

Coonamble Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2017

"Coonamble on the Castlereagh"



Coonamble Shire Council

General Purpose Financial Statements for the year ended 30 June 2017

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Overview

- (i) These financial statements are General Purpose Financial Statements and cover the 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 guiding principles are detailed in Chapter 3 of the LGA and includes:

- principles applying to the exercise of functions generally by council,
- principles to be applied when making decisions,
- principles of community participation,
- principles of sound financial management, and
- principles for strategic planning relating to the development of an integrated planning and reporting framework.

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 09 August 2017. 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 2017

Understanding Council's financial statements

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 2017.

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

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

Primarily records changes in the fair value of Council's Infrastructure, Property, Plant and Equipment.

3. The Statement of Financial Position

A 30 June snapshot of Council's financial position indicating its assets, liabilities and "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

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 annual financial statements are required to be audited by the NSW Audit Office. 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 2017

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 09 August 2017.



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 2017

Budget 2017	\$ '000	Notes	Actual 2017	Actual 2016
Income from continuing operations				
Revenue:				
5,921	Rates and annual charges	3a	5,896	5,817
4,940	User charges and fees	3b	6,635	5,255
561	Interest and investment revenue	3c	531	520
28	Other revenues	3d	708	720
6,485	Grants and contributions provided for operating purposes	3e,f	9,417	7,444
2,159	Grants and contributions provided for capital purposes	3e,f	1,792	1,784
Other income:				
–	Net gains from the disposal of assets	5	55	750
–	Net share of interests in joint ventures and associates using the equity method	19	4	–
20,094	Total income from continuing operations		25,038	22,290
Expenses from continuing operations				
6,852	Employee benefits and on-costs	4a	7,658	6,674
9	Borrowing costs	4b	8	10
5,164	Materials and contracts	4c	4,306	4,078
4,818	Depreciation and amortisation	4d	4,945	5,537
–	Impairment	4d	–	–
1,163	Other expenses	4e	2,038	1,819
–	Net share of interests in joint ventures and associates using the equity method	19	–	4
18,006	Total expenses from continuing operations		18,955	18,122
2,088	Operating result from continuing operations		6,083	4,168
Discontinued operations				
–	Net profit/(loss) from discontinued operations	24	–	–
2,088	Net operating result for the year		6,083	4,168
2,088	Net operating result attributable to Council		6,083	4,168
–	Net operating result attributable to non-controlling interests		–	–
(71)	Net operating result for the year before grants and contributions provided for capital purposes		4,291	2,384

Original budget as approved by Council - refer Note 16

Coonamble Shire Council

Statement of Comprehensive Income
for the year ended 30 June 2017

\$ '000	Notes	Actual 2017	Actual 2016
Net operating result for the year (as per Income Statement)		6,083	4,168
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of I,PP&E	20b (ii)	3,547	748
Total items which will not be reclassified subsequently to the operating result		3,547	748
Amounts which will be reclassified subsequently to the operating result when specific conditions are met			
Nil			
Total other comprehensive income for the year		3,547	748
Total comprehensive income for the year		9,630	4,916
Total comprehensive income attributable to Council		9,630	4,916
Total comprehensive income attributable to non-controlling interests		-	-

Coonamble Shire Council

Statement of Financial Position

as at 30 June 2017

\$ '000	Notes	Actual 2017	Actual 2016
ASSETS			
Current assets			
Cash and cash equivalents	6a	21,517	19,433
Investments	6b	3,500	2,500
Receivables	7	2,788	827
Inventories	8	695	706
Other	8	31	70
Non-current assets classified as 'held for sale'	22	–	–
Total current assets		28,531	23,536
Non-current assets			
Investments	6b	–	–
Receivables	7	481	525
Infrastructure, property, plant and equipment	9	276,561	270,947
Investments accounted for using the equity method	19	53	49
Investment property	14	–	–
Intangible assets	25	–	–
Total non-current assets		277,095	271,521
TOTAL ASSETS		305,626	295,057
LIABILITIES			
Current liabilities			
Payables	10	1,510	931
Income received in advance	10	671	171
Borrowings	10	50	50
Provisions	10	1,864	1,922
Total current liabilities		4,095	3,074
Non-current liabilities			
Payables	10	–	–
Income received in advance	10	–	–
Borrowings	10	129	179
Provisions	10	76	108
Total non-current liabilities		205	287
TOTAL LIABILITIES		4,300	3,361
Net assets		301,326	291,696
EQUITY			
Retained earnings	20	171,675	165,592
Revaluation reserves	20	129,651	126,104
Other reserves	20	–	–
Council equity interest		301,326	291,696
Non-controlling equity interests		–	–
Total equity		301,326	291,696

This statement should be read in conjunction with the accompanying notes.

Coonamble Shire Council

Statement of Changes in Equity
for the year ended 30 June 2017

	Notes	2017				2016					
		Retained earnings	Asset revaluation reserve (Refer 20b)	Other reserves (Refer 20b)	Non-Council controlling interest	Total equity	Retained earnings	Asset revaluation reserve (Refer 20b)	Other reserves (Refer 20b)	Non-Council controlling interest	Total equity
\$ '000											
Opening balance (as per last year's audited accounts)		165,592	126,104	–	291,696	161,668	125,356	–	287,024	287,024	
a. Correction of prior period errors	20 (c)	–	–	–	–	(244)	–	–	(244)	(244)	
b. Changes in accounting policies (prior year effects)	20 (d)	–	–	–	–	–	–	–	–	–	
Revised opening balance		165,592	126,104	–	291,696	161,424	125,356	–	286,780	286,780	
c. Net operating result for the year		6,083	–	–	6,083	4,168	–	–	4,168	4,168	
d. Other comprehensive income											
– Revaluations: IPP&E asset revaluation rsve	20b (ii)	–	3,547	–	3,547	–	748	–	748	748	
– Revaluations: other reserves	20b (ii)	–	–	–	–	–	–	–	–	–	
– Transfers to Income Statement	20b (ii)	–	–	–	–	–	–	–	–	–	
– Impairment (loss) reversal relating to I,PP&E	20b (ii)	–	–	–	–	–	–	–	–	–	
– Joint ventures and associates	19b	–	–	–	–	–	–	–	–	–	
– Other reserves movements	20b (ii)	–	–	–	–	–	–	–	–	–	
Other comprehensive income		–	3,547	–	3,547	–	748	–	748	748	
Total comprehensive income (c&d)		6,083	3,547	–	9,630	4,168	748	–	4,916	4,916	
e. Distributions to/(contributions from) non-controlling interests		–	–	–	–	–	–	–	–	–	
f. Transfers between equity		–	–	–	–	–	–	–	–	–	
Equity – balance at end of the reporting period		171,675	129,651	–	301,326	165,592	126,104	–	291,696	291,696	

Coonamble Shire Council

Statement of Cash Flows

for the year ended 30 June 2017

Budget 2017	\$ '000	Notes	Actual 2017	Actual 2016
Cash flows from operating activities				
Receipts:				
5,894	Rates and annual charges		5,846	5,804
5,007	User charges and fees		6,375	6,351
568	Investment and interest revenue received		532	508
8,660	Grants and contributions		10,300	9,458
–	Bonds, deposits and retention amounts received		3	–
28	Other		1,872	888
Payments:				
(6,851)	Employee benefits and on-costs		(7,748)	(6,867)
(5,196)	Materials and contracts		(3,985)	(4,198)
(9)	Borrowing costs		(9)	(11)
–	Bonds, deposits and retention amounts refunded		–	(52)
(1,143)	Other		(3,290)	(1,948)
6,958	Net cash provided (or used in) operating activities	11b	9,896	9,933
Cash flows from investing activities				
Receipts:				
–	Sale of investment securities		10,000	5,000
50	Sale of infrastructure, property, plant and equipment		483	1,316
–	Deferred debtors receipts		–	30
Payments:				
–	Purchase of investment securities		(11,000)	(5,500)
(8,899)	Purchase of infrastructure, property, plant and equipment		(7,245)	(8,446)
(8,849)	Net cash provided (or used in) investing activities		(7,762)	(7,600)
Cash flows from financing activities				
Receipts:				
Nil				
Payments:				
(50)	Repayment of borrowings and advances		(50)	(49)
(50)	Net cash flow provided (used in) financing activities		(50)	(49)
(1,941)	Net increase/(decrease) in cash and cash equivalents		2,084	2,284
13,245	Plus: cash and cash equivalents – beginning of year	11a	19,433	17,149
11,304	Cash and cash equivalents – end of the year	11a	21,517	19,433
Additional Information:				
	plus: Investments on hand – end of year	8b	3,500	2,500
	Total cash, cash equivalents and investments		25,017	21,933

Please refer to Note 11 for information on the following:

- Non-cash financing and investing activities
- Financing arrangements

Coonamble Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

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n/a – not applicable

Coonamble Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 1. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Australian Accounting Interpretations, the Local Government Act 1993 (NSW) and Regulations, and the Local Government Code of Accounting Practice and Financial Reporting. Council is a not for-profit entity for the purpose of preparing these financial statements.

(i) New and amended standards adopted by Council

AASB 124 Related Party Disclosures was adopted during the year, the impact of this standard had no impact on reporting financial position or performance, however note 28 has been added.

AASB 2014-3 Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations [AASB 1 and AASB 11], the impact of this standard had no impact on reporting financial position or performance.

(ii) Early adoption of standards

Council has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2016.

(iii) Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities and certain classes of property, plant and equipment and investment property.

(iv) Significant accounting estimates and judgements

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Council's accounting policies.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the 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 include:

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

Significant judgements in applying the Council's accounting policies

- (i) Impairment of Receivables

Council has made a significant judgement about the impairment of a number of its receivables in Note 7.

(b) Revenue recognition

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

Council bases its 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:

(i) Rates, annual charges, grants and contributions

Rates, annual charges, grants and contributions (including developer contributions) are recognised as

Coonamble Shire Council

Notes to the Financial Statements for the year ended 30 June 2017

Note 1. Summary of significant accounting policies (continued)

revenue when the Council obtains control over the assets comprising these receipts. 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.

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

Control over granted assets/contributed 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.

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 un-discharged at reporting date, the unused grant or contribution is disclosed in Note 3(g). The note also discloses the amount of unused grant or contribution from prior years that was expended on Council's operations during the current year.

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

(ii) User charges and fees

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

(iii) 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.

(iv) Interest

Interest income is recognised using the effective interest rate at the date that interest is earned.

(v) Rent

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

(vi) Dividend income

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

(vii) 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

(i) The Consolidated Fund

In accordance with the provisions of Section 409(1) of the Local Government Act 1993 (NSW), 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.

Cash and other assets of 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 (NSW) (as amended), a separate and distinct Trust Fund is maintained to account for all money and property received by the Council in trust which must be applied only for the purposes of, or in accordance with the trusts relating to those monies. Trust monies and property subject to Council's control have been included in these reports.

Trust monies and property held by Council but not subject to the control of Council have been excluded from these reports. 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 2017

Note 1. Summary of significant accounting policies (continued)

(iii) County Councils

Council is a member of the Castlereagh Macquarie County Council, a body corporate established under the Local Government Act 1993 (NSW) to manage the destruction and suppression of noxious weeds. Council is one of five constituent members and neither controls nor significantly influences the County Council. Accordingly, the County Council has not been consolidated in the financial statements.

(iv) Interests in other entities

Subsidiaries

Council has no interest in any subsidiaries.

Joint arrangements

The Council has determined that it has only joint ventures.

Joint ventures/associates

Interests in joint ventures/associates are accounted for using the equity method in accordance with AASB128 Associates and Joint Ventures. Under this method, the investment is initially recognised as a cost and the carrying amount is increased or decreased to recognise the Council's share of the profit or loss and other comprehensive income of the investee after the date of acquisition.

If the Council's share of losses of a joint venture equals or exceeds its interest in the joint venture, the Council discontinues recognising its share of further losses.

The Council's share in the joint venture's gains or losses arising from transactions between itself and its joint venture are eliminated.

Adjustments are made to the joint venture's accounting policies where they are different from those of the Council for the purpose of the consolidated financial statements.

(d) Leases

Leases of property, plant and equipment where Council, as lessee, 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 fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged 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.

The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that Council will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to Council as lessee 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 where Council is a lessor is recognised as income on a straight-line basis over the lease term.

(e) Impairment of assets

Intangible assets that have an indefinite useful life or are not yet available for use are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-

Coonamble Shire Council

Notes to the Financial Statements for the year ended 30 June 2017

Note 1. Summary of significant accounting policies (continued)

financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(f) Cash and cash equivalents

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

Bank overdrafts are shown within borrowings in current liabilities on the Statement of Financial Position.

(g) Inventories

(i) Raw materials and stores, work in progress and finished goods

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

Cost comprises direct materials, direct labour, and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts.

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.

(ii) Inventory held for distribution

Inventory held for distribution is held at cost, adjusted where applicable for any loss of service potential.

(iii) 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.

(h) Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets; assets arising from employee benefits; financial assets; and investment properties that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of de-recognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a

Coonamble Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 1. Summary of significant accounting policies (continued)

disposal group classified as held for sale continue to be recognised.

(i) Investments and other financial assets

Classification

Council classifies its financial assets in the following categories: financial assets at fair value through profit or loss; loans and receivables; held-to-maturity investments; and available-for-sale financial assets.

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

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

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Assets in this category are classified as current assets.

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

Loans and receivables are included in other receivables (note 8) and receivables (note 7) in the Statement of Financial Position.

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Receivables are generally due for settlement within 30 days.

Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that Council's management has the positive intention and ability to hold to maturity. If Council were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale.

Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the reporting date, that 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. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting date.

Investments are 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.

Recognition and de-recognition

Regular purchases and sales of financial assets are recognised on trade-date: the date on which Council commits to purchase or sell the asset.

Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement.

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

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

Coonamble Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 1. Summary of significant accounting policies (continued)

Subsequent measurement

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

Changes in the fair value of other monetary and non-monetary securities classified as available-for-sale are recognised in equity.

Impairment

Council assesses at the end of each reporting period 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.

In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the assets are impaired.

(i) Assets carried at amortised cost

For loans and receivables the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Council may measure impairment on the basis of an instrument's fair value using an observable market price.

Collectability of receivables is reviewed on an on-going basis. Debts that are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of receivables) is used when there is

objective evidence that Council will not be able to collect all amounts due according to the original terms of the receivables.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The amount of the impairment loss is 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.

Investment Policy

Council has an approved investment policy complying with Section 625 of the Local Government Act 1993 (NSW) and Clause 212 of the Local Government (General) Regulation 2005 (NSW).

Investments are placed and managed in accordance with that policy and having particular regard to authorised investments prescribed under the Ministerial Local Government Investment Order. Council maintains an investment policy that complies with the Act and ensures that it, or its representatives, exercise the care, diligence and skill that a prudent person would exercise in investing Council funds.

Council amended its policy following revisions to the Ministerial Local Government Investment Order (the Order) arising from the Cole Inquiry recommendations. Certain investments the Council holds are no longer prescribed; however, they have been retained under grandfathering provisions of the Order. These will be disposed of when most financially advantageous to Council.

Coonamble Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 1. Summary of significant accounting policies (continued)

(j) 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 reporting 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 reporting date. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

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.

(k) Infrastructure, property, plant and equipment (IPPE)

Council's assets have been progressively revalued to fair value in accordance with a staged implementation advised by the Office of Local Government. At reporting date, the following classes of IPPE were stated at their fair value:

Externally valued:

- Operational land
- Community land
- Roads assets including roads, bridges and footpaths
- Bulk earthworks
- Stormwater drainage

Internally valued:

- Buildings – specialised/non-specialised
- Water and sewerage networks

As approximated by depreciated historical cost:

- Plant and equipment
- Land improvements
- Other Structures
- Other assets

Non-specialised assets with short useful lives are measured at depreciated historical cost as an approximation of fair value. Council has assessed that any difference between fair value and depreciated historical cost is unlikely to be material.

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 asset classes, 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 revalue the asset to that amount. Full revaluations are undertaken for all assets on a five-year cycle.

Increases in the carrying amounts arising on revaluation are credited to the asset revaluation reserve. To the extent that the increase reverses a decrease previously recognising profit or loss relating to that asset class, the increase is first recognised as profit or loss.

Decreases that reverse previous increases of assets in the same class are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the class; all other decreases are charged to the Income Statement.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to Council and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation

Land is not depreciated.

Coonamble Shire Council

Notes to the Financial Statements for the year ended 30 June 2017

Note 1. Summary of significant accounting policies (continued)

Depreciation on other assets is calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

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

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

(l) Investment property

Investment property, principally comprising freehold office buildings, is held for long-term rental yields and is not occupied by the Council.

Investment property is carried at fair value, which is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, Council uses alternative valuation methods such as recent prices in less active markets, or discounted cash flow projections. Changes in fair values are recorded in the income statement as part of other income.

Properties that are under construction for future use as investment properties are regarded as investment properties. These are also carried at fair value unless the fair value cannot yet be reliably determined. Where that is the case, the property will be accounted for at cost until either the fair value becomes reliably determinable or construction is complete.

(m) Payables

These amounts represent liabilities for goods and services provided to the Council prior to the end of financial year that are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(n) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method.

Coonamble Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 1. Summary of significant accounting policies (continued)

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the Statement of Financial Position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or finance cost.

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

(o) Borrowing costs

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

(p) Provisions

Provisions are recognised when Council has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated.

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.

(q) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be wholly settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

The liability for annual leave and accumulating sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

(ii) Other long-term employee benefit obligations

The liability for long service leave and annual leave that is not expected to be wholly settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method.

Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

The obligations are presented as current liabilities in the Statement of Financial Position if the Council does not have an unconditional right to defer settlement for at least 12 months after the reporting date, regardless of when the actual settlement is expected to occur.

Coonamble Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 1. Summary of significant accounting policies (continued)

(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 Statement of Financial Position, 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 that 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 accounts for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans, i.e. as an expense when it becomes payable.

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.

(r) Land under roads

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

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.

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

(s) Self-insurance

Council does not self-insure.

(t) Intangible assets

Council has not classified any assets as intangible.

(u) Crown reserves

Crown Reserves under Council's care and control are recognised as assets of the Council. While ownership of the reserves remains with the Crown, Council retains operational control of the reserves and is responsible for their maintenance and use in accordance with the specific purposes to which the reserves are dedicated.

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

(v) Rural fire service assets

Under section 119 of the Rural Fire Services Act 1997 (NSW), "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".

Until such time as discussions on this matter have concluded and the legislation changed, Council will not recognise rural fire service assets including land, buildings, plant and vehicles.

Coonamble Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 1. Summary of significant accounting policies (continued)

(w) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to the taxation authority is included with other receivables or payables in the Statement of Financial Position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which that are recoverable from, or payable to the taxation authority are presented as operating cash flows.

(x) New accounting standards and interpretations issued not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for the current reporting period and which have not been applied.

Council does not consider that these standards are likely to have a material impact on the Council's future financial statements, financial position, financial performance or cash flows.

Effective for annual reporting periods beginning on or after 1 January 2017

AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15

AASB 2015-8 Amendments to Australian Accounting Standards – Effective Date of AASB 15

AASB 2016-1 Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses [AASB 112]

AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107

AASB 2016-4 Amendments to Australian Accounting Standards – Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities

AASB 2016-7 Amendments to Australian Accounting Standards - Deferral of AASB 15 for Not-for-Profit Entities

Effective for annual reporting periods beginning on or after 13 February 2017

AASB 2017-2 Amendments to Australian Accounting Standards - Further Annual Improvements 2014- 16 Cycle

Effective for annual reporting periods beginning on or after 13 December 2017

AASB 2017-1 Amendments to Australian Accounting Standards - Transfers of Investment Property, Annual Improvements 2014-2016 Cycle and Other Amendments

Effective for annual reporting periods beginning on or after 1 January 2018

AASB 9 Financial Instruments (December 2009)

AASB 15 Revenue from Contracts with Customers

AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)

AASB 2014-1 Amendments to Australian Accounting Standards (Part E)

AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)

AASB 1057 Application of Australian Accounting Standards

AASB 2016-3 Amendments to Australian Accounting Standards – Clarifications to AASB 15

AASB 2016-5 Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions

Coonamble Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 1. Summary of significant accounting policies (continued)

AASB 2016-6 Amendments to Australian Accounting Standards - Applying AASB 9 Financial Instruments with AASB 4 Insurance Contracts

Effective for annual reporting periods beginning on or after 1 January 2019

AASB 16 *Leases*

AASB 16 *Leases (Appendix D)*

AASB 2016-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities

AASB 1058 *Income of Not-for-Profit Entities*

AASB 2016-8 Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities

The full impact of these 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.

(y) Rounding of amounts

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

(z) 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.

(aa) 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 2017

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 and non-current)	
	Original budget 2017	Actual 2017	Actual 2016	Original budget 2017	Actual 2017	Actual 2016	Original budget 2017	Actual 2017	Actual 2016	Actual 2017	Actual 2016	Actual 2017	Actual 2016
Governance	–	–	–	180	219	179	(180)	(219)	(179)	209	–	44,978	51,854
Administration	589	1,154	998	2,174	6,919	4,789	(1,585)	(5,765)	(3,791)	–	152	3,044	–
Public order and safety	83	924	468	350	337	745	(267)	587	(277)	–	–	40	–
Health	8	6	9	408	228	40	(400)	(222)	(31)	4	–	30	–
Environment	1,709	537	1,951	1,062	771	785	647	(234)	1,166	1,028	1,448	–	–
Community services and education	3	2	125	134	136	117	(131)	(134)	8	32	147	21	–
Housing and community amenities	213	273	170	350	354	312	(137)	(81)	(142)	–	–	2,707	–
Water supplies	1,487	1,252	997	1,272	1,154	1,203	215	98	(206)	14	–	20,424	16,933
Sewerage services	1,136	845	824	1,018	770	646	118	75	178	12	–	18,250	17,839
Recreation and culture	82	691	163	1,717	1,426	1,431	(1,635)	(735)	(1,268)	420	28	2,843	–
Fuel and energy	–	–	–	–	–	–	–	–	–	–	–	–	–
Agriculture	46	26	59	6	9	43	40	17	16	–	–	–	–
Mining, manufacturing and construction	1,828	1,141	1,063	1,851	1,142	1,577	(23)	(1)	(514)	–	–	7,686	5,851
Transport and communication	6,674	7,708	6,650	6,767	4,942	5,725	(93)	2,766	925	2,747	2,580	205,019	202,531
Economic affairs	315	255	450	717	548	526	(402)	(293)	(76)	–	–	531	–
Total functions and activities	14,173	14,814	13,927	18,006	18,955	18,118	(3,833)	(4,141)	(4,191)	4,466	4,355	305,573	295,008
Share of gains/(losses) in associates and joint ventures (using the equity method)	–	4	–	–	–	4	–	4	(4)	–	–	53	49
General purpose income ¹	5,921	10,220	8,363	–	–	–	5,921	10,220	8,363	5,443	3,604	–	–
Operating result from continuing operations	20,094	25,038	22,290	18,006	18,955	18,122	2,088	6,083	4,168	9,909	7,959	305,626	295,057

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 2017

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

Includes costs relating to 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, public disclosure (e.g. GIPA), and legislative compliance.

ADMINISTRATION

Includes corporate support and other support services, engineering works, and any Council policy compliance.

PUBLIC ORDER AND SAFETY

Includes Council's fire and emergency services levy, fire protection, emergency services, beach control, enforcement of regulations and animal control.

HEALTH

Includes immunisation, food control, health centres etc.

ENVIRONMENT

Includes noxious plants and insect/vermin control; other environmental protection; solid waste management, including domestic waste; other waste management; other sanitation; and garbage, street cleaning, drainage and stormwater management.

COMMUNITY SERVICES AND EDUCATION

Includes administration and education; social protection (welfare); migrant, Aboriginal and other community services and administration (excluding accommodation – as it is covered under 'housing and community amenities'); youth services; aged and disabled persons services; children's' services, including family day care; child care; and other family and children services.

HOUSING AND COMMUNITY AMENITIES

Includes public cemeteries; public conveniences; street lighting; town planning; other community amenities, including housing development and accommodation for families and children, aged persons, disabled persons, migrants and Indigenous persons.

WATER SUPPLIES

SEWERAGE SERVICES

RECREATION AND CULTURE

Includes public libraries; museums; art galleries; community centres and halls, including public halls and performing arts venues; sporting grounds and venues; swimming pools; parks; gardens; lakes; and other sporting, recreational and cultural services.

AGRICULTURE

Includes the administration of agricultural services; supervision and regulation of the agricultural industry; operation of flood control and irrigation systems; and operation of support services to farmers, including vet services, pest control services, crop inspection, and crop grading services.

MINING, MANUFACTURING AND CONSTRUCTION

Includes building control, quarries and pits, mineral resources, and abattoirs.

TRANSPORT AND COMMUNICATION

Urban local, urban regional, includes sealed and unsealed roads, bridges, footpaths, parking areas, and aerodromes.

ECONOMIC AFFAIRS

Includes camping areas and caravan parks; tourism and area promotion; industrial development promotion; sale yards and markets; real estate development; commercial nurseries; and other business undertakings.

Coonamble Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 3. Income from continuing operations

\$ '000	Notes	Actual 2017	Actual 2016
(a) Rates and annual charges			
Ordinary rates			
Residential		510	493
Farmland		3,751	3,758
Business		147	132
Total ordinary rates		4,408	4,383
Special rates			
Nil			
Annual charges (pursuant to s.496, s.496A, s.496B, s.501 & s.611)			
Domestic waste management services		445	445
Water supply services		429	395
Sewerage services		614	594
Total annual charges		1,488	1,434
TOTAL RATES AND ANNUAL CHARGES		5,896	5,817
Council has used 2014 year valuations provided by the NSW Valuer General in calculating its rates.			
(b) User charges and fees			
Specific user charges (per s.502 – specific 'actual use' charges)			
Water supply services		637	673
Sewerage services		102	125
Total user charges		739	798
Other user charges and fees			
(i) Fees and charges – statutory and regulatory functions (per s.608)			
Regulatory/ statutory fees		157	103
Total fees and charges – statutory/regulatory		157	103
(ii) Fees and charges – other (incl. general user charges (per s.608))			
Aerodrome		11	8
Caravan park		6	6
Cemeteries		72	49
Lease rentals		37	15
Private works		246	226
Quarry revenues		1,137	1,040
Recreational grounds fees		18	16
RMS (formerly RTA) charges (state roads not controlled by Council)		4,019	2,796
Saleyards		65	73
Swimming centres		34	31
Other		94	94
Total fees and charges – other		5,739	4,354
TOTAL USER CHARGES AND FEES		6,635	5,255

Coonamble Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 3. Income from continuing operations (continued)

\$ '000	Notes	Actual 2017	Actual 2016
(c) Interest and investment revenue (including losses)			
Interest			
– Interest on overdue rates and annual charges (incl. special purpose rates)		40	40
– Interest earned on investments (interest and coupon payment income)		491	480
<u>TOTAL INTEREST AND INVESTMENT REVENUE</u>		<u>531</u>	<u>520</u>
Interest revenue is attributable to:			
Unrestricted investments/financial assets:			
Overdue rates and annual charges (general fund)		40	31
General Council cash and investments		329	345
Restricted investments/funds – external:			
Water fund operations		67	63
Sewerage fund operations		95	81
<u>Total interest and investment revenue recognised</u>		<u>531</u>	<u>520</u>
(d) Other revenues			
Commissions and agency fees		96	114
Energy rebate		119	104
Farming income		–	59
Insurance rebate		30	44
Reimbursement – bushfire		307	330
Sales – general		98	60
Other		58	9
<u>TOTAL OTHER REVENUE</u>		<u>708</u>	<u>720</u>

Coonamble Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 3. Income from continuing operations (continued)

\$ '000	2017 Operating	2016 Operating	2017 Capital	2016 Capital
(e) Grants				
General purpose (untied)				
Financial assistance	5,415	3,580	–	–
Pensioners' rates subsidies – general component	28	24	–	–
Total general purpose	5,443	3,604	–	–
Specific purpose				
Pensioners' rates subsidies:				
– Water	13	13	–	–
– Sewerage	12	10	–	–
– Domestic waste management	15	14	–	–
Animal Control	5	–	–	–
Community care	1	125	–	–
Employment and training programs	4	22	–	–
Environmental protection	58	89	939	1,364
Library	31	28	31	74
Recreation and culture	51	–	532	–
Street lighting	36	36	–	–
Transport (roads to recovery)	819	1,843	275	339
Transport (other roads and bridges funding)	541	398	–	–
Transport (flood damage)	1,103	–	–	–
Total specific purpose	2,689	2,578	1,777	1,777
Total grants	8,132	6,182	1,777	1,777
Grant revenue is attributable to:				
– Commonwealth funding	5,485	5,424	–	–
– State funding	2,647	758	1,777	1,777
	8,132	6,182	1,777	1,777

Coonamble Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 3. Income from continuing operations (continued)

\$ '000	2017 Operating	2016 Operating	2017 Capital	2016 Capital
(f) Contributions				
Developer contributions:				
(s93 & s94 – EP&A Act, s64 of the LGA):				
Nil				
Other contributions:				
Recreation and culture	–	–	15	–
RMS contributions (regional roads, block grant)	1,285	1,262	–	–
Other	–	–	–	7
Total other contributions	1,285	1,262	15	7
Total contributions	1,285	1,262	15	7
TOTAL GRANTS AND CONTRIBUTIONS	9,417	7,444	1,792	1,784

\$ '000	Actual 2017	Actual 2016
(g) Unspent grants and contributions		
Certain grants and contributions are obtained by Council on condition that they be spent in a specified manner:		
Unexpended at the close of the previous reporting period	1,861	241
Add: grants and contributions recognised in the current period but not yet spent:	(476)	2,038
Add: grants and contributions received for the provision of goods and services in a future period	341	–
Less: grants and contributions recognised in a previous reporting period now spent:	(577)	(418)
Net increase (decrease) in restricted assets during the period	(712)	1,620
Unexpended and held as restricted assets	1,149	1,861
Comprising:		
– Specific purpose unexpended grants	1,149	1,861
	1,149	1,861

Coonamble Shire Council

Notes to the Financial Statements
for the year ended 30 June 2017

Note 4. Expenses from continuing operations

\$ '000	Notes	Actual 2017	Actual 2016
(a) Employee benefits and on-costs			
Salaries and wages		6,259	5,422
Travel expenses		4	4
Employee leave entitlements (ELE)		606	644
Superannuation		663	680
Workers' compensation insurance		139	90
Fringe benefit tax (FBT)		48	51
Training costs (other than salaries and wages)		99	91
Other		57	43
Total employee costs		7,875	7,025
Less: capitalised costs		(217)	(351)
TOTAL EMPLOYEE COSTS EXPENSED		7,658	6,674
Number of 'full-time equivalent' employees (FTE) at year end		91	91
(b) Borrowing costs			
(i) Interest bearing liability costs			
Interest on loans		8	10
Total interest bearing liability costs expensed		8	10
(ii) Other borrowing costs			
Nil			
TOTAL BORROWING COSTS EXPENSED		8	10
(c) Materials and contracts			
Raw materials and consumables		2,190	2,298
Contractor and consultancy costs			
– Administration		60	52
– Building, electrical, plumbing		183	144
– Bridge repairs		–	69
– External plant hire		356	99
– Planning		32	28
– Quarry		166	116
– Road repairs – flood damage		424	–
– Roadmarking services		125	716
– Waste management		323	336
Contractor and consultancy costs – other		370	170
Auditors remuneration ⁽¹⁾		54	28
Legal expenses:			
– Legal expenses: other		23	22
TOTAL MATERIALS AND CONTRACTS		4,306	4,078

Coonamble Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 4. Expenses from continuing operations (continued)

\$ '000	Notes	Actual 2017	Actual 2016
(c) Materials and contracts (continued)			
1. Auditor remuneration			
a. During the year, the following fees were incurred for services provided by the Auditor-General:			
Audit and other assurance services			
Audit and review of financial statements: Auditor-General		46	–
Remuneration for audit and other assurance services		46	–
Total Auditor-General remuneration		46	–
b. During the year, the following fees were incurred for services provided by the other Council's Auditors:			
Audit and other assurance services			
Audit and review of financial statements: Council's Auditor		8	28
Remuneration for audit and other assurance services		8	28
Total remuneration of other Council's Auditors		8	28
Total Auditor remuneration		54	28
(d) Depreciation, amortisation and impairment			
Plant and equipment		1,276	1,463
Office equipment		81	160
Infrastructure:			
– Buildings – non-specialised		95	103
– Buildings – specialised		179	179
– Other structures		219	188
– Roads		2,327	2,296
– Bridges		146	146
– Footpaths		22	22
– Stormwater drainage		29	29
– Water supply network		239	487
– Sewerage network		332	464
Total gross depreciation and amortisation costs		4,945	5,537
Less: capitalised costs		–	–
Total depreciation and amortisation costs		4,945	5,537
Impairment			
Nil			
TOTAL DEPRECIATION AND IMPAIRMENT COSTS EXPENSED		4,945	5,537

Coonamble Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 4. Expenses from continuing operations (continued)

\$ '000	Notes	Actual 2017	Actual 2016
(e) Other expenses			
Advertising		43	41
Bad and doubtful debts		30	1
Bank charges		14	13
Commission		22	22
Contributions/levies to other levels of government		576	632
Councillor expenses – mayoral fee		17	16
Councillor expenses – councillors' fees		69	67
Councillors' expenses (incl. mayor) – other (excluding fees above)		17	16
Donations, contributions and assistance to other organisations (Section 356)		92	93
Election expenses		30	–
Electricity and heating		205	268
Farming costs		–	5
Insurance		341	316
Legal Fees		23	–
Postage		24	21
Printing and stationery		55	59
Royalties		66	–
Street lighting		104	81
Subscriptions and publications		55	46
Telephone and communications		59	43
Valuation fees		18	21
Other		178	58
TOTAL OTHER EXPENSES		2,038	1,819

Note 5. Gains or losses from the disposal of assets

Property (excl. investment property)			
Proceeds from disposal – property		145	303
Less: carrying amount of property assets sold/written off		(181)	(237)
Net gain/(loss) on disposal		(36)	66
Plant and equipment			
Proceeds from disposal – plant and equipment		338	1,013
Less: carrying amount of plant and equipment assets sold/written off		(247)	(329)
Net gain/(loss) on disposal		91	684
Financial assets			
Proceeds from disposal/redemptions/maturities – financial assets		10,000	5,000
Less: carrying amount of financial assets sold/redeemed/matured		(10,000)	(5,000)
Net gain/(loss) on disposal		–	–
NET GAIN/(LOSS) ON DISPOSAL OF ASSETS		55	750

Coonamble Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

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

\$ '000	Notes	2017	2017	2016	2016
		Actual Current	Actual Non-current	Actual Current	Actual Non-current
Cash and cash equivalents (Note 6a)					
Cash on hand and at bank		3,517	–	3,933	–
Cash-equivalent assets ¹					
– Deposits at call		1,500	–	1,000	–
– Short-term deposits		16,500	–	14,500	–
Total cash and cash equivalents		21,517	–	19,433	–
Investments (Note 6b)					
– Long term deposits		3,500	–	2,500	–
Total investments		3,500	–	2,500	–
TOTAL CASH ASSETS, CASH EQUIVALENTS AND INVESTMENTS		25,017	–	21,933	–

¹ 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'

	21,517	–	19,433	–
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Investments

a. 'Held to maturity'

	3,500	–	2,500	–
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Investments

	3,500	–	2,500	–
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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 2017

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

\$ '000	2017 Actual Current	2017 Actual Non-current	2016 Actual Current	2016 Actual Non-current
Total cash, cash equivalents and investments	25,017	–	21,933	–
attributable to:				
External restrictions (refer below)	10,561	–	10,792	–
Internal restrictions (refer below)	13,119	–	9,053	–
Unrestricted	1,337	–	2,088	–
	25,017	–	21,933	–

2017 \$ '000	Opening balance	Transfers to restrictions	Transfers from restrictions	Closing balance
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Details of restrictions

External restrictions – included in liabilities

RMS (formerly RTA) advances (A)	53	–	(53)	–
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External restrictions – included in liabilities	53	–	(53)	–
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External restrictions – other

Specific purpose unexpended grants (B)	1,861	–	(712)	1,149
Water supplies (C)	2,774	45	–	2,819
Sewerage services (C)	5,476	366	–	5,842
Domestic waste management (C)	628	123	–	751

External restrictions – other	10,739	534	(712)	10,561
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Total external restrictions	10,792	534	(765)	10,561
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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 2017

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

2017 \$ '000	Opening balance	Transfers to restrictions	Transfers from restrictions	Closing balance
Internal restrictions				
Plant and vehicle replacement	1,324	1,393	(846)	1,871
Employees leave entitlement	1,105	100	–	1,205
Carry over works	92	–	(37)	55
Aerodrome	50	–	–	50
Caravan park	176	50	–	226
Cemetery	45	23	–	68
Common	–	14	–	14
Depot improvements	6	50	–	56
Development	365	150	(26)	489
Election expenses	44	–	–	44
Emergency services building maintenance	100	–	–	100
Financial assistance grant (in advance)	–	1,842	–	1,842
Footpath replacement	75	75	–	150
Kerb and gutter replacement	39	75	–	114
Land acquisition	3	–	–	3
Levee reserve	912	–	–	912
Local environmental plan	25	–	–	25
Museum	6	–	–	6
Office equipment	290	60	–	350
Other community development	10	–	–	10
Pound facility	50	50	–	100
Premises refurbishment	238	117	–	355
Quarry	593	107	–	700
Quarry rehabilitation	110	10	–	120
Recreational facilities	278	11	(107)	182
Riverwalk	2	–	–	2
Road reloaming	1,056	–	–	1,056
Road reserve sealed	828	200	–	1,028
Rural fire service	36	–	–	36
Saleyards	20	–	–	20
Security camera reserve	7	–	–	7
Showground	237	–	–	237
Showground – gulargambone	10	–	–	10
Single invitation contract	200	–	–	200
Sportsground	39	–	–	39
Stormwater drainage	35	–	–	35
Strategic plan review	20	–	–	20
Street lighting	25	5	–	30
Street numbering contribution	5	–	–	5
Training reserve	50	–	–	50
Urban streets	517	247	–	764
Weir improvement	30	–	–	30
Coonamble Scholarship	–	3	–	3
Emergency Roadworks	–	500	–	500
Total internal restrictions	9,053	5,082	(1,016)	13,119
TOTAL RESTRICTIONS	19,845	5,616	(1,781)	23,680

Coonamble Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 7. Receivables

\$ '000	Notes	2017		2016	
		Current	Non-current	Current	Non-current
Purpose					
Rates and annual charges		400	173	172	332
Interest and extra charges		39	26	33	27
User charges and fees		1,145	481	504	353
Accrued revenues					
– Interest on investments		78	–	84	–
Government grants and subsidies		993	–	84	–
Other debtors		209	–	10	–
Total		2,864	680	887	712
Less: provision for impairment					
Rates and annual charges		(46)	(129)	(36)	(120)
User charges and fees		(30)	(70)	(24)	(67)
Total provision for impairment – receivables		(76)	(199)	(60)	(187)
TOTAL NET RECEIVABLES		2,788	481	827	525
Externally restricted receivables					
Water supply					
– Rates and availability charges		22	6	20	30
– Other		181	35	65	179
Sewerage services					
– Rates and availability charges		42	10	24	25
– Other		20	6	6	29
Total external restrictions		265	57	115	263
Internally restricted receivables					
Nil					
Unrestricted receivables		2,523	424	712	262
TOTAL NET RECEIVABLES		2,788	481	827	525

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% (2016 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 2017

Note 8. Inventories and other assets

\$ '000	Notes	2017		2016	
		Current	Non-current	Current	Non-current
(a) Inventories					
(i) Inventories at cost					
		367	–	367	–
		258	–	196	–
		70	–	143	–
		695	–	706	–
		695	–	706	–

(b) Other assets

		31	–	70	–
		31	–	70	–

Externally restricted assets

There are no restrictions applicable to the above assets.

Other disclosures**(a) Details for real estate development**

		367	–	367	–
		367	–	367	–

(Valued at the lower of cost and net realisable value)

Represented by:

		367	–	367	–
		367	–	367	–

Movements:

		367	–	367	–
		367	–	367	–

(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;

	2017	2016
Real estate for resale	367	367
	367	367

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

– Stores and materials	280	205
– Trading stock	1,334	1,183

(d) Inventory write downs

There were no amounts 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 2017

Note 9a. Infrastructure, property, plant and equipment

Asset class	as at 30/6/2016			Asset movements during the reporting period						as at 30/6/2017		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000												
Capital work in progress	649	-	649	-	65	-	-	(649)	-	65	-	65
Plant and equipment	13,256	5,630	7,626	1,009	184	(247)	(1,276)	-	-	13,481	6,185	7,296
Office equipment	1,080	960	120	55	73	-	(81)	-	-	1,193	1,026	167
Land:												
- Operational land	2,135	-	2,135	-	-	(181)	-	-	-	1,954	-	1,954
- Community land	1,414	-	1,414	-	-	-	-	-	-	1,414	-	1,414
Infrastructure:												
- Buildings - non-specialised	4,307	2,253	2,054	-	-	-	(95)	-	-	4,307	2,348	1,959
- Buildings - specialised	28,370	13,985	14,385	436	40	-	(179)	-	-	28,846	14,164	14,682
- Other structures	18,095	5,806	12,289	667	1,590	-	(219)	-	-	20,352	6,025	14,327
- Roads	225,814	37,711	188,103	2,557	121	-	(2,327)	649	-	229,141	40,038	189,103
- Bridges	14,575	1,755	12,820	-	-	-	(146)	-	-	14,575	1,901	12,674
- Footpaths	1,781	173	1,608	-	145	-	(22)	-	-	1,926	195	1,731
- Stormwater drainage	2,459	919	1,540	-	-	-	(29)	-	-	2,459	948	1,511
- Water supply network	21,979	8,054	13,925	85	255	-	(239)	-	3,324	24,582	7,234	17,348
- Sewerage network	28,182	15,903	12,279	156	5	-	(332)	-	223	26,918	14,588	12,330
TOTAL INFRASTRUCTURE,												
PROPERTY, PLANT AND EQUIP.	364,096	93,149	270,947	4,965	2,478	(428)	(4,945)	-	3,547	371,213	94,652	276,561

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 2017

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

\$ '000	Actual 2017			Actual 2016		
	Gross carrying amount	Accumulated depn. and impairment	Net carrying amount	Gross carrying amount	Accumulated depn. and impairment	Net carrying amount
Water supply						
WIP	11	–	11	–	–	–
Infrastructure	24,583	7,231	17,352	21,979	8,054	13,925
Total water supply	24,594	7,231	17,363	21,979	8,054	13,925
Sewerage services						
Infrastructure	26,918	14,588	12,330	28,182	15,903	12,279
Total sewerage services	26,918	14,588	12,330	28,182	15,903	12,279
Domestic waste management						
Infrastructure	271	43	228	171	34	137
Total DWM	271	43	228	171	34	137
TOTAL RESTRICTED I,PP&E	51,783	21,862	29,921	50,332	23,991	26,341

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

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

Coonamble Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 10a. Payables, borrowings and provisions

\$ '000	Notes	2017		2016	
		Current	Non-current	Current	Non-current
Payables					
Goods and services – operating expenditure		675	–	365	–
Goods and services – capital expenditure		348	–	153	–
Accrued expenses:					
– Borrowings		1	–	2	–
– Other expenditure accruals		331	–	218	–
Security bonds, deposits and retentions		155	–	152	–
ATO – net GST payable		–	–	41	–
Total payables		1,510	–	931	–
Income received in advance					
Payments received in advance		671	–	171	–
Total income received in advance		671	–	171	–
Borrowings					
Loans – secured ¹		50	129	50	179
Total borrowings		50	129	50	179
Provisions					
Employee benefits:					
Annual leave		862	–	839	–
Long service leave		1,002	76	1,083	108
Total provisions		1,864	76	1,922	108
<u>TOTAL PAYABLES, BORROWINGS AND PROVISIONS</u>		4,095	205	3,074	287
(i) Liabilities relating to restricted assets					
		2017		2016	
		Current	Non-current	Current	Non-current
Externally restricted assets					
Water		75	–	68	–
Sewer		163	5	40	14
Other		–	–	53	–
Liabilities relating to externally restricted assets		238	5	161	14
Internally restricted assets					
Nil		–	–	–	–
Total liabilities relating to restricted assets		238	5	161	14
Total liabilities relating to unrestricted assets		3,857	200	2,913	273
<u>TOTAL PAYABLES, BORROWINGS AND PROVISIONS</u>		4,095	205	3,074	287

¹ 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 2017

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

\$ '000	Actual 2017	Actual 2016
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(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	1,017	1,297
Payables – security bonds, deposits and retentions	–	23
	1,017	1,320

Note 10b. Description of and movements in provisions

Class of provision	2016		2017			Closing balance as at 30/6/17
	Opening balance as at 1/7/16	Additional provisions	Decrease due to payments	Remeasurement effects due to discounting	Unused amounts reversed	
Annual leave	839	477	(454)	–	–	862
Long service leave	1,191	120	(233)	–	–	1,078
TOTAL	2,030	597	(687)	–	–	1,940

- 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 2017

Note 11. Statement of cash flows – additional information

\$ '000	Notes	Actual 2017	Actual 2016
(a) Reconciliation of cash assets			
Total cash and cash equivalent assets	6a	21,517	19,433
Less bank overdraft	10	–	–
Balance as per the Statement of Cash Flows		21,517	19,433
(b) Reconciliation of net operating result to cash provided from operating activities			
Net operating result from Income Statement		6,083	4,168
Adjust for non-cash items:			
Depreciation and amortisation		4,945	5,537
Net losses/(gains) on disposal of assets		(55)	(750)
Share of net (profits) or losses of associates/joint ventures		(4)	4
+/- Movement in operating assets and liabilities and other cash items:			
Decrease/(increase) in receivables		(1,945)	1,445
Increase/(decrease) in provision for doubtful debts		28	1
Decrease/(increase) in inventories		11	248
Decrease/(increase) in other assets		39	(18)
Increase/(decrease) in payables		310	(368)
Increase/(decrease) in accrued interest payable		(1)	(1)
Increase/(decrease) in other accrued expenses payable		113	(377)
Increase/(decrease) in other liabilities		462	12
Increase/(decrease) in employee leave entitlements		(90)	32
Net cash provided from/(used in) operating activities from the Statement of Cash Flows		9,896	9,933
(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 ⁽¹⁾		250	250
Credit cards/purchase cards		25	25
Total financing arrangements		275	275

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 2017

Note 12. Commitments for expenditure

\$ '000	Notes	Actual 2017	Actual 2016
(a) Capital commitments (exclusive of GST)			
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
Property, plant and equipment			
Buildings		–	29
Plant and equipment		303	97
Other Software		107	–
Water Mains		217	–
Total commitments		627	126
These expenditures are payable as follows:			
Within the next year		627	126
Total payable		627	126
Sources for funding of capital commitments:			
Unrestricted general funds		627	–
Unexpended loans		–	126
Total sources of funding		627	126

(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	70	82
Later than one year and not later than 5 years	184	86
Later than 5 years	–	–
Total non-cancellable operating lease commitments	254	168

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

Office Rentals, Accounting Software Package Lease
Contingent rentals may be payable depending on the condition of items or usage during the lease term.

Conditions relating to operating leases:

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

(d) Investment property commitments

Nil

Coonamble Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

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

\$ '000	Amounts 2017	Indicator 2017	Prior periods 2016	2015	Benchmark
Local government industry indicators – consolidated					
1. Operating performance ratio					
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions less operating expenses	<u>4,232</u>	18.25%	8.29%	4.95%	>0.00%
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions	<u>23,187</u>				
2. Own source operating revenue ratio					
Total continuing operating revenue ⁽¹⁾ excluding all grants and contributions	<u>13,770</u>	55.13%	57.16%	59.88%	>60.00%
Total continuing operating revenue ⁽¹⁾	<u>24,979</u>				
3. Unrestricted current ratio					
Current assets less all external restrictions ⁽²⁾	<u>17,338</u>	6.10x	7.70x	5.30x	>1.5x
Current liabilities less specific purpose liabilities ^(3, 4)	<u>2,840</u>				
4. Debt service cover ratio					
Operating result ⁽¹⁾ before capital excluding interest and depreciation/impairment/amortisation	<u>9,185</u>	158.36x	121.78x	92.16x	>2x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	<u>58</u>				
5. Rates, annual charges, interest and extra charges outstanding percentage					
Rates, annual and extra charges outstanding	<u>463</u>	7.30%	6.52%	6.51%	<10% Rural
Rates, annual and extra charges collectible	<u>6,344</u>				
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	<u>25,017</u>	19.90 mths	20.1 mths	16.6 mths	> 3 mths
Payments from cash flow of operating and financing activities	<u>1,257</u>				

Notes

⁽¹⁾ 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.

⁽²⁾ Refer Notes 6-8 inclusive.

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

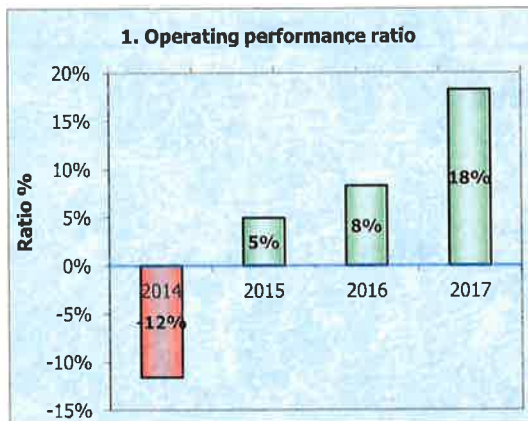
⁽³⁾ Refer to Note 10(a).

⁽⁴⁾ 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 2017

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



Purpose of operating performance ratio

This ratio measures Council's achievement of containing operating expenditure within operating revenue.

2016/17 ratio	18.25%
----------------------	---------------

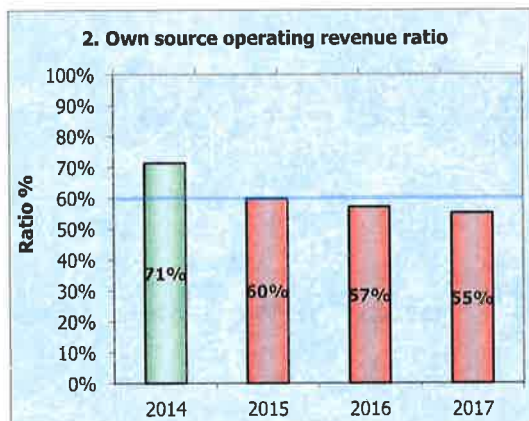
Benchmark: ——— Minimum $\geq 0.00\%$

Source for benchmark: Code of Accounting Practice and Financial Reporting #25



Ratio achieves benchmark

Ratio is outside benchmark



Purpose of own source operating revenue ratio

This ratio measures fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants and contributions.

2016/17 ratio	55.13%
----------------------	---------------

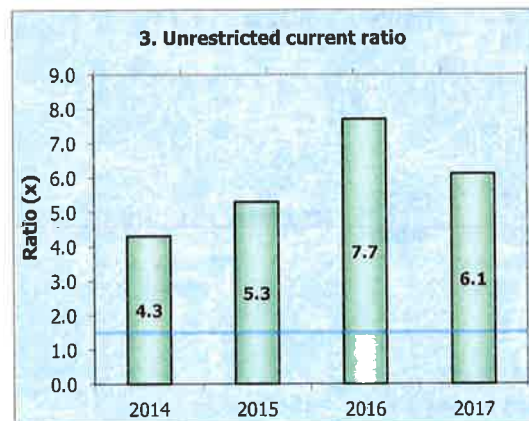
Benchmark: ——— Minimum $\geq 60.00\%$

Source for benchmark: Code of Accounting Practice and Financial Reporting #25



Ratio achieves benchmark

Ratio is outside benchmark



Purpose of unrestricted current ratio

To assess the adequacy of working capital and its ability to satisfy obligations in the short term for the unrestricted activities of Council.

2016/17 ratio	6.10x
----------------------	--------------

Benchmark: ——— Minimum ≥ 1.50

Source for benchmark: Code of Accounting Practice and Financial Reporting #25



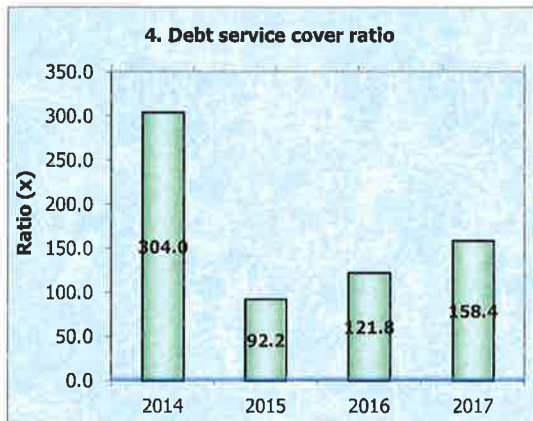
Ratio achieves benchmark

Ratio is outside benchmark

Coonamble Shire Council

Notes to the Financial Statements
for the year ended 30 June 2017

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

2016/17 ratio	158.36x
----------------------	----------------

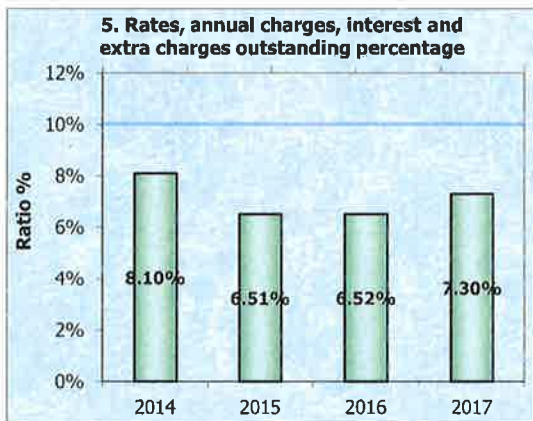
Benchmark: Minimum ≥ 2.00

Source for benchmark: Code of Accounting Practice and Financial Reporting #25



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.

2016/17 ratio	7.30%
----------------------	--------------

Benchmark: Maximum $< 10.00\%$

Source for Benchmark: Code of Accounting Practice and Financial Reporting #25



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.

2016/17 ratio	19.90 mths
----------------------	-------------------

Benchmark: Minimum ≥ 3.00

Source for benchmark: Code of Accounting Practice and Financial Reporting #25



Ratio achieves benchmark

Ratio is outside benchmark

Coonamble Shire Council

Notes to the Financial Statements for the year ended 30 June 2017

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

	General indicators ⁵		Water indicators		Sewer indicators		Benchmark
	2017	2016	2017	2016	2017	2016	
\$ '000							
Local government industry indicators – by fund							
1. Operating performance ratio							
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions less operating expenses	19.24%	8.40%	7.98%	7.28%	8.88%	7.71%	>0.00%
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions							
2. Own source operating revenue ratio							
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions	51.12%	52.36%	98.96%	99.05%	98.58%	98.81%	>60.00%
Total continuing operating revenue ⁽¹⁾							
3. Unrestricted current ratio							
Current assets less all external restrictions ⁽²⁾	6.10x	7.70x	40.29x	42.04x	36.22x	137.65x	>1.5x
Current liabilities less specific purpose liabilities ^(3,4)							

Notes

(1) - (4) Refer to Notes at Note 13a(f) 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 2017

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

\$ '000	General indicators ⁵		Water indicators		Sewer indicators		Benchmark
	2017	2016	2017	2016	2017	2016	
Local government industry indicators – by fund (continued)							
4. Debt service cover ratio							
Operating result ⁽¹⁾ before capital excluding interest and depreciation/impairment/amortisation							
	175.79x	123.82x	0.00x	0.00x	40.80x	53.10x	>2x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)							
5. Rates, annual charges, interest and extra charges outstanding percentage							
Rates, annual and extra charges outstanding							
	7.28%	5.90%	6.06%	11.88%	8.35%	8.14%	<10% Rural
Rates, annual and extra charges collectible							
6. Cash expense cover ratio							
Current year's cash and cash equivalents plus all term deposits							
	13.01	12.51	0.00	0.00	0.00	0.00	> 3 months
Payments from cash flow of operating and financing activities							

Notes

(1) 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 2017

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	
	2017	2016	2017	2016
Financial assets				
Cash and cash equivalents	21,517	19,433	21,517	19,433
Investments				
– 'Held to maturity'	3,500	2,500	3,500	2,500
Receivables	3,269	1,352	3,269	1,352
Total financial assets	28,286	23,285	28,286	23,285
Financial liabilities				
Payables	1,510	931	1,551	931
Loans/advances	179	229	179	229
Total financial liabilities	1,689	1,160	1,730	1,160

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 2017

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 these changes are caused by factors specific to individual financial instruments or their issuers or are caused by factors affecting similar instruments traded in a market.
- **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
2017				
Possible impact of a 1% movement in interest rates	215	215	215	215
2016				
Possible impact of a 1% movement in interest rates	180	180	180	180

Coonamble Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

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:

	2017 Rates and annual charges	2017 Other receivables	2016 Rates and annual charges	2016 Other receivables
(i) Ageing of receivables – %				
Current (not yet overdue)	0%	78%	0%	78%
Overdue	100%	22%	100%	22%
	100%	100%	100%	100%

	Rates and annual charges	Other receivables	Rates and annual charges	Other receivables
(ii) Ageing of receivables – value				
Rates and annual charges		Other receivables		
Current	261	2,885	49	753
< 1 year overdue	210	31	305	95
1 – 2 years overdue	74	2	85	21
2 – 5 years overdue	26	1	65	43
> 5 years overdue	2	52	–	183
	573	2,971	504	1,095

	2017	2016
(iii) Movement in provision for impairment of receivables		
Balance at the beginning of the year	247	246
+ new provisions recognised during the year	30	1
– amounts already provided for and written off this year	(2)	–
Balance at the end of the year	275	247

Coonamble Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

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		
2017									
Trade/other payables	155	1,396	–	–	–	–	–	1,551	1,510
Loans and advances	–	50	46	42	–	–	–	179	179
Total financial liabilities	155	1,446	46	42	–	–	–	1,730	1,689
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

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:

	2017		2016	
	Carrying value	Average interest rate	Carrying value	Average interest rate
Trade/other payables	1,510	0.00%	931	0.00%
Loans and advances – fixed interest rate	179	7.75%	229	7.75%
	<u>1,689</u>		<u>1,160</u>	

Coonamble Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 16. Material budget variations

\$ '000

Council's original financial budget for 16/17 was adopted by the Council on 08 June 2017.

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	2017 Budget	2017 Actual	2017 Variance* -----		
REVENUES					
Rates and annual charges	5,921	5,896	(25)	(0%)	U
User charges and fees	4,940	6,635	1,695	34%	F
Council adopted a conservative approach for estimating User Fees and Charges Income throughout the Year council was successful in gaining additional work allocation for its State Highways Contracts.					
Interest and investment revenue	561	531	(30)	(5%)	U
Other revenues	28	708	680	2429%	F
Council does not recognise income from contributions for the Rural Fire Service as part of its budgeting focus, as their contributions are forwarded onto the State Government. A change to the classification of some income has affected the variation.					
Operating grants and contributions	6,485	9,417	2,932	45%	F
Council Adopted a conservative approach for estimating of Grant funded projects that it was likely to receive. Additional unplanned grants were obtained throughout the year					
Capital grants and contributions	2,159	1,792	(367)	(17%)	U
Council was successful in obtaining grant funds for Stage 2 of the Levee construction.					
Net gains from disposal of assets	-	55	55	0%	F
Council does not factor in Net gains or loss from Sale of Assets as part of its estimate process due to uncertainty in market forces.					
Joint ventures and associates - net profits	-	4	4	0%	F
Council does not factor in gains or loss from Joint Ventures as part of its estimate process due to uncertainty.					

Coonamble Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 16. Material budget variations (continued)

\$ '000	2017 Budget	2017 Actual	2017 ----- Variance* -----		
EXPENSES					
Employee benefits and on-costs	6,852	7,658	(806)	(12%)	U
Council employed additional Casual labour to complete Grant Funded works.					
Borrowing costs	9	8	1	11%	F
Materials and contracts	5,164	4,306	858	17%	F
In the 2016 Council was unsuccessful in its application for Grant funding for Stage 2 of the Levee therefore the timing of works programs has changed.					
Depreciation and amortisation	4,818	4,945	(127)	(3%)	U
Other expenses	1,163	2,038	(875)	(75%)	U
Council does not include the expenses of forwarding on Rural Fire Service as part of its budget process, as these contributions are forwarded onto the State Government. Coupled with a more detailed analysis of expenditure previously charged to Materials and Contractors change to Budgeting process.					
Budget variations relating to Council's Cash Flow Statement include:					
Cash flows from operating activities	6,958	9,896	2,938	42.2%	F
Council was successful in achieving better than anticipated levels of Grant funding through the financial year than what was anticipated during the preparation of the estimates					
Cash flows from investing activities	(8,849)	(7,762)	1,087	(12.3%)	F
Council adopted a conservative approach with its estimates preparation process. Throughout the year Council was able to achieve better than anticipated returns on its investments.					
Cash flows from financing activities	(50)	(50)	–	0.0%	F

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 2017

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 2017

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.

(ii) S94 plans

Council levies section 94/94A contributions upon various development across the Council area through the required contributions plans.

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

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

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

(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.

Coonamble Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

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 2017	Actual 2016	Actual 2017	Actual 2016
Joint ventures	4	(4)	53	49
Associates	—	—	—	—
Total	4	(4)	53	49

Coonamble Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

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	Measurement method	2017	2016
Northern Western Library Service	Joint Venture		53	49
Total carrying amounts – material joint ventures and associates			53	49

(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	Quoted fair value		Interest in outputs		Interest in ownership		Proportion of voting power	
	2017	2016	2017	2016	2017	2016	2017	2016
Northern Western Library Service	n/a	n/a	25%	25%	25%	25%	25%	25%

(d) Summarised financial information for joint ventures and associates

	Northern Western Library Service	
	2017	2016
Statement of financial position		
Current assets		
Cash and cash equivalents	9	6
Non-current assets	204	191
Net assets	213	197
Reconciliation of the carrying amount		
Opening net assets (1 July)	197	214
Profit/(loss) for the period	16	(17)
Closing net assets	213	197
Council's share of net assets (%)	25.0%	25.0%
Council's share of net assets (\$)	53	49

Coonamble Shire Council

Notes to the Financial Statements
for the year ended 30 June 2017

Note 19. Interests in other entities (continued)

\$ '000

(b) Joint ventures and associates

(d) Summarised financial information for joint ventures and associates (cont'd)

	Northern Western Library Service	
	2017	2016
Statement of comprehensive income		
Income	241	213
Other expenses	(225)	(230)
Profit/(loss) from continuing operations	16	(17)
Profit/(loss) for period	16	(17)
Total comprehensive income	16	(17)
Share of income – Council (%)	25.0%	25.0%
Profit/(loss) – Council (\$)	4	(4)
Total comprehensive income – Council (\$)	4	(4)

(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 2017

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

\$ '000	Notes	Actual 2017	Actual 2016
(a) Retained earnings			
Movements in retained earnings were as follows:			
Balance at beginning of year (from previous years audited accounts)		165,592	161,668
a. Correction of prior period errors	20 (c)	–	(244)
b. Net operating result for the year		6,083	4,168
Balance at end of the reporting period		171,675	165,592
(b) Revaluation reserves			
(i) Reserves are represented by:			
Infrastructure, property, plant and equipment revaluation reserve		129,651	126,104
Total		129,651	126,104
(ii) Reconciliation of movements in reserves:			
Infrastructure, property, plant and equipment revaluation reserve			
– Opening balance		126,104	125,356
– Revaluations for the year	9(a)	3,547	748
– Balance at end of year		129,651	126,104
TOTAL VALUE OF RESERVES		129,651	126,104
(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.			
(c) Correction of error/s relating to a previous reporting period			
Correction of errors as disclosed in last year's financial statements:			
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)
In accordance with AASB 108 – Accounting Policies, Changes in Accounting Estimates and Errors, the above prior period errors have been recognised retrospectively.			
These amounted to the following equity adjustments:			
– Adjustments to closing equity – 30/6/16 (relating to adjustments for the 30/6/16 year end)			(244)
Total prior period adjustments – prior period errors		–	(244)
(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 2017

Note 21. Financial result and financial position by fund

Income Statement by fund \$ '000	Actual 2017	Actual 2017	Actual 2017
	Water	Sewer	General¹
Continuing operations			
Income from continuing operations			
Rates and annual charges	454	623	4,819
User charges and fees	706	115	5,814
Interest and investment revenue	67	95	369
Other revenues	13	–	695
Grants and contributions provided for operating purposes	13	12	9,392
Grants and contributions provided for capital purposes	–	–	1,792
Other income			
Net gains from disposal of assets	–	–	55
Share of interests in joint ventures and associates using the equity method	–	–	4
Total income from continuing operations	1,253	845	22,940
Expenses from continuing operations			
Employee benefits and on-costs	252	222	7,184
Borrowing costs	–	–	8
Materials and contracts	662	216	3,428
Depreciation and amortisation	239	332	4,374
Impairment	–	–	–
Other expenses	–	–	2,038
Total expenses from continuing operations	1,153	770	17,032
Operating result from continuing operations	100	75	5,908
Discontinued operations			
Net profit/(loss) from discontinued operations	–	–	–
Net operating result for the year	100	75	5,908
Net operating result attributable to each council fund	100	75	5,908
Net operating result attributable to non-controlling interests	–	–	–
Net operating result for the year before grants and contributions provided for capital purposes	100	75	4,116

¹ General fund refers to all Council's activities other than Water and Sewer.

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 2017

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

Statement of Financial Position by fund \$ '000	Actual 2017	Actual 2017	Actual 2017
ASSETS	Water	Sewer	General¹
Current assets			
Cash and cash equivalents	2,819	5,842	12,856
Investments	–	–	3,500
Receivables	203	62	2,523
Inventories	–	–	695
Other	–	–	31
Non-current assets classified as 'held for sale'	–	–	–
Total current assets	3,022	5,904	19,605
Non-current assets			
Investments	–	–	–
Receivables	41	16	424
Infrastructure, property, plant and equipment	17,363	12,330	246,868
Investments accounted for using the equity method	–	–	53
Intangible assets	–	–	–
Total non-current assets	17,404	12,346	247,345
TOTAL ASSETS	20,426	18,250	266,950
LIABILITIES			
Current liabilities			
Payables	32	154	1,324
Income received in advance	43	–	628
Borrowings	–	9	41
Provisions	–	–	1,864
Total current liabilities	75	163	3,857
Non-current liabilities			
Payables	–	–	–
Borrowings	–	5	124
Provisions	–	–	76
Total non-current liabilities	–	5	200
TOTAL LIABILITIES	75	168	4,057
Net assets	20,351	18,082	262,893
EQUITY			
Retained earnings	13,928	12,505	145,242
Revaluation reserves	6,423	5,577	117,651
Other reserves	–	–	–
Total equity	20,351	18,082	262,893

¹ General Fund refers to all Council's activities other than Water and Sewer.

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 2017

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

\$ '000

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

Note 23. Events occurring after the reporting date

Events that occur between the end of the reporting period (30 June 2017) 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 31/10/17.

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 2017.

(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 2017 and which are only indicative of conditions that arose after 30 June 2017.

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

Note 24. Discontinued operations

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

Note 25. Intangible assets

Intangible assets represent identifiable non-monetary 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.

Coonamble Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 26. Reinstatement, rehabilitation and restoration liabilities

\$ '000

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 30/6/17.

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 2017

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:

2017	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				
Plant and equipment	–	–	7,296	7,296
Office Equipment	–	–	167	167
Operational land	–	–	1,954	1,954
Community land	–	–	1,414	1,414
Buildings - non-specialised	–	–	1,959	1,959
Buildings - specialised	–	–	14,682	14,682
Other Structures	–	–	14,327	14,327
Roads	–	–	189,103	189,103
Bridges	–	–	12,674	12,674
Footpaths	–	–	1,731	1,731
Stormwater Drainage	–	–	1,511	1,511
Water Supply network	–	–	17,350	17,350
Sewerage network	–	–	12,331	12,331
Total infrastructure, property, plant and equipment	–	–	276,499	276,499

Coonamble Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

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):

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				
Plant and equipment	–	–	7,626	7,626
Office Equipment	–	–	120	120
Operational land	–	–	2,135	2,135
Community land	–	–	1,414	1,414
Buildings - non-specialised	–	–	2,054	2,054
Buildings - specialised	–	–	14,385	14,385
Other Structures	–	–	12,289	12,289
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
Total infrastructure, property, plant and equipment	–	–	270,298	270,298

(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 2017

Note 27. Fair value measurement (continued)

\$ '000

(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:

- Plant and Equipment - Graders, trucks, rollers, tractors and motor vehicles.
- Office Equipment - Computers, photocopiers, calculators etc.
- Furniture & Fittings - Chairs, desks and display boards.

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 2017

Note 27. Fair value measurement (continued)

\$ '000

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

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

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.

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

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.

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 2017

Note 27. Fair value measurement (continued)

\$ '000

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

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.

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

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.

The asset class has been revalued this year, the assumptions of this revaluation remain the same as in prior years.

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.

The asset class has been revalued this year, the assumptions of this revaluation remain the same as in prior years.

Coonamble Shire Council

Notes to the Financial Statements for the year ended 30 June 2017

Note 27. Fair value measurement (continued)

\$ '000

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

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 2017

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.

	WIP	Water Supply Network	Sewerage Network	Plant & Equipment	Operational Land	Community Land	Total
Opening balance – 1/7/15	–	13,593	12,404	6,079	2,097	1,532	35,705
Purchases (GBV)	–	305	105	3,620	–	–	4,030
Disposals (WDV)	–	–	–	(329)	(80)	–	(409)
Depreciation and impairment	–	(487)	(464)	(1,623)	–	–	(2,574)
FV gains – other comprehensive income	–	514	234	–	–	–	748
Closing balance – 30/6/16	–	13,925	12,279	7,747	2,017	1,532	37,500
Purchases (GBV)	–	340	172	1,320	–	–	1,832
Disposals (WDV)	–	–	–	(247)	(181)	–	(428)
Depreciation and impairment	–	(239)	(332)	(1,357)	–	–	(1,928)
FV gains – Income Statement ¹	–	3,324	223	–	–	–	3,547
Other movement	54	–	–	–	118	(118)	54
Closing balance – 30/6/17	54	17,350	12,342	7,463	1,954	1,414	40,577

¹ FV gains recognised in the Income Statement relating to assets still on hand at year end total:
YE 15/16 –
YE 16/17 223

Coonamble Shire Council

Notes to the Financial Statements
for the year ended 30 June 2017

Note 27. Fair value measurement (continued)

\$ '000

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

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

	Buildings Non- Specialised	Buildings Specialised	Other Structures	Roads Infra- -structure	Stormwater Drainage	Total
Opening balance – 1/7/15	2,119	14,678	11,785	202,311	1,569	232,462
Purchases (GBV)	48	81	643	2,684	–	3,456
Disposals (WDV)	–	(157)	–	–	–	(157)
Depreciation and impairment	(103)	(179)	(188)	(2,464)	(29)	(2,963)
Closing balance – 30/6/16	2,064	14,423	12,240	202,531	1,540	232,798
Purchases (GBV)	–	475	2,259	3,472	–	6,206
Depreciation and impairment	(95)	(179)	(219)	(2,495)	(29)	(3,017)
Other movement	(10)	(38)	49	–	–	1
Closing balance – 30/6/17	1,959	14,681	14,329	203,508	1,511	235,988

Coonamble Shire Council

Notes to the Financial Statements for the year ended 30 June 2017

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 (30/6/17) \$'000	Valuation technique/s	Unobservable inputs
I, PP&E			
Buildings non specialised	1,959		Gross replacement cost, Asset condition, Remaining useful life, Residual value
Buildings Specialised	14,681		Gross replacement cost, Asset condition, Remaining useful life, Residual value
Buildings Other Structures	14,329		Gross replacement cost, Asset condition, Remaining useful life, Residual value
Road Infrastructure	203,508		Gross replacement cost, Asset condition, Remaining useful life, Residual value
Stormwater drainage	1,511		Gross replacement cost, Asset condition, Remaining useful life, Residual value
Water Supply	17,350		Gross replacement cost, Asset condition, Remaining useful life, Residual value
Sewerage network	12,331		Gross replacement cost, Asset condition, Remaining useful life, Residual value

continued on the next page...

Coonamble Shire Council

Notes to the Financial Statements
for the year ended 30 June 2017

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.

Class	Fair value (30/6/17) \$'000	Valuation technique/s	Unobservable inputs
I,PP&E (continued)			
Plant & Equipment	7,462		Gross replacement cost, Remaining useful life, Residual value
Operational land	1,954		Land value based on price per square meter
Community land	1,414		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 2017

Note 28. Related party disclosures

\$ '000

a. Key management personnel

Key management personnel (KMP) of the council are those persons having the authority and responsibility for planning, directing and controlling the activities of the council, directly or indirectly.

The aggregate amount of KMP compensation included in the Income Statement is:

	Actual 2017
Compensation:	
Short-term benefits	834
Post-employment benefits	76
Other long-term benefits	19
Termination benefits	
Total	929

Coonamble Shire Council

Notes to the Financial Statements for the year ended 30 June 2017

Note 28. Related party disclosures (continued)

\$ '000

b. Other transactions with KMP and their related parties

Council has determined that transactions at arm's length between KMP and Council as part of Council delivering a public service objective (e.g. access to library or Council swimming pool by KMP) will not be disclosed.

Nature of the transaction

	Value of transactions during year	Outstanding balance (incl. loans and commitments)	Terms and conditions	Provisions for doubtful debts outstanding	Doubtful debts expense recognised
	\$'000	\$'000		\$'000	\$'000
Supply of concrete to Council	6,318		30-day terms		
Refreshment Supply	564		30-day terms		
Quarry Sales	93,380	28,238	21-day terms		
Council Wages	2,700		State Award		
Contract Weeds Spraying			30-day terms		
Less: immaterial transactions	(9,582)				

c. Other related party transactions

Nature of the transaction

	Value of transactions during year	Outstanding balance (incl. loans and commitments)	Terms and conditions	Provisions for doubtful debts outstanding	Doubtful debts expense recognised
	\$'000	\$'000		\$'000	\$'000
Library Services	58,759	700	Membership of library Co-op		



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements

Coonamble Shire Council

To the Councillors of Coonamble Shire Council

Opinion

I have audited the accompanying financial statements of Coonamble Shire Council (the Council), which comprise the statement of financial position as at 30 June 2017, the income statement, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by Councillors and Management.

In my opinion,

- 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 (the Division)
- the financial statements:
 - have been presented, in all material respects, in accordance with the requirements of this Division
 - are consistent with the Council's accounting records
 - present fairly, in all material respects, the financial position of the Council as at 30 June 2017, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- all information relevant to the conduct of the audit has been obtained
- no material deficiencies in the accounting records or financial statements have come to light during the audit.

My opinion should be read in conjunction with the rest of this report.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Council in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of councils
- precluding the Auditor-General from providing non-audit services.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

The Councillors' Responsibility for the Financial Statements

The Councillors are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the *Local Government Act 1993*, and for such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Councillors must assess the Council's ability to continue as a going concern except where the Council will be dissolved or amalgamated by an Act of Parliament. The assessment must disclose, as applicable, matters related to going concern and the appropriateness of using the going concern basis of accounting.

Auditor's Responsibility for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar3.pdf. The description forms part of my auditor's report.

My opinion does *not* provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- on the Original Budget information included in the Income Statement, Statement of Cash Flows, Note 2(a) and Note 16 budget variation explanations
- on the attached Special Schedules
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



David Nolan
Director, Financial Audit Services

10 November 2017
SYDNEY

Cr Michael Webb
Mayor
Coonamble Shire Council
PO Box 249
COONAMBLE NSW 2829

Contact: David Nolan
Phone no: 9275 7377
Our ref: D1729755/1717

10 November 2017

Dear Mayor

**Report on the Conduct of the Audit
for the year ended 30 June 2017
Coonamble Shire Council**

I have audited the general purpose financial statements of Coonamble Shire Council (the Council) for the year ended 30 June 2017 as required by s415 of the *Local Government Act 1993* (the Act).

I expressed an unmodified opinion on the Council's general purpose financial statements.

This Report on the Conduct of the Audit (the Report) for the Council for the year ended 30 June 2017 is issued in accordance with section 417 of the Act. This Report should be read in conjunction with my audit opinion on the general purpose financial statements issued under section 417(2) of the Act.

INCOME STATEMENT

Operating result

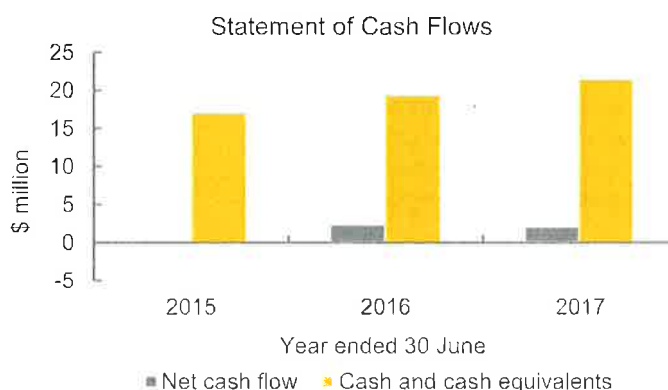
	2017	2016	Variance
	\$m	\$m	%
Rates and annual charges revenue	5.90	5.82	1.4 ↑
Grants and contributions revenue	11.21	9.23	21.5 ↑
Operating result for the year	6.08	4.17	45.9 ↑
Net operating result before capital amounts	4.29	2.38	80.0 ↑

The operating result for the year was a surplus of \$6.1 million (2016: \$4.2 million) and included a depreciation expense of \$4.9 million (2016: \$5.5 million). The higher operating result for this year is mainly due to increased general and specific purpose grants for operations, including a prepayment of the Financial Assistance Grant relating to 2017–18.

Rates and annual charges represent 24 per cent of Council's total revenues and increased by 1.4 per cent from the previous year.

STATEMENT OF CASH FLOWS

The Statement of Cash Flows illustrates the flow of cash and cash equivalents moving in and out of Council during the year and reveals that cash increased by \$2.1 million to \$21.5 million at the close of the year.



In addition to operating activities which contributed net cash of \$9.9 million were the proceeds from the sale of investments (\$10 million) and assets (\$483,000), Cash outflows other than operating activities were used to purchase investments (\$11 million), repay borrowings (\$50,000), and to purchase and construct assets (\$7.2 million).

FINANCIAL POSITION

Cash and Investments

Restricted Cash and Investments	2017	2016	Commentary
	\$m	\$m	
External restrictions	10.6	10.8	Cash and investments amounted \$25.0 million at 30 June 2017 (2016: \$21.9 million). The increase is mainly due to the Council's surplus for the year.
Internal restrictions	13.1	9.0	
Unrestricted	1.3	2.1	
Cash and investments	25.0	21.9	

Externally restricted cash and investments are restricted in their use by externally imposed requirements. These include unspent water and sewer funds, specific purpose grants and domestic waste management charges.

Internally restricted cash and investments have been restricted in their use by resolution or policy of Council to reflect forward plans and identified programs of works. These totalled \$13.1 million and their purpose is fully disclosed in Note 6 of the financial statements.

The Council's unrestricted cash and investments amounted to \$1.3 million, which is available to provide liquidity for day to day operations.

Debt

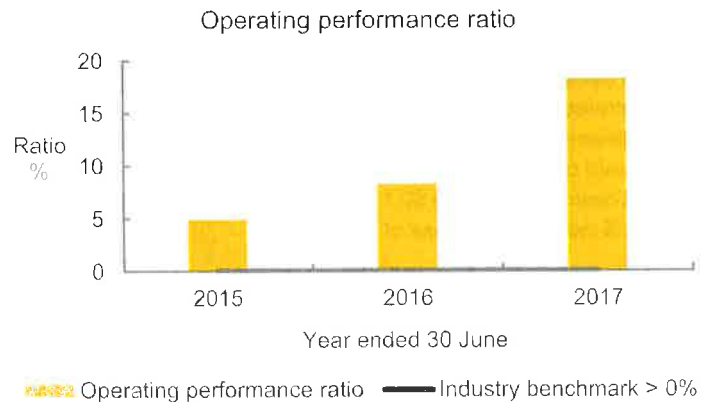
After repaying principal and interest of \$58,000 during the financial year, total debt as at 30 June 2017 was \$179,000 (2016: \$229,000).

PERFORMANCE RATIOS

The definition of each ratio analysed below (except for the 'building and infrastructure renewals ratio') is included in Note 13 of the Council's audited general purpose financial statements. The 'building and infrastructure renewals ratio' is defined in Council's Special Schedule 7.

Operating performance ratio

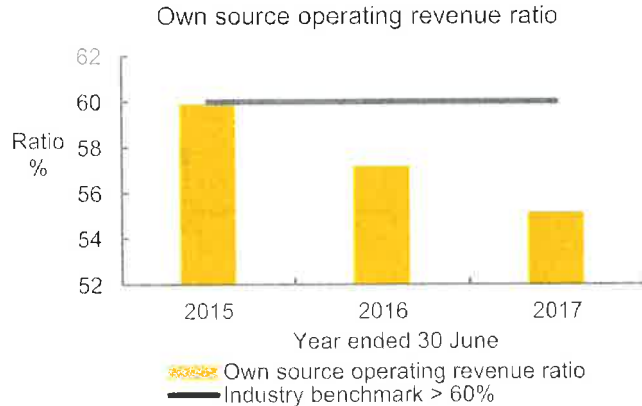
The 'operating performance ratio' measures how well council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by the Office of Local Government (OLG) is greater than zero per cent.



Council's operating performance indicator of 18.3 per cent (8.3 per cent in 2016) exceeded the benchmark due to the improved operating result before capital grants and contributions; which was driven by the increase in operating grants received.

Own source operating revenue ratio

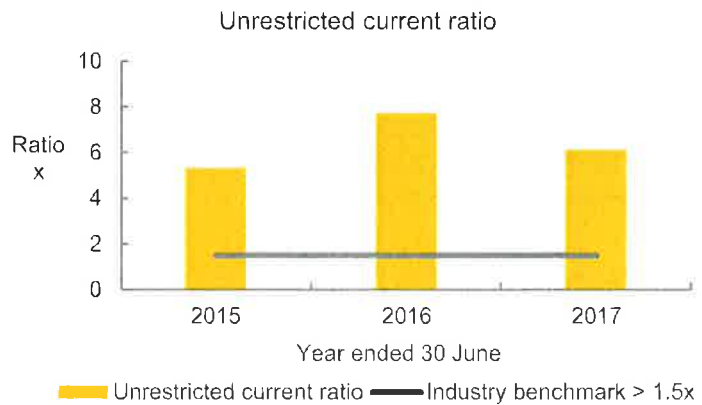
The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.



Council's own source operating revenue ratio was 55.1 per cent for 2016-17 (57.2 per cent in 2016), below the benchmark of 60 per cent.

Unrestricted current ratio

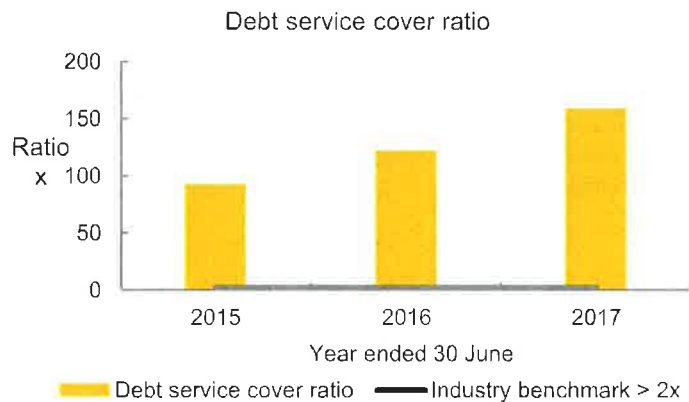
The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.



Council's unrestricted current ratio increased to 6.1 as at 30 June 2017 (7.7 in 2016) and exceeded the benchmark of 1.5 times. The decrease in the ratio is mainly due to the increase in current liabilities.

Debt service cover ratio

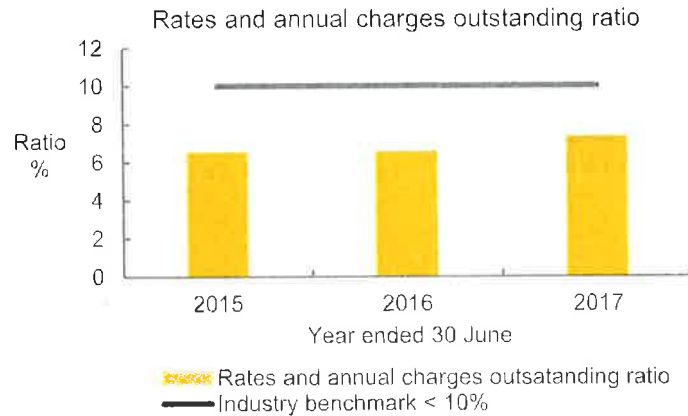
The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.



The debt service cover ratio for the Council as at 30 June 2017 was 158 (122 in 2016). The continued improvement is mainly due to Council's improving operating result before capital grants and contributions against consistent debt servicing costs.

Rates and annual charges outstanding ratio

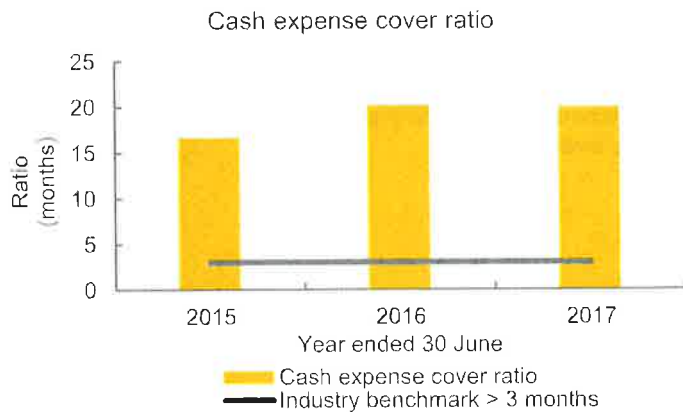
The 'rates and annual charges outstanding ratio' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is below 10 per cent for rural councils.



The rates and annual charges outstