisions recognised during the year			50	-
- amounts already provided for & written off this year			(3)	(102)
Balance at the end of the year			177	130

Coonamble Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

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	payable in:						Total Cash Outflows	Actual Carrying Values
		≤ 1 Year	1-2 Yrs	2-3 Yrs	3-4 Yrs	4-5 Yrs	> 5 Yrs		
2011									
Trade/Other Payables	20	623	-	-	-	-	-	643	643
Loans & Advances	-	35	37	7	8	30	-	117	117
Total Financial Liabilities	20	658	37	7	8	30	-	760	760
2010									
Trade/Other Payables	59	610	-	-	-	-	-	669	669
Loans & Advances	-	33	35	37	7	8	31	151	151
Total Financial Liabilities	59	643	35	37	7	8	31	820	820

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:

	2011		2010	
	Carrying Value	Average Interest Rate	Carrying Value	Average Interest Rate
Trade/Other Payables	643	0.0%	669	0.0%
Loans & Advances - Fixed Interest Rate	117	7.3%	151	7.3%
	<u>760</u>		<u>820</u>	

Coonamble Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 16. Material Budget Variations

\$ '000

Council's Original Financial Budget for 10/11 was incorporated as part of its adopted Management Plan.

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	2011 Budget	2011 Actual	2011 ----- Variance* -----		
REVENUES					
Rates & Annual Charges	4,487	4,759	272	6%	F
User Charges & Fees	4,228	4,931	703	17%	F
Additional user charges and Fees revenue were generated as a direct result of major events that occurred through the 2010-2011 financial year					
Interest & Investment Revenue	499	796	297	60%	F
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					
Other Revenues	369	801	432	117%	F
Additional revenue was generated as a result of additional reimbursement of expenditure that was not anticipated for at the time of the preparation of the 2010-11 estimates					
Operating Grants & Contributions	5,344	6,865	1,521	28%	F
Council through the course of the year received additional grant funds that where not anticipated for in the preparation of the 2010-2011 Estimates					
Capital Grants & Contributions	420	857	437	104%	F
Council through the course of the year received additional grant funds and contributions that where not anticipated for in the preparation of the 2010-2011 Estimates					

Coonamble Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 16. Material Budget Variations (continued)

\$ '000	2011 Budget	2011 Actual	2011 Variance*	
EXPENSES				
Employee Benefits & On-Costs	5,718	6,360	(642)	(11%) U
Due to the inclusion of additional grant funded projects additional works where required of Council Staff				
Borrowing Costs	10	9	1	10% F
Materials & Contracts	5,045	5,803	(758)	(15%) U
Depreciation & Amortisation	3,214	4,133	(919)	(29%) U
At the time of the preparation of the estimates the previous years actuals were used to provide the estimates. At the end of 2009-2010 financial year Council Transport Infrastructure network was revalued to "Fair Value" and as a result depreciation was increased.				
Other Expenses	1,660	1,675	(15)	(1%) U
Net Losses from Disposal of Assets	-	526	(526)	0% U
Share of Net Losses - Joint Ventures & Associate:	-	12	(12)	0% U

\$ '000	2011 Budget	2011 Actual	2011 Variance*	
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Budget Variations relating to Council's Cash Flow Statement include:

Cash Flows from Operating Activities	2,503	3,350	847	33.8%	F
Council received additional cash flow through the inclusion of additional grant funds throughout the year					
Cash Flows from Investing Activities	(2,748)	(2,127)	621	(22.6%)	F
The cash flow budget was prepared with conservative estimates of potential Interest Revenue in line with its operational Budget					
Cash Flows from Financing Activities	(34)	(34)	-	0.0%	F

Coonamble Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2011

Note 17. Statement of Developer Contributions

\$ '000

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

Coonamble Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 18. Contingencies & Other Assets/Liabilities Not Recognised

\$ '000

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

LIABILITIES NOT RECOGNISED:

1. Guarantees

(i) Defined Benefit Superannuation Contribution Plans

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

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

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

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.

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

(ii) Statewide Limited

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

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

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

(iii) StateCover Limited

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

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

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

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

(iv) Other Guarantees

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

Coonamble Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

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

\$ '000

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

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

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

(ii) 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 2011

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 2011	Actual 2010	Actual 2011	Actual 2010
Associated Entities	-	-	-	-
Joint Venture Entities	(12)	31	61	73
Total	(12)	31	61	73

Coonamble Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2011

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	2011	2010
Northern Western Library Service	Provision of Library Services	61	73
Total Carrying Amounts - Joint Venture Entities		61	73

(b) Relevant Interests

Name of Entity	Interest in Outputs		Interest in Ownership		Proportion of Voting Power	
	2011	2010	2011	2010	2011	2010
Northern Western Library Service	25%	25%	25%	25%	25%	25%

(c) Movement in Carrying Amounts

		Northern Western Library Service	
		2011	2010
Opening Balance		73	42
Share in Operating Result		(12)	31
Councils Equity Share in the Joint Venture Entity		61	73

Coonamble Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

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

\$ '000

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

(d) Share of Joint Ventures Assets & Liabilities

	Assets		Liabilities		Net Assets
	Current	Non Current	Current	Non Current	
2011					
Northern Western Library Service	2	59	-	-	61
Totals	2	59	-	-	61
2010					
Northern Western Library Service	32	41	-	-	73
Totals	32	41	-	-	73

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

	2011			2010		
	Revenues	Expenses	Result	Revenues	Expenses	Result
Northern Western Library Service	40	52	(12)	73	42	31
Totals	40	52	(12)	73	42	31

(f) Share of Joint Venture Entities Expenditure Commitments

	2011	2010
Capital Commitments	-	-
Other Expenditure Commitments	-	-
Lease Commitments	-	-

(g) Contingent Liabilities of Joint Venture Entities

	2011	2010
Share of Contingent Liabilities incurred jointly with other Participants	25%	25%
Share of Contingent Liabilities for which Council is severally liable	25%	25%

19(c) Joint Venture Operations

Council has no interest in any Joint Venture Operations.

Coonamble Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2011

Note 20. Equity - Retained Earnings and Revaluation Reserves

\$ '000	Notes	Actual 2011	Actual 2010
a. Retained Earnings			
Movements in Retained Earnings were as follows:			
Balance at beginning of Year (from previous years audited accounts)		147,730	84,884
a. Correction of Prior Period Errors	20 (c)	-	62,057
b. Changes in Accounting Policies (prior period effects)	20 (d)	-	-
c. Other Comprehensive Income (excl. direct to Reserves transactions)		-	-
d. Net Operating Result for the Year		491	789
e. Distributions to/(Contributions from) Minority Interests		-	-
f. Transfers between Equity		258	-
g. Other Changes		-	-
Balance at End of the Reporting Period		148,479	147,730

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

- Infrastructure, Property, Plant & Equipment Revaluation Reserve	46,492	46,463
Total	46,492	46,463

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

- Opening Balance	46,463	17,226
- Revaluations for the year	9(a) 287	29,237
- Impairment of revalued assets (incl. impairment reversals)	9(a) -	-
- Transfer to Retained Earnings for Asset disposals	(258)	-
- Correction of Prior Period Errors	20(c) -	-
- Balance at End of Year	46,492	46,463
TOTAL VALUE OF RESERVES	46,492	46,463

