

COONAMBLE SHIRE  
COUNCIL

# Financial Statements

for the year ended 30 June 2016



# Coonamble Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2016

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***“Coonamble on the Castlereagh”***



# Coonamble Shire Council

## General Purpose Financial Statements

for the year ended 30 June 2016

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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 1993* (LGA).

Council's Statutory Charter is detailed in Paragraph 8 of the LGA and includes giving Council;

- the ability to provide goods, services and facilities, and to carry out activities appropriate to the current and future needs of the local community and of the wider public,
- the responsibility for administering regulatory requirements under the LGA and
- a role in the management, improvement and development of the resources in the area.

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

(iii) All figures presented in these financial statements are presented in Australian currency.

(iv) These financial statements were authorised for issue by the Council on 31 October 2016. Council has the power to amend and reissue these financial statements.

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# Coonamble Shire Council

## General Purpose Financial Statements for the year ended 30 June 2016

### Understanding Council's financial statements

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#### Introduction

Each year, individual local governments across New South Wales are required to present a set of audited financial statements to their council and community.

#### What you will find in the statements

The financial statements set out the financial performance, financial position and cash flows of Council for the financial year ended 30 June 2016.

The format of the financial statements is standard across all NSW Councils and complies with both the accounting and reporting requirements of Australian Accounting Standards and requirements as set down by the Office 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 and ownership of the financial statements.

#### About the primary financial statements

The financial statements incorporate five 'primary' financial statements:

##### 1. The Income Statement

This statement summarises Council's financial performance for the year, listing all income and expenses.

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

##### 2. The Statement of Comprehensive Income

This statement primarily records changes in the fair values of Council's infrastructure, property, plant and equipment.

##### 3. The Statement of Financial Position

An end of year snapshot of Council's financial position indicating its assets, liabilities and equity ('net wealth').

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

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

##### 5. The Statement of Cash Flows

This statement 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 five primary financial statements.

#### About the Auditor's Reports

Council's financial statements are required to be audited by external accountants (that generally specialise 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 and position, and
2. Their observations on the conduct of the audit, including commentary on the Council's financial performance and financial position.

#### Who uses the financial statements?

The financial statements are publicly available documents and must be presented at a Council meeting between seven days and five weeks after the date of the Audit Report.

The public can make submissions to Council up to seven days subsequent to the public presentation of the financial statements.

Council is required to forward an audited set of financial statements to the Office of Local Government.

# Coonamble Shire Council

## General Purpose Financial Statements for the year ended 30 June 2016

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

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

- the *Local Government Act 1993 (NSW)* (as amended) and the regulations made thereunder,
- the Australian Accounting Standards and 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
- 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 13 July 2016.**

  
 \_\_\_\_\_  
 Michael Webb  
 Mayor

  
 \_\_\_\_\_  
 John Walker  
 Councillor

  
 \_\_\_\_\_  
 Rick Warren  
 General manager

  
 \_\_\_\_\_  
 Bruce Quarmby  
 Responsible accounting officer

## Coonamble Shire Council

## Income Statement

for the year ended 30 June 2016

Budget <sup>1</sup> 2016 \$ '000		Notes	Actual 2016	Actual 2015
<b>Income from continuing operations</b>				
<b>Revenue:</b>				
5,825	Rates and annual charges	3a	5,817	5,616
5,400	User charges and fees	3b	5,255	5,634
552	Interest and investment revenue	3c	520	586
17	Other revenues	3d	720	642
6,361	Grants and contributions provided for operating purposes	3e,f	7,444	5,682
2,621	Grants and contributions provided for capital purposes	3e,f	1,784	2,678
<b>Other income:</b>				
–	Net gains from the disposal of assets	5	750	99
<b>20,776</b>	<b>Total income from continuing operations</b>		<b>22,290</b>	<b>20,937</b>
<b>Expenses from continuing operations</b>				
7,192	Employee benefits and on-costs	4a	6,674	6,655
11	Borrowing costs	4b	10	14
5,416	Materials and contracts	4c	4,078	3,687
4,799	Depreciation and amortisation	4d	5,537	4,893
1,189	Other expenses	4e	1,819	2,012
–	Net losses from the disposal of assets	5	–	–
–	Net share of interests in joint ventures and associates using the equity method	19	4	13
<b>18,607</b>	<b>Total expenses from continuing operations</b>		<b>18,122</b>	<b>17,274</b>
<b>2,169</b>	<b>Operating result from continuing operations</b>		<b>4,168</b>	<b>3,663</b>
<b>Discontinued operations</b>				
–	Net profit/(loss) from discontinued operations	24	–	–
<b>2,169</b>	<b>Net operating result for the year</b>		<b>4,168</b>	<b>3,663</b>
2,169	Net operating result attributable to Council		4,168	3,663
–	Net operating result attributable to non-controlling interests		–	–
<b>(452)</b>	<b>Net operating result for the year before grants and contributions provided for capital purposes</b>		<b>2,384</b>	<b>985</b>

<sup>1</sup> Original budget as approved by Council – refer Note 16

## Coonamble Shire Council

Statement of Comprehensive Income  
for the year ended 30 June 2016

\$ '000	Notes	Actual 2016	Actual 2015
<b>Net operating result for the year</b> (as per Income Statement)		<b>4,168</b>	<b>3,663</b>
<b>Other comprehensive income:</b>			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of I,PP&E	20b (ii)	748	70,268
<b>Total items which will not be reclassified subsequently to the operating result</b>		<b>748</b>	<b>70,268</b>
Amounts which will be reclassified subsequently to the operating result when specific conditions are met			
Nil			
<b>Total other comprehensive income for the year</b>		<b>748</b>	<b>70,268</b>
<b>Total comprehensive income for the year</b>		<b>4,916</b>	<b>73,931</b>
<b>Total comprehensive income attributable to Council</b>		<b>4,916</b>	<b>73,931</b>
<b>Total comprehensive income attributable to non-controlling interests</b>		<b>—</b>	<b>—</b>

## Coonamble Shire Council

Statement of Financial Position  
as at 30 June 2016

\$ '000	Notes	Actual 2016	Actual 2015	Actual 2014
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	6a	19,433	17,149	17,344
Investments	6b	2,500	2,000	–
Receivables	7	827	2,455	1,589
Inventories	8	706	954	888
Other	8	70	52	24
Non-current assets classified as 'held for sale'	22	–	–	–
<b>Total current assets</b>		<b>23,536</b>	<b>22,610</b>	<b>19,845</b>
<b>Non-current assets</b>				
Investments	6b	–	–	–
Receivables	7	525	373	624
Inventories	8	–	–	–
Infrastructure, property, plant and equipment	9	270,947	268,167	196,587
Investments accounted for using the equity method	19	49	53	66
Investment property	14	–	–	–
Intangible assets	25	–	–	–
Other	8	–	–	–
<b>Total non-current assets</b>		<b>271,521</b>	<b>268,593</b>	<b>197,277</b>
<b>TOTAL ASSETS</b>		<b>295,057</b>	<b>291,203</b>	<b>217,122</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Payables	10	1,102	2,147	1,730
Borrowings	10	50	49	45
Provisions	10	1,922	1,914	1,894
<b>Total current liabilities</b>		<b>3,074</b>	<b>4,110</b>	<b>3,669</b>
<b>Non-current liabilities</b>				
Payables	10	–	–	–
Borrowings	10	179	229	282
Provisions	10	108	84	78
<b>Total non-current liabilities</b>		<b>287</b>	<b>313</b>	<b>360</b>
<b>TOTAL LIABILITIES</b>		<b>3,361</b>	<b>4,423</b>	<b>4,029</b>
<b>Net assets</b>		<b>291,696</b>	<b>286,780</b>	<b>213,093</b>
<b>EQUITY</b>				
Retained earnings	20	165,592	161,424	158,005
Revaluation reserves	20	126,104	125,356	55,088
<b>Council equity interest</b>		<b>291,696</b>	<b>286,780</b>	<b>213,093</b>
<b>Non-controlling equity interests</b>		<b>–</b>	<b>–</b>	<b>–</b>
<b>Total equity</b>		<b>291,696</b>	<b>286,780</b>	<b>213,093</b>



## Coonamble Shire Council

Statement of Changes in Equity  
for the year ended 30 June 2016

\$ '000	Notes	Retained earnings	Reserves (Refer 20b)	Council interest	Non-controlling Interest	Total equity
<b>2016</b>						
<b>Opening balance</b> (as per last year's audited accounts)		161,668	125,356	<b>287,024</b>	—	<b>287,024</b>
a. Correction of prior period errors	20 (c)	(244)	—	<b>(244)</b>	—	<b>(244)</b>
b. Changes in accounting policies (prior year effects)	20 (d)	—	—	—	—	—
<b>Revised opening balance (as at 1/7/15)</b>		<b>161,424</b>	<b>125,356</b>	<b>286,780</b>	—	<b>286,780</b>
<b>c. Net operating result for the year</b>		<b>4,168</b>	—	<b>4,168</b>	—	<b>4,168</b>
d. Other comprehensive income						
– Revaluations: IPP&E asset revaluation rsve	20b (ii)	—	748	<b>748</b>	—	<b>748</b>
<b>Other comprehensive income</b>		<b>—</b>	<b>748</b>	<b>748</b>	—	<b>748</b>
<b>Total comprehensive income (c&amp;d)</b>		<b>4,168</b>	<b>748</b>	<b>4,916</b>	—	<b>4,916</b>
e. Distributions to/(contributions from) non-controlling Interests		—	—	—	—	—
f. Transfers between equity		—	—	—	—	—
<b>Equity – balance at end of the reporting period</b>		<b>165,592</b>	<b>126,104</b>	<b>291,696</b>	—	<b>291,696</b>

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council interest	Non-controlling Interest	Total Equity
<b>2015</b>						
<b>Opening balance</b> (as per last year's audited accounts)		158,005	55,088	<b>213,093</b>	—	<b>213,093</b>
a. Correction of prior period errors	20 (c)	(244)	—	<b>(244)</b>	—	<b>(244)</b>
b. Changes in accounting policies (prior year effects)	20 (d)	—	—	—	—	—
<b>Revised opening balance (as at 1/7/14)</b>		<b>157,761</b>	<b>55,088</b>	<b>212,849</b>	—	<b>212,849</b>
<b>c. Net operating result for the year</b>		<b>3,663</b>	—	<b>3,663</b>	—	<b>3,663</b>
d. Other comprehensive income						
– Revaluations: IPP&E asset revaluation rsve	20b (ii)	—	70,268	<b>70,268</b>	—	<b>70,268</b>
<b>Other comprehensive income</b>		<b>—</b>	<b>70,268</b>	<b>70,268</b>	—	<b>70,268</b>
<b>Total comprehensive income (c&amp;d)</b>		<b>3,663</b>	<b>70,268</b>	<b>73,931</b>	—	<b>73,931</b>
e. Distributions to/(contributions from) non-controlling Interests		—	—	—	—	—
f. Transfers between equity		—	—	—	—	—
<b>Equity – balance at end of the reporting period</b>		<b>161,424</b>	<b>125,356</b>	<b>286,780</b>	—	<b>286,780</b>

## Coonamble Shire Council

Statement of Cash Flows  
for the year ended 30 June 2016

Budget 2016	\$ '000	Notes	Actual 2016	Actual 2015
<b>Cash flows from operating activities</b>				
<b>Receipts:</b>				
5,786	Rates and annual charges		5,804	5,622
5,428	User charges and fees		6,351	5,401
561	Investment and interest revenue received		508	677
8,972	Grants and contributions		9,458	8,464
–	Bonds, deposits and retention amounts received		–	196
21	Other		888	1,260
<b>Payments:</b>				
(7,192)	Employee benefits and on-costs		(6,867)	(6,625)
(5,402)	Materials and contracts		(4,198)	(4,804)
(11)	Borrowing costs		(11)	(12)
–	Bonds, deposits and retention amounts refunded		(52)	(60)
(1,169)	Other		(1,948)	(2,285)
<b>6,994</b>	<b>Net cash provided (or used in) operating activities</b>	11b	<b>9,933</b>	<b>7,834</b>
<b>Cash flows from investing activities</b>				
<b>Receipts:</b>				
–	Sale of real estate assets		–	36
60	Sale of infrastructure, property, plant and equipment		1,316	254
–	Deferred debtors receipts		30	20
<b>Payments:</b>				
–	Purchase of investment securities		(5,500)	(2,000)
(8,467)	Purchase of infrastructure, property, plant and equipment		(8,446)	(6,290)
–	Purchase of real estate assets		–	–
<b>(8,407)</b>	<b>Net cash provided (or used in) investing activities</b>		<b>(7,600)</b>	<b>(7,980)</b>
<b>Cash flows from financing activities</b>				
<b>Receipts:</b>				
Nil				
<b>Payments:</b>				
(47)	Repayment of borrowings and advances		(49)	(49)
<b>(47)</b>	<b>Net cash flow provided (used in) financing activities</b>		<b>(49)</b>	<b>(49)</b>
<b>(1,460)</b>	<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>2,284</b>	<b>(195)</b>
14,705	Plus: cash and cash equivalents – beginning of year	11a	17,149	17,344
<b>13,245</b>	<b>Cash and cash equivalents – end of the year</b>	11a	<b>19,433</b>	<b>17,149</b>
Additional Information:				
plus:	Investments on hand – end of year	6b	2,500	2,000
<b>Total cash, cash equivalents and investments</b>			<b>21,933</b>	<b>19,149</b>

Please refer to Note 11 for information on the following:

## Coonamble Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2016

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n/a – not applicable

# Coonamble Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2016

### Note 1. Summary of significant accounting policies

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

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

#### (a) Basis of preparation

##### (i) Background

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

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

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

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

Because AASBs 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 IFRSs, 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), Regulation and Local Government Code of Accounting Practice and Financial Reporting, it should be noted that Councils in NSW only have a requirement to comply with AASBs.

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

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

##### (iv) Early adoption of accounting standards

Council has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2015, except for AASB2015-7 Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities, which has reduced the fair value disclosures for Level 3 assets.

For summary information relating to the effects of standards with future operative dates refer further to paragraph (ab).

##### (v) Basis of accounting

These financial statements have been prepared under the **historical cost convention** except for:

- (i) certain financial assets and liabilities at fair value through profit or loss and available-for-sale financial assets, 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 non-current assets (eg. infrastructure, property, plant and equipment and investment property) that are accounted for at fair valuation.

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

##### (vi) Changes in accounting policies

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

## Coonamble Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2016

#### Note 1. Summary of significant accounting policies (continued)

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

##### (vii) Critical accounting estimates

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

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

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

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

Council makes estimates and assumptions concerning the future.

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

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

- (i) Estimated fair values of infrastructure, property, plant and equipment,

##### (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 it, and specific criteria have been met for each of the Council's activities as described below.

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

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

Revenue is measured on major income categories as follows:

##### **Rates, Annual Charges, Grants and Contributions**

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

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

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

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

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

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

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

# Coonamble Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2016

### Note 1. Summary of significant accounting policies (continued)

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

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

Interest income from cash and investments is accounted for using the effective interest rate at the date that interest is earned.

#### Dividend income

Revenue is recognised when the Council's right to receive the payment is established, which is generally when shareholders approve the dividend.

#### Other Income

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

### (c) Principles of consolidation

These consolidated financial statements include the financial position and performance of controlled entities from the date on which control is obtained until the date that control is lost.

#### (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 that 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.



# Coonamble Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2016

### Note 1. Summary of significant accounting policies (continued)

#### (iii) Interests in other entities

##### Subsidiaries

Council has no interest in any subsidiaries.

##### Joint arrangements

##### Joint ventures

Joint ventures represent operational arrangements where the joint control parties have rights to the net assets of the arrangement.

Any interests in joint ventures are accounted for using the equity method and are carried at cost.

Under the equity method, Council's share of the operation's profits/(losses) are recognised in the income statement, and its share of movements in retained earnings and reserves are recognised in the balance sheet.

Detailed information relating to Council's joint ventures can be found at Note 19 (b).

##### Associates

Council has no interest in any associates.

##### County councils

Council is a member of the following county councils (which are bodies incorporated 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 the Castlereagh Macquarie County Council is responsible for managing its own affairs.

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

#### (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

For Statement of Cash Flows (and Statement of Financial Position) presentation purposes, cash and cash equivalents includes;

## Coonamble Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2016

#### Note 1. Summary of significant accounting policies (continued)

- 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 that 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 and 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 or intention for which the investment was acquired and 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

Council has no Financial Assets held at fair value.

#### (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 and 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. Council has no Available-for-sale financial assets

#### 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.



## Coonamble Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2016

#### Note 1. Summary of significant accounting policies (continued)

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 and measurement of financial instruments:

##### (i) Initial recognition

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

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

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

##### (ii) Subsequent measurement

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

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

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

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

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

#### Impairment

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

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

##### (iii) Types of investments

Council has an approved Investment Policy in order to invest 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.

## Coonamble Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2016

#### Note 1. Summary of significant accounting policies (continued)

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 – financial instruments**

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

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

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

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

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

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

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

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

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

##### **(h) Receivables**

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

Receivables (excluding rates and 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 that are known to be uncollectible are written off in accordance with Council's policy.

A provision for impairment (i.e. an allowance account) relating to receivables is established when objective evidence shows that 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**

###### **(i) 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.

## Coonamble Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2016

#### Note 1. Summary of significant accounting policies (continued)

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.

##### (ii) Land held for resale/capitalisation of borrowing costs

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

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

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

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

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

##### (j) Infrastructure, property, plant and equipment (I,PP&E)

###### Acquisition of assets

Council's non-current assets are continually revalued (over a 5-year period) in accordance with the fair valuation policy as mandated by the Office of Local Government.

At balance date, the following classes of I,PP&E were stated at their fair value:

- **Water and Sewerage Networks**  
(External Valuation)
- **Operational Land** (External Valuation)

- **Buildings – Specialised/Non Specialised**  
(Internal Valuation)

- **Plant and Equipment**  
(as approximated by depreciated historical cost)

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

- **Drainage Assets** (External Valuation)

- **Bulk Earthworks** (External 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 asset's cost is measured at its fair value, plus all expenditure that is directly attributable to the acquisition.

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

## Coonamble Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2016

#### Note 1. Summary of significant accounting policies (continued)

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 and equipment:

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

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

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

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

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

#### Capitalisation thresholds

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

#### Land

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

#### Plant and Equipment

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

#### Buildings and Land Improvements

Park Furniture and Equipment	> \$5,000
Building	
- construction/extensions	100% Capitalised
- renovations	> \$10,000
Other Structures	> \$5,000

#### Water and Sewer Assets

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

#### Stormwater Assets

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

#### Transport Assets

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

#### Other Infrastructure Assets

Swimming Pools	> \$10,000
Other Open Space/Recreational Assets	> \$10,000
Other Infrastructure	> \$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 asset's cost (net of residual values) over its estimated useful life.

Land is not depreciated.

## Coonamble Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2016

#### Note 1. Summary of significant accounting policies (continued)

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

##### Plant and 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	100 years

##### Transportation Assets

- Sealed Roads : Surface	20 to 30 year
- Sealed Roads : Structure	Infinite
- Unsealed roads: Surface	30 years
- Unsealed roads: Structure	Infinite
- Bridge : Concrete	100 years
- Bridge : Other	100 years

- Road Pavements	20-30 years
- Kerb, Gutter and Paths	60 years

##### Water and 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
- Swimming Pools	50 years
- Other Open Space/ Recreational Assets	20 to 50 years

All asset residual values and useful lives are reviewed and adjusted (if appropriate) at each reporting 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 derecognition

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.



## Coonamble Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2016

#### Note 1. Summary of significant accounting policies (continued)

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

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

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

##### (o) Rural fire service assets

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

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

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

##### (p) Investment property

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

Council has no Investment Properties

##### (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 that 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, e.g. updated cost estimates and revisions to the estimated lives of operations, and are subject to formal review at regular intervals.

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

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

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

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

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

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

Where rehabilitation is conducted systematically over the life of the operation, rather than at the time of closure, provision is made for the estimated

## Coonamble Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2016

#### Note 1. Summary of significant accounting policies (continued)

outstanding continuous rehabilitation work at each balance sheet date and the cost is charged to the Income Statement.

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

These costs are charged to the Income Statement.

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

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

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

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

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

Specific information about 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' and 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 Council 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.

Where an asset is not held principally for cash-generating purposes (for example infrastructure assets) and would be replaced if the Council was

## Coonamble Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2016

#### Note 1. Summary of significant accounting policies (continued)

deprived of it, then depreciated replacement cost is used as value in use, otherwise value in use is estimated by using a discounted cash flow model.

Non-financial assets (other than goodwill) that suffered a prior period impairment are reviewed for possible reversal of the impairment at each reporting date.

Goodwill and 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 that are unpaid.

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

#### (u) Borrowings

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

Borrowings are subsequently measured at amortised cost.

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

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

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

#### (v) Borrowing costs

Borrowing costs are expensed.

#### (w) Provisions

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

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

Provisions are not recognised for future operating losses.

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

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 wholly 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



## Coonamble Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2016

#### Note 1. Summary of significant accounting policies (continued)

employee benefit obligations disclosed under payables.

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

All other short-term employee benefit obligations are presented as payables.

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 and salaries, annual leave and vesting sick leave are all classified as current liabilities.

#### (ii) Other long-term obligations

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

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

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

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

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

#### (iii) Retirement benefit obligations

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

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

#### Defined benefit plans

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

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

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

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

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.

The last valuation of the scheme was performed by Mr Richard Boyfield on 24<sup>th</sup> February, 2016 and covers the period ended 30/06/2015.

# Coonamble Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2016

### Note 1. Summary of significant accounting policies (continued)

However the position is monitored annually and the actuary has estimated that as at 30 June 2016 the prior period deficit still exists.

Effective from 1 July 2009, employers are required to contribute additional contributions to assist in extinguishing this deficit.

The amount of employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense and disclosed as part of superannuation expenses at Note 4 (a) for the year ending 30 June 2016 was \$ 255,868.

The amount of additional contributions included in the total employer contribution advised above is \$ 229,544.

The share of this deficit that can be broadly attributed to Council is estimated to be in the order of \$ 187,631 as at 30 June 2016.

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

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

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

#### Defined contribution plans

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

#### (iv) Employee benefit on-costs

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

These amounts include superannuation and workers compensation expenses which will be payable upon

the future payment of certain leave liabilities accrued as at 30/06/16.

#### (y) Self-insurance

Council does not self-insure.

#### (z) Allocation between current and non-current assets and 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 it is 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 and 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.

## Coonamble Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2016

#### Note 1. Summary of significant accounting policies (continued)

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, i.e. they are inclusive of GST where applicable.

Investing and financing cash flows are treated on a net basis (where recoverable from the ATO), i.e. they are exclusive of GST. Instead, the GST component of investing and financing activity cash flows that 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 Interpretations issued (not yet effective)**

Certain new (or amended) accounting standards and interpretations have been published that are not mandatory for reporting periods ending 30 June 2016.

Council has not adopted any of these standards early.

These include the following standards that are anticipated will impact on local government:

**AASB 9 – Financial Instruments**

**AASB 15 – Revenue from Contracts with Customers and associated amending standards**

**AASB ED 260 – Income of Not-for-Profit Entities**

**AASB16 – Leases**

**AASB2015-6 – Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities**

**AASB 2014 – 10 Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture**

**AASB 2014 – 3 Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations [AASB 1 and AASB 11]**

The full impact of the above standards has yet to be ascertained or quantified but will range from additional and/or revised disclosures to changes in how certain transactions and balances are accounted for.

#### **(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 year ended 30 June 2016

## 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
	2016	2016	2015	2016	2016	2015	2016	2016	2015	2016	2015	2016	2015
Governance	–	–	–	180	179	194	(180)	(179)	(194)	–	–	51,854	291,150
Administration	559	998	267	5,620	4,789	4,378	(5,061)	(3,791)	(4,111)	152	–	–	–
Public order and safety	381	468	387	348	745	588	33	(277)	(201)	–	–	–	–
Health	7	9	5	290	40	246	(283)	(31)	(241)	–	–	–	–
Environment	1,757	1,951	3,032	858	785	849	899	1,166	2,183	1,448	2,615	–	–
Community services and education	3	125	58	110	117	116	(107)	8	(58)	147	39	–	–
Housing and community amenities	175	170	179	300	312	209	(125)	(142)	(30)	–	–	–	–
Water supplies	1,300	997	963	1,274	1,203	1,179	26	(206)	(216)	–	12	16,933	–
Sewerage services	840	824	856	778	646	692	62	178	164	–	11	17,839	–
Recreation and culture	82	163	170	1,442	1,431	1,285	(1,360)	(1,268)	(1,115)	28	128	–	–
Agriculture	10	59	12	–	43	2	10	16	10	–	–	–	–
Mining, manufacturing and construction	1,291	1,063	1,405	1,720	1,577	1,468	(429)	(514)	(63)	–	–	5,851	–
Transport and communication	5,531	6,650	4,964	5,153	5,725	5,381	378	925	(417)	2,580	761	202,531	–
Economic affairs	440	450	400	534	526	674	(94)	(76)	(274)	–	–	–	–
<b>Total functions and activities</b>	<b>12,376</b>	<b>13,927</b>	<b>12,698</b>	<b>18,607</b>	<b>18,118</b>	<b>17,261</b>	<b>(6,231)</b>	<b>(4,191)</b>	<b>(4,563)</b>	<b>4,355</b>	<b>3,566</b>	<b>295,008</b>	<b>291,150</b>
Share of gains/(losses) in associates and joint ventures (using the equity method)	–	–	–	–	4	13	–	(4)	(13)	–	–	49	53
General purpose income <sup>1</sup>	8,400	8,363	8,239	–	–	–	8,400	8,363	8,239	3,604	3,555	–	–
<b>Operating result from continuing operations</b>	<b>20,776</b>	<b>22,290</b>	<b>20,937</b>	<b>18,607</b>	<b>18,122</b>	<b>17,274</b>	<b>2,169</b>	<b>4,168</b>	<b>3,663</b>	<b>7,959</b>	<b>7,121</b>	<b>295,057</b>	<b>291,203</b>

1. Includes: rates and annual charges (incl. ex-gratia), untied general purpose grants and unrestricted interest and investment income.

## Coonamble Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2016

#### 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,

##### **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.

##### **AGRICULTURE**

##### **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, RMS 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 year ended 30 June 2016

#### Note 3. Income from continuing operations

<b>\$ '000</b>	<b>Notes</b>	<b>Actual 2016</b>	<b>Actual 2015</b>
<b>(a) Rates and annual charges</b>			
<b>Ordinary rates</b>			
Residential		493	497
Farmland		3,758	3,658
Business		132	131
<b>Total ordinary rates</b>		<b>4,383</b>	<b>4,286</b>
<b>Special rates</b>			
Nil			
<b>Annual charges</b> (pursuant to s.496, s.496A, s.496B, s.501 & s.611)			
Domestic waste management services		445	441
Water supply services		395	315
Sewerage services		594	574
<b>Total annual charges</b>		<b>1,434</b>	<b>1,330</b>
<b>TOTAL RATES AND ANNUAL CHARGES</b>		<b>5,817</b>	<b>5,616</b>

Council has used 2014 year valuations provided by the NSW Valuer General in calculating its rates.

## Coonamble Shire Council

Notes to the Financial Statements  
for the year ended 30 June 2016

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

\$ '000	Notes	Actual 2016	Actual 2015
<b>(b) User charges and fees</b>			
<b>Specific user charges</b> (per s.502 – specific 'actual use' charges)			
Water supply services		673	529
Sewerage services		125	126
<b>Total user charges</b>		<b>798</b>	<b>655</b>
<b>Other user charges and fees</b>			
<b>(i) Fees and charges – statutory and regulatory functions (per s.608)</b>			
Regulatory/ statutory fees		103	116
<b>Total fees and charges – statutory/regulatory</b>		<b>103</b>	<b>116</b>
<b>(ii) Fees and charges – other (incl. general user charges (per s.608))</b>			
Aerodrome		8	21
Caravan park		6	4
Cemeteries		49	54
Lease rentals		15	15
Private works		226	299
Quarry revenues		1,040	1,382
Recreational grounds fees		16	19
RMS (formerly RTA) charges (state roads not controlled by Council)		2,796	2,866
Saleyards		73	73
Swimming centres		31	43
Other		94	87
<b>Total fees and charges – other</b>		<b>4,354</b>	<b>4,863</b>
<b>TOTAL USER CHARGES AND FEES</b>		<b>5,255</b>	<b>5,634</b>

## Coonamble Shire Council

Notes to the Financial Statements  
for the year ended 30 June 2016

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

\$ '000	Notes	Actual 2016	Actual 2015
<b>(c) Interest and investment revenue (including losses)</b>			
<b>Interest</b>			
– Interest on overdue rates and annual charges (incl. special purpose rates)		40	36
– Interest earned on investments (interest and coupon payment income)		480	550
<b><u>TOTAL INTEREST AND INVESTMENT REVENUE</u></b>		<b><u>520</u></b>	<b><u>586</u></b>
<b>Interest revenue is attributable to:</b>			
<b>Unrestricted investments/financial assets:</b>			
Overdue rates and annual charges (general fund)		31	27
General Council cash and investments		345	371
<b>Restricted investments/funds – external:</b>			
Water fund operations		63	77
Sewerage fund operations		81	111
<b><u>Total interest and investment revenue recognised</u></b>		<b><u>520</u></b>	<b><u>586</u></b>
<b>(d) Other revenues</b>			
Commissions and agency fees		114	90
Energy rebate		104	98
Farming income		59	12
Insurance rebate		44	83
Reimbursement – bushfire		330	321
Sales – general		60	12
Other		9	26
<b><u>TOTAL OTHER REVENUE</u></b>		<b><u>720</u></b>	<b><u>642</u></b>



## Coonamble Shire Council

Notes to the Financial Statements  
for the year ended 30 June 2016

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

\$ '000	2016 Operating	2015 Operating	2016 Capital	2015 Capital
<b>(e) Grants</b>				
<b>General purpose (untied)</b>				
Financial assistance	3,580	3,530	–	–
Pensioners' rates subsidies – general component	24	25	–	–
<b>Total general purpose</b>	<b>3,604</b>	<b>3,555</b>	<b>–</b>	<b>–</b>
<b>Specific purpose</b>				
Pensioners' rates subsidies:				
– Water	13	12	–	–
– Sewerage	10	11	–	–
– Domestic waste management	14	15	–	–
Community care	125	39	–	–
Employment and training programs	22	–	–	–
Environmental protection	89	48	1,364	2,552
Library	28	54	74	–
Recreation and culture	–	24	–	50
Street lighting	36	35	–	–
Transport (roads to recovery)	1,843	650	339	–
Transport (other roads and bridges funding)	398	–	–	76
<b>Total specific purpose</b>	<b>2,578</b>	<b>888</b>	<b>1,777</b>	<b>2,678</b>
<b>Total grants</b>	<b>6,182</b>	<b>4,443</b>	<b>1,777</b>	<b>2,678</b>
<b>Grant revenue is attributable to:</b>				
– Commonwealth funding	5,424	4,099	–	–
– State funding	758	344	1,777	2,678
	<b>6,182</b>	<b>4,443</b>	<b>1,777</b>	<b>2,678</b>

## Coonamble Shire Council

Notes to the Financial Statements  
for the year ended 30 June 2016

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

\$ '000	2016 Operating	2015 Operating	2016 Capital	2015 Capital
(f) Contributions				
<b>Developer contributions:</b>				
<b>(s93 &amp; s94 – EP&amp;A Act, s64 of the LGA):</b>				
Nil				
<b>Other contributions:</b>				
RMS contributions (regional roads, block grant)	1,262	1,239	–	–
Other	–	–	7	–
<b>Total other contributions</b>	<b>1,262</b>	<b>1,239</b>	<b>7</b>	<b>–</b>
<b>Total contributions</b>	<b>1,262</b>	<b>1,239</b>	<b>7</b>	<b>–</b>
<b>TOTAL GRANTS AND CONTRIBUTIONS</b>	<b>7,444</b>	<b>5,682</b>	<b>1,784</b>	<b>2,678</b>

\$ '000	Actual 2016	Actual 2015
(g) Restrictions relating to grants and contributions		
<b>Certain grants and contributions are obtained by Council on condition that they be spent in a specified manner:</b>		
Unexpended at the close of the previous reporting period	241	447
<b>Add:</b> grants and contributions recognised in the current period but not yet spent:	2,038	151
<b>Less:</b> grants and contributions recognised in a previous reporting period now spent:	(418)	(357)
<b>Net increase (decrease) in restricted assets during the period</b>	<b>1,620</b>	<b>(206)</b>
<b>Unexpended and held as restricted assets</b>	<b>1,861</b>	<b>241</b>
<b>Comprising:</b>		
– Specific purpose unexpended grants	1,861	241
	<b>1,861</b>	<b>241</b>

## Coonamble Shire Council

Notes to the Financial Statements  
for the year ended 30 June 2016

## Note 4. Expenses from continuing operations

\$ '000	Notes	Actual 2016	Actual 2015
<b>(a) Employee benefits and on-costs</b>			
Salaries and wages		5,422	5,262
Travel expenses		4	140
Employee leave entitlements (ELE)		644	588
Superannuation		680	625
Workers' compensation insurance		90	117
Fringe benefit tax (FBT)		51	28
Training costs (other than salaries and wages)		91	125
Other		43	21
<b>Total employee costs</b>		<b>7,025</b>	<b>6,906</b>
Less: capitalised costs		(351)	(251)
<b>TOTAL EMPLOYEE COSTS EXPENSED</b>		<b>6,674</b>	<b>6,655</b>
Number of 'full-time equivalent' employees (FTE) at year end		<b>91</b>	<b>98</b>
<b>(b) Borrowing costs</b>			
<b>(i) Interest bearing liability costs</b>			
Interest on loans		10	14
<b>Total interest bearing liability costs expensed</b>		<b>10</b>	<b>14</b>
<b>(ii) Other borrowing costs</b>			
Nil			
<b>TOTAL BORROWING COSTS EXPENSED</b>		<b>10</b>	<b>14</b>
<b>(c) Materials and contracts</b>			
Raw materials and consumables		2,298	1,050
Contractor and consultancy costs			
– Administration		52	80
– Building, electrical, plumbing		144	68
– Bridge repairs		69	15
– External plant hire		99	409
– Planning		28	105
– Quarry		116	197
– Rangers		–	5
– Roadmarking services		716	1,111
– Waste management		336	376
– Other		170	222
Auditors remuneration <sup>(1)</sup>		28	29
Legal expenses:			
– Legal expenses: other		22	20
<b>TOTAL MATERIALS AND CONTRACTS</b>		<b>4,078</b>	<b>3,687</b>

# Coonamble Shire Council

## Notes to the Financial Statements for the year ended 30 June 2016

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

\$ '000	Notes	Actual 2016	Actual 2015
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#### (c) Materials and contracts (continued)

##### Auditor remuneration

During the year, the following fees were incurred for services provided by the Council's Auditor (and the Auditors of other consolidated entities):

##### Audit and other assurance services

– Audit and review of financial statements: Council's Auditor

##### Remuneration for audit and other assurance services

##### Total Auditor remuneration

28	29
<b>28</b>	<b>29</b>
<b>28</b>	<b>29</b>

\$ '000	Notes	Impairment costs		Depreciation/amortisation	
		Actual 2016	Actual 2015	Actual 2016	Actual 2015

#### (d) Depreciation, amortisation and impairment

Plant and equipment	—	—	1,463	917
Office equipment	—	—	160	109
Infrastructure:				
– Buildings – non-specialised	—	—	103	110
– Buildings – specialised	—	—	179	206
– Other structures	—	—	188	143
– Roads	—	—	2,296	2,279
– Bridges	—	—	146	146
– Footpaths	—	—	22	22
– Stormwater drainage	—	—	29	28
– Water supply network	—	—	487	489
– Sewerage network	—	—	464	444
<b>TOTAL DEPRECIATION AND IMPAIRMENT COSTS EXPENSED</b>	<b>—</b>	<b>—</b>	<b>5,537</b>	<b>4,893</b>

## Coonamble Shire Council

### Notes to the Financial Statements for the year ended 30 June 2016

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

\$ '000	Notes	Actual 2016	Actual 2015
<b>(e) Other expenses</b>			
Other expenses for the year include the following:			
Advertising		41	49
Bad and doubtful debts		1	140
Bank charges		13	11
Commission		22	22
Contributions/levies to other levels of government		632	586
Councillor expenses – mayoral fee		16	16
Councillor expenses – councillors' fees		67	65
Councillors' expenses (incl. mayor) – other (excluding fees above)		16	17
Donations, contributions and assistance to other organisations (Section 356)		93	96
Electricity and heating		268	265
Farming costs	14	5	4
Insurance		316	364
Postage		21	15
Printing and stationery		59	49
Street lighting		81	85
Subscriptions and publications		46	73
Telephone and communications		43	52
Valuation fees		21	23
Other		58	80
<b><u>TOTAL OTHER EXPENSES</u></b>		<b><u>1,819</u></b>	<b><u>2,012</u></b>

## Coonamble Shire Council

Notes to the Financial Statements  
for the year ended 30 June 2016

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

\$ '000	Notes	2016	2015
<b>Property</b> (excl. investment property)			
Proceeds from disposal – property		303	164
Less: carrying amount of property assets sold/written off		(237)	(35)
<b>Net gain/(loss) on disposal</b>		<b>66</b>	<b>129</b>
<b>Plant and equipment</b>			
Proceeds from disposal – plant and equipment		1,013	90
Less: carrying amount of plant and equipment assets sold/written off		(329)	(110)
<b>Net gain/(loss) on disposal</b>		<b>684</b>	<b>(20)</b>
<b>Real estate assets held for sale</b>			
Proceeds from disposal – real estate assets		–	36
Less: carrying amount of real estate assets sold/written off		–	(46)
<b>Net gain/(loss) on disposal</b>		<b>–</b>	<b>(10)</b>
<b>Financial assets *</b>			
Proceeds from disposal/redemptions/maturities – financial assets		5,000	–
Less: carrying amount of financial assets sold/redeemed/matured		(5,000)	–
<b>Net gain/(loss) on disposal</b>		<b>–</b>	<b>–</b>
<b><u>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</u></b>		<b><u>750</u></b>	<b><u>99</u></b>

## Coonamble Shire Council

Notes to the Financial Statements  
for the year ended 30 June 2016

## Note 6a. – Cash assets and Note 6b. – investments

\$ '000	Notes	2016 Actual Current	2016 Actual Non-current	2015 Actual Current	2015 Actual Non-current
<b>Cash and cash equivalents (Note 6a)</b>					
Cash on hand and at bank		3,933	–	2,649	–
Cash-equivalent assets <sup>1</sup>					
– Deposits at call		1,000	–	1,000	–
– Short-term deposits		14,500	–	13,500	–
<b>Total cash and cash equivalents</b>		<b>19,433</b>	<b>–</b>	<b>17,149</b>	<b>–</b>
<b>Investments (Note 6b)</b>					
– Long term deposits		2,500	–	2,000	–
<b>Total investments</b>		<b>2,500</b>	<b>–</b>	<b>2,000</b>	<b>–</b>
<b>TOTAL CASH ASSETS, CASH EQUIVALENTS AND INVESTMENTS</b>		<b>21,933</b>	<b>–</b>	<b>19,149</b>	<b>–</b>

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

**Cash, cash equivalents and investments were  
classified at year end in accordance with  
AASB 139 as follows:**

**Cash and cash equivalents**

a. 'At fair value through the profit and loss'		<b>19,433</b>	<b>–</b>	<b>17,149</b>	<b>–</b>
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**Investments**

a. 'Held to maturity'	6(b-i)	2,500	–	2,000	–
<b>Investments</b>		<b>2,500</b>	<b>–</b>	<b>2,000</b>	<b>–</b>

**Note 6(b-i)**

**Reconciliation of investments  
classified as 'held to maturity'**

Balance at the beginning of the year		2,000	–	–	–
Additions		5,500	–	2,000	–
Disposals (sales and redemptions)		(5,000)	–	–	–
<b>Balance at end of year</b>		<b>2,500</b>	<b>–</b>	<b>2,000</b>	<b>–</b>

**Comprising:**

– Long term deposits		2,500	–	2,000	–
<b>Total</b>		<b>2,500</b>	<b>–</b>	<b>2,000</b>	<b>–</b>

Refer to Note 27. Fair value measurement for information regarding the fair value of investments held.

## Coonamble Shire Council

Notes to the Financial Statements  
for the year ended 30 June 2016

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

	2016 Actual Current	2016 Actual Non-current	2015 Actual Current	2015 Actual Non-current
<b>\$ '000</b>				
<b>Total cash, cash equivalents and investments</b>	<b>21,933</b>	<b>–</b>	<b>19,149</b>	<b>–</b>
<b>attributable to:</b>				
External restrictions (refer below)	10,792	–	8,549	–
Internal restrictions (refer below)	9,053	–	9,417	–
Unrestricted	2,088	–	1,183	–
	<b>21,933</b>	<b>–</b>	<b>19,149</b>	<b>–</b>

2016 \$ '000	Opening balance	Transfers to restrictions	Transfers from restrictions	Closing balance
-----------------	--------------------	------------------------------	--------------------------------	--------------------

## Details of restrictions

**External restrictions – included in liabilities**

RMS (formerly RTA) advances (A)	13	40	–	53
Unspent loan funds	207	–	(207)	–
<b>External restrictions – included in liabilities</b>	<b>220</b>	<b>40</b>	<b>(207)</b>	<b>53</b>

**External restrictions – other**

Specific purpose unexpended grants (B)	240	1,621	–	1,861
Specific purpose unexpended grants-sewer fund (B)	1	–	(1)	–
Water supplies (C)	2,529	245	–	2,774
Sewerage services (C)	5,027	449	–	5,476
Domestic waste management (C)	532	96	–	628
<b>External restrictions – other</b>	<b>8,329</b>	<b>2,411</b>	<b>(1)</b>	<b>10,739</b>
<b>Total external restrictions</b>	<b>8,549</b>	<b>2,451</b>	<b>(208)</b>	<b>10,792</b>

**A** Advances by roads and maritime services for (RMS) works on the State's classified roads.

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

**C** Water, sewerage, domestic waste management (DWM) and 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 year ended 30 June 2016

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

2016 \$ '000	Opening balance	Transfers to restrictions	Transfers from restrictions	Closing balance
<b>Internal restrictions</b>				
Plant and vehicle replacement	2,508	1,305	(2,489)	1,324
Employees leave entitlement	1,005	100	–	1,105
Carry over works	155	72	(135)	92
Aerodrome	50	–	–	50
Caravan park	176	–	–	176
Cemetery	35	15	(5)	45
Depot improvements	6	–	–	6
Development	315	50	–	365
Election expenses	14	30	–	44
Emergency services building maintenance	100	–	–	100
Farming	15	–	(15)	–
Footpath replacement	25	50	–	75
Indoor arena reserve	283	–	(283)	–
Kerb and gutter replacement	39	–	–	39
Land acquisition	3	–	–	3
Levee reserve	912	–	–	912
Local environmental plan	25	–	–	25
Main street development	19	–	(19)	–
Museum	6	–	–	6
Office equipment	290	–	–	290
Other community development	10	–	–	10
Premises refurbishment	170	79	(11)	238
Quarry	554	104	(65)	593
Quarry rehabilitation	100	10	–	110
Riverwalk	2	–	–	2
Road reloaming	706	350	–	1,056
Road reserve sealed	828	–	–	828
Rural fire service	36	–	–	36
Saleyards	20	–	–	20
Security camera reserve	7	–	–	7
Showground	107	130	–	237
Showground – gulargambone	10	–	–	10
Single invitation contract	200	–	–	200
Sportsground	19	20	–	39
Stormwater drainage	25	10	–	35
Strategic plan review	20	–	–	20
Street lighting	20	5	–	25
Street numbering contribution	5	–	–	5
Training reserve	50	–	–	50
Urban streets	517	–	–	517
Weir improvement	30	–	–	30
Pound Facility	–	50	–	50
Recreational Facilities	–	278	–	278
<b>Total internal restrictions</b>	<b>9,417</b>	<b>2,658</b>	<b>(3,022)</b>	<b>9,053</b>
<b>TOTAL RESTRICTIONS</b>	<b>17,966</b>	<b>5,109</b>	<b>(3,230)</b>	<b>19,845</b>

## Coonamble Shire Council

### Notes to the Financial Statements for the year ended 30 June 2016

#### Note 7. Receivables

\$ '000	Notes	2016		2015	
		Current	Non-current	Current	Non-current
<b>Purpose</b>					
Rates and annual charges		172	332	197	269
Interest and extra charges		33	27	21	43
User charges and fees		504	353	1,742	212
Accrued revenues					
– Interest on investments		84	–	68	–
Deferred debtors		–	–	–	30
Government grants and subsidies		84	–	314	–
Net GST receivable		–	–	171	–
Other debtors		10	–	7	–
<b>Total</b>		<b>887</b>	<b>712</b>	<b>2,520</b>	<b>554</b>
<b>Less: provision for impairment</b>					
Rates and annual charges		(36)	(120)	(36)	(95)
User charges and fees		(24)	(67)	(29)	(86)
<b>Total provision for impairment – receivables</b>		<b>(60)</b>	<b>(187)</b>	<b>(65)</b>	<b>(181)</b>
<b><u>TOTAL NET RECEIVABLES</u></b>					
		<b>827</b>	<b>525</b>	<b>2,455</b>	<b>373</b>
<b>Externally restricted receivables</b>					
<b>Water supply</b>					
– Rates and availability charges		20	30	119	131
– Other		65	179	–	–
<b>Sewerage services</b>					
– Rates and availability charges		24	25	53	32
– Other		6	29	8	19
<b>Total external restrictions</b>		<b>115</b>	<b>263</b>	<b>180</b>	<b>182</b>
<b>Internally restricted receivables</b>					
Nil					
<b>Unrestricted receivables</b>		<b>712</b>	<b>262</b>	<b>2,275</b>	<b>191</b>
<b>TOTAL NET RECEIVABLES</b>		<b>827</b>	<b>525</b>	<b>2,455</b>	<b>373</b>

#### Notes on debtors above:

- (i) Rates and 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 and charges at 8.50% (2015 8.50%).  
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 year ended 30 June 2016

## Note 8. Inventories and other assets

\$ '000	Notes	2016		2015	
		Current	Non-current	Current	Non-current
(a) Inventories					
(i) Inventories at cost					
Real estate for resale (refer below)		367	—	367	—
Stores and materials		196	—	243	—
Trading stock		143	—	344	—
<b>Total inventories at cost</b>		<b>706</b>	<b>—</b>	<b>954</b>	<b>—</b>
(ii) Inventories at net realisable value (NRV)					
Nil					
<b><u>TOTAL INVENTORIES</u></b>		<b><u>706</u></b>	<b><u>—</u></b>	<b><u>954</u></b>	<b><u>—</u></b>
(b) Other assets					
Prepayments		70	—	52	—
<b><u>TOTAL OTHER ASSETS</u></b>		<b><u>70</u></b>	<b><u>—</u></b>	<b><u>52</u></b>	<b><u>—</u></b>

**Externally restricted assets**

There are no restrictions applicable to the above assets.

## Coonamble Shire Council

Notes to the Financial Statements  
for the year ended 30 June 2016

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

\$ '000	2016		2015	
	Current	Non-current	Current	Non-current
<b>Other disclosures</b>				
<b>(a) Details for real estate development</b>				
Industrial/commercial	367	—	367	—
<b>Total real estate for resale</b>	<b>367</b>	<b>—</b>	<b>367</b>	<b>—</b>
(Valued at the lower of cost and net realisable value)				
<b>Represented by:</b>				
Acquisition costs	367	—	367	—
<b>Total costs</b>	<b>367</b>	<b>—</b>	<b>367</b>	<b>—</b>
<b>Total real estate for resale</b>	<b>367</b>	<b>—</b>	<b>367</b>	<b>—</b>
<b>Movements:</b>				
Real estate assets at beginning of the year	367	—	413	—
– Purchases and other costs	—	—	—	—
– WDV of sales (expense)	—	—	(46)	—
<b>Total real estate for resale</b>	<b>367</b>	<b>—</b>	<b>367</b>	<b>—</b>

**(b) Current assets not anticipated to be settled within the next 12 months**

The following inventories and other assets, even though classified as current are not expected to be recovered in the next 12 months;

	2016	2015
Real estate for resale	367	367
	<b>367</b>	<b>367</b>

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

– Stores and materials	205	263
– Trading stock	1,183	1,015

**(d) Inventory write downs**

\$551.35 was recognised as an expense relating to the write down of inventory balances held during the year.

Refer to Note 27. Fair value measurement for information regarding the fair value of other assets held.

## Coonamble Shire Council

Notes to the Financial Statements  
for the year ended 30 June 2016

## Note 9a. Infrastructure, property, plant and equipment

\$ '000	as at 30/6/2015					Asset movements during the reporting period							as at 30/6/2016				
	At cost	At fair value	Accumulated		Carrying value	Additions renewals	Additions new assets	Carrying value of disposals	Depreciation expense	Revaluation decrements to equity (ARR)	Reversal of prior period revaluation decrements to the P&L	Revaluation increments to equity (ARR)	At cost	At fair value	Accumulated		Carrying value
			depreciation	impairment											depreciation	impairment	
Capital work in progress	–	–	–	–	–	649	–	–	–	–	–	–	–	649	–	–	649
Plant and equipment	–	13,584	7,697	–	5,887	2,537	995	(329)	(1,463)	–	–	–	–	14,725	7,098	–	7,627
Office equipment	–	992	800	–	192	88	–	–	(160)	–	–	–	–	1,080	960	–	120
<b>Land:</b>																	
– Operational land	–	2,097	–	–	2,097	–	–	(80)	–	–	–	–	–	2,017	–	–	2,017
– Community land	–	1,532	–	–	1,532	–	–	–	–	–	–	–	–	1,532	–	–	1,532
<b>Infrastructure:</b>																	
– Buildings – non-specialised	–	4,259	2,140	–	2,119	–	48	–	(103)	–	–	–	–	4,317	2,253	–	2,064
– Buildings – specialised	–	28,951	14,273	–	14,678	51	30	(157)	(179)	–	–	–	–	28,408	13,985	–	14,423
– Other structures	–	17,372	5,587	–	11,785	228	415	–	(188)	–	–	–	–	18,046	5,806	–	12,240
– Roads	–	223,169	35,415	–	187,754	2,468	177	–	(2,296)	–	–	–	–	225,814	37,711	–	188,103
– Bridges	–	14,575	1,609	–	12,966	–	–	–	(146)	–	–	–	–	14,575	1,755	–	12,820
– Footpaths	–	1,742	151	–	1,591	31	8	–	(22)	–	–	–	–	1,781	173	–	1,608
– Stormwater drainage	–	2,459	890	–	1,569	–	–	–	(29)	–	–	–	–	2,459	919	–	1,540
– Water supply network	–	21,160	7,567	–	13,593	287	18	–	(487)	–	–	514	–	21,979	8,054	–	13,925
– Sewerage network	–	27,593	15,189	–	12,404	105	–	–	(464)	–	–	234	–	28,182	15,903	–	12,279
<b>TOTAL INFRASTRUCTURE, PROPERTY, PLANT AND EQUIP.</b>	–	359,485	91,318	–	268,167	6,444	1,691	(566)	(5,537)	–	–	748	–	365,564	94,617	–	270,947

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

Refer to Note 27. Fair value measurement for information regarding the fair value of other infrastructure, property, plant and equipment.

## Coonamble Shire Council

Notes to the Financial Statements  
for the year ended 30 June 2016

## Note 9b. Externally restricted infrastructure, property, plant and equipment

\$ '000 Class of asset	Actual 2016				Actual 2015			
	At cost	At fair value	A/Dep & impairm't	Carrying value	At cost	At fair value	A/Dep & impairm't	Carrying value
<b>Water supply</b>								
Infrastructure	–	21,979	8,054	<b>13,925</b>	–	21,160	7,566	<b>13,594</b>
<b>Total water supply</b>	<b>–</b>	<b>21,979</b>	<b>8,054</b>	<b>13,925</b>	<b>–</b>	<b>21,160</b>	<b>7,566</b>	<b>13,594</b>
<b>Sewerage services</b>								
Infrastructure	–	28,182	15,903	<b>12,279</b>	–	27,593	15,189	<b>12,404</b>
<b>Total sewerage services</b>	<b>–</b>	<b>28,182</b>	<b>15,903</b>	<b>12,279</b>	<b>–</b>	<b>27,593</b>	<b>15,189</b>	<b>12,404</b>
<b>Domestic waste management</b>								
Other structures	–	171	34	<b>137</b>	–	171	31	<b>140</b>
<b>Total DWM</b>	<b>–</b>	<b>171</b>	<b>34</b>	<b>137</b>	<b>–</b>	<b>171</b>	<b>31</b>	<b>140</b>
<b>TOTAL RESTRICTED I,PP&amp;E</b>	<b>–</b>	<b>50,332</b>	<b>23,991</b>	<b>26,341</b>	<b>–</b>	<b>48,924</b>	<b>22,786</b>	<b>26,138</b>

Note 9c. Infrastructure, property, plant and equipment – current year  
impairments

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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 year ended 30 June 2016

## Note 10a. Payables, borrowings and provisions

\$ '000	Notes	2016		2015	
		Current	Non-current	Current	Non-current
<b>Payables</b>					
Goods and services – operating expenditure		365	–	733	–
Goods and services – capital expenditure		153	–	464	–
Payments received In advance		171	–	148	–
Accrued expenses:					
– Borrowings		2	–	3	–
– Salaries and wages		–	–	225	–
– Other expenditure accruals		218	–	370	–
Security bonds, deposits and retentions		152	–	204	–
ATO – net GST payable		41	–	–	–
<b>Total payables</b>		<b>1,102</b>	<b>–</b>	<b>2,147</b>	<b>–</b>
<b>Borrowings</b>					
Loans – secured <sup>1</sup>		50	179	49	229
<b>Total borrowings</b>		<b>50</b>	<b>179</b>	<b>49</b>	<b>229</b>
<b>Provisions</b>					
Employee benefits:					
Annual leave		839	–	844	–
Long service leave		1,083	108	1,070	84
<b>Total provisions</b>		<b>1,922</b>	<b>108</b>	<b>1,914</b>	<b>84</b>
<b><u>TOTAL PAYABLES, BORROWINGS AND PROVISIONS</u></b>					
		<b>3,074</b>	<b>287</b>	<b>4,110</b>	<b>313</b>
<b>(i) Liabilities relating to restricted assets</b>					
		2016		2015	
		Current	Non-current	Current	Non-current
<b>Externally restricted assets</b>					
Water		68	–	61	–
Sewer		40	14	35	23
Other		53	–	220	–
<b>Liabilities relating to externally restricted assets</b>		<b>161</b>	<b>14</b>	<b>316</b>	<b>23</b>
<b>Internally restricted assets</b>					
Nil					
<b>Total liabilities relating to restricted assets</b>		<b>161</b>	<b>14</b>	<b>316</b>	<b>23</b>
<b>Total liabilities relating to unrestricted assets</b>		<b>2,913</b>	<b>273</b>	<b>3,794</b>	<b>290</b>
<b>TOTAL PAYABLES, BORROWINGS AND PROVISIONS</b>		<b>3,074</b>	<b>287</b>	<b>4,110</b>	<b>313</b>

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

Disclosures on liability interest rate risk exposures, fair value disclosures and security can be found in Note 15.



## Coonamble Shire Council

Notes to the Financial Statements  
for the year ended 30 June 2016

## Note 10a. Payables, borrowings and provisions (continued)

	Actual 2016	Actual 2015
\$ '000		

## (ii) Current liabilities not anticipated to be settled within the next twelve months

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

Provisions – employees benefits	1,297	1,213
Payables – security bonds, deposits and retentions	23	32
	<b>1,320</b>	<b>1,245</b>

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

Class of provision	2015	2016				Closing balance as at 30/6/16
	Opening balance as at 1/7/15	Additional provisions	Decrease due to payments	Remeasurement effects due to discounting	Unused amounts reversed	
Annual leave	844	321	(423)	97	–	839
Long service leave	1,154	106	(178)	109	–	1,191
<b>TOTAL</b>	<b>1,998</b>	<b>427</b>	<b>(601)</b>	<b>206</b>	<b>–</b>	<b>2,030</b>

- a. Employees leave entitlements and 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 year ended 30 June 2016

#### Note 11. Statement of cash flows – additional information

\$ '000	Notes	Actual 2016	Actual 2015
<b>(a) Reconciliation of cash assets</b>			
Total cash and cash equivalent assets	6a	19,433	17,149
Less bank overdraft	10	–	–
<b>Balance as per the Statement of Cash Flows</b>		<b>19,433</b>	<b>17,149</b>

#### **(b) Reconciliation of net operating result to cash provided from operating activities**

<b>Net operating result from Income Statement</b>		<b>4,168</b>	<b>3,663</b>
Adjust for non-cash items:			
Depreciation and amortisation		5,537	4,893
Net losses/(gains) on disposal of assets		(750)	(99)
Share of net (profits) or losses of associates/joint ventures		4	13
<b>+/- Movement in operating assets and liabilities and other cash items:</b>			
Decrease/(increase) in receivables		1,445	(635)
Increase/(decrease) in provision for doubtful debts		1	–
Decrease/(increase) in inventories		248	(112)
Decrease/(increase) in other assets		(18)	(28)
Increase/(decrease) in payables		(368)	(5)
Increase/(decrease) in accrued interest payable		(1)	2
Increase/(decrease) in other accrued expenses payable		(377)	(35)
Increase/(decrease) in other liabilities		12	151
Increase/(decrease) in employee leave entitlements		32	26
<b>Net cash provided from/(used in) operating activities from the Statement of Cash Flows</b>		<b>9,933</b>	<b>7,834</b>

#### **(c) Non-cash investing and financing activities**

Nil

#### **(d) Financing arrangements**

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

Bank overdraft facilities <sup>(1)</sup>	250	250
Credit cards/purchase cards	25	25
<b>Total financing arrangements</b>	<b>275</b>	<b>275</b>

1. The bank overdraft facility may be drawn at any time and may be terminated by the bank without notice.  
Interest rates on overdrafts are interest rates on loans and other payables are disclosed in Note 15.

##### **(ii) Secured loan liabilities**

Loans are secured by a mortgage over future years rate revenue only.

# Coonamble Shire Council

## Notes to the Financial Statements for the year ended 30 June 2016

### Note 12. Commitments for expenditure

\$ '000	Notes	Actual 2016	Actual 2015
<b>(a) Capital commitments (exclusive of GST)</b>			
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
<b>Property, plant and equipment</b>			
Buildings		29	270
Plant and equipment		97	–
<b>Total commitments</b>		<b>126</b>	<b>270</b>
<b>These expenditures are payable as follows:</b>			
Within the next year		126	270
<b>Total payable</b>		<b>126</b>	<b>270</b>
<b>Sources for funding of capital commitments:</b>			
Internally restricted reserves		–	63
Unexpended loans		126	207
<b>Total sources of funding</b>		<b>126</b>	<b>270</b>

### (b) Finance lease commitments

Nil

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

#### a. Commitments under non-cancellable operating leases at the reporting date, but not recognised as liabilities are payable:

Within the next year	82	38
Later than one year and not later than 5 years	86	21
Later than 5 years	–	–
<b>Total non-cancellable operating lease commitments</b>	<b>168</b>	<b>59</b>

#### b. Non-cancellable operating leases include the following assets:

Office Rentals, Accounting Software Package Lease

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

#### Conditions relating to operating leases:

- All operating lease agreements are secured only against the leased asset.
- No lease agreements impose any financial restrictions on Council regarding future debt etc.

## Coonamble Shire Council

Notes to the Financial Statements  
for the year ended 30 June 2016

## Note 13a(i). Statement of performance measurement – indicators (consolidated)

\$ '000	Amounts 2016	Indicator 2016	Prior periods 2015      2014	
Local government industry indicators – consolidated				
1. Operating performance ratio				
Total continuing operating revenue <sup>(1)</sup> excluding capital grants and contributions less operating expenses	1,638	8.29%	4.95%	-11.59%
Total continuing operating revenue <sup>(1)</sup> excluding capital grants and contributions	19,756			
2. Own source operating revenue ratio				
Total continuing operating revenue <sup>(1)</sup> excluding all grants and contributions	12,312	57.16%	59.88%	71.37%
Total continuing operating revenue <sup>(1)</sup>	21,540			
3. Unrestricted current ratio				
Current assets less all external restrictions <sup>(2)</sup>	12,262	7.70x	5.30x	4.31x
Current liabilities less specific purpose liabilities <sup>(3, 4)</sup>	1,593			
4. Debt service cover ratio				
Operating result <sup>(1)</sup> before capital excluding interest and depreciation/impairment/amortisation	7,185	121.78x	92.16x	304.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	59			
5. Rates, annual charges, interest and extra charges outstanding percentage				
Rates, annual and extra charges outstanding	408	6.52%	6.51%	8.10%
Rates, annual and extra charges collectible	6,256			
6. Cash expense cover ratio				
Current year's cash and cash equivalents plus all term deposits	21,933	20.05 mths	16.6 mths	14.7 mths
Payments from cash flow of operating and financing activities	1,094			

## Notes

<sup>(1)</sup> Excludes fair value adjustments and reversal of revaluation decrements, net gain/(loss) on sale of assets and the net share of interests in joint ventures and associates.

<sup>(2)</sup> Refer Notes 6-8 inclusive.

Also excludes any real estate and land for resale not expected to be sold in the next 12 months.

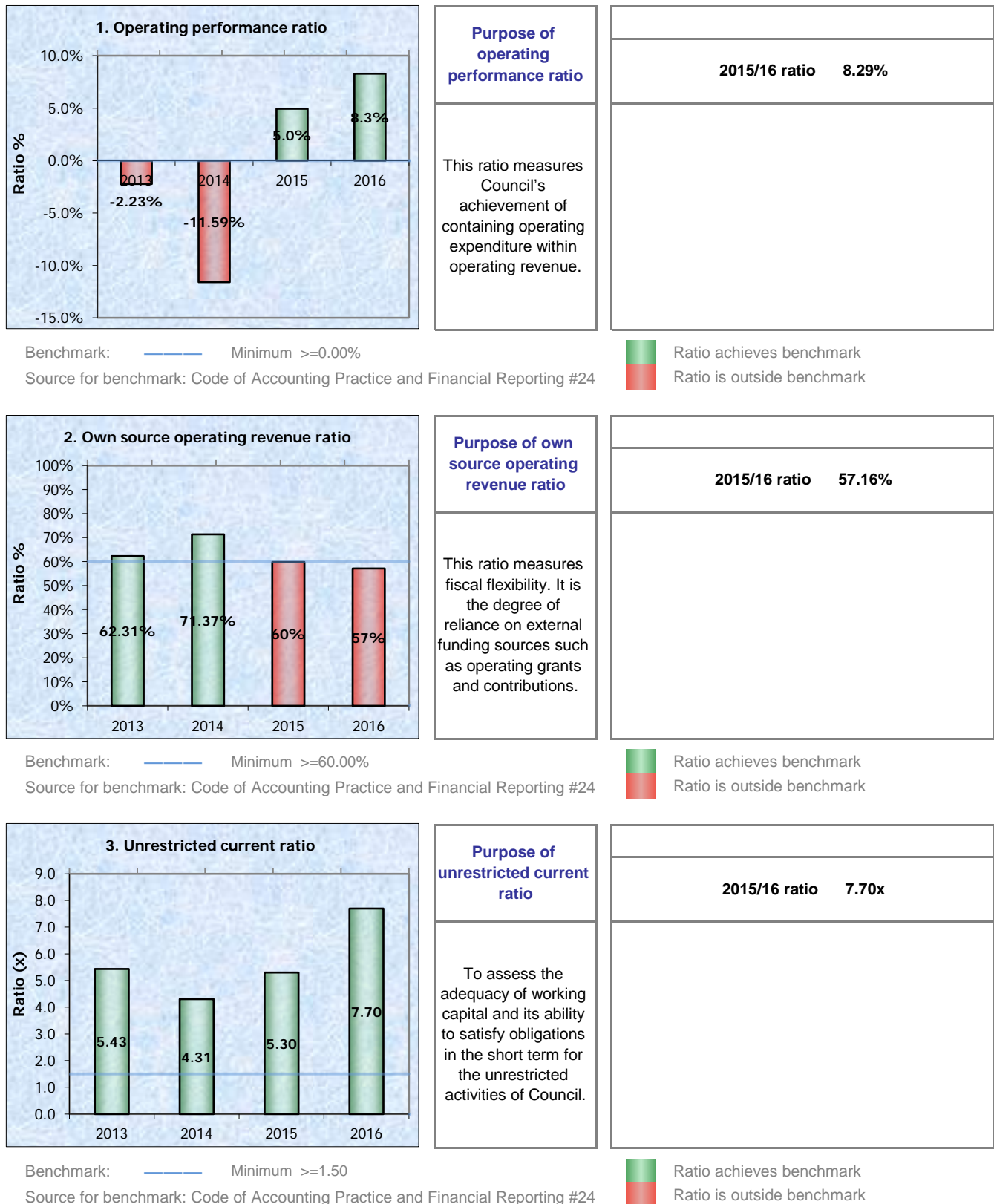
<sup>(3)</sup> Refer to Note 10(a).

<sup>(4)</sup> Refer to Note 10(a)(ii) – excludes all payables and provisions not expected to be paid in the next 12 months (incl. ELE).

## Coonamble Shire Council

Notes to the Financial Statements  
for the year ended 30 June 2016

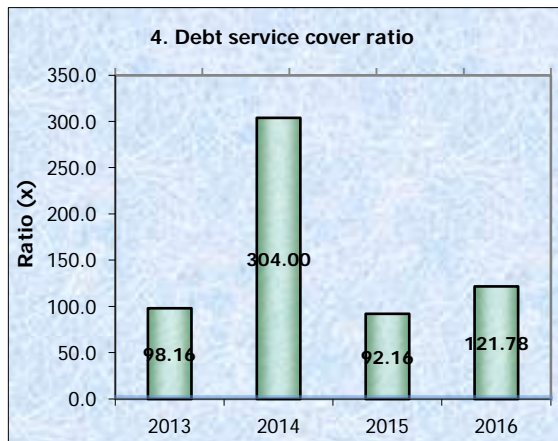
## Note 13a(ii). Local government industry indicators – graphs (consolidated)



## Coonamble Shire Council

Notes to the Financial Statements  
for the year ended 30 June 2016

## Note 13a(ii). Local government industry indicators – graphs (consolidated)



**Purpose of debt service cover ratio**

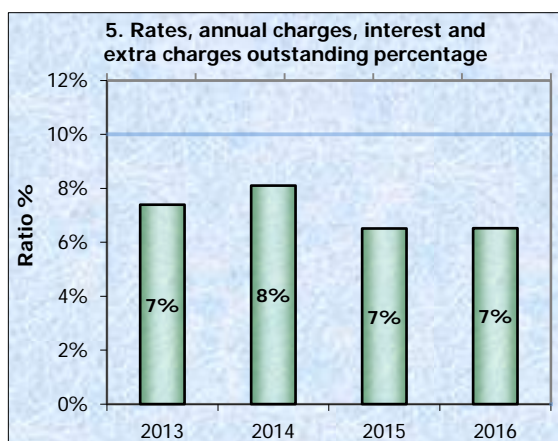
This ratio measures the availability of operating cash to service debt including interest, principal and lease payments

**2015/16 ratio 121.78x**

Benchmark: — Minimum  $\geq 2.00$

Source for benchmark: Code of Accounting Practice and Financial Reporting #24

 Ratio achieves benchmark  
 Ratio is outside benchmark



**Purpose of rates and annual charges outstanding ratio**

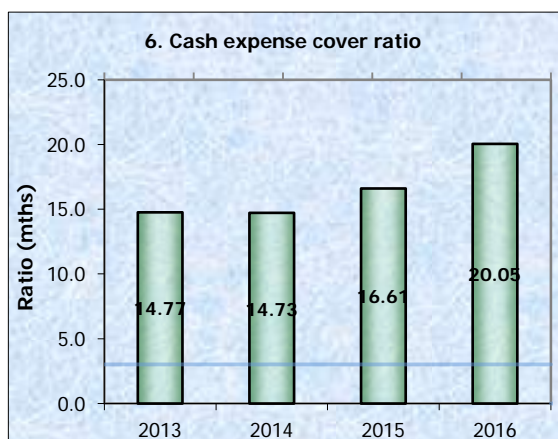
To assess the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of recovery efforts.

**2015/16 ratio 6.52%**

Benchmark: — Maximum  $< 10.00\%$

Source for Benchmark: Code of Accounting Practice and Financial Reporting #24

 Ratio is within Benchmark  
 Ratio is outside Benchmark



**Purpose of cash expense cover ratio**

This liquidity ratio indicates the number of months a Council can continue paying for its immediate expenses without additional cash inflow.

**2015/16 ratio 20.05 mths**

Benchmark: — Minimum  $\geq 3.00$

Source for benchmark: Code of Accounting Practice and Financial Reporting #24

 Ratio achieves benchmark  
 Ratio is outside benchmark

# Coonamble Shire Council

## Notes to the Financial Statements for the year ended 30 June 2016

### Note 13b. Statement of performance measurement – indicators (by fund)

\$ '000	Water 2016	Sewer 2016	General <sup>5</sup> 2016
<b>Local government industry indicators – by fund</b>			
<b>1. Operating performance ratio</b>			
Total continuing operating revenue <sup>(1)</sup> excluding capital grants and contributions less operating expenses	<b>7.28%</b>	<b>7.71%</b>	<b>8.40%</b>
Total continuing operating revenue <sup>(1)</sup> excluding capital grants and contributions	prior period: -17.44%	13.32%	5.96%
<b>2. Own source operating revenue ratio</b>			
Total continuing operating revenue <sup>(1)</sup> excluding all grants and contributions	<b>99.05%</b>	<b>98.81%</b>	<b>52.36%</b>
Total continuing operating revenue <sup>(1)</sup>	prior period: 98.96%	98.71%	55.95%
<b>3. Unrestricted current ratio</b>			
Current assets less all external restrictions <sup>(2)</sup>	<b>42.04x</b>	<b>137.65x</b>	<b>7.70x</b>
Current liabilities less specific purpose liabilities <sup>(3, 4)</sup>	prior period: 43.41x	145.37x	5.30x
<b>4. Debt service cover ratio</b>			
Operating result <sup>(1)</sup> before capital excluding interest and depreciation/impairment/amortisation	<b>0.00</b>	<b>53.10x</b>	<b>123.82x</b>
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	prior period: 0.00x	51.00x	95.00x
<b>5. Rates, annual charges, interest and extra charges outstanding percentage</b>			
Rates, annual and extra charges outstanding	<b>11.88%</b>	<b>8.14%</b>	<b>5.90%</b>
Rates, annual and extra charges collectible	prior period: 73.31%	14.60%	1.23%
<b>6. Cash expense cover ratio</b>			
Current year's cash and cash equivalents plus all term deposits	<b>0.00</b>	<b>0.00</b>	<b>12.51 mths</b>
Payments from cash flow of operating and financing activities	prior period: 0.00 mths	0.00 mths	10.06 mths

#### Notes

(1) - (4) Refer to Notes at Note 13a(i) above.

(5) General fund refers to all of Council's activities except for its water and sewer activities which are listed separately.



## Coonamble Shire Council

### Notes to the Financial Statements for the year ended 30 June 2016

#### 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.

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

	Carrying value		Fair value	
	2016	2015	2016	2015
<b>Financial assets</b>				
Cash and cash equivalents	19,433	17,149	19,433	17,149
Investments				
– 'Held to maturity'	2,500	2,000	2,500	2,000
Receivables	1,352	2,828	1,352	2,828
<b>Total financial assets</b>	<b>23,285</b>	<b>21,977</b>	<b>23,285</b>	<b>21,977</b>
<b>Financial liabilities</b>				
Payables	931	1,999	931	1,999
Loans/advances	229	278	229	278
<b>Total financial liabilities</b>	<b>1,160</b>	<b>2,277</b>	<b>1,160</b>	<b>2,277</b>

Fair value is determined as follows:

- **Cash and cash equivalents, receivables, payables** – are estimated to be the carrying value that approximates market value.
- **Borrowings and held-to-maturity investments** – are based upon estimated future cash flows discounted by the current mkt interest rates applicable to assets and liabilities with similar risk profiles, unless quoted market prices are available.
- Financial assets classified (i) '**at fair value through profit and loss**' or (ii) '**available-for-sale**' – are based upon quoted market prices (in active markets for identical investments) at the reporting date or independent valuation.

Refer to Note 27. Fair value measurement for information regarding the fair value of financial assets and liabilities.

## Coonamble Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2016

#### Note 15. Financial risk management (continued)

\$ '000

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

Council has an investment policy which complies with the *Local Government Act 1993* and Minister's investment order. This policy is regularly reviewed by Council and its staff and an investment report is tabled before Council on a monthly basis setting out the portfolio breakup and its performance.

The risks associated with the investments held are:

- **Price risk** – the risk that the capital value of Investments may fluctuate due to changes in market prices, whether 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.
- **Interest rate risk** – the risk that movements in interest rates could affect returns and income.
- **Credit risk** – the risk that the investment counterparty will not complete their obligations particular to a financial instrument, resulting in a financial loss to Council – be it of a capital or income nature.

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

#### (a) Market risk – price risk and interest rate risk

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

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

	Increase of values/rates		Decrease of values/rates	
	Profit	Equity	Profit	Equity
<b>2016</b>				
Possible impact of a 1% movement in interest rates	180	180	180	180
<b>2015</b>				
Possible impact of a 1% movement in interest rates	164	164	164	164

# Coonamble Shire Council

## Notes to the Financial Statements for the year ended 30 June 2016

### Note 15. Financial risk management (continued)

\$ '000

#### (b) Credit risk

Council's major receivables comprise (i) rates and annual charges and (ii) user charges and fees.

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

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

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

There are no 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:

	2016 Rates and annual charges	2016 Other receivables	2015 Rates and annual charges	2015 Other receivables
<b>(i) Ageing of receivables – %</b>				
Current (not yet overdue)	0%	78%	0%	78%
Overdue	100%	22%	100%	22%
	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

		2016 Rates and annual charges	2016 Other receivables	2015 Rates and annual charges	2015 Other receivables
<b>(ii) Ageing of receivables – value</b>					
<b>Rates and annual charges</b>	<b>Other receivables</b>				
Current	Current	49	753	–	2,028
< 1 year overdue	0 – 30 days overdue	305	95	312	24
1 – 2 years overdue	30 – 60 days overdue	85	21	89	48
2 – 5 years overdue	60 – 90 days overdue	65	43	65	96
> 5 years overdue	> 90 days overdue	–	183	–	412
		<b>504</b>	<b>1,095</b>	<b>466</b>	<b>2,608</b>

#### (iii) Movement in provision for impairment of receivables

	2016	2015
Balance at the beginning of the year	246	246
+ new provisions recognised during the year	1	140
– amounts already provided for and written off this year	–	(140)
<b>Balance at the end of the year</b>	<b>247</b>	<b>246</b>

## Coonamble Shire Council

### Notes to the Financial Statements for the year ended 30 June 2016

#### Note 15. Financial risk management (continued)

\$ '000

##### (c) Liquidity risk

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

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

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

The contractual undiscounted cash outflows (ie. principal and interest) of Council's payables and borrowings are set out in the maturity 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		
2016									
Trade/other payables	152	779	–	–	–	–	–	931	931
Loans and advances	–	50	50	46	42	41	–	229	229
Total financial liabilities	152	829	50	46	42	41	–	1,160	1,160
2015									
Trade/other payables	204	1,795	–	–	–	–	–	1,999	1,999
Loans and advances	–	57	57	57	52	47	8	278	278
Total financial liabilities	204	1,852	57	57	52	47	8	2,277	2,277

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

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

	2016		2015	
	Carrying value	Average interest rate	Carrying value	Average interest rate
Trade/other payables	931	0.00%	1,999	0.00%
Loans and advances – fixed interest rate	229	7.75%	278	7.75%
	<u>1,160</u>		<u>2,277</u>	

## Coonamble Shire Council

### Notes to the Financial Statements for the year ended 30 June 2016

#### Note 16. Material budget variations

\$ '000

Council's original financial budget for 15/16 was adopted by the Council on 10 June 2015.

While the Income Statement included in this General Purpose Financial Report must disclose the original budget adopted by Council, the *Local Government Act 1993* requires Council to review its financial budget on a quarterly basis, so that it is able to manage the various variations between actuals versus budget that invariably occur throughout the year.

This note sets out the details of **material variations** between Council's original budget and its actual results for the year as per the Income Statement – even though such variations may have been adjusted for during each quarterly budget review.

**Note that for variations\* of budget to actual :**

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

**F** = Favourable budget variation, **U** = Unfavourable budget variation

\$ '000	2016 Budget	2016 Actual	2016 ----- Variance* -----	
<b>REVENUES</b>				
Rates and annual charges	5,825	5,817	(8)	(0%) <b>U</b>
User charges and fees	5,400	5,255	(145)	(3%) <b>U</b>
Interest and investment revenue	552	520	(32)	(6%) <b>U</b>
Other revenues	17	720	703	4135% <b>F</b>
Council does not recognise income from contributions for the Rural Fire Service Levy as part of its budgeting process, as these contributions are forwarded onto the State Government. Plus a change to the classification of some income which has previously been classed as User charges and fees				
Operating grants and contributions	6,361	7,444	1,083	17% <b>F</b>
Council adopted a conservative estimate for grant funding income and was succesful with obtaining additional grant funds throughout the year				
Capital grants and contributions	2,621	1,784	(837)	(32%) <b>U</b>
Council included an estimate for full grant funding for Stage 2 of the Levee Bank to be reconstructed. Council was only succesful in receiving part funding for the project.				

## Coonamble Shire Council

### Notes to the Financial Statements for the year ended 30 June 2016

#### Note 16. Material budget variations (continued)

\$ '000	2016 Budget	2016 Actual	2016 Variance* -----		
<b>EXPENSES</b>					
Employee benefits and on-costs	7,192	6,674	518	7%	F
Borrowing costs	11	10	1	9%	F
Materials and contracts	5,416	4,078	1,338	25%	F
Council was unsuccessful in its application for full funding for the Stage 2 for the Levee bank reconstruction, as such Council operational spend was adjusted					
Depreciation and amortisation	4,799	5,537	(738)	(15%)	U
2015/2016 Estimates were prepared prior to the revaluation of Council assets in which the Depreciation for these assets increased.					
Other expenses	1,189	1,819	(630)	(53%)	U
Council does not include the expense from forwarding on contributions received from other Council for the Rural Fire Service Levy as part of Council Budgeting process. This couples with a more detailed analysis of expenditure previously classed as materials and contracts in the budgeting process					
Net losses from disposal of assets	–	–	–	0%	F
Council does not include the net gain or loss from the Disposal of asset in the budget preparation process due to the uncertainty of market forces					
Joint ventures and associates – net losses	–	4	(4)	0%	U

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

Cash flows from operating activities	6,994	9,933	2,939	42.0%	F
Cash flows from investing activities	(8,407)	(7,600)	807	(9.6%)	F
Cash flows from financing activities	(47)	(49)	(2)	4.3%	U

#### Note 17. Statement of developer contributions

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 year ended 30 June 2016

#### Note 18. Contingencies and other assets/liabilities not recognised

\$ '000

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

#### LIABILITIES NOT RECOGNISED:

##### 1. Guarantees

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

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

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

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

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

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

##### (ii) Statewide Limited

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

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

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

##### (iii) StateCover Limited

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

StateCover is a company providing workers compensation insurance cover to the NSW local government industry and specifically Council.

Council has a contingent liability to contribute further equity in the event of the erosion of the company's capital base as a result of the company's past performance and/or claims experience or as a result of any increased prudential requirements 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 year ended 30 June 2016

#### Note 18. Contingencies and 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.

##### (iii) Potential land acquisitions due to planning restrictions imposed by Council

Council has classified a number of privately owned land parcels as local open space or bushland.

As a result, where notified in writing by the various owners, Council will be required to purchase these land parcels.

At reporting date, reliable estimates as to the value of any potential liability (and subsequent land asset) from such potential acquisitions has not been possible.

##### ASSETS NOT RECOGNISED:

##### (i) Land under roads

As permitted under AASB 1051, Council has elected not to bring to account land under roads that it owned or controlled up to and including 30/6/08.

##### (ii) Infringement notices/fines

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

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

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

Due to the limited information available on the status, value and duration of outstanding notices, Council is unable to determine the value of outstanding income owned or controlled up to and including 30/6/08.

# Coonamble Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2016

### Note 19. Interests in other entities

\$ '000

Council's objectives can and in some cases are best met through the use of separate entities and 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 council's (i) interest and (ii) control and the type (form) of entity/operation, as follows;

#### Controlled entities (subsidiaries)

**Note 19(a)**

Operational arrangements where Council's control (but not necessarily interest) exceeds 50%.

#### Joint ventures and associates

**Note 19(b)**

Joint ventures are operational arrangements where the parties that have joint control have rights to the net assets of the arrangement.

Associates are separate entities where Council has significant influence over the operations (but neither controls nor jointly controls them).

#### Joint operations

**Note 19(c)**

Operational arrangements where the parties that have joint control have rights to specific assets and obligations for specific liabilities relating to the arrangement rather than a right to the net assets of the arrangement.

#### Unconsolidated structured entities

**Note 19(d)**

Unconsolidated structured entities represent "special vehicles" that Council has an interest in but which are not controlled by Council and therefore not consolidated as a subsidiary, joint arrangement or associate. Attributes of structured entities include restricted activities, a narrow and well-defined objective and insufficient equity to finance its activities without financial support.

#### Subsidiaries, joint arrangements and associates not recognised

**Note 19(e)**

#### Accounting recognition:

(i) Subsidiaries disclosed under Note 19(a) and joint operations disclosed at Note 19(c) are accounted for on a 'line by line' consolidation basis within the Income Statement and Statement of Financial Position.

(ii) Joint ventures and associates as per Note 19(b) are accounted for using the equity accounting method and are disclosed as a 1 line entry in both the Income Statement and Statement of Financial Position.

	Council's share of net income		Council's share of net assets	
	Actual 2016	Actual 2015	Actual 2016	Actual 2015
Joint ventures	(4)	(13)	49	53
Associates	—	—	—	—
<b>Total</b>	<b>(4)</b>	<b>(13)</b>	<b>49</b>	<b>53</b>

# Coonamble Shire Council

## Notes to the Financial Statements for the year ended 30 June 2016

### Note 19. Interests in other entities (continued)

\$ '000

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

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

#### (b) Joint ventures and associates

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

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

Name of entity	Nature of relationship	2016	2015
Northern Western Library Service	Joint Venture	49	53
<b>Total carrying amounts – material joint ventures and associates</b>		<b>49</b>	<b>53</b>

##### (b) Details

Name of entity	Principal activity	Place of business
Northern Western Library Service	Provision of Library Services	

##### (c) Relevant interests and fair values

Name of entity	Interest in outputs		Interest in ownership		Proportion of voting power	
	2016	2015	2016	2015	2016	2015
Northern Western Library Service	25%	25%	25%	25%	25%	25%

##### (d) Summarised financial information for joint ventures and associates

	Northern Western Library Service	
	2016	2015
<b>Statement of financial position</b>		
<b>Current assets</b>		
Cash and cash equivalents	6	4
<b>Total current assets</b>	<b>6</b>	<b>4</b>
<b>Non-current assets</b>	<b>191</b>	<b>210</b>
<b>Net assets</b>	<b>197</b>	<b>214</b>
<b>Reconciliation of the carrying amount</b>		
Opening net assets (1 July)	214	266
Profit/(loss) for the period	(17)	(52)
<b>Closing net assets</b>	<b>197</b>	<b>214</b>
<b>Council's share of net assets (%)</b>	<b>25.0%</b>	<b>25.0%</b>
<b>Council's share of net assets (\$)</b>	<b>49</b>	<b>53</b>

# Coonamble Shire Council

## Notes to the Financial Statements for the year ended 30 June 2016

### Note 19. Interests in other entities (continued)

\$ '000

#### (b) Joint ventures and associates (continued)

#### (d) Summarised financial information for joint ventures and associates (continued)

	Northern Western Library Service	
	2016	2015
<b>Statement of comprehensive income</b>		
Income	213	197
Other expenses	(230)	(249)
<b>Profit/(loss) for period</b>	<b>(17)</b>	<b>(52)</b>
<b>Total comprehensive income</b>	<b>(17)</b>	<b>(52)</b>
<b>Share of income – Council (%)</b>	<b>25.0%</b>	<b>25.0%</b>
<b>Profit/(loss) – Council (\$)</b>	<b>(4)</b>	<b>(13)</b>
<b>Total comprehensive income – Council (\$)</b>	<b>(4)</b>	<b>(13)</b>

#### (c) Joint operations

Council has no interest in any joint operations.

#### (d) Unconsolidated structured entities

Council has no unconsolidated structured entities

#### (e) Subsidiaries, joint arrangements and associates not recognised

None.

## Coonamble Shire Council

Notes to the Financial Statements  
for the year ended 30 June 2016

## Note 20. Retained earnings, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors

\$ '000	Notes	Actual 2016	Actual 2015
<b>(a) Retained earnings</b>			
<b>Movements in retained earnings were as follows:</b>			
Balance at beginning of year (from previous years audited accounts)		161,668	158,005
a. Correction of prior period errors	20 (c)	(244)	(244)
b. Net operating result for the year		4,168	3,663
<b>Balance at end of the reporting period</b>		<b>165,592</b>	<b>161,424</b>

**(b) Revaluation reserves****(i) Reserves are represented by:**

– Infrastructure, property, plant and equipment revaluation reserve	126,104	125,356
<b>Total</b>	<b>126,104</b>	<b>125,356</b>

**(ii) Reconciliation of movements in reserves:****Infrastructure, property, plant and equipment revaluation reserve**

– Opening balance	125,356	55,088
– Revaluations for the year	748	70,268
<b>– Balance at end of year</b>	<b>126,104</b>	<b>125,356</b>

**TOTAL VALUE OF RESERVES**

<b>126,104</b>	<b>125,356</b>
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**(iii) Nature and purpose of reserves****Infrastructure, property, plant and equipment revaluation reserve**

- The infrastructure, property, plant and equipment revaluation reserve is used to record increments/decrements of non-current asset values due to their revaluation.

## Coonamble Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2016

## Note 20. Retained earnings, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors (continued)

\$ '000	Notes	Actual 2016	Actual 2015
<b>(c) Correction of error/s relating to a previous reporting period</b>			
<b>Correction of errors disclosed in this year's financial statements:</b>			
The incorrect carrying value was used when calculating the Profit/Loss on sales of Non current assets sold during the 2014/2015 Financial Year		(244)	–
<b>In accordance with AASB 108 – Accounting Policies, Changes in Accounting Estimates and Errors, the above prior period errors have been recognised retrospectively.</b>			
<b>These amounted to the following equity adjustments:</b>			
– Adjustments to opening equity – 1/7/14 (relating to adjustments for the 30/6/14 reporting year end and prior periods)		–	–
– Adjustments to closing equity – 30/6/15 (relating to adjustments for the 30/6/15 year end)		(244)	–
<b>Total prior period adjustments – prior period errors</b>		<b>(244)</b>	<b>–</b>

**(d) Voluntary changes in accounting policies**

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

## Coonamble Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2016

## Note 21. Financial result and financial position by fund

Income Statement by fund \$ '000	Actual 2016	Actual 2016	Actual 2016
<b>Continuing operations</b>	<b>Water</b>	<b>Sewer</b>	<b>General<sup>1</sup></b>
<b>Income from continuing operations</b>			
Rates and annual charges	413	602	4,802
User charges and fees	834	137	4,284
Interest and investment revenue	63	82	375
Other revenues	51	12	657
Grants and contributions provided for operating purposes	13	10	7,421
Grants and contributions provided for capital purposes	–	–	1,784
<b>Total income from continuing operations</b>	<b>1,374</b>	<b>843</b>	<b>20,073</b>
<b>Expenses from continuing operations</b>			
Employee benefits and on-costs	198	167	6,309
Borrowing costs	–	2	8
Materials and contracts	589	145	3,344
Depreciation and amortisation	487	464	4,586
Other expenses	–	–	1,819
Net losses from the disposal of assets	–	–	–
Share of interests in joint ventures and associates using the equity method	–	–	4
<b>Total expenses from continuing operations</b>	<b>1,274</b>	<b>778</b>	<b>16,070</b>
<b>Operating result from continuing operations</b>	<b>100</b>	<b>65</b>	<b>4,003</b>
<b>Discontinued operations</b>			
Net profit/(loss) from discontinued operations	–	–	–
<b>Net operating result for the year</b>	<b>100</b>	<b>65</b>	<b>4,003</b>
<b>Net operating result attributable to each council fund</b>	<b>100</b>	<b>65</b>	<b>4,003</b>
<b>Net operating result attributable to non-controlling interests</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Net operating result for the year before grants and contributions provided for capital purposes</b>	<b>100</b>	<b>65</b>	<b>2,219</b>

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

NB. All amounts disclosed above are gross – that is, they include internal charges and recoveries made between the funds.



## Coonamble Shire Council

Notes to the Financial Statements  
as at 30 June 2016

## Note 21. Financial result and financial position by fund (continued)

Statement of Financial Position by fund \$ '000	Actual 2016	Actual 2016	Actual 2016
<b>ASSETS</b>	<b>Water</b>	<b>Sewer</b>	<b>General<sup>1</sup></b>
<b>Current assets</b>			
Cash and cash equivalents	2,774	5,476	11,183
Investments	–	–	2,500
Receivables	85	30	712
Inventories	–	–	706
Other	–	–	70
Non-current assets classified as 'held for sale'	–	–	–
<b>Total current assets</b>	<b>2,859</b>	<b>5,506</b>	<b>15,171</b>
<b>Non-current assets</b>			
Investments	–	–	–
Receivables	209	54	262
Inventories	–	–	–
Infrastructure, property, plant and equipment	13,925	12,279	244,743
Investments accounted for using the equity method	–	–	49
Investment property	–	–	–
Intangible assets	–	–	–
Other	–	–	–
<b>Total non-current assets</b>	<b>14,134</b>	<b>12,333</b>	<b>245,054</b>
<b>TOTAL ASSETS</b>	<b>16,993</b>	<b>17,839</b>	<b>260,225</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	68	31	1,003
Borrowings	–	9	41
Provisions	–	–	1,922
<b>Total current liabilities</b>	<b>68</b>	<b>40</b>	<b>2,966</b>
<b>Non-current liabilities</b>			
Payables	–	–	–
Borrowings	–	14	165
Provisions	–	–	108
<b>Total non-current liabilities</b>	<b>–</b>	<b>14</b>	<b>273</b>
<b>TOTAL LIABILITIES</b>	<b>68</b>	<b>54</b>	<b>3,239</b>
<b>Net assets</b>	<b>16,925</b>	<b>17,785</b>	<b>256,986</b>
<b>EQUITY</b>			
Retained earnings	13,828	12,430	139,334
Revaluation reserves	3,097	5,355	117,652
<b>Total equity</b>	<b>16,925</b>	<b>17,785</b>	<b>256,986</b>

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

NB. All amounts disclosed above are gross – that is, they include internal receivables and payables between the funds.

## Coonamble Shire Council

### Notes to the Financial Statements for the year ended 30 June 2016

#### Note 22. 'Held for sale' non-current assets and disposal groups

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\$ '000

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Council did not classify any non-current assets or disposal groups as 'held for sale'.

#### Note 23. Events occurring after the reporting date

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Events that occur between the end of the reporting period (30 June 2016) and 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 applicable 'authorised for issue' date relating to these General Purpose Financial Statements.

Accordingly, the 'authorised for issue' date is 31/10/16.

Events that occur after the reporting period represent one of two types:

##### **(i) Events that provide evidence of conditions that existed at the reporting period**

These financial statements (and the figures therein) incorporate all 'adjusting events' that provided evidence of conditions that existed at 30 June 2016.

##### **(ii) Events that provide evidence of conditions that arose after the reporting period**

These financial statements (and figures therein) do not incorporate any 'non-adjusting events' that have occurred after 30 June 2016 and which are only indicative of conditions that arose after 30 June 2016.

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

#### Note 24. Discontinued operations

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

## Coonamble Shire Council

### Notes to the Financial Statements for the year ended 30 June 2016

#### Note 25. Intangible assets

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\$ '000

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Intangible assets represent identifiable non-monetary assets without physical substance.

Council is unaware of any control over intangible assets that warrant recognition in the financial statements, including either internally generated and developed assets or purchased assets.

#### Note 26. Reinstatement, rehabilitation and restoration liabilities

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Council has various garbage centres and transfer stations situated around the community. These all have useful lives, which on being reached will result in Council having to reinstate these areas through restoration and remediation works.

These future liabilities have however, not been brought to account due to;

- the remaining useful lives of these assets being estimated at beyond 20 years and accordingly the effects of discounting the future cash outflows to present values deems the amounts immaterial,
- preliminary estimates of the individual amounts required to undertake the future restoration works do not materially affect either Council's financial results or financial position as at 30/6/16.

Accordingly, no provision amounts have been brought to account in these financial statements for such future reinstatement and restoration costs.

# Coonamble Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2016

### Note 27. Fair value measurement

\$ '000

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

– Infrastructure, property, plant and equipment

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

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

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

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

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

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

fair values.

2016	Fair value measurement hierarchy			Total
	Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	
Recurring fair value measurements				
Infrastructure, property, plant and equipment				
Buildings non-specialised	—	—	2,064	2,064
Buildings specialised	—	—	14,423	14,423
Other structures	—	—	12,240	12,240
Roads	—	—	188,103	188,103
Bridges	—	—	12,820	12,820
Footpaths	—	—	1,608	1,608
Stormwater drainage	—	—	1,540	1,540
Water supply network	—	—	13,925	13,925
Sewerage network	—	—	12,279	12,279
Plant and equipment	—	—	7,747	7,747
Operational land	—	—	2,017	2,017
Community land	—	—	1,532	1,532
Capital Works in Progress	—	—	649	649
Total infrastructure, property, plant and equipment	—	—	270,947	270,947

## Coonamble Shire Council

Notes to the Financial Statements  
for the year ended 30 June 2016

## Note 27. Fair value measurement (continued)

\$ '000

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

2015	Fair value measurement hierarchy			Total
	Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	
Recurring fair value measurements				
Infrastructure, property, plant and equipment				
Buildings non-specialised	—	—	2,119	2,119
Buildings specialised	—	—	14,678	14,678
Other structures	—	—	11,785	11,785
Roads	—	—	187,764	187,764
Bridges	—	—	12,966	12,966
Footpaths	—	—	1,581	1,581
Stormwater drainage	—	—	1,569	1,569
Water supply network	—	—	13,593	13,593
Sewerage network	—	—	12,404	12,404
Plant and equipment	—	—	6,079	6,079
Operational land	—	—	2,097	2,097
Community land	—	—	1,532	1,532
Total infrastructure, property, plant and equipment	—	—	268,167	268,167

**(2) Transfers between level 1 and level 2 fair value hierarchies**

During the year, there were no transfers between level 1 and level 2 fair value hierarchies for recurring fair value measurements.

## Coonamble Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2016

#### Note 27. Fair value measurement (continued)

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\$ '000

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##### (3) Valuation techniques used to derive level 2 and level 3 fair values (continued)

##### Infrastructure, property, plant and equipment

##### Plant and Equipment, Office Equipment and Furniture and Fittings

Plant and Equipment, Office Equipment and Furniture and Fittings are valued at cost but are disclosed at fair value in the notes. The carrying amount of these assets is assumed to approximate fair value due to the nature of the items. Examples of assets within these classes are as follows:

There has been no change to the valuation process during the reporting period.

##### Operational and Community Land

Operational and Community Land are based on either the Land Value provided by the Valuer-General or an where the Valuer-General did not provide a Land Value having regard to the highest and best use for the land. Operational Land is based on the Valuer value as these are representative of the actual market values in the Coonamble Shire LGA. As these rates were not considered to be observable market evidence they have been classified a level 3.

There has been no change to the valuation process during the reporting period.

##### Buildings - Non-Specialised and Specialised

Non-Specialised and Specialised Buildings are valued internally using the Rawlinson's Construction Guide in June 2013 using the cost approach. The approach estimated the replacement cost for each building by componentising the building into significant parts. While all buildings were physically inspected and the unit rates based on square metres from Rawlinson's Construction Guide no market based evidence (Level 2) could not be established. As such these assets were classified as having been valued as Level 3 valuation inputs.

While the costs were current and the impact of depreciation negligible, the building has been classified as Level 3 as they are immaterial in relation to the overall value of the asset type.

There has been no change to the valuation process during the reporting period.

## Coonamble Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2016

#### Note 27. Fair value measurement (continued)

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\$ '000

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##### (3) Valuation techniques used to derive level 2 and level 3 fair values (continued)

##### Infrastructure, property, plant and equipment (continued)

###### Other Structures

Other Structures comprise of Aerodrome runway, lighting, irrigation systems and fencing etc. The cost approach has been utilised whereby replacement cost was estimated for each asset by taking into account a range of factors. No market based evidence (Level 2) could be supported as such these assets were all classified as having been valued using Level 3 valuation inputs.

There has been no change to the valuation process during the reporting period

###### Roads

Roads comprise road carriageway, roadside shoulders and kerb and gutter. The Cost Approach using Level 3 inputs was used to value this asset class. Valuations for this asset class were undertaken by an external valuer, Jeff Roorda and Associates. No market based evidence (Level 2) inputs are available therefore Level 3 valuation inputs were used for this asset class.

Council opted to engage an external valuer for the purpose of revaluing these assets class for the year.

###### Bridges

Bridges were valued externally by Jeff Roorda and Associates with input from Councils engineering department. While all bridges were physically inspected and unit rates based on square metres were used there was no reliable market evidence (Level 2) as other inputs (such as estimates of residual value and pattern of consumption) require extensive professional judgement that impacts significantly on the final determination of fair value.

Council opted to engage an external valuer for the purpose of revaluing these assets class for the year.

## Coonamble Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2016

#### Note 27. Fair value measurement (continued)

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\$ '000

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##### (3) Valuation techniques used to derive level 2 and level 3 fair values (continued)

##### Infrastructure, property, plant and equipment (continued)

###### Footpaths

Footpaths were valued externally by Jeff Roorda and Associates as at the 30th June, 2014 with input from Council staff relating to costings. Footpaths are inspected annually and condition assessed.

Council opted to engage an external valuer for the purpose of revaluing these assets class for the year.

###### Drainage Infrastructure

Assets within this class comprise pits and pipes.

The 'Cost Approach' estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. While the unit rates based on linear metres of certain diameter pipes and prices per pit or similar could be supported from market evidence (Level 2) other inputs (such as estimates of pattern of consumption, residual value, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value. Additionally due to limitations in the historical records of very long lived assets there is uncertainty regarding the actual design, specifications and dimensions of some assets.

Council opted to engage an external valuer for the purpose of revaluing these assets class for the year.

###### Water Supply Network

Assets within this class comprise reservoirs, pumping stations and, water pipelines.

The 'Cost Approach' estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. While the unit rates based on linear metres of certain diameter pipes and prices per pit or similar may be supported from market evidence (Level 2) other inputs (such as estimates of pattern of consumption, residual value, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value. Additionally due to limitations in the historical records of very long lived assets there is uncertainty regarding the actual design, specifications and dimensions of some assets. These assets are indexed each year in line with the NSW Reference Rates Manual as published by the Office of Water.

There has been no change to the valuation process during the reporting period.



## Coonamble Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2016

#### Note 27. Fair value measurement (continued)

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\$ '000

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##### (3) Valuation techniques used to derive level 2 and level 3 fair values (continued)

##### Infrastructure, property, plant and equipment (continued)

###### Sewerage Network

Assets within this class comprise treatment works, pumping stations and, sewerage mains.

The 'Cost Approach' estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. While the unit rates based on linear metres of certain diameter pipes and prices per pit or similar may be supported from market evidence (Level 2) other inputs (such as estimates of pattern of consumption, residual value, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value. Additionally due to limitations in the historical records of very long lived assets there is uncertainty regarding the actual design, specifications and dimensions of some assets. These assets are indexed each year in line with the NSW Reference Rates Manual as published by the Office of Water.

There has been no change to the valuation process during the reporting period.

###### Swimming Pools

Assets within this class comprise Council's outdoor swimming pool. The swimming pool was valued in-house by experienced staff in Council's Health and Development Department using the cost approach. The approach estimated the replacement cost for each pool by componentising its significant parts.

While some elements of gross replacement values may be supported from market evidence (Level 2 input) other inputs (such as estimates of pattern of consumption, residual value, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value.

There has been no change to the valuation process during the reporting period.

###### Other Open Space/Recreational Assets

Assets within this class comprise synthetic and turf surfaces, lighting, playground equipment etc. All assets in Other Structures were valued in-house by experienced engineering staff.

While some elements of gross replacement values may be supported from market evidence (Level 2 input) other inputs (such as estimates of pattern of consumption, residual value, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value.

There has been no change to the valuation process during the reporting period.

## Coonamble Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2016

## Note 27. Fair value measurement (continued)

\$ '000

## (4). Fair value measurements using significant unobservable inputs (level 3)

a. The following tables present the changes in level 3 fair value asset classes.

	Buildings non- specialised	Buildings specialised	Other Structures	Roads Infra- structure	Storm- water drainage	Water supply network	Sewerage network	Plant & Equipment	Operational land	Community land	Total
<b>Opening balance – 1/7/14</b>	2,445	14,745	8,634	133,211	1,359	13,488	12,548	6,599	2,132	1,426	196,587
Purchases (GBV)	–	139	3,322	2,143	–	198	70	616	–	106	6,594
Disposals (WDV)	(216)	–	(28)	–	–	–	–	(110)	(35)	–	(389)
Depreciation and impairment	(110)	(206)	(143)	(2,447)	(28)	(489)	(444)	(1,026)	–	–	(4,893)
FV gains – other comprehensive income	–	–	–	69,404	238	396	230	–	–	–	70,268
<b>Closing balance – 30/6/15</b>	<b>2,119</b>	<b>14,678</b>	<b>11,785</b>	<b>202,311</b>	<b>1,569</b>	<b>13,593</b>	<b>12,404</b>	<b>6,079</b>	<b>2,097</b>	<b>1,532</b>	<b>268,167</b>
Purchases (GBV)	48	81	643	2,684	–	305	105	3,620	–	–	7,486
Disposals (WDV)	–	(157)	–	–	–	–	–	(329)	(80)	–	(566)
Depreciation and impairment	(103)	(179)	(188)	(2,464)	(29)	(487)	(464)	(1,623)	–	–	(5,537)
FV gains – other comprehensive income	–	–	–	–	–	514	234	–	–	–	748
<b>Closing balance – 30/6/16</b>	<b>2,064</b>	<b>14,423</b>	<b>12,240</b>	<b>202,531</b>	<b>1,540</b>	<b>13,925</b>	<b>12,279</b>	<b>7,747</b>	<b>2,017</b>	<b>1,532</b>	<b>270,298</b>

## Coonamble Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2016

#### Note 27. Fair value measurement (continued)

\$ '000

##### (4). Fair value measurements using significant unobservable inputs (level 3) (continued)

##### b. Significant unobservable valuation inputs used (for level 3 asset classes) and their relationship to fair value.

The following table summarises the quantitative information relating to the significant unobservable inputs used in deriving the various level 3 asset class fair values.

Class	Fair value (30/6/16) \$'000	Valuation technique/s	Unobservable inputs
<b>I, PP&amp;E</b>			
Buildings non specialise	2,064		Gross replacement cost, Asset condition, Remaining useful life, Residual
Buildings Specialise	14,423		Gross replacement cost, Asset condition, Remaining useful life, Residual
Buildings Other Structures	12,240		Gross replacement cost, Asset condition, Remaining useful life, Residual
Road Infrastructure	202,531		Gross replacement cost, Asset condition, Remaining useful life, Residual
Stormwater drainage	1,540		Gross replacement cost, Asset condition, Remaining useful life, Residual
Water Supply	13,925		Gross replacement cost, Asset condition, Remaining useful life, Residual
Sewerage network	12,279		Gross replacement cost, Asset condition, Remaining useful life, Residual
Plant & Equipment	7,747		Gross replacement cost, Remaining useful life, Residual value
Operational land	2,017		Land value based on price per square meter
Community land	1,532		Land value based on price per square meter

##### (5). Highest and best use

All of Council's non-financial assets are considered to be utilised for their highest and best use.

## Coonamble Shire Council

### Notes to the Financial Statements for the year ended 30 June 2016

#### Note 28. Council information and contact details

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**Principal place of business:**

80 Castlereagh Street  
Coonamble NSW 2829

**Contact details****Mailing address:**

PO Box 249  
Coonamble NSW 2829

**Opening hours:**

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

**Telephone:** 02 6827 1900

**Facsimile:** 02 6822 1626

**Internet:** <http://www.coonambleshire.nsw.gov.au>

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

**Officers****GENERAL MANAGER**

Rick Warren

**Elected members****MAYOR**

Michael Webb

**RESPONSIBLE ACCOUNTING OFFICER**

Bruce Quarmby

**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 Statement of Financial Position as at 30 June 2016, Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the Statement by Councillors and Management. The financial statements include the consolidated financial statements of the economic entity and the entities it controlled at year end or from time to time during the year.

#### Responsibility of Council for the Financial Statements

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

#### Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. Our audit responsibility does not extend to the original budget information disclosed in the Income Statement, Statement of Cash Flows, and Note 2(a) or the budget variation explanations disclosed in Note 16. Accordingly, no opinion is expressed on these matters.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the financial statements. Our audit did not involve an analysis of the prudence of business decisions made by Council or management.

#### Assurance Partners

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**



**GARY MOTTAU**

Partner

Dated at Sydney this 31st day of October 2016



31 October 2016

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

Mayor,

## Audit Report - Year Ended 30 June 2016

We are pleased to advise completion of the audit of Council's books and records for the year ended 30 June 2016 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 financial statements have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations 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;

## 1. RESULTS FOR THE YEAR

### 1.1 Operating Result

The operating result for the year was a surplus of \$4.168 million as compared with \$3.663 million in the previous year.

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

## Assurance Partners

	2016	% of Total	2015	% of Total	Increase (Decrease)
	\$'000		\$'000		\$'000
<b>Revenues before capital items</b>					
Rates & annual charges	5,817	28%	5,616	31%	201
User charges, fees & other revenues	6,725	33%	6,375	35%	350
Grants & contributions provided for operating purposes	7,444	36%	5,682	31%	1,762
Interest & investment revenue	520	3%	586	3%	(66)
	<b>20,506</b>	<b>100%</b>	<b>18,259</b>	<b>100%</b>	<b>2,247</b>
<b>Expenses</b>					
Employee benefits & costs	6,674	37%	6,655	39%	19
Materials, contracts & other expenses	5,901	33%	5,712	33%	189
Depreciation, amortisation & impairment	5,537	31%	4,893	28%	644
Borrowing costs	10	0%	14	0%	(4)
	<b>18,122</b>	<b>100%</b>	<b>17,274</b>	<b>100%</b>	<b>848</b>
<b>Surplus (Deficit) before capital items</b>	<b>2,384</b>		<b>985</b>		<b>1,399</b>
Grants & contributions provided for capital purposes	1,784		2,678	-	894
<b>Net Surplus (Deficit) for the year</b>	<b>4,168</b>		<b>3,663</b>		<b>505</b>
<b>Performance Measures</b>	<b>2016</b>		<b>2015</b>		
Operating Performance	8.29%		4.95%		
Own Source Operating Revenue	57.16%		59.88%		

The above table shows an overall increase of \$505,000 from the previous year and is mainly attributable to increased transport grants for operations (\$1.591 million).

**Operating Performance** measures the ability to contain operating expenditure within operating revenue excluding capital amounts. For 2016, this indicator was 8.29% and exceeded the benchmark of 0%.

**Own Source Operating Revenue** measures the degree of reliance on external funding sources such as grants and contributions. For 2016, this indicator was 57.16% and was below the benchmark of 60%.



## 1.2 Funding Result

As the operating result only accounts for operating income and expenditure, in reviewing the overall financial performance of Council, it is useful to consider the total source of revenues and how they were applied during the year which is illustrated in the table below.

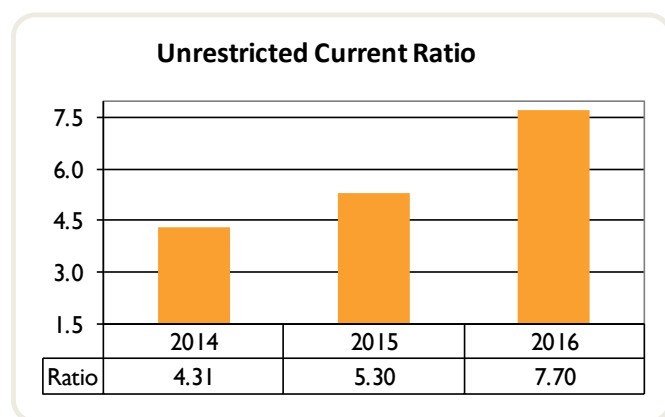
	2016	2015
	\$'000	\$'000
<b>Funds were provided by:-</b>		
<b>Operating Result (as above)</b>	<b>4,168</b>	<b>3,663</b>
Add back non funding items:-		
- Depreciation, amortisation & impairment	5,537	4,893
- Book value of non-current assets sold	566	145
- (Surplus)/Deficit in joint ventures	4	13
	10,275	8,714
Transfers from internal reserves (net)	364	0
Repayments from deferred debtors	30	20
Net Changes in current/non-current assets & liabilities	0	399
	10,669	9,133
<b>Funds were applied to:-</b>		
Purchase and construction of assets	(8,135)	(6,594)
Principal repaid on loans	(49)	(49)
Transfers to externally restricted assets (net)	(2,333)	(26)
Transfers to internal reserves (net)	0	(1,324)
Advances to deferred debtors	0	0
Net Changes in current/non current assets & liabilities	(202)	0
	(10,719)	(7,993)
<b>Increase/(Decrease) in Available Working Capital</b>	<b>(50)</b>	<b>1,140</b>

## 2. FINANCIAL POSITION

### 2.1 Unrestricted Current Ratio

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

After eliminating externally restricted assets and current liabilities not expected to be paid within the next 12 months net current assets amounted to \$10.669 million representing a factor of 7.70 to 1.



## 2.2 Available Working Capital – (Working Funds)

At the close of the year the Available Working Capital of Council stood at \$2.420 million as detailed below;

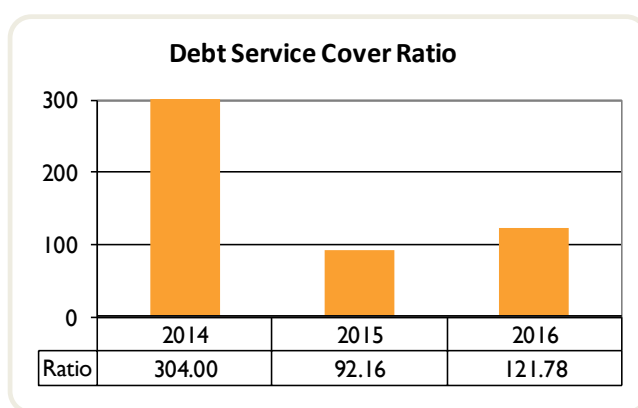
	2016	2015	Change
	\$'000	\$'000	\$'000
<b>Net Current Assets (Working Capital) as per Accounts</b>	<b>20,462</b>	<b>18,500</b>	<b>1,962</b>
<b>Add:</b> Payables & provisions not expected to be realised in the next 12 months included above	953	878	75
Adjusted Net Current Assets	21,415	19,378	2,037
<b>Add:</b> Budgeted & expected to pay in the next 12 months			
- Borrowings	50	49	1
- Employees leave entitlements	625	701	(76)
- Deposits & retention moneys	129	172	(43)
<b>Less:</b> Externally restricted assets	(10,746)	(8,413)	(2,333)
<b>Less:</b> Internally restricted assets	(9,053)	(9,417)	364
<b>Available Working Capital as at 30 June</b>	<b>2,420</b>	<b>2,470</b>	<b>(50)</b>

The balance of Available Working Capital should be at a level to manage Council's day to day operations including the financing of hard core debtors, stores and to provide a buffer against unforeseen and unbudgeted expenditures. Taking into consideration the nature and level of the internally restricted assets (Reserves) set aside to fund future works and services and liabilities, Council's Available Working Capital at year end was satisfactory.

## 2.3 Debt

After repaying principal and interest of \$59,000, total debt as at 30 June 2016 stood at \$229,000 (2015 - \$278,000).

The debt service cover ratio measures the availability of operating cash to service debt repayments. For 2016, the ratio indicated that operating results before capital, interest and depreciation covered payments required to service debt by a factor of 122 to 1.



## 2.4 Summary

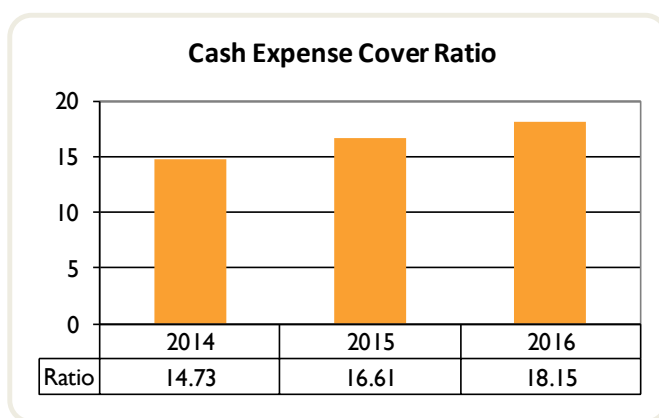
Council's overall financial position, when taking into account the above financial indicators was, in our opinion, satisfactory.

## 3. CASH ASSETS

### 3.1 Cash Expense Cover Ratio

This liquidity ratio indicates the number of months of expenditure requirements that can be met with available cash and term deposit balances without the need for additional cash inflow.

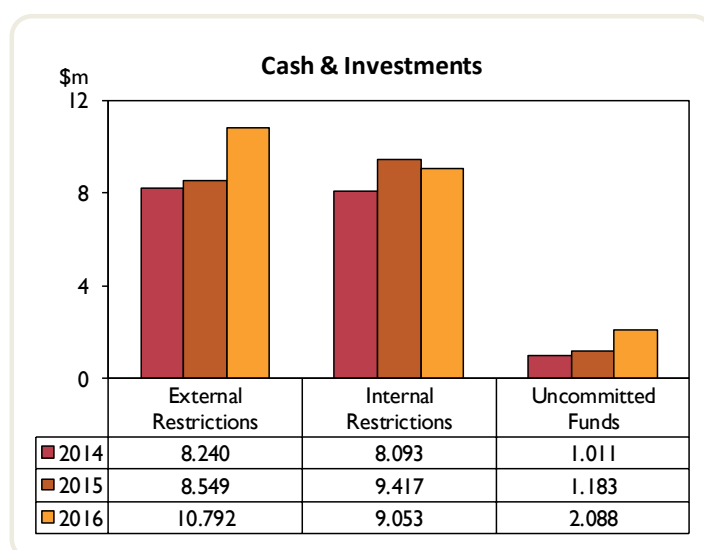
For 2016, this ratio stood at 18.15 months compared to the benchmark of 3.



### 3.2 Cash & Investment Securities

Cash and investments amounted \$21.933 million at 30 June 2016 as compared with \$19.149 million in 2015 and \$17.344 million in 2014.

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



**Externally restricted cash and investments** are restricted in their use by externally imposed requirements and consisted of advances and grants (\$1.914 million), domestic waste management charges (\$628,000) and water and sewerage funds (\$8.250 million).

**Internally restricted cash and investments** have been restricted in their use by resolution or policy of Council to reflect forward plans, identified programs of works, and are, in fact, Council's "Reserves". These Reserves totalled \$9.053 million and their purposes are more fully disclosed in Note 6 of the financial statements.

**Unrestricted cash and investments** amounted to \$2.088 million, which is available to provide liquidity for day to day operations.

## 3.3 Cash Flows

The Statement of Cash Flows illustrates the flow of cash (highly liquid cash and investments) moving in and out of Council during the year and reveals that cash increased by \$2.284 million to \$19.433 million at the close of the year.

In addition to operating activities which contributed net cash of \$9.933 million were the proceeds from the sale of assets (\$1.316 million) and receipt of deferred debts (\$30,000). Cash outflows other than operating activities were used to purchase investments (\$5.5 million), repay borrowings (\$49,000) and to purchase and construct assets (\$8.446 million).

## 4. RECEIVABLES

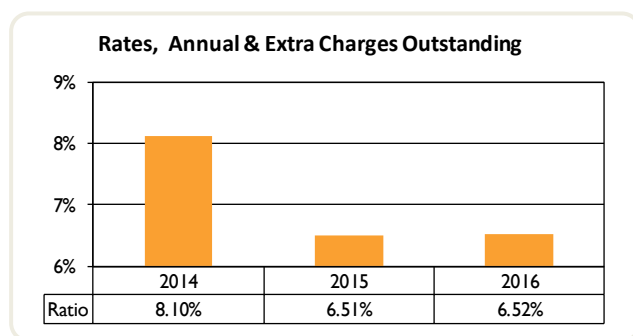
### 4.1 Rates & Annual Charges (excluding interest & extra charges)

Net rates and annual charges levied during the year totalled \$5.817 million and represented 26.10% of Council's total revenues.

Including arrears, the total rates and annual charges collectible was \$6.152 million of which \$5.804 million (94.34%) was collected.

### 4.2 Rates, Annual & Extra Charges

Arrears of rates, annual and extra charges stood at \$408,000 at the end of the year and represented 6.52% of those receivables.



### 4.3 Other Receivables

Receivables (other than rates & annual charges) totalled \$1.035 million and included user charges and fees outstanding (\$857,000). Those considered to be uncertain of collection have been provided for as doubtful debts and this provision amounted to \$91,000.

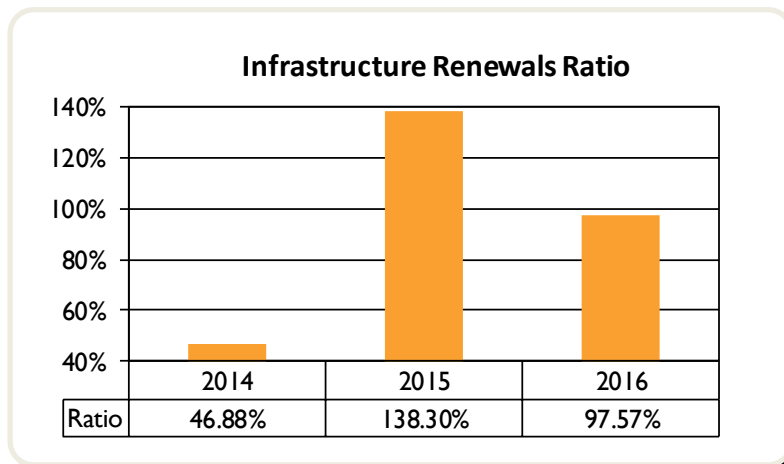
## 5. EMPLOYEES LEAVE ENTITLEMENTS

Council's provision for its liability toward employees leave entitlements and associated on costs amounted to \$2.030 million. Internally restricted cash and investments of \$1.105 million was held representing 54.4% of this liability and was, in our opinion, sufficient to meet unbudgeted and unanticipated retirements.

## 6. INFRASTRUCTURE RENEWALS

The Infrastructure Renewals ratio measures the rate at which these assets are renewed against the rate at which they are depreciating.

Special Schedule No. 7 discloses that asset renewals for 2016 represented 98% of the depreciation charges for these assets. An industry benchmark is considered to be 100%, measured annually over the long term.



## 7. MANAGEMENT LETTER

An audit management letter addressing the findings from our interim audit was issued on 11 July 2016. This included our suggestions on possible ways to strengthen and/or improve procedures and management's response and proposed actions.

## 8. CONCLUSION

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

Yours faithfully,  
**HILL ROGERS**

**GARY MOTTAU**  
Partner

# Coonamble Shire Council

SPECIAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2016

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***“Coonamble on the Castlereagh”***



# Coonamble Shire Council

## Special Purpose Financial Statements

for the year ended 30 June 2016

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### Background

- (i) These Special Purpose Financial Statements have been prepared for the use by both Council and the Office of Local Government in fulfilling their requirements under National Competition Policy.
  - (ii) The principle of competitive neutrality is based on the concept of a 'level playing field' between persons/entities competing in a market place, particularly between private and public sector competitors.  
  
Essentially, the principle is that government businesses, whether Commonwealth, state or local, should operate without net competitive advantages over other businesses as a result of their public ownership.
  - (iii) For Council, the principle of competitive neutrality and public reporting applies only to declared business activities.  
  
These include **(a)** those activities classified by the Australian Bureau of Statistics as business activities being water supply, sewerage services, abattoirs, gas production and reticulation, and **(b)** those activities with a turnover of more than \$2 million that Council has formally declared as a business activity (defined as Category 1 activities).
  - (iv) In preparing these financial statements for Council's self-classified Category 1 businesses and ABS-defined activities, councils must **(a)** adopt a corporatisation model and **(b)** apply full cost attribution including tax-equivalent regime payments and debt guarantee fees (where the business benefits from Council's borrowing position by comparison with commercial rates).
-

## Coonamble Shire Council

### Special Purpose Financial Statements

for the year ended 30 June 2016

### Statement by Councillors and Management

made pursuant to the Local Government Code of Accounting Practice and Financial Reporting

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

- the NSW Government Policy Statement 'Application of National Competition Policy to Local Government',
- the Division of Local Government Guidelines 'Pricing and Costing for Council Businesses – A Guide to Competitive Neutrality',
- the Local Government Code of Accounting Practice and Financial Reporting,
- the NSW Office of Water Best-Practice Management of Water and Sewerage Guidelines.

**To the best of our knowledge and belief, these financial statements:**

- present fairly the operating result and financial position for each of Council's declared business activities for the year, and
- accord with Council's accounting and other records.

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

**Signed in accordance with a resolution of Council made on 13 July 2016.**



Michael Webb  
Mayor



John Walker  
Councillor



Rick Warren  
General manager



Bruce Quaraby  
Responsible accounting officer



## Coonamble Shire Council

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

for the year ended 30 June 2016

\$ '000	Actual 2016	Actual 2015
<b>Income from continuing operations</b>		
Access charges	413	333
User charges	834	622
Fees	—	—
Interest	63	77
Grants and contributions provided for non-capital purposes	13	11
Profit from the sale of assets	—	—
Other income	51	12
<b>Total income from continuing operations</b>	<b>1,374</b>	<b>1,055</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	198	175
Borrowing costs	—	—
Materials and contracts	589	575
Depreciation and impairment	487	489
Water purchase charges	—	—
Loss on sale of assets	—	—
Calculated taxation equivalents	—	—
Debt guarantee fee (if applicable)	—	—
Other expenses	—	—
<b>Total expenses from continuing operations</b>	<b>1,274</b>	<b>1,239</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>100</b>	<b>(184)</b>
Grants and contributions provided for capital purposes	—	—
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>100</b>	<b>(184)</b>
Surplus (deficit) from discontinued operations	—	—
<b>Surplus (deficit) from all operations before tax</b>	<b>100</b>	<b>(184)</b>
Less: corporate taxation equivalent (30%) [based on result before capital]	(30)	—
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>70</b>	<b>(184)</b>
Plus opening retained profits	13,728	13,912
Plus/less: prior period adjustments	—	—
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	—	—
– Debt guarantee fees	—	—
– Corporate taxation equivalent	30	—
Less:		
– Tax equivalent dividend paid	—	—
– Surplus dividend paid	—	—
<b>Closing retained profits</b>	<b>13,828</b>	<b>13,728</b>
<b>Return on capital %</b>	<b>0.7%</b>	<b>-1.4%</b>
<b>Subsidy from Council</b>	<b>202</b>	<b>595</b>
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	70	(184)
Less: capital grants and contributions (excluding developer contributions)	—	—
<b>Surplus for dividend calculation purposes</b>	<b>70</b>	<b>—</b>
<b>Potential dividend calculated from surplus</b>	<b>35</b>	<b>—</b>

## Coonamble Shire Council

## Income Statement of Council's Sewerage Business Activity

for the year ended 30 June 2016

\$ '000	Actual 2016	Actual 2015
<b>Income from continuing operations</b>		
Access charges	602	581
User charges	137	126
Liquid trade waste charges	—	—
Fees	—	—
Interest	82	111
Grants and contributions provided for non-capital purposes	10	11
Profit from the sale of assets	—	—
Other income	12	27
<b>Total income from continuing operations</b>	<b>843</b>	<b>856</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	167	146
Borrowing costs	2	2
Materials and contracts	145	103
Depreciation and impairment	464	491
Loss on sale of assets	—	—
Calculated taxation equivalents	—	—
Debt guarantee fee (if applicable)	—	—
Other expenses	—	—
<b>Total expenses from continuing operations</b>	<b>778</b>	<b>742</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>65</b>	<b>114</b>
Grants and contributions provided for capital purposes	—	—
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>65</b>	<b>114</b>
Surplus (deficit) from discontinued operations	—	—
<b>Surplus (deficit) from all operations before tax</b>	<b>65</b>	<b>114</b>
Less: corporate taxation equivalent (30%) [based on result before capital]	(20)	(34)
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>46</b>	<b>80</b>
Plus opening retained profits	12,365	12,251
Plus/less: prior period adjustments	—	—
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	—	—
– Debt guarantee fees	—	—
– Corporate taxation equivalent	20	34
Less:		
– Tax equivalent dividend paid	—	—
– Surplus dividend paid	—	—
<b>Closing retained profits</b>	<b>12,430</b>	<b>12,365</b>
Return on capital %	0.5%	0.9%
Subsidy from Council	199	259
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	46	80
Less: capital grants and contributions (excluding developer contributions)	—	—
<b>Surplus for dividend calculation purposes</b>	<b>46</b>	<b>80</b>
<b>Potential dividend calculated from surplus</b>	<b>23</b>	<b>40</b>

## Coonamble Shire Council

## Income Statement of Council's Other Business Activities

for the year ended 30 June 2016

Quarry

Category 2

\$ '000	Category 2	
	Actual 2016	Actual 2015
<b>Income from continuing operations</b>		
Access charges	—	—
User charges	2,223	2,268
Fees	—	—
Interest	—	—
Grants and contributions provided for non-capital purposes	—	—
Profit from the sale of assets	—	—
Other income	—	—
<b>Total income from continuing operations</b>	<b>2,223</b>	<b>2,268</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	462	479
Borrowing costs	—	—
Materials and contracts	1,167	1,050
Depreciation and impairment	110	101
Loss on sale of assets	—	—
Calculated taxation equivalents	—	—
Debt guarantee fee (if applicable)	—	—
Other expenses	—	—
<b>Total expenses from continuing operations</b>	<b>1,739</b>	<b>1,630</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>484</b>	<b>638</b>
Grants and contributions provided for capital purposes	—	—
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>484</b>	<b>638</b>
Surplus (deficit) from discontinued operations	—	—
<b>Surplus (deficit) from all operations before tax</b>	<b>484</b>	<b>638</b>
Less: corporate taxation equivalent (30%) [based on result before capital]	(145)	(191)
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>339</b>	<b>447</b>
<b>Plus opening retained profits</b>	4,289	3,651
<b>Plus/less: prior period adjustments</b>	—	—
<b>Plus adjustments for amounts unpaid:</b>		
– Taxation equivalent payments	—	—
– Debt guarantee fees	—	—
– Corporate taxation equivalent	145	191
<b>Add:</b>		
– Subsidy paid/contribution to operations	—	—
<b>Less:</b>		
– TER dividend paid	—	—
– Dividend paid	—	—
<b>Closing retained profits</b>	<b>4,773</b>	<b>4,289</b>
<b>Return on capital %</b>	<b>19.0%</b>	<b>26.7%</b>
<b>Subsidy from Council</b>	<b>—</b>	<b>147</b>

## Coonamble Shire Council

Statement of Financial Position – Council's Water Supply Business Activity  
as at 30 June 2016

\$ '000	Actual 2016	Actual 2015
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	2,774	2,529
Investments	–	–
Receivables	85	119
Inventories	–	–
Other	–	–
Non-current assets classified as held for sale	–	–
<b>Total current assets</b>	<b>2,859</b>	<b>2,648</b>
<b>Non-current assets</b>		
Investments	–	–
Receivables	209	131
Inventories	–	–
Infrastructure, property, plant and equipment	13,925	13,594
Investments accounted for using equity method	–	–
Investment property	–	–
Intangible assets	–	–
Other	–	–
<b>Total non-current assets</b>	<b>14,134</b>	<b>13,725</b>
<b>TOTAL ASSETS</b>	<b>16,993</b>	<b>16,373</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Bank overdraft	–	–
Payables	68	61
Borrowings	–	–
Provisions	–	–
<b>Total current liabilities</b>	<b>68</b>	<b>61</b>
<b>Non-current liabilities</b>		
Payables	–	–
Borrowings	–	–
Provisions	–	–
<b>Total non-current liabilities</b>	<b>–</b>	<b>–</b>
<b>TOTAL LIABILITIES</b>	<b>68</b>	<b>61</b>
<b>NET ASSETS</b>	<b>16,925</b>	<b>16,312</b>
<b>EQUITY</b>		
Retained earnings	13,828	13,728
Revaluation reserves	3,097	2,584
Council equity interest	16,925	16,312
Non-controlling equity interest	–	–
<b>TOTAL EQUITY</b>	<b>16,925</b>	<b>16,312</b>

## Coonamble Shire Council

## Statement of Financial Position – Council's Sewerage Business Activity

as at 30 June 2016

\$ '000	Actual 2016	Actual 2015
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	5,476	5,027
Investments	–	–
Receivables	30	61
Inventories	–	–
Other	–	–
Non-current assets classified as held for sale	–	–
<b>Total Current Assets</b>	<b>5,506</b>	<b>5,088</b>
<b>Non-current assets</b>		
Investments	–	–
Receivables	54	51
Inventories	–	–
Infrastructure, property, plant and equipment	12,279	12,404
Investments accounted for using equity method	–	–
Investment property	–	–
Intangible assets	–	–
Other	–	–
<b>Total non-current assets</b>	<b>12,333</b>	<b>12,455</b>
<b>TOTAL ASSETS</b>	<b>17,839</b>	<b>17,543</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Bank overdraft	–	–
Payables	31	26
Borrowings	9	9
Provisions	–	–
<b>Total current liabilities</b>	<b>40</b>	<b>35</b>
<b>Non-current liabilities</b>		
Payables	–	–
Borrowings	14	23
Provisions	–	–
<b>Total non-current liabilities</b>	<b>14</b>	<b>23</b>
<b>TOTAL LIABILITIES</b>	<b>54</b>	<b>58</b>
<b>NET ASSETS</b>	<b>17,785</b>	<b>17,485</b>
<b>EQUITY</b>		
Retained earnings	12,430	12,365
Revaluation reserves	5,355	5,120
Council equity interest	17,785	17,485
Non-controlling equity interest	–	–
<b>TOTAL EQUITY</b>	<b>17,785</b>	<b>17,485</b>

## Coonamble Shire Council

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

as at 30 June 2016

Quarry

Category 2

\$ '000	Actual 2016	Actual 2015
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	3,075	2,445
Investments	–	–
Receivables	87	202
Inventories	143	345
Other	–	–
Non-current assets classified as held for sale	–	–
<b>Total Current Assets</b>	<b>3,305</b>	<b>2,992</b>
<b>Non-current assets</b>		
Infrastructure, property, plant and equipment	2,546	2,388
<b>Total non-current assets</b>	<b>2,546</b>	<b>2,388</b>
<b>TOTAL ASSETS</b>	<b>5,851</b>	<b>5,380</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Bank overdraft	–	–
Payables	–	13
Borrowings	–	–
Provisions	–	–
<b>Total current liabilities</b>	<b>–</b>	<b>13</b>
<b>Non-current liabilities</b>		
Payables	–	–
Borrowings	–	–
Provisions	–	–
Other Liabilities	–	–
<b>Total non-current liabilities</b>	<b>–</b>	<b>–</b>
<b>TOTAL LIABILITIES</b>	<b>–</b>	<b>13</b>
<b>NET ASSETS</b>	<b>5,851</b>	<b>5,367</b>
<b>EQUITY</b>		
Retained earnings	4,773	4,289
Revaluation reserves	1,078	1,078
Council equity interest	5,851	5,367
Non-controlling equity interest	–	–
<b>TOTAL EQUITY</b>	<b>5,851</b>	<b>5,367</b>

## Coonamble Shire Council

### Special Purpose Financial Statements

for the year ended 30 June 2016

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

Note	Details	Page
1	Summary of significant accounting policies	10
2	Water Supply Business Best-Practice Management disclosure requirements	13
3	Sewerage Business Best-Practice Management disclosure requirements	15

## Coonamble Shire Council

### Notes to the Special Purpose Financial Statements for the year ended 30 June 2016

#### Note 1. Significant accounting policies

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

For the purposes of these statements, the Council is not a reporting not-for-profit entity.

The figures presented in the SPFS, unless otherwise stated, have been prepared in accordance with:

- the recognition and measurement criteria of relevant Australian Accounting Standards,
- other authoritative pronouncements of the Australian Accounting Standards Board (AASB), and
- Australian Accounting Interpretations.

The disclosures in the SPFS have been prepared in accordance with:

- the Local Government Act (1993) NSW,
- the Local Government (General) Regulation, and
- the Local Government Code of Accounting Practice and Financial Reporting.

The statements are also prepared on an accruals basis, 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, *Application of National Competition Policy to Local Government*.

The *Pricing and Costing for Council Businesses, A Guide to Competitive Neutrality*, issued by the Office of Local Government in July 1997, has also been adopted.

The pricing and costing guidelines outline the process for identifying and allocating costs to activities and provide standards for disclosure. 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 and Costing for Council Businesses – A Guide to Competitive Neutrality*, Council has declared that the following are to be considered as business activities:

##### Category 1

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

*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 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 Primary Industries) the amounts shown in Note 2 and Note 3 are disclosed in whole dollars.



## Coonamble Shire Council

### Notes to the Special Purpose Financial Statements for the year ended 30 June 2016

#### 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 **\$482,000** of combined land values attracts **0%**. For that valued from \$482,001 to \$2,947,000 the rate is **1.6% + \$100**. For the remaining combined land value that exceeds \$2,947,000, a premium marginal rate of **2.0%** applies.

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

In accordance with the Best-Practice Management of Water Supply and Sewerage Guidelines, 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 Guidelines to as a 'dividend for taxation equivalent', may be applied for any purpose allowed under the *Local Government Act, 1993*.

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

##### Income tax

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

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

Accordingly, the return on capital invested is set at a pre-tax level (gain or 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 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 General Purpose Financial Statements.

The 30% rate applied 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 and charges

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

##### Loan and debt guarantee fees

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

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

## Coonamble Shire Council

### Notes to the Special Purpose Financial Statements for the year ended 30 June 2016

#### 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 when Council provides services on a less-than-cost-recovery basis. This option is exercised on a range of services in order for Council to meet its community service obligations.

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

The overall effect of subsidies is contained within the Income Statement of each reported business activity.

##### (iii) Return on investments (rate of return)

The 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 2.17% at 30/6/16.

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 of Water Supply and Sewerage 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 2016 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

In accordance with the Best-Practice Management of Water Supply and Sewerage Guidelines, 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 the payment.

## Coonamble Shire Council

Notes to the Special Purpose Financial Statements  
for the year ended 30 June 2016Note 2. Water supply business  
best-practice management disclosure requirements

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

2016

## 1. Calculation and payment of tax-equivalents

[all local government local water utilities must pay this dividend for tax equivalents]

(i)	Calculated tax equivalents	<input type="text" value="–"/>
(ii)	Number of assessments multiplied by \$3/assessment	<input type="text" value="–"/>
(iii)	Amounts payable for tax equivalents [lesser of (i) and (ii)]	<input type="text" value="–"/>
(iv)	Amounts actually paid for tax equivalents	<input type="text" value="–"/>

## 2. Dividend from surplus

(i)	50% of surplus before dividends [calculated in accordance with Best-Practice Management for Water Supply and Sewerage Guidelines]	<input type="text" value="35,000"/>
(ii)	Number of assessments multiplied by \$30/assessment, less tax equivalent charges/assessment	<input type="text" value="–"/>
(iii)	Cumulative surplus before dividends for the 3 years to 30 June 2016, less the cumulative dividends paid for the 2 years to 30 June 2015 and 30 June 2014	<input type="text" value="(222,000)"/>

2016 Surplus	<input type="text" value="70,000"/>	2015 Surplus	<input type="text" value="(184,000)"/>	2014 Surplus	<input type="text" value="(108,000)"/>
		2015 Dividend	<input type="text" value="–"/>	2014 Dividend	<input type="text" value="–"/>

(iv)	Maximum dividend from surplus [least of (i), (ii) and (iii) above]	<input type="text" value="n/a"/>
(v)	Dividend actually paid from surplus [refer below for required pre-dividend payment criteria]	<input type="text" value="–"/>
(vi)	Are the overhead reallocation charges to the water business fair and reasonable? <sup>a</sup>	<input type="text" value="YES"/>

## 3. Required outcomes for 6 criteria

[to be eligible for the payment of a 'dividend from surplus', all the criteria below need a 'YES']

(i)	Completion of strategic business plan (including financial plan)	<input type="text"/>
(ii)	Full cost recovery, without significant cross subsidies [refer item 2 (a) in table 1 on page 22 of the Best-Practice Guidelines]	<input type="text"/>
	– Complying charges [item 2 (b) in table 1]	<input type="text"/>
	– DSP with commercial developer charges [item 2 (e) in table 1]	<input type="text"/>
	– If dual water supplies, complying charges [item 2 (g) in table 1]	<input type="text"/>
(iii)	Sound water conservation and demand management implemented	<input type="text"/>
(iv)	Sound drought management implemented	<input type="text"/>
(v)	Complete performance reporting form (by 15 September each year)	<input type="text"/>
(vi)	a. Integrated water cycle management evaluation	<input type="text"/>
	b. Complete and implement integrated water cycle management strategy	<input type="text"/>

## Coonamble Shire Council

Notes to the Special Purpose Financial Statements  
for the year ended 30 June 2016Note 2. Water supply business  
best-practice management disclosure requirements (continued)

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

2016

## National Water Initiative (NWI) financial performance indicators

<b>NWI F1</b>	Total revenue (water) Total income (w13) – grants for the acquisition of assets (w11a) – interest income (w9) – Aboriginal Communities W&S Program income (w10a)	\$'000	1,319
<b>NWI F4</b>	Revenue from residential usage charges (water) Income from residential usage charges (w6b) x 100 divided by the sum of [income from residential usage charges (w6a) + income from residential access charges (w6b)]	%	66.88%
<b>NWI F9</b>	Written down replacement cost of fixed assets (water) Written down current cost of system assets (w47)	\$'000	13,925
<b>NWI F11</b>	Operating cost (OMA) (water) Management expenses (w1) + operational and maintenance expenses (w2)	\$'000	734
<b>NWI F14</b>	Capital expenditure (water) Acquisition of fixed assets (w16)	\$'000	305
<b>NWI F17</b>	Economic real rate of return (water) [total income (w13) – interest income (w9) – grants for acquisition of assets (w11a) – operating costs (NWI F11) – current cost depreciation (w3)] x 100 divided by [written down current cost of system assets (w47) + plant and equipment (w33b)]	%	0.70%
<b>NWI F26</b>	Capital works grants (water) Grants for the acquisition of assets (w11a)	\$'000	–

- Notes:
- References to w (e.g. w12) refer to item numbers within Special Schedules 3 and 4 of Council's Annual Financial Statements.
  - The NWI performance indicators are based upon the National Performance Framework Handbook for Urban Performance Reporting Indicators and Definitions.
- a refer to 3.2 (2) on page 15 of the Best-Practice Management of Water Supply and Sewerage Guidelines, 2007

## Coonamble Shire Council

Notes to the Special Purpose Financial Statements  
for the year ended 30 June 2016Note 3. Sewerage business  
best-practice management disclosure requirements

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

2016

## 1. Calculation and payment of tax-equivalents

[all local government local water utilities must pay this dividend for tax equivalents]

(i)	Calculated tax equivalents	<input type="text" value="–"/>
(ii)	Number of assessments multiplied by \$3/assessment	<input type="text" value="–"/>
(iii)	Amounts payable for tax equivalents [lesser of (i) and (ii)]	<input type="text" value="–"/>
(iv)	Amounts actually paid for tax equivalents	<input type="text" value="–"/>

## 2. Dividend from surplus

(i)	50% of surplus before dividends [calculated in accordance with Best-Practice Management for Water Supply and Sewerage Guidelines]	<input type="text" value="22,750"/>
(ii)	Number of assessments x (\$30 less tax equivalent charges per assessment)	<input type="text" value="–"/>
(iii)	Cumulative surplus before dividends for the 3 years to 30 June 2016, less the cumulative dividends paid for the 2 years to 30 June 2015 and 30 June 2014	<input type="text" value="160,300"/>

2016 Surplus	<input type="text" value="45,500"/>	2015 Surplus	<input type="text" value="79,800"/>	2014 Surplus	<input type="text" value="35,000"/>
		2015 Dividend	<input type="text" value="–"/>	2014 Dividend	<input type="text" value="–"/>

(iv)	Maximum dividend from surplus [least of (i), (ii) and (iii) above]	<input type="text" value="–"/>
(v)	Dividend actually paid from surplus [refer below for required pre-dividend payment criteria]	<input type="text" value="–"/>
(vi)	Are the overhead reallocation charges to the sewer business fair and reasonable? <sup>a</sup>	<input type="text" value="YES"/>

## 3. Required outcomes for 4 criteria

[to be eligible for the payment of a 'dividend from surplus', all the criteria below need a 'YES']

(i)	Completion of strategic business plan (including financial plan)	<input type="text"/>
(ii)	Pricing with full cost-recovery, without significant cross subsidies [refer item 2 (a) in table 1 on page 22 of the Best-Practice Guidelines]	<input type="text"/>
	Complying charges	
	(a) Residential [item 2 (c) in table 1]	<input type="text"/>
	(b) Non-residential [item 2 (c) in table 1]	<input type="text"/>
	(c) Trade waste [item 2 (d) in table 1]	<input type="text"/>
	DSP with commercial developer charges [item 2 (e) in table 1]	<input type="text"/>
	Liquid trade waste approvals and policy [item 2 (f) in table 1]	<input type="text"/>
(iii)	Complete performance reporting form (by 15 September each year)	<input type="text"/>
(iv)	a. Integrated water cycle management evaluation	<input type="text"/>
	b. Complete and implement integrated water cycle management strategy	<input type="text"/>

## Coonamble Shire Council

Notes to the Special Purpose Financial Statements  
for the year ended 30 June 2016Note 3. Sewerage business  
best-practice management disclosure requirements (continued)

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

2016

## National Water Initiative (NWI) financial performance indicators

NWI F2	Total revenue (sewerage) Total income (s14) – grants for acquisition of assets (s12a) – interest income (s10) – Aboriginal Communities W&S Program income (w10a)	\$'000	761
NWI F10	Written down replacement cost of fixed assets (sewerage) Written down current cost of system assets (s48)	\$'000	12,279
NWI F12	Operating cost (sewerage) Management expenses (s1) + operational and maintenance expenses (s2)	\$'000	303
NWI F15	Capital expenditure (sewerage) Acquisition of fixed assets (s17)	\$'000	105
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 (i.e. WDCC) of system assets (s48) + plant and equipment (s34b)]	%	-0.05%
NWI F27	Capital works grants (sewerage) Grants for the acquisition of assets (12a)	\$'000	–

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

NWI F3	Total income (water and 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	2,080
NWI F8	Revenue from community service obligations (water and sewerage) Community service obligations (NWI F25) x 100 divided by total income (NWI F3)	%	1.11%
NWI F16	Capital expenditure (water and sewerage) Acquisition of fixed assets (w16 + s17)	\$'000	410
NWI F19	Economic real rate of return (water and 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 and equipment (w33b + s34b)]	%	0.35%
NWI F20	Dividend (water and sewerage) Dividend paid from surplus (2 (v) of Note 2 + 2 (v) of Note 3)	\$'000	–
NWI F21	Dividend payout ratio (water and 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 year ended 30 June 2016Note 3. Sewerage business  
best-practice management disclosure requirements (continued)

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

2016

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

<b>NWI F22</b>	Net debt to equity (water and sewerage) Overdraft (w36 + s37) + borrowings (w38 + s39) – cash and investments (w30 + s31) x 100 divided by [total assets (w35 + s36) – total liabilities (w40 + s41)]	%	-23.70%
<b>NWI F23</b>	Interest cover (water and sewerage) Earnings before interest and tax (EBIT) divided by net interest  Earnings before interest and tax (EBIT): 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: Interest expense (w4a + s4a) – interest income (w9 + s10)		> 100
<b>NWI F24</b>	Net profit after tax (water and sewerage) Surplus before dividends (w15a + s16a) – tax equivalents paid (Note 2-1 (iv) + Note 3-1 (iv))	\$'000	165
<b>NWI F25</b>	Community service obligations (water and sewerage) Grants for pensioner rebates (w11b + s12b)	\$'000	23

- Notes:
- References to w (eg. s12) refer to item numbers within Special Schedules 5 and 6 of Council's Annual Financial Statements.
  - The NWI performance indicators are based upon the National Performance Framework Handbook for Urban Performance Reporting Indicators and Definitions.
    - refer to 3.2 (2) on page 15 of the Best-Practice Management of Water Supply and Sewerage Guidelines, 2007





## COONAMBLE SHIRE COUNCIL

### SPECIAL PURPOSE FINANCIAL STATEMENTS

### INDEPENDENT AUDITORS' REPORT

#### REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying special purpose financial statements of Coonamble Shire Council, which comprises the Statement of Financial Position as at 30 June 2016, Income Statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the Statement by Councillors and Management.

#### Responsibility of Council for the Financial Statements

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

#### Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. Our audit responsibility does not extend to the best practice management disclosures in Notes 2 and 3 and, accordingly, no opinion is expressed on these disclosures.

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

Our audit did not involve an analysis of the prudence of business decisions made by Council or management.

#### Assurance Partners



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

### **Independence**

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

### **Auditor's Opinion**

In our opinion, the special purpose financial statements of the Council are presented fairly in accordance with the requirements of those applicable Accounting Standards detailed in Note 1 and the Local Government Code of Accounting Practice and Financial Reporting.

### **Basis of Accounting**

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

### **HILL ROGERS**



**GARY MOTTAU**

Partner

Dated at Sydney this 31st day of October 2016

# Coonamble Shire Council

SPECIAL SCHEDULES  
for the year ended 30 June 2016

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***“Coonamble on the Castlereagh”***



# Coonamble Shire Council

## Special Schedules for the year ended 30 June 2016

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<sup>1</sup> Special Schedules are not audited (with the exception of Special Schedule 8).

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#### Background

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

## Coonamble Shire Council

# Special Schedule 1 – Net Cost of Services

for the year ended 30 June 2016

\$'000

Function or activity	Expenses from continuing operations	Income from continuing operations		Net cost of services
		Non-capital	Capital	
<b>Governance</b>	<b>179</b>	–	–	<b>(179)</b>
<b>Administration</b>	<b>4,789</b>	<b>998</b>	–	<b>(3,791)</b>
<b>Public order and safety</b>				
Fire service levy, fire protection, emergency services	584	434	–	<b>(150)</b>
Beach control	–	–	–	–
Enforcement of local government regulations	–	–	–	–
Animal control	119	34	–	<b>(85)</b>
Other	42	–	–	<b>(42)</b>
<b>Total public order and safety</b>	<b>745</b>	<b>468</b>	–	<b>(277)</b>
<b>Health</b>	<b>40</b>	<b>9</b>	–	<b>(31)</b>
<b>Environment</b>				
Noxious plants and insect/vermin control	100	–	–	<b>(100)</b>
Other environmental protection	89	125	1,364	<b>1,400</b>
Solid waste management	377	462	–	<b>85</b>
Street cleaning	184	–	–	<b>(184)</b>
Drainage	–	–	–	–
Stormwater management	35	–	–	<b>(35)</b>
<b>Total environment</b>	<b>785</b>	<b>587</b>	<b>1,364</b>	<b>1,166</b>
<b>Community services and education</b>				
Administration and education	3	–	–	<b>(3)</b>
Social protection (welfare)	52	90	–	<b>38</b>
Aged persons and disabled	11	–	–	<b>(11)</b>
Children's services	51	35	–	<b>(16)</b>
<b>Total community services and education</b>	<b>117</b>	<b>125</b>	–	<b>8</b>
<b>Housing and community amenities</b>				
Public cemeteries	70	49	–	<b>(21)</b>
Public conveniences	25	–	–	<b>(25)</b>
Street lighting	81	36	–	<b>(45)</b>
Town planning	5	31	–	<b>26</b>
Other community amenities	131	54	–	<b>(77)</b>
<b>Total housing and community amenities</b>	<b>312</b>	<b>170</b>	–	<b>(142)</b>
<b>Water supplies</b>	<b>1,203</b>	<b>997</b>	–	<b>(206)</b>
<b>Sewerage services</b>	<b>646</b>	<b>824</b>	–	<b>178</b>

## Coonamble Shire Council

# Special Schedule 1 – Net Cost of Services (continued)

for the year ended 30 June 2016

\$'000

Function or activity	Expenses from continuing operations	Income from continuing operations		Net cost of services
		Non-capital	Capital	
<b>Recreation and culture</b>				
Public libraries	222	32	74	(116)
Museums	18	3	—	(15)
Art galleries	—	—	—	—
Community centres and halls	31	—	7	(24)
Performing arts venues	—	—	—	—
Other performing arts	—	—	—	—
Other cultural services	27	—	—	(27)
Sporting grounds and venues	214	5	—	(209)
Swimming pools	483	31	—	(452)
Parks and gardens (lakes)	277	1	—	(276)
Other sport and recreation	159	10	—	(149)
<b>Total recreation and culture</b>	<b>1,431</b>	<b>82</b>	<b>81</b>	<b>(1,268)</b>
<b>Fuel and energy</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Agriculture</b>	<b>43</b>	<b>59</b>	<b>—</b>	<b>16</b>
<b>Mining, manufacturing and construction</b>				
Building control	1	23	—	22
Other mining, manufacturing and construction	1,576	1,040	—	(536)
<b>Total mining, manufacturing and const.</b>	<b>1,577</b>	<b>1,063</b>	<b>—</b>	<b>(514)</b>
<b>Transport and communication</b>				
Urban roads (UR) – local	1,030	—	339	(691)
Urban roads – regional	—	—	—	—
Sealed rural roads (SRR) – local	837	—	—	(837)
Sealed rural roads (SRR) – regional	21	1,843	—	1,822
Unsealed rural roads (URR) – local	1,512	—	—	(1,512)
Unsealed rural roads (URR) – regional	81	1,652	—	1,571
Bridges on UR – local	—	—	—	—
Bridges on SRR – local	92	—	—	(92)
Bridges on URR – local	—	—	—	—
Bridges on regional roads	130	—	—	(130)
Parking areas	—	—	—	—
Footpaths	151	12	—	(139)
Aerodromes	151	8	—	(143)
Other transport and communication	1,720	2,796	—	1,076
<b>Total transport and communication</b>	<b>5,725</b>	<b>6,311</b>	<b>339</b>	<b>925</b>
<b>Economic affairs</b>				
Camping areas and caravan parks	10	6	—	(4)
Other economic affairs	516	444	—	(72)
<b>Total economic affairs</b>	<b>526</b>	<b>450</b>	<b>—</b>	<b>(76)</b>
<b>Totals – functions</b>	<b>18,118</b>	<b>12,143</b>	<b>1,784</b>	<b>(4,191)</b>
<b>General purpose revenues <sup>(1)</sup></b>		<b>8,363</b>		<b>8,363</b>
<b>Share of interests – joint ventures and associates using the equity method</b>	<b>4</b>	<b>—</b>		<b>(4)</b>
<b>NET OPERATING RESULT <sup>(2)</sup></b>	<b>18,122</b>	<b>20,506</b>	<b>1,784</b>	<b>4,168</b>

(1) Includes: rates and annual charges (including ex gratia, excluding water and sewer), non-capital general purpose grants, interest on investments (excluding externally restricted assets) and interest on overdue rates and annual charges (2) As reported in the Income Statement

## Coonamble Shire Council

## Special Schedule 2(a) – Statement of Long Term Debt (all purpose)

for the year ended 30 June 2016

\$'000

Classification of debt	Principal outstanding at beginning of the year			New loans raised during the year	Debt redemption during the year		Transfers to sinking funds	Interest applicable for year	Principal outstanding at the end of the year		
	Current	Non-current	Total		From revenue	Sinking funds			Current	Non-current	Total
<b>Loans (by source)</b>											
Other state government	41	207	<b>248</b>	–	41	–	–	8	41	166	<b>207</b>
Financial institutions	8	22	<b>30</b>	–	8	–	–	2	9	13	<b>22</b>
<b>Total loans</b>	<b>49</b>	<b>229</b>	<b>278</b>	–	<b>49</b>	–	–	<b>10</b>	<b>50</b>	<b>179</b>	<b>229</b>
<b>Total debt</b>	<b>49</b>	<b>229</b>	<b>278</b>	–	<b>49</b>	–	–	<b>10</b>	<b>50</b>	<b>179</b>	<b>229</b>

Notes: excludes (i) internal loans and (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 2(b) – Statement of Internal Loans** [Section 410(3) of the *Local Government Act* 1993]  
for the year ended 30 June 2016

\$'000

## Summary of internal loans

Borrower (by purpose)	Amount originally raised	Total repaid during the year (principal and interest)	Principal outstanding at end of year
General	1,600	281	-
<b>Totals</b>	<b>1,600</b>	<b>281</b>	<b>-</b>

Note: the summary of internal loans (above) represents the total of Council's internal loans categorised according to the borrower.

## Details of individual internal loans

Borrower (by purpose)	Lender (by purpose)	Date of minister's approval	Date raised	Term (years)	Dates of maturity	Rate of interest	Amount originally raised	Total repaid during year (princ. and int.)	Principal outstanding at end of year
General	Coonabmle Sewer Fund	05/02/09	30/06/09	7	30/06/16	6.00%	1,600	281	-
<b>Totals</b>							<b>1,600</b>	<b>281</b>	<b>-</b>

## Coonamble Shire Council

## Special Schedule 3 – Water Supply Income Statement

Includes all internal transactions, i.e. prepared on a gross basis  
for the year ended 30 June 2016

\$'000	Actuals 2016	Actuals 2015
<b>A Expenses and income</b> <b>Expenses</b>		
<b>1. Management expenses</b>		
a. Administration	–	–
b. Engineering and supervision	–	–
<b>2. Operation and maintenance expenses</b>		
– dams and weirs		
a. Operation expenses	–	–
b. Maintenance expenses	–	–
– Mains		
c. Operation expenses	–	–
d. Maintenance expenses	99	52
– Reservoirs		
e. Operation expenses	–	–
f. Maintenance expenses	31	36
– Pumping stations		
g. Operation expenses (excluding energy costs)	–	–
h. Energy costs	109	109
i. Maintenance expenses	37	51
– Treatment		
j. Operation expenses (excluding chemical costs)	88	56
k. Chemical costs	237	235
l. Maintenance expenses	55	88
– Other		
m. Operation expenses	78	96
n. Maintenance expenses	–	–
o. Purchase of water	–	–
<b>3. Depreciation expenses</b>		
a. System assets	487	489
b. Plant and equipment	–	–
<b>4. Miscellaneous expenses</b>		
a. Interest expenses	–	–
b. Revaluation decrements	–	–
c. Other expenses	53	28
d. Impairment – system assets	–	–
e. Impairment – plant and equipment	–	–
f. Aboriginal Communities Water and Sewerage Program	–	–
g. Tax equivalents dividends (actually paid)	–	–
<b>5. Total expenses</b>	<b>1,274</b>	<b>1,240</b>



## Coonamble Shire Council

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

Includes all internal transactions, i.e. prepared on a gross basis  
for the year ended 30 June 2016

\$'000	Actuals 2016	Actuals 2015
<b>Income</b>		
<b>6. Residential charges</b>		
a. Access (including rates)	413	334
b. Usage charges	834	622
<b>7. Non-residential charges</b>		
a. Access (including rates)	—	—
b. Usage charges	—	—
<b>8. Extra charges</b>	8	8
<b>9. Interest income</b>	55	69
<b>10. Other income</b>	51	12
<b>10a. Aboriginal Communities Water and Sewerage Program</b>	—	—
<b>11. Grants</b>		
a. Grants for acquisition of assets	—	—
b. Grants for pensioner rebates	13	11
c. Other grants	—	—
<b>12. Contributions</b>		
a. Developer charges	—	—
b. Developer provided assets	—	—
c. Other contributions	—	—
<b>13. Total income</b>	<b>1,374</b>	<b>1,056</b>
<b>14. Gain (or loss) on disposal of assets</b>	—	—
<b>15. Operating result</b>	<b>100</b>	<b>(184)</b>
<b>15a. Operating result (less grants for acquisition of assets)</b>	100	(184)

## Coonamble Shire Council

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

Includes all internal transactions, i.e. prepared on a gross basis  
for the year ended 30 June 2016

\$'000	Actuals 2016	Actuals 2015
<b>B Capital transactions</b>		
<b>Non-operating expenditures</b>		
<b>16. Acquisition of fixed assets</b>		
a. New assets for improved standards	–	–
b. New assets for growth	–	–
c. Renewals	305	198
d. Plant and equipment	–	–
<b>17. Repayment of debt</b>	–	–
<b>18. Totals</b>	<b>305</b>	<b>198</b>
<b>Non-operating funds employed</b>		
<b>19. Proceeds from disposal of assets</b>	–	–
<b>20. Borrowing utilised</b>	–	–
<b>21. Totals</b>	<b>–</b>	<b>–</b>
<b>C Rates and charges</b>		
<b>22. Number of assessments</b>		
a. Residential (occupied)	–	–
b. Residential (unoccupied, ie. vacant lot)	–	–
c. Non-residential (occupied)	–	–
d. Non-residential (unoccupied, ie. vacant lot)	–	–
<b>23. Number of ETs for which developer charges were received</b>	– ET	– ET
<b>24. Total amount of pensioner rebates (actual dollars)</b>	\$ -	\$ -

## Coonamble Shire Council

## Special Schedule 4 – Water Supply Statement of Financial Position

Includes internal transactions, i.e. prepared on a gross basis  
as at 30 June 2016

\$'000	Actuals Current	Actuals Non-current	Actuals Total
<b>ASSETS</b>			
<b>25. Cash and investments</b>			
a. Developer charges	–	–	–
b. Special purpose grants	–	–	–
c. Accrued leave	–	–	–
d. Unexpended loans	–	–	–
e. Sinking fund	–	–	–
f. Other	2,774	–	2,774
<b>26. Receivables</b>			
a. Specific purpose grants	–	–	–
b. Rates and availability charges	20	30	50
c. User charges	65	179	244
d. Other	–	–	–
<b>27. Inventories</b>	–	–	–
<b>28. Property, plant and equipment</b>			
a. System assets	–	13,925	13,925
b. Plant and equipment	–	–	–
<b>29. Other assets</b>	–	–	–
<b>30. Total assets</b>	<b>2,859</b>	<b>14,134</b>	<b>16,993</b>
<b>LIABILITIES</b>			
<b>31. Bank overdraft</b>	–	–	–
<b>32. Creditors</b>	68	–	68
<b>33. Borrowings</b>	–	–	–
<b>34. Provisions</b>			
a. Tax equivalents	–	–	–
b. Dividend	–	–	–
c. Other	–	–	–
<b>35. Total liabilities</b>	<b>68</b>	<b>–</b>	<b>68</b>
<b>36. NET ASSETS COMMITTED</b>	<b>2,791</b>	<b>14,134</b>	<b>16,925</b>
<b>EQUITY</b>			
<b>37. Accumulated surplus</b>			13,828
<b>38. Asset revaluation reserve</b>			3,097
<b>39. TOTAL EQUITY</b>			<b>16,925</b>
<b>Note to system assets:</b>			
<b>40. Current replacement cost</b> of system assets			21,979
<b>41. Accumulated current cost</b> depreciation of system assets			(8,054)
<b>42. Written down current cost</b> of system assets			13,925

## Coonamble Shire Council

## Special Schedule 5 – Sewerage Service Income Statement

Includes all internal transactions, i.e. prepared on a gross basis  
for the year ended 30 June 2016

\$'000	Actuals 2016	Actuals 2015
<b>A Expenses and income</b> <b>Expenses</b>		
<b>1. Management expenses</b>		
a. Administration	–	–
b. Engineering and supervision	–	–
<b>2. Operation and maintenance expenses</b>		
– mains		
a. Operation expenses	–	–
b. Maintenance expenses	47	43
– Pumping stations		
c. Operation expenses (excluding energy costs)	33	25
d. Energy costs	42	37
e. Maintenance expenses	24	34
– Treatment		
f. Operation expenses (excl. chemical, energy, effluent and biosolids management costs)	110	97
g. Chemical costs	–	–
h. Energy costs	12	17
i. Effluent management	–	–
j. Biosolids management	–	–
k. Maintenance expenses	35	36
– Other		
l. Operation expenses	–	–
m. Maintenance expenses	–	–
<b>3. Depreciation expenses</b>		
a. System assets	464	444
b. Plant and equipment	–	–
<b>4. Miscellaneous expenses</b>		
a. Interest expenses	2	3
b. Revaluation decrements	–	–
c. Other expenses	9	6
d. Impairment – system assets	–	–
e. Impairment – plant and equipment	–	–
f. Aboriginal Communities Water and Sewerage Program	–	–
g. Tax equivalents dividends (actually paid)	–	–
<b>5. Total expenses</b>	<b>778</b>	<b>742</b>

## Coonamble Shire Council

## Special Schedule 5 – Sewerage Service Income Statement (continued)

Includes all internal transactions, i.e. prepared on a gross basis  
for the year ended 30 June 2016

\$'000	Actuals 2016	Actuals 2015
<b>Income</b>		
<b>6. Residential charges</b> (including rates)	602	581
<b>7. Non-residential charges</b>		
a. Access (including rates)	—	—
b. Usage charges	137	126
<b>8. Trade waste charges</b>		
a. Annual fees	—	—
b. Usage charges	—	—
c. Excess mass charges	—	—
d. Re-inspection fees	—	—
<b>9. Extra charges</b>	—	1
<b>10. Interest income</b>	82	110
<b>11. Other income</b>	12	27
<b>11a. Aboriginal Communities Water and Sewerage Program</b>	—	—
<b>12. Grants</b>		
a. Grants for acquisition of assets	—	—
b. Grants for pensioner rebates	10	11
c. Other grants	—	—
<b>13. Contributions</b>		
a. Developer charges	—	—
b. Developer provided assets	—	—
c. Other contributions	—	—
<b>14. Total income</b>	<b>843</b>	<b>856</b>
<b>15. Gain (or loss) on disposal of assets</b>	—	—
<b>16. Operating result</b>	<b>65</b>	<b>114</b>
<b>16a. Operating result (less grants for acquisition of assets)</b>	65	114

## Coonamble Shire Council

## Special Schedule 5 – Sewerage Service Income Statement (continued)

Includes all internal transactions, i.e. prepared on a gross basis  
for the year ended 30 June 2016

\$'000	Actuals 2016	Actuals 2015
<b>B Capital transactions</b>		
<b>Non-operating expenditures</b>		
<b>17. Acquisition of fixed assets</b>		
a. New assets for improved standards	—	—
b. New assets for growth	—	—
c. Renewals	105	70
d. Plant and equipment	—	—
<b>18. Repayment of debt</b>	8	8
<b>19. Totals</b>	<b>113</b>	<b>78</b>
<b>Non-operating funds employed</b>		
<b>20. Proceeds from disposal of assets</b>	—	—
<b>21. Borrowing utilised</b>	—	—
<b>22. Totals</b>	<b>—</b>	<b>—</b>
<b>C Rates and charges</b>		
<b>23. Number of assessments</b>		
a. Residential (occupied)	—	—
b. Residential (unoccupied, ie. vacant lot)	—	—
c. Non-residential (occupied)	—	—
d. Non-residential (unoccupied, ie. vacant lot)	—	—
<b>24. Number of ETs for which developer charges were received</b>	— ET	— ET
<b>25. Total amount of pensioner rebates (actual dollars)</b>	\$ -	\$ -

## Coonamble Shire Council

## Special Schedule 6 – Sewerage Service Statement of Financial Position

Includes internal transactions, i.e. prepared on a gross basis  
as at 30 June 2016

\$'000	Actuals Current	Actuals Non-current	Actuals Total
<b>ASSETS</b>			
<b>26. Cash and investments</b>			
a. Developer charges	—	—	—
b. Special purpose grants	—	—	—
c. Accrued leave	—	—	—
d. Unexpended loans	—	—	—
e. Sinking fund	—	—	—
f. Other	5,476	—	5,476
<b>27. Receivables</b>			
a. Specific purpose grants	—	—	—
b. Rates and availability charges	24	25	49
c. User charges	6	29	35
d. Other	—	—	—
<b>28. Inventories</b>	—	—	—
<b>29. Property, plant and equipment</b>			
a. System assets	—	12,279	12,279
b. Plant and equipment	—	—	—
<b>30. Other assets</b>	—	—	—
<b>31. Total assets</b>	<b>5,506</b>	<b>12,333</b>	<b>17,839</b>
<b>LIABILITIES</b>			
<b>32. Bank overdraft</b>	—	—	—
<b>33. Creditors</b>	31	—	31
<b>34. Borrowings</b>	9	14	23
<b>35. Provisions</b>			
a. Tax equivalents	—	—	—
b. Dividend	—	—	—
c. Other	—	—	—
<b>36. Total liabilities</b>	<b>40</b>	<b>14</b>	<b>54</b>
<b>37. NET ASSETS COMMITTED</b>	<b>5,466</b>	<b>12,319</b>	<b>17,785</b>
<b>EQUITY</b>			
<b>38. Accumulated surplus</b>			12,430
<b>39. Asset revaluation reserve</b>			5,355
<b>40. TOTAL EQUITY</b>			<b>17,785</b>
<b>Note to system assets:</b>			
<b>41. Current replacement cost</b> of system assets			28,182
<b>42. Accumulated current cost</b> depreciation of system assets			(15,903)
<b>43. Written down current cost</b> of system assets			12,279

## Coonamble Shire Council

### Notes to Special Schedules 3 and 5

for the year ended 30 June 2016

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

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

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

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

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

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

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

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

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

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

**Impairment losses** (item 4d and 4e of Special Schedules 3 and 5) are to be used when the carrying amount of an asset exceeds its recoverable amount (refer to page D-31).

**Aboriginal Communities Water and Sewerage Program** (item 4f of Special Schedules 3 and 5) is to be used when operation and maintenance work has been undertaken on behalf of the Aboriginal Communities Water and Sewerage Program. Similarly, income for item 11a of Special Schedule 3 and item 12a of Special Schedule 5 are for services provided to the Aboriginal Communities Water and Sewerage Program and is not part of Council's water supply and sewerage revenue.

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

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

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

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

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

#### Notes:

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

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



## Coonamble Shire Council

## Special Schedule 7 – Report on Infrastructure Assets as at 30 June 2016

\$'000

Asset class	Asset category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2015/16 Required maintenance <sup>a</sup>	2015/16 Actual maintenance	Carrying value	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
								1	2	3	4	5
<b>Buildings</b>												
	Buildings – non-specialised	60	60	150	100	2,491	5,088		100%			0%
	Buildings – specialised	60	60	140	141	14,421	28,450	50%		50%		0%
	<b>Sub-total</b>	<b>120</b>	<b>120</b>	<b>290</b>	<b>241</b>	<b>16,487</b>	<b>33,538</b>	<b>42.4%</b>	<b>15.2%</b>	<b>42.4%</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Other structures</b>												
	Other Structures	100	100	100	17	12,239	18,015		100%			0%
	<b>Sub-total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>17</b>	<b>12,240</b>	<b>18,015</b>	<b>0.0%</b>	<b>100.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Roads</b>												
	Sealed roads	1,535	1,535	504	1,105	106,213	127,758		100%			0%
	Unsealed roads	204	204	140	643	78,893	88,914		100%			0%
	Bridges	–	–	25	79	12,820	14,575	100%				0%
	Footpaths	5	5	50	122	1,569	1,742		100%			0%
	Other road assets	5	5	30	59	3,036	3,036		100%			0%
	<b>Sub-total</b>	<b>1,749</b>	<b>1,749</b>	<b>749</b>	<b>2,008</b>	<b>202,531</b>	<b>236,025</b>	<b>6.2%</b>	<b>93.8%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>

## Coonamble Shire Council

## Special Schedule 7 – Report on Infrastructure Assets as at 30 June 2016 (continued)

\$'000

Asset class	Asset category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2015/16 Required maintenance <sup>a</sup>	2015/16 Actual maintenance	Carrying value	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
								1	2	3	4	5
Water supply network	Water supply network	248	248	110	212	13,925	21,979	38%	1%	61%		0%
	Sub-total	248	248	110	212	13,925	21,979	38.0%	0.8%	61.2%	0.0%	0.0%
Sewerage network	Sewerage network	400	400	170	161	12,279	28,182		100%			0%
	Sub-total	400	400	170	161	12,279	28,182	0.0%	100.0%	0.0%	0.0%	0.0%
Stormwater drainage	Stormwater drainage	–	–	30	–	1,540	2,459		100%			0%
	Sub-total	–	–	30	–	1,540	2,459	0.0%	100.0%	0.0%	0.0%	0.0%
	<b>TOTAL – ALL ASSETS</b>	<b>2,617</b>	<b>2,617</b>	<b>1,449</b>	<b>2,639</b>	<b>259,002</b>	<b>340,198</b>	<b>10.9%</b>	<b>80.9%</b>	<b>8.1%</b>	<b>0.0%</b>	<b>0.0%</b>

## Notes:

<sup>a</sup> Required maintenance is the amount identified in Council's asset management plans.

## Infrastructure asset condition assessment 'key'

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

## Coonamble Shire Council

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

for the year ended 30 June 2016

\$ '000	Amounts 2016	Indicator 2016	Prior periods 20152014	
Infrastructure asset performance indicators * consolidated				
1. Infrastructure renewals ratio				
Asset renewals <sup>(1)</sup>	3,819	97.57%	138.30%	46.88%
Depreciation, amortisation and impairment	3,914			
2. Infrastructure backlog ratio				
Estimated cost to bring assets to a satisfactory standard	2,617	1.01%	1.06%	1.73%
Carrying value of infrastructure assets	259,002			
3. Asset maintenance ratio				
Actual asset maintenance	2,639	1.82	2.01	1.37
Required asset maintenance	1,449			

## Notes

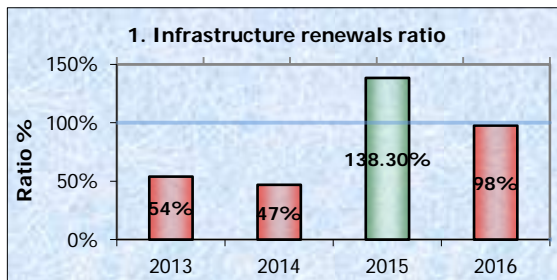
\* All asset performance indicators are calculated using the asset classes identified in the previous table.

<sup>(1)</sup> Asset renewals represent the replacement and/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance.

## Coonamble Shire Council

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

for the year ended 30 June 2016



## Purpose of asset renewals ratio

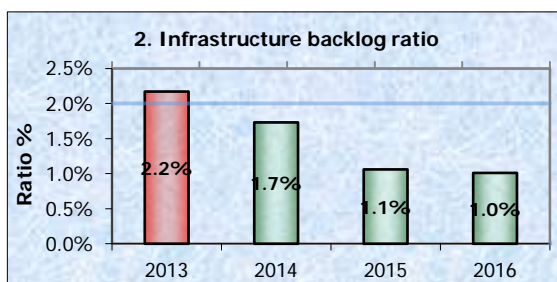
To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.

**2015/16 Ratio 97.57%**

Benchmark: — Minimum  $\geq 100.00\%$

Source for benchmark: Code of Accounting Practice and Financial Reporting #24

Ratio achieves benchmark  
Ratio is outside benchmark



## Purpose of infrastructure backlog ratio

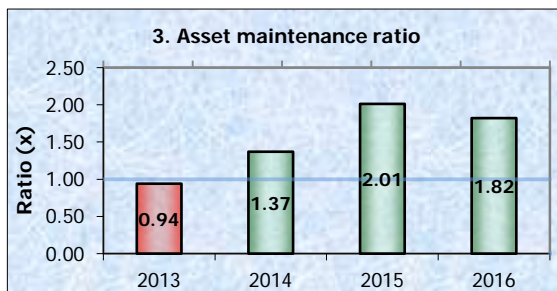
This ratio shows what proportion the backlog is against the total value of a Council's infrastructure.

**2015/16 Ratio 1.01%**

Benchmark: — Maximum  $< 2.00\%$

Source for benchmark: Code of Accounting Practice and Financial Reporting #24

Ratio achieves benchmark  
Ratio is outside benchmark



## Purpose of asset maintenance ratio

Compares actual vs. required annual asset maintenance. A ratio above 1.0 indicates Council is investing enough funds to stop the infrastructure backlog growing.

**2015/16 Ratio 1.82 x**

Benchmark: — Minimum  $> 1.00$

Source for benchmark: Code of Accounting Practice and Financial Reporting #24

Ratio achieves benchmark  
Ratio is outside benchmark

## Coonamble Shire Council

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

for the year ended 30 June 2016

\$ '000	Water 2016	Sewer 2016	General <sup>(1)</sup> 2016
<b>Infrastructure asset performance indicators by fund</b>			
<b>1. Infrastructure renewals ratio</b>			
Asset renewals <sup>(2)</sup>	<b>58.93%</b>	<b>22.63%</b>	<b>115.66%</b>
Depreciation, amortisation and impairment			
prior period:	38.24%	15.77%	173.52%
<b>2. Infrastructure backlog ratio</b>			
Estimated cost to bring assets to a satisfactory standard	<b>1.78%</b>	<b>3.26%</b>	<b>0.85%</b>
Carrying value of infrastructure assets			
prior period:	2.57%	3.22%	0.86%
<b>3. Asset maintenance ratio</b>			
Actual asset maintenance	<b>1.93</b>	<b>0.95</b>	<b>1.94</b>
Required asset maintenance			
prior period:	1.56	0.66	2.25

## Notes

- (1) General fund refers to all of Council's activities except for its water and sewer activities which are listed separately.
- (2) Asset renewals represent the replacement and/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance.

## Coonamble Shire Council

## Special Schedule 8 – Permissible Income Calculation

for the year ended 30 June 2017

\$'000		Calculation 2015/16	Calculation 2016/17
<b>Notional general income calculation <sup>(1)</sup></b>			
Last year notional general income yield	a	4,375	4,507
Plus or minus adjustments <sup>(2)</sup>	b	(11)	(5)
<b>Notional general income</b>	c = (a + b)	<b>4,364</b>	<b>4,502</b>
<b>Permissible income calculation</b>			
Special variation percentage <sup>(3)</sup>	d	0.00%	0.00%
Or rate peg percentage	e	2.40%	1.80%
Or crown land adjustment (incl. rate peg percentage)	f	0.00%	0.00%
Less expiring special variation amount	g	—	—
Plus special variation amount	h = d x (c - g)	—	—
Or plus rate peg amount	i = c x e	105	81
Or plus Crown land adjustment and rate peg amount	j = c x f	—	—
<b>Sub-total</b>	k = (c + g + h + i + j)	<b>4,469</b>	<b>4,583</b>
Plus (or minus) last year's carry forward total	l	1	(42)
Less valuation objections claimed in the previous year	m	(8)	(3)
<b>Sub-total</b>	n = (l + m)	<b>(7)</b>	<b>(45)</b>
<b>Total permissible income</b>	o = k + n	<b>4,462</b>	<b>4,538</b>
Less notional general income yield	p	4,507	4,510
<b>Catch-up or (excess) result</b>	q = o - p	<b>(45)</b>	<b>28</b>
Plus income lost due to valuation objections claimed <sup>(4)</sup>	r	3	—
Less unused catch-up <sup>(5)</sup>	s	—	—
<b>Carry forward to next year</b>	t = q + r - s	<b>(42)</b>	<b>28</b>

## Notes

- (1) The notional general income will not reconcile with rate income in the financial statements in the corresponding year. The statements are reported on an accrual accounting basis which include amounts that relate to prior years' rates income.
- (2) Adjustments account for changes in the number of assessments and any increase or decrease in land value occurring during the year. The adjustments are called 'supplementary valuations' as defined in the *Valuation of Land Act 1916*.
- (3) The 'special variation percentage' is inclusive of the rate peg percentage and where applicable Crown land adjustment.
- (4) Valuation objections are unexpected changes in land values as a result of land owners successfully objecting to the land value issued by the Valuer-General. Councils can claim the value of the income lost due to valuation objections in any single year.
- (5) Unused catch-up amounts will be deducted if they are not caught up within 2 years. Usually councils will have a nominal carry forward figure. These amounts can be adjusted for in setting the rates in a future year.
- (6) Carry forward amounts which are in excess (an amount that exceeds the permissible income) require ministerial approval by order published in the *NSW Government Gazette* in accordance with section 512 of the *Local Government Act 1993*. The OLG will extract these amounts from Council's Special Schedule 8 in the financial data return (FDR) to administer this process.



## COONAMBLE SHIRE COUNCIL

### SPECIAL SCHEDULE NO. 8

### INDEPENDENT AUDITORS' REPORT

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#### REPORT ON SPECIAL SCHEDULE NO. 8

We have audited the accompanying special purpose financial statement comprising the reconciliation of total permissible general income (Special Schedule No. 8) of Coonamble Shire Council for the year ending 30 June 2017.

#### Responsibility of Council for Special Schedule No. 8

The Council is responsible for the preparation and fair presentation of Special Schedule No. 8 in accordance with the Local Government Code of Accounting Practice and Financial Reporting (Guidelines) Update No. 24. 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 Special Schedule No. 8 that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### Auditors' Responsibility

Our responsibility is to express an opinion on Special Schedule No. 8 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 Special Schedule No. 8 is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in Special Schedule No. 8. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of Special Schedule No. 8, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of Special Schedule No. 8.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with Australian Auditing Standards.

In making our risk assessments, we consider internal controls relevant to the entity's preparation of Special Schedule No. 8 in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

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#### Assurance Partners

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.

#### **Audit Opinion**

In our opinion, Special Schedule No. 8 of Coonamble Shire Council for 2016/17 is properly drawn up in accordance with the requirements of the Office of Local Government and in accordance with the books and records of the Council.

#### **Basis of Accounting**

Without modifying our opinion, we advise that this schedule has been prepared for distribution to the Office of Local Government for the purposes of confirming that Council's reconciliation of Council's total permissible general income is presented fairly. As a result, the schedule may not be suitable for another purpose.

#### **HILL ROGERS**



#### **GARY MOTTAU**

Partner

Dated at Sydney this 31st day of October 2016





## COONAMBLE SHIRE COUNCIL

Council Chambers  
80 Castlereagh Street (PO Box 249)  
COONAMBLE NSW 2829

P: (02) 6827 1900 F: (02) 6822 1626  
E: [council@coonambleshire.nsw.gov.au](mailto:council@coonambleshire.nsw.gov.au)  
W: [www.coonambleshire.nsw.gov.au](http://www.coonambleshire.nsw.gov.au)