(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 2011

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

\$ '000	Notes	Actual 2011	Actual 2010
c. Correction of Error/s relating to a Previous Reporting Period			
Council made no correction of errors during the current reporting period.			
- Adjustments to Opening Equity - 1/7/09 (relating to adjustments for the 30/6/09 reporting year end and prior periods)		-	62,057
- Adjustments to Closing Equity - 30/6/10 (relating to adjustments for the 30/6/10 year end)		-	-
Total Prior Period Adjustments - Prior Period Errors		-	62,057

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 2011

Note 21. Financial Result & Financial Position by Fund

Income Statement by Fund \$ '000	Actual 2011	Actual 2011	Actual 2011
	Water	Sewer	General ¹
Continuing Operations			
Income from Continuing Operations			
Rates & Annual Charges	152	411	4,196
User Charges & Fees	323	79	4,529
Interest & Investment Revenue	265	151	380
Other Revenues	-	6	795
Grants & Contributions provided for Operating Purposes	13	12	6,840
Grants & Contributions provided for Capital Purposes	370	-	487
Total Income from Continuing Operations	1,123	659	17,227
Expenses from Continuing Operations			
Employee Benefits & on-costs	118	159	6,083
Borrowing Costs	-	4	5
Materials & Contracts	298	247	5,258
Depreciation & Amortisation	237	365	3,531
Impairment	-	-	-
Other Expenses	17	16	1,642
Net Losses from the Disposal of Assets	-	-	526
Share of interests in Joint Ventures & Associates using the Equity Method	-	-	12
Total Expenses from Continuing Operations	670	791	17,057
Operating Result from Continuing Operations	453	(132)	170
Discontinued Operations			
Net Profit/(Loss) from Discontinued Operations	-	-	-
Net Operating Result for the Year	453	(132)	170
Net Operating Result attributable to each Council Fund	453	(132)	170
Net Operating Result attributable to Minority Interests	-	-	-
Net Operating Result for the year before Grants and Contributions provided for Capital Purposes	83	(132)	(317)

¹ 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 2011

Note 21. Financial Result & Financial Position by Fund

Balance Sheet by Fund \$ '000	Actual 2011	Actual 2011	Actual 2011
ASSETS	Water	Sewer	General¹
Current Assets			
Cash & Cash Equivalents	4,891	2,791	7,846
Investments	-	-	-
Receivables	198	1,312	1,661
Inventories	13	-	1,217
Other	-	-	11
Non-current assets classified as 'held for sale'	-	-	-
Total Current Assets	5,102	4,103	10,735
Non-Current Assets			
Investments	-	-	-
Receivables	-	-	249
Inventories	-	-	-
Infrastructure, Property, Plant & Equipment	5,695	3,544	168,025
Investments Accounted for using the equity method	-	-	61
Investment Property	-	-	-
Intangible Assets	-	-	-
Total Non-Current Assets	5,695	3,544	168,335
TOTAL ASSETS	10,797	7,647	179,070
LIABILITIES			
Current Liabilities			
Payables	22	-	744
Borrowings	-	8	27
Provisions	-	-	1,619
Total Current Liabilities	22	8	2,390
Non-Current Liabilities			
Payables	-	-	-
Borrowings	-	52	30
Provisions	-	-	41
Total Non-Current Liabilities	-	52	71
TOTAL LIABILITIES	22	60	2,461
Net Assets	10,775	7,587	176,609
EQUITY			
Retained Earnings	8,499	6,253	133,727
Revaluation Reserves	2,276	1,334	42,882
Total Equity	10,775	7,587	176,609

¹ 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 & payables between the Funds.

Coonamble Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2011

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

\$ '000

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 2011, 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 17/08/11.

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 2011.

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

These financial statements (and figures therein) do not incorporate any "non adjusting events" that have occurred after 30 June 2011 and which are only indicative of conditions that arose after 30 June 2011.

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

Note 24. Discontinued Operations

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

Note 25. Intangible Assets

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 2011

Note 27. Council Information & Contact Details

Principal Place of Business:

80 Castlereagh Street
Coonamble NSW 2829

Contact Details**Mailing Address:**

PO Box 249
Coonamble NSW 2829

Opening Hours:

8.30 am to 5.00pm Monday to Friday

Telephone: 02 68271 911

Facsimile: 02 68221 626

Internet: www.coonambleshire.nsw.gov.au

Email: mail@coonambleshire.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**

Tim Horan

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 2011, 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

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ABN 56 435 338 966

policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the financial statements.

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



BRETT HANGER

Partner

Dated at Coonamble this 17th day of August 2011

17 August 2011

The Mayor
Coonamble Shire Council
PO Box 249
COONAMBLE NSW 2829

Mayor,

Audit Report - Year Ended 30 June 2011

We are pleased to advise completion of the audit of Council's books and records for the year ended 30 June 2011 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

I.1 Operating Result

The operating result for the year was a surplus of \$491,000 as compared with \$789,000 in the previous year.

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

	2011 \$000	% of Total	2010 \$000	% of Total	Increase (Decrease) \$000
Revenues before capital items					
Rates & annual charges	4,759	26%	4,622	29%	137
User charges, fees & other revenues	5,732	32%	4,976	32%	756
Grants & contributions provided for operating purposes	6,865	38%	5,549	35%	1,316
Interest & investment revenue	796	4%	598	4%	198
	18,152	100%	15,745	100%	2,407
Expenses					
Employee benefits & costs	6,360	34%	6,095	39%	265
Materials, contracts & other expenses	8,016	43%	6,409	41%	1,607
Depreciation, amortisation & impairment	4,133	22%	3,214	20%	919
Borrowing costs	9	0%	16	0%	(7)
	18,518	100%	15,734	100%	2,784
Surplus/(Deficit) before capital items	(366)		11		(377)
Grants & contributions provided for capital purposes	857		778		79
Net Surplus/(Deficit) for the year	491		789		(298)

The above table shows an overall decrease from the previous year of \$298,000. The decrease can mostly be attributable to increases in materials and contracts and depreciation expenses, offset by increases in operating grants and user charges revenue.

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.

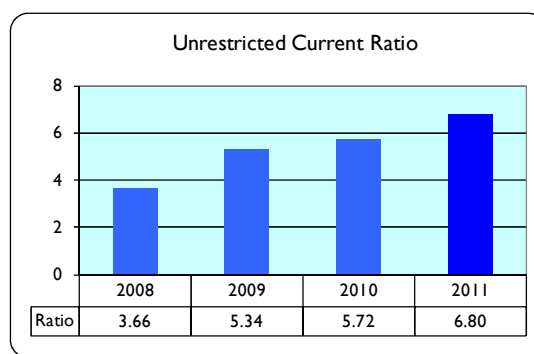
	2011	2010
	\$000	\$000
Funds were provided by:-		
Operating Result (as above)	491	789
Add back non funding items:-		
- Depreciation, amortisation & impairment	4,133	3,214
- Book value of non current assets sold	1,261	197
- (Surplus)/Deficit in joint ventures	12	(31)
	5,897	4,169
Funds were applied to:-		
Purchase and construction of assets	(2,279)	(1,848)
Principal repaid on loans	(34)	(104)
Transfers to externally restricted assets (net)	(650)	(532)
Transfers to internal reserves (net)	(672)	(1,392)
Net Changes in current/non current assets & liabilities	(577)	(131)
	(4,212)	(4,007)
Increase/(Decrease) in Available Working Capital	1,685	162

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 \$9.111 million representing a factor of 6.80 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 \$2.692 million as detailed below;

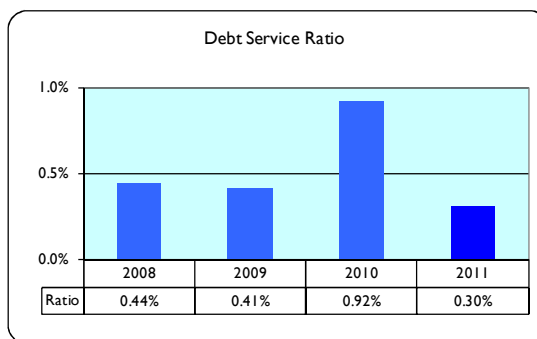
	2011 \$000	2010 \$000	Change \$000
Net Current Assets (Working Capital) as per Accounts	17,520	13,903	3,617
Add: Payables, provisions & inventories not expected to be realised in the next 12 months included above	98	765	(667)
Adjusted Net Current Assets	17,618	14,668	2,950
Add: Budgeted & expected to pay in the next 12 months			
- Borrowings	35	34	1
- Employees leave entitlements	810	735	75
- Deposits & retention moneys	10	29	(19)
Less: Externally restricted assets	(8,507)	(7,857)	(650)
Less: Internally restricted assets	(7,274)	(6,602)	(672)
Available Working Capital as at 30 June	2,692	1,007	1,685

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 2011 was satisfactory.

2.3 Debt

Operating revenue (excluding special purpose grants and contributions) required to service debt (loan repayments) was 0.30%.

Total debt at 30 June 2011 amounted to \$117,000.



2.4 Summary

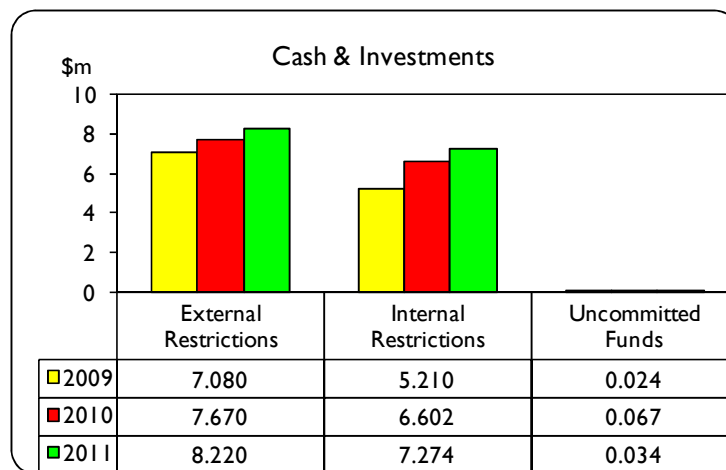
Council's overall financial position, when taking into account the above financial indicators is, in our opinion, sound.

3. CASH ASSETS

3.1 Cash & Investments

Cash and investments held at the close of the year amounted to \$15.528 million as compared with \$14.339 million and \$12.314 million at the close of financial years 2010 and 2009 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 (\$349,000), domestic waste management charges (\$189,000) and water and sewerage funds (\$7.682 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 \$7.274 million and their purposes are more fully disclosed in Note 6 of the financial statements.

Unrestricted cash and investments amounted to \$34,000.

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 \$1.189 million to \$15.528 million at the close of the year. In addition to operating activities which contributed net cash of \$3.350 million were the proceeds from the sale of assets (\$735,000). Cash outflows other than operating activities were used to repay loans (\$34,000) and to purchase and construct assets (\$2.862 million).

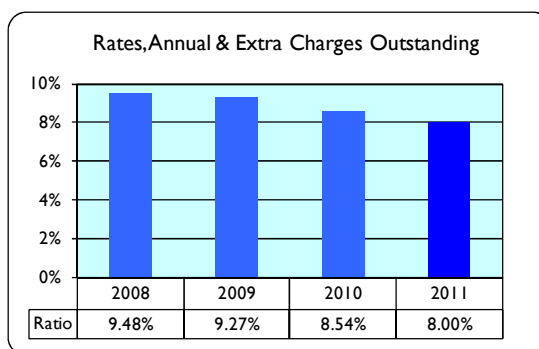
4. RECEIVABLES

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

Net rates and annual charges levied during the year totalled \$4.759 million and represented 25.04% of Council's total revenues. Including arrears, the total rates and annual charges collectible was \$5.071 million of which \$4.774 million (94.14%) was collected.

4.2 Rates, Annual & Extra Charges

Arrears of rates, annual & extra charges stood at \$421,000 at the end of the year and represented 8% of those receivables.



4.3 Other Receivables

Receivables (other than rates, annual & extra charges) totalled \$3.008 million and mainly consisted of user charges and fees (\$2.648 million). User charges and fees receivables included \$1.857 million for RTA works. Those considered to be uncertain of collection have been provided for as doubtful debts and this provision amounted to \$9,000.

5. PAYABLES

5.1 Employees Leave Entitlements

Council's provision for its liability toward employees leave entitlements and associated on costs amounted to \$1.660 million.

A cash reserve of \$555,000 was held at year end representing 33.43% of this liability and was, in our opinion, sufficient to enable Council to meet unbudgeted and unanticipated retirements.

5.2 Deposits, Retentions & Bonds

Deposits, retentions and bonds held at year end amounted to \$20,000 and were fully funded by cash and investments held in reserves.

6. MANAGEMENT LETTER

An audit management letter addressing the findings from our interim audit was issued on 14 March 2011. This included our recommendations on possible ways to strengthen and/or improve procedures.

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 and take this opportunity to commend your staff for the early completion and presentation of the financial statements.

Yours faithfully,
HILL ROGERS SPENCER STEER



BRETT HANGER
Partner

Coonamble Shire Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2011

“Coonamble on the Castlereagh”



Coonamble Shire Council

Special Purpose Financial Statements

for the financial year ended 30 June 2011

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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).

Coonamble Shire Council

Special Purpose Financial Statements

for the financial year ended 30 June 2011

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 10 August 2011.



Tim Horan
MAYOR

Michael Webb
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 2011

\$ '000	Actual 2011	Actual 2010	Actual 2009
Income from continuing operations			
Access charges	152	116	105
User charges	323	298	287
Fees	-	-	-
Interest	265	185	264
Grants and contributions provided for non capital purposes	13	12	12
Profit from the sale of assets	-	-	-
Other income	-	4	3
Total income from continuing operations	753	615	671
Expenses from continuing operations			
Employee benefits and on-costs	118	251	186
Borrowing costs	-	-	-
Materials and contracts	298	204	238
Depreciation and impairment	237	265	253
Water purchase charges	-	-	-
Loss on sale of assets	-	-	14
Calculated taxation equivalents	-	-	-
Debt guarantee fee (if applicable)	-	-	-
Other expenses	17	13	-
Total expenses from continuing operations	670	733	691
Surplus (deficit) from Continuing Operations before capital amounts	83	(118)	(20)
Grants and contributions provided for capital purposes	370	-	-
Surplus (deficit) from Continuing Operations after capital amounts	453	(118)	(20)
Surplus (deficit) from discontinued operations	-	-	-
Surplus (deficit) from ALL Operations before tax	453	(118)	(20)
less: Corporate Taxation Equivalent (30%) [based on result before capital]	(25)	-	-
SURPLUS (DEFICIT) AFTER TAX	428	(118)	(20)
plus Opening Retained Profits	8,046	8,164	8,184
plus/less: Prior Period Adjustments	-	-	-
plus Adjustments for amounts unpaid:			
- Taxation equivalent payments	-	-	-
- Debt guarantee fees	-	-	-
- Corporate taxation equivalent	25	-	-
less:			
- Tax Equivalent Dividend paid	-	-	-
- Surplus dividend paid	-	-	-
Closing Retained Profits	8,499	8,046	8,164
Return on Capital %	1.5%	-2.1%	-0.4%
Subsidy from Council	214	401	326
Calculation of dividend payable:			
Surplus (deficit) after tax	428	(118)	(20)
less: Capital grants and contributions (excluding developer contributions)	(370)	-	-
Surplus for dividend calculation purposes	58	-	-
Potential Dividend calculated from surplus	29	-	-

Coonamble Shire Council

Income Statement of Council's Sewerage Business Activity

for the financial year ended 30 June 2011

\$ '000	Actual 2011	Actual 2010	Actual 2009
Income from continuing operations			
Access charges	411	406	389
User charges	79	68	66
Liquid Trade Waste charges	-	-	-
Fees	-	-	-
Interest	151	158	197
Grants and contributions provided for non capital purposes	12	12	12
Profit from the sale of assets	-	-	-
Other income	6	2	4
Total income from continuing operations	659	646	668
Expenses from continuing operations			
Employee benefits and on-costs	159	282	253
Borrowing costs	4	5	5
Materials and contracts	247	154	149
Depreciation and impairment	365	363	356
Loss on sale of assets	-	-	-
Calculated taxation equivalents	-	-	-
Debt guarantee fee (if applicable)	-	-	-
Other expenses	16	10	-
Total expenses from continuing operations	791	814	763
Surplus (deficit) from Continuing Operations before capital amounts	(132)	(168)	(95)
Grants and contributions provided for capital purposes	-	-	-
Surplus (deficit) from Continuing Operations after capital amounts	(132)	(168)	(95)
Surplus (deficit) from discontinued operations	-	-	-
Surplus (deficit) from ALL Operations before tax	(132)	(168)	(95)
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	-	-
SURPLUS (DEFICIT) AFTER TAX	(132)	(168)	(95)
plus Opening Retained Profits	6,385	6,553	6,648
plus/less: Prior Period Adjustments	-	-	-
plus Adjustments for amounts unpaid:			
- Taxation equivalent payments	-	-	-
- Debt guarantee fees	-	-	-
- Corporate taxation equivalent	-	-	-
less:			
- Tax Equivalent Dividend paid	-	-	-
- Surplus dividend paid	-	-	-
Closing Retained Profits	6,253	6,385	6,553
Return on Capital %	-3.6%	-4.4%	-2.4%
Subsidy from Council	313	351	301
Calculation of dividend payable:			
Surplus (deficit) after tax	(132)	(168)	(95)
less: Capital grants and contributions (excluding developer contributions)	-	-	-
Surplus for dividend calculation purposes	-	-	-
Potential Dividend calculated from surplus	-	-	-

Coonamble Shire Council

Income Statement of Council's Other Business Activities

for the financial year ended 30 June 2011

\$ '000	Quarry	
	Actual 2011	Actual 2010
Income from continuing operations		
Access charges	-	-
User charges	1,983	1,937
Fees	-	-
Interest	-	-
Grants and contributions provided for non capital purposes	-	-
Profit from the sale of assets	-	-
Other income	-	-
Total income from continuing operations	1,983	1,937
Expenses from continuing operations		
Employee benefits and on-costs	339	283
Borrowing costs	-	-
Materials and contracts	1,128	1,053
Depreciation and impairment	87	87
Loss on sale of assets	-	-
Calculated taxation equivalents	-	-
Debt guarantee fee (if applicable)	-	-
Other expenses	-	-
Total expenses from continuing operations	1,554	1,423
Surplus (deficit) from Continuing Operations before capital amounts	429	514
Grants and contributions provided for capital purposes	-	-
Surplus (deficit) from Continuing Operations after capital amounts	429	514
Surplus (deficit) from discontinued operations	-	-
Surplus (deficit) from ALL Operations before tax	429	514
less: Corporate Taxation Equivalent (30%) [based on result before capital]	(129)	(154)
SURPLUS (DEFICIT) AFTER TAX	300	360
plus Opening Retained Profits	2,399	1,885
plus/less: Prior Period Adjustments	-	-
plus Adjustments for amounts unpaid:		
- Taxation equivalent payments	-	-
- Debt guarantee fees	-	-
- Corporate taxation equivalent	129	154
add:		
- Subsidy Paid/Contribution To Operations	-	-
less:		
- TER dividend paid	-	-
- Dividend paid	-	-
Closing Retained Profits	2,828	2,399
Return on Capital %	37.2%	42.4%
Subsidy from Council	-	-

Coonamble Shire Council

Balance Sheet of Council's Water Supply Business Activity

as at 30 June 2011

\$ '000	Actual 2011	Actual 2010
ASSETS		
Current Assets		
Cash and cash equivalents	4,891	4,477
Investments	-	-
Receivables	198	140
Inventories	13	12
Other	-	-
Non-current assets classified as held for sale	-	-
Total Current Assets	5,102	4,629
Non-Current Assets		
Investments	-	-
Receivables	-	-
Inventories	-	-
Infrastructure, property, plant and equipment	5,695	5,555
Investments accounted for using equity method	-	-
Investment property	-	-
Other	-	-
Total non-Current Assets	5,695	5,555
TOTAL ASSETS	10,797	10,184
LIABILITIES		
Current Liabilities		
Bank Overdraft	-	-
Payables	22	40
Interest bearing liabilities	-	-
Provisions	-	-
Total Current Liabilities	22	40
Non-Current Liabilities		
Payables	-	-
Interest bearing liabilities	-	-
Provisions	-	-
Total Non-Current Liabilities	-	-
TOTAL LIABILITIES	22	40
NET ASSETS	10,775	10,144
EQUITY		
Retained earnings	8,499	8,046
Revaluation reserves	2,276	2,098
Council equity interest	10,775	10,144
Minority equity interest	-	-
TOTAL EQUITY	10,775	10,144

Coonamble Shire Council

Balance Sheet of Council's Sewerage Business Activity

as at 30 June 2011

\$ '000	Actual 2011	Actual 2010
ASSETS		
Current Assets		
Cash and cash equivalents	2,791	2,488
Investments	-	-
Receivables	1,312	1,490
Inventories	-	-
Other	-	-
Non-current assets classified as held for sale	-	-
Total Current Assets	4,103	3,978
Non-Current Assets		
Investments	-	-
Receivables	-	-
Inventories	-	-
Infrastructure, property, plant and equipment	3,544	3,696
Investments accounted for using equity method	-	-
Investment property	-	-
Other	-	-
Total non-Current Assets	3,544	3,696
TOTAL ASSETS	7,647	7,674
LIABILITIES		
Current Liabilities		
Bank Overdraft	-	-
Payables	-	-
Interest bearing liabilities	8	7
Provisions	-	-
Total Current Liabilities	8	7
Non-Current Liabilities		
Payables	-	-
Interest bearing liabilities	52	58
Provisions	-	-
Total Non-Current Liabilities	52	58
TOTAL LIABILITIES	60	65
NET ASSETS	7,587	7,609
EQUITY		
Retained earnings	6,253	6,385
Revaluation reserves	1,334	1,224
Council equity interest	7,587	7,609
Minority equity interest	-	-
TOTAL EQUITY	7,587	7,609

Coonamble Shire Council

Balance Sheet of Council's Other Business Activities

as at 30 June 2011

\$ '000	Quarry	
	Category 2	
	Actual 2011	Actual 2010
ASSETS		
Current Assets		
Cash and cash equivalents	1,418	1,161
Investments	-	-
Receivables	248	62
Inventories	125	81
Other	-	-
Non-current assets classified as held for sale	-	-
Total Current Assets	1,791	1,304
Non-Current Assets		
Investments	-	-
Receivables	-	-
Inventories	-	-
Infrastructure, property, plant and equipment	1,154	1,212
Investments accounted for using equity method	-	-
Investment property	-	-
Other	-	-
Total Non-Current Assets	1,154	1,212
TOTAL ASSETS	2,945	2,516
LIABILITIES		
Current Liabilities		
Bank Overdraft	-	-
Payables	-	-
Interest bearing liabilities	-	-
Provisions	-	-
Total Current Liabilities	-	-
Non-Current Liabilities		
Payables	-	-
Interest bearing liabilities	-	-
Provisions	-	-
Other Liabilities	-	-
Total Non-Current Liabilities	-	-
TOTAL LIABILITIES	-	-
NET ASSETS	2,945	2,516
EQUITY		
Retained earnings	2,828	2,399
Revaluation reserves	117	117
TOTAL EQUITY	2,945	2,516

Coonamble Shire Council

Special Purpose Financial Statements

for the financial year ended 30 June 2011

Contents of the Notes accompanying the Financial Statements

Note	Details	Page
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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 2011

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 2011

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 **\$387,000** of combined land values attracts **0%**. From \$387,001 to \$2,366,000 the rate is **1.6% + \$100**. For the remaining combined land value that exceeds \$2,366,000, a premium marginal rate of **2.0%** applies.

Payroll Tax – **5.45%** on the value of taxable salaries and wages in excess of \$658,000.

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 2011

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 5.21% at 30/6/11.

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 2011 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 2011

Note 2. Water Supply Business

Best Practice Management disclosure requirements

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

2011

1. Calculation and Payment of Tax-Equivalents

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

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

2. Dividend from Surplus

(i)	50% of Surplus before Dividends [Calculated in accordance with Best Practice Management for Water Supply and Sewerage Guidelines]	29,050
(ii)	No. of assessments multiplied by \$30/assessment, less tax equivalent charges/assessment	49,770
(iii)	Cumulative surplus before Dividends for the 3 years to 30 June 2011, less the cumulative dividends paid for the 2 years to 30 June 2010 & 30 June 2009	(79,900)

2011 Surplus	58,100	2010 Surplus	(118,000)	2009 Surplus	(20,000)
		2010 Dividend	-	2009 Dividend	-

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

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

Coonamble Shire Council

Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2011

Note 2. Water Supply Business

Best Practice Management disclosure requirements (continued)

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

2011

National Water Initiative (NWI) Financial Performance Indicators

NWI F1	Total Revenue (Water) Total Income (w13) - Grants for the Acquisition of Assets (w11a) - Interest Income (w9)	\$'000	493
NWI F4	Revenue from Residential Usage Charges (Water) Income from Residential Usage Charges (w6b) x 100 divided by the sum of [Income from Residential Usage Charges (w6a) + Income from Residential Access Charges (w6b)]	%	67.52%
NWI F9	Written Down Replacement Cost of Fixed Assets (Water) Written down current cost of system assets (w47)	\$'000	5,695
NWI F11	Operating Cost (OMA) (Water) Management Expenses (w1) + Operational & Maintenance Expenses (w2)	\$'000	416
NWI F14	Capital Expenditure (Water) Acquisition of fixed assets (w16)	\$'000	200
NWI F17	Economic Real Rate of Return (Water) [Total Income (w13) - Interest Income (w9) - Grants for acquisition of assets (w11a) - Operating Costs (NWI F11) - Current Cost Depreciation (w3)] x 100 divided by [Written Down Current Cost of System Assets (w47) + Plant & Equipment (w33b)]	%	-2.81%
NWI F26	Capital Works Grants (Water) Grants for the Acquisition of Assets (w11a)	\$'000	370

- 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 2011Note 3. Sewerage Business
Best Practice Management disclosure requirements

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

2011

1. Calculation and Payment of Tax-Equivalents

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

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

2. Dividend from Surplus

(i)	50% of Surplus before Dividends [Calculated in accordance with Best Practice Management for Water Supply and Sewerage Guidelines]	-
(ii)	No. of assessments x (\$30 less tax equivalent charges per assessment)	41,220
(iii)	Cumulative surplus before dividends for the 3 years to 30 June 2011, less the cumulative dividends paid for the 2 years to 30 June 2010 & 30 June 2009	(395,000)

2011 Surplus	(132,000)	2010 Surplus	(168,000)	2009 Surplus	(95,000)
		2010 Dividend	-	2009 Dividend	-

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

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)	
(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]	
	Complying charges (a) Residential [Item 2(c) in Table 1]	
	(b) Non Residential [Item 2(c) in Table 1]	
	(c) Trade Waste [Item 2(d) in Table 1]	
	DSP with Commercial Developer Charges [Item 2(e) in Table 1]	
	Liquid Trade Waste Approvals & Policy [Item 2(f) in Table 1]	
(iii)	Complete Performance Reporting Form (by 15 September each year)	
(iv)	a. Integrated Water Cycle Management Evaluation	
	b. Complete and implement Integrated Water Cycle Management Strategy	

Coonamble Shire Council

Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2011

Note 3. Sewerage Business

Best Practice Management disclosure requirements (continued)

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

2011

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	508
NWI F10	Written Down Replacement Cost of Fixed Assets (Sewerage) Written down current cost of system assets (s48)	\$'000	3,544
NWI F12	Operating Cost (Sewerage) Management Expenses (s1) + Operational & Maintenance Expenses (s2)	\$'000	406
NWI F15	Capital Expenditure (Sewerage) Acquisition of Fixed Assets (s17)	\$'000	103
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)]	%	-7.42%
NWI F27	Capital Works Grants (Sewerage) Grants for the Acquisition of Assets (12a)	\$'000	-

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	1,001
NWI F8	Revenue from Community Service Obligations (Water & Sewerage) Community Service Obligations (NWI F25) x 100 divided by Total Income (NWI F3)	%	2.50%
NWI F16	Capital Expenditure (Water & Sewerage) Acquisition of Fixed Assets (w16 + s17)	\$'000	303
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)]	%	-4.58%
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 2011Note 3. Sewerage Business
Best Practice Management disclosure requirements (continued)

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

2011

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

NWI F22	Net Debt to Equity (Water & Sewerage) Overdraft (w36 + s37) + Borrowings (w38 + s39) - Cash & Investments (w30 + s31) x 100 divided by [Total Assets (w35 + s36) - Total Liabilities (w40 + s41)]	%	-41.51%
NWI F23	Interest Cover (Water & Sewerage) Earnings before Interest & Tax (EBIT) divided by Net Interest Earnings before Interest & Tax (EBIT): - 423 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: - 407 Interest Expense (w4a + s4a) - Interest Income (w9 + s10)		-
NWI F24	Net Profit After Tax (Water & Sewerage) Surplus before dividends (w15a + s16a) - Tax equivalents paid (Note 2-1(iv) + Note 3-1(iv))	\$'000	(49)
NWI F25	Community Service Obligations (Water & Sewerage) Grants for Pensioner Rebates (w11b + s12b)	\$'000	25

- 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 SCHEDULES
for the year ended 30 June 2011

“Coonamble on the Castlereagh”



Coonamble Shire Council

Special Schedules

for the financial year ended 30 June 2011

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¹ 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 2011

\$'000

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
Governance	120	-	-	(120)
Administration	3,157	71	30	(3,056)
Public Order and Safety				
Fire Service Levy, Fire Protection, Emergency Services	875	743	-	(132)
Beach Control	-	-	-	-
Enforcement of Local Govt Regs	-	-	-	-
Animal Control	87	15	-	(72)
Other	-	-	-	-
Total Public Order & Safety	962	758	-	(204)
Health	167	8	-	(159)
Environment				
Noxious Plants and Insect/Vermin Control	83	-	-	(83)
Other Environmental Protection	314	93	-	(221)
Solid Waste Management	358	482	-	124
Street Cleaning	233	-	-	(233)
Drainage	-	-	-	-
Stormwater Management	20	-	-	(20)
Total Environment	1,008	575	-	(433)
Community Services and Education				
Administration & Education	12	4	-	(8)
Social Protection (Welfare)	7	150	-	143
Aged Persons and Disabled	-	-	-	-
Childrens Services	47	32	-	(15)
Total Community Services & Education	66	186	-	120
Housing and Community Amenities				
Public Cemeteries	39	38	-	(1)
Public Conveniences	-	-	-	-
Street Lighting	94	30	-	(64)
Town Planning	24	35	-	11
Other Community Amenities	195	34	-	(161)
Total Housing and Community Amenities	352	137	-	(215)
Water Supplies	670	753	370	453
Sewerage Services	791	581	-	(210)

Coonamble Shire Council

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

for the financial year ended 30 June 2011

\$'000

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
Recreation and Culture				
Public Libraries	202	28	-	(174)
Museums	19	-	30	11
Art Galleries	-	-	-	-
Community Centres and Halls	37	-	-	(37)
Performing Arts Venues	-	-	-	-
Other Performing Arts	-	-	-	-
Other Cultural Services	15	-	-	(15)
Sporting Grounds and Venues	121	13	-	(108)
Swimming Pools	425	32	-	(393)
Parks & Gardens (Lakes)	343	22	9	(312)
Other Sport and Recreation	8	12	-	4
Total Recreation and Culture	1,170	107	39	(1,024)
Fuel & Energy	-	-	-	-
Agriculture	122	55	-	(67)
Mining, Manufacturing and Construction				
Building Control	-	21	-	21
Other Mining, Manufacturing & Construction	728	1,158	-	430
Total Mining, Manufacturing and Const.	728	1,179	-	451
Transport and Communication				
Urban Roads (UR) - Local	295	1,641	-	1,346
Urban Roads - Regional	-	-	-	-
Sealed Rural Roads (SRR) - Local	962	168	-	(794)
Sealed Rural Roads - Regional	1,727	-	-	(1,727)
Unsealed Rural Roads (URR) - Local	2,353	1,730	-	(623)
Unsealed Rural Roads (URR) - Regional	-	-	-	-
Bridges on UR - Local	-	-	-	-
Bridges on SRR - Local	138	-	-	(138)
Bridges on URR - Local	-	-	-	-
Bridges on Regional Roads	-	-	-	-
Parking Areas	9	-	-	(9)
Footpaths	320	1	-	(319)
Aerodromes	158	11	-	(147)
Other Transport & Communication	2,544	2,614	161	231
Total Transport and Communication	8,506	6,165	161	(2,180)
Economic Affairs				
Camping Areas & Caravan Parks	6	9	-	3
Other Economic Affairs	681	324	250	(107)
Total Economic Affairs	687	333	250	(104)
Totals – Functions	18,506	10,908	850	(6,748)
General Purpose Revenues⁽²⁾		7,251		7,251
Share of interests - joint ventures & associates using the equity method	12	-		(12)
NET OPERATING RESULT⁽¹⁾	18,518	18,159	850	491

(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 2011

\$'000

Classification of Debt	Principal outstanding at beginning of the year			New Loans raised during the year	Debt redemption during the year		Transfers to Sinking Funds	Interest applicable for Year	Principal outstanding at the end of the year		
	Current	Non Current	Total		From Revenue	Sinking Funds			Current	Non Current	Total
Loans (by Source)											
Commonwealth Government	-	-	-							-	-
Treasury Corporation	-	-	-							-	-
Other State Government	1	-	1	-	1	-	-	-	-	-	-
Public Subscription	-	-	-							-	-
Financial Institutions	33	117	150	-	33	-	-	9	35	82	117
Other	-	-	-							-	-
Total Loans	34	117	151	-	34	-	-	9	35	82	117
Other Long Term Debt											
Ratepayers Advances	-	-	-							-	-
Government Advances	-	-	-							-	-
Finance Leases	-	-	-							-	-
Deferred Payments	-	-	-							-	-
Total Long Term Debt	-	-	-	-	-	-	-	-	-	-	-
Total Debt	34	117	151	-	34	-	-	9	35	82	117

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 2011

\$'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	293	1,206
Water			
Sewer			
Domestic Waste Management			
Gas			
Other			
Totals	1,600	293	1,206

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
Genreal Fund	Coonamble Sewer Fund	05/02/09	30/06/09	7	30/06/16	6.00%	1,600	293	1,206
Totals							1,600	293	1,206

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 2011

\$'000	Actuals 2011	Actuals 2010
A Expenses and Income		
Expenses		
1. Management expenses		
a. Administration	40	42
b. Engineering and Supervision	41	52
2. Operation and Maintenance expenses		
- Dams & Weirs		
a. Operation expenses	-	-
b. Maintenance expenses	-	-
- Mains		
c. Operation expenses	192	185
d. Maintenance expenses	-	-
- Reservoirs		
e. Operation expenses	-	-
f. Maintenance expenses	14	23
- Pumping Stations		
g. Operation expenses (excluding energy costs)	-	-
h. Energy costs	56	52
i. Maintenance expenses	49	68
- Treatment		
j. Operation expenses (excluding chemical costs)	-	-
k. Chemical costs	-	-
l. Maintenance expenses	-	-
- Other		
m. Operation expenses	-	-
n. Maintenance expenses	24	33
o. Purchase of water	-	-
3. Depreciation expenses		
a. System assets	237	265
b. Plant and equipment	-	-
4. Miscellaneous expenses		
a. Interest expenses	-	-
b. Revaluation Decrements	-	-
c. Other expenses	17	13
d. Tax Equivalents Dividends (actually paid)	-	-
5. Total expenses	670	733

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 2011

\$'000	Actuals 2011	Actuals 2010
Income		
6. Residential charges		
a. Access (including rates)	152	116
b. Usage charges	316	298
7. Non-residential charges		
a. Access (including rates)	-	-
b. Usage charges	-	-
8. Extra charges	5	5
9. Interest income	260	180
10. Other income	7	4
11. Grants		
a. Grants for acquisition of assets	370	-
b. Grants for pensioner rebates	13	12
c. Other grants	-	-
12. Contributions		
a. Developer charges	-	-
b. Developer provided assets	-	-
c. Other contributions	-	-
13. Total income	1,123	615
14. Gain or loss on disposal of assets	-	-
15. Operating Result	453	(118)
15a. Operating Result (less grants for acquisition of assets)	83	(118)

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 2011

\$'000	Actuals 2011	Actuals 2010
B Capital transactions		
Non-operating expenditures		
16. Acquisition of Fixed Assets		
a. New Assets for Improved Standards	-	-
b. New Assets for Growth	191	131
c. Renewals	9	-
d. Plant and equipment	-	-
17. Repayment of debt		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
18. Transfer to sinking fund	-	-
19. Totals	200	131
Non-operating funds employed		
20. Proceeds from disposal of assets	-	-
21. Borrowing utilised		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
22. Transfer from sinking fund	-	-
23. Totals	-	-
C Rates and charges		
24. Number of assessments		
a. Residential (occupied)	1,290	1,294
b. Residential (unoccupied, ie. vacant lot)	152	151
c. Non-residential (occupied)	214	211
d. Non-residential (unoccupied, ie. vacant lot)	3	3
25. Number of ETs for which developer charges were received	ET	- ET
26. Total amount of pensioner rebates (actual dollars)	\$ 12,593	\$ 12,328

Coonamble Shire Council

Special Schedule No. 3 - Water Supply Cross Subsidies

for the financial year ended 30 June 2011

\$'000	Yes	No	Amount
D Best practice annual charges and developer charges*			
27. Annual charges			
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 land value from access charges (ie rates)?			
NB. 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 from residential customers using less than allowance (page 25 of Guidelines)			<input type="text"/>
c. Cross-subsidy to non-residential customers (page 24 of Guidelines)			<input type="text"/>
d. Cross-subsidy to large connections in unmetered supplies (page 26 of Guidelines)			<input type="text"/>
28. Developer charges			
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 2010/11 (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.			
29. Disclosure of cross-subsidies			
Total of cross-subsidies (27b +27c + 27d + 28b)			<input type="text" value="-"/>

* Councils which have not yet implemented best practice water supply pricing should disclose cross-subsidies in items 27b, 27c and 27d above.

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

Coonamble Shire Council

Special Schedule No. 4 - Water Supply Balance Sheet

Includes INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
as at 30 June 2011

\$'000	Actuals Current	Actuals Non Current	Actuals Total
ASSETS			
30. Cash and investments			
a. Developer charges	-	-	-
b. Special purpose grants	-	-	-
c. Accrued leave	-	-	-
d. Unexpended loans	-	-	-
e. Sinking fund	-	-	-
f. Other	4,891	-	4,891
31. Receivables			
a. Specific purpose grants	-	-	-
b. Rates and charges	194	-	194
c. Other	4	-	4
32. Inventories	13	-	13
33. Property, plant and equipment			
a. System assets	-	5,695	5,695
b. Plant and equipment	-	-	-
34. Other assets	-	-	-
35. Total assets	5,102	5,695	10,797
LIABILITIES			
36. Bank overdraft	-	-	-
37. Creditors	22	-	22
38. Borrowings			
a. Loans	-	-	-
b. Advances	-	-	-
c. Finance leases	-	-	-
39. Provisions			
a. Tax equivalents	-	-	-
b. Dividend	-	-	-
c. Other	-	-	-
40. Total liabilities	22	-	22
41. NET ASSETS COMMITTED	5,080	5,695	10,775
EQUITY			
42. Accumulated surplus			8,499
43. Asset revaluation reserve			2,276
44. TOTAL EQUITY			10,775
Note to system assets:			
45. Current replacement cost of system assets			14,978
46. Accumulated current cost depreciation of system assets			(9,283)
47. Written down current cost of system assets			5,695

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 2011

\$'000	Actuals 2011	Actuals 2010
A Expenses and Income		
Expenses		
1. Management expenses		
a. Administration	38	38
b. Engineering and Supervision	24	37
2. Operation and Maintenance expenses		
- Mains		
a. Operation expenses	-	-
b. Maintenance expenses	71	98
- Pumping Stations		
c. Operation expenses (excluding energy costs)	30	26
d. Energy costs	21	17
e. Maintenance expenses	71	59
- Treatment		
f. Operation expenses (excl. chemical, energy, effluent & biosolids management costs)	83	61
g. Chemical costs	-	-
h. Energy costs	14	15
i. Effluent Management	-	-
j. Biosolids Management	-	-
k. Maintenance expenses	54	72
- Other		
l. Operation expenses	-	-
m. Maintenance expenses	-	-
3. Depreciation expenses		
a. System assets	365	363
b. Plant and equipment	-	-
4. Miscellaneous expenses		
a. Interest expenses	4	5
b. Revaluation Decrements	-	-
c. Other expenses	16	23
d. Tax Equivalents Dividends (actually paid)	-	-
5. Total expenses	791	814

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 2011

\$'000	Actuals 2011	Actuals 2010
Income		
6. Residential charges (including rates)	411	406
7. Non-residential charges		
a. Access (including rates)	-	-
b. Usage charges	79	68
8. Trade Waste Charges		
a. Annual Fees	-	-
b. Usage charges	-	-
c. Excess mass charges	-	-
d. Re-inspection fees	-	-
9. Extra charges	-	-
10. Interest income	151	158
11. Other income	6	2
12. Grants		
a. Grants for acquisition of assets	-	-
b. Grants for pensioner rebates	12	12
c. Other grants	-	-
13. Contributions		
a. Developer charges	-	-
b. Developer provided assets	-	-
c. Other contributions	-	-
14. Total income	659	646
15. Gain or loss on disposal of assets	-	-
16. Operating Result	(132)	(168)
16a. Operating Result (less grants for acquisition of assets)	(132)	(168)

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 2011

\$'000	Actuals 2011	Actuals 2010
B Capital transactions		
Non-operating expenditures		
17. Acquisition of Fixed Assets		
a. New Assets for Improved Standards	-	-
b. New Assets for Growth	103	139
c. Renewals	-	-
d. Plant and equipment	-	-
18. Repayment of debt		
a. Loans	6	5
b. Advances	-	-
c. Finance leases	-	-
19. Transfer to sinking fund	-	-
20. Totals	109	144
Non-operating funds employed		
21. Proceeds from disposal of assets	-	-
22. Borrowing utilised		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
23. Transfer from sinking fund	-	-
24. Totals	-	-
C Rates and charges		
25. Number of assessments		
a. Residential (occupied)	1,095	1,099
b. Residential (unoccupied, ie. vacant lot)	146	145
c. Non-residential (occupied)	130	135
d. Non-residential (unoccupied, ie. vacant lot)	3	3
26. Number of ETs for which developer charges were received	ET	- ET
27. Total amount of pensioner rebates (actual dollars)	\$ 11,894	\$ 12,053

Coonamble Shire Council

Special Schedule No. 5 - Sewerage Cross Subsidies

for the financial year ended 30 June 2011

\$'000	Yes	No	Amount
D Best practice annual charges and developer charges*			
28. Annual charges			
a. Does Council have best-practice sewerage annual charges, usage charges and trade waste fees & charges*?	<input type="checkbox"/> Yes	<input type="checkbox"/>	
If Yes, go to 29a.			
If No, please report if council has removed land value 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"/>
29. Developer charges			
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 2010/11 (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.			
30. Disclosure of cross-subsidies			
Total of cross-subsidies (28b + 28c + 29b)			<input type="text" value="-"/>

* 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 2011

\$'000	Actuals Current	Actuals Non Current	Actuals Total
ASSETS			
31. Cash and investments			
a. Developer charges	-	-	-
b. Special purpose grants	-	-	-
c. Accrued leave	-	-	-
d. Unexpended loans	-	-	-
e. Sinking fund	-	-	-
f. Other	2,791	-	2,791
32. Receivables			
a. Specific purpose grants	-	-	-
b. Rates and charges	104	-	104
c. Other	1,208	-	1,208
33. Inventories	-	-	-
34. Property, plant and equipment			
a. System assets	-	3,544	3,544
b. Plant and equipment	-	-	-
35. Other assets	-	-	-
36. Total Assets	4,103	3,544	7,647
LIABILITIES			
37. Bank overdraft	-	-	-
38. Creditors	-	-	-
39. Borrowings			
a. Loans	8	52	60
b. Advances	-	-	-
c. Finance leases	-	-	-
40. Provisions			
a. Tax equivalents	-	-	-
b. Dividend	-	-	-
c. Other	-	-	-
41. Total Liabilities	8	52	60
42. NET ASSETS COMMITTED	4,095	3,492	7,587
EQUITY			
42. Accumulated surplus			6,253
44. Asset revaluation reserve			1,334
45. TOTAL EQUITY			7,587
Note to system assets:			
46. Current replacement cost of system assets			18,906
47. Accumulated current cost depreciation of system assets			(15,362)
48. Written down current cost of system assets			3,544

Coonamble Shire Council

Notes to Special Schedule No.'s 3 & 5 for the financial year ended 30 June 2011

Administration ⁽¹⁾

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

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

Engineering and supervision ⁽¹⁾

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

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

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

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

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

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

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

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

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

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

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

Notes:

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

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

		Dep'n. Rate (%)	Dep'n. Expense (\$)			Accum. Depreciation Amortisation & Impairment	Carrying Amount (WDV)	Asset Condition [#]	Estimated cost to bring up to a satisfactory condition / standard ⁽¹⁾	Required ⁽²⁾ Annual Maintenance	Current ⁽³⁾ Annual Maintenance
ASSET CLASS	Asset Category			Cost	Valuation						
Buildings		per Note 1	per Note 4	<<<<<<<<< per Note 9 >>>>>>>>>				<<<<<<< per Section 428(2d) >>>>>>>			
	Council Offices	4.00%	55		3,772	1,247	2,525	1		45	50
	Council Works Depot	1.00%	8		1,093	193	900	2	20	50	60
	Council Halls	1.50%	29		2,425	562	1,863	3	50	30	20
	Council Houses	3.00%	53		2,569	1,126	1,443	2	30	100	80
	Museum	1.00%	4		538	115	423	3	20	20	10
	Library	1.00%	5		762	104	658	1	-	30	20
	Amenities/Toilets	1.00%	9		1,289	157	1,132	2	20	20	19
	Pool	2.20%	9		1,614	274	1,340	3	30	100	76
	Parks & Showgrounds	2.00%	49		4,254	853	3,401	2	50	200	183
	Miscellaneous	1.30%	13		1,630	231	1,399	2	20	10	15
	sub total		234	-	19,946	4,862	15,084		240	605	533
Other Structures											
	Assets not included in Buildings	1.50%	213		8,397	2,855	5,542	3	200	300	279
	sub total		213	-	8,397	2,855	5,542		200	300	279
Public Roads											
	Sealed Roads	1.00%	1,602		76,909	16,824	60,085	2	1,500	560	756
	Unsealed Roads	1.00%			52,170	12,818	39,352	3	1,000	450	519
	Bridges	1.00%	144		14,360	2,447	11,913	1		5	10
	Footpaths	1.00%	20		1,525	214	1,311	2	60	40	64
	Kerb and Gutter	1.00%	83		4,987	1,319	3,668	2	200	100	10
	Urban Roads	1.00%	180		25,766	6,025	19,741	2	120	25	160
	sub total		2,029	-	175,717	39,647	136,070		2,880	1,180	1,519

ASSET CLASS	Asset Category	Dep'n. Rate (%)	Dep'n. Expense (\$)	Cost	Valuation	Accum. Depreciation Amortisation & Impairment	Carrying Amount (WDV)	Asset Condition [#]	Estimated cost to bring up to a satisfactory condition / standard ⁽¹⁾	Required ⁽²⁾ Annual Maintenance	Current ⁽³⁾ Annual Maintenance
Water		per Note 1	per Note 4	<<<<<<<<< per Note 9 >>>>>>>>>				<<<<<<< per Section 428(2d) >>>>>>>>			
	Bores	1.50%	11		1,107	856	251	3	50	30	11
	Reservoirs	1.50%	40		3,129	1,910	1,219	3	150	50	12
	Pipeline	2.00%	167		9,832	6,113	3,719	3	200	90	88
	Pump Station	1.50%	8		475	382	93	3	50	45	49
	Other Structures	1.00%	11		435	23	412	3	25	20	19
	sub total		237	-	14,978	9,284	5,694		475	235	179
Sewerage											
	Pump Stations	1.50%	22		1,340	804	536	3	50	47	65
	Pipeline	2.00%	247		12,402	10,240	2,162	3	200	85	75
	Treatment Works	2.00%	96		5,164	4,318	846	3	250	82	85
	sub total		365	-	18,906	15,362	3,544		500	214	225

ASSET CLASS	Asset Category	Dep'n. Rate (%)	Dep'n. Expense (\$)	Cost	Valuation	Accum. Depreciation Amortisation & Impairment	Carrying Amount (WDV)	Asset Condition [#]	Estimated cost to bring up to a satisfactory condition / standard ⁽¹⁾	Required ⁽²⁾ Annual Maintenance	Current ⁽³⁾ Annual Maintenance
Drainage Works		per Note 1	per Note 4	<<<<<<<<< per Note 9 >>>>>>>>>>				<<<<<<< per Section 428(2d) >>>>>>>>			
	Stormwater Conduits	1.00%	20		1,981	563	1,418				
	sub total		20	-	1,981	563	1,418		-	-	-
	TOTAL - ALL ASSETS		3,098	-	239,925	72,573	167,352		4,295	2,534	2,735

- (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	Near Perfect - Ranges from New or Good
2	Superficial Deterioration - Ranges from Generally Good to Fair
3	Deterioration Evident - Ranges from Fair to Marginal
4	Requires Major Reconstruction - Ranges from Poor to Critical

Special Schedules 2011

Coonamble Shire Council

Special Schedule No. 8 - Financial Projections
as at 30 June 2011

\$'000	Actual ⁽¹⁾ 10/11	Forecast 11/12	Forecast 12/13	Forecast ⁽³⁾ 13/14
(i) RECURRENT BUDGET				
Income from continuing operations	19,009	19,079	19,270	19,848
Expenses from continuing operations	18,518	19,074	19,350	19,818
Operating Result from Continuing Operations	491	5	(80)	30
(ii) CAPITAL BUDGET				
New Capital Works ⁽²⁾	-	60	4,500	-
Replacement/Refurbishment of Existing Assets	-	4,434	3,929	4,816
Total Capital Budget	-	4,494	8,429	4,816
Funded by:				
- Loans	-	-	-	-
- Asset sales	-	-	-	-
- Reserves	-	4,469	6,179	3,173
- Grants/Contributions	-	25	2,250	-
- Recurrent revenue	-	-	-	1,643
- Other	-	-	-	-
	-	4,494	8,429	4,816

Notes:

(1) From 10/11 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.



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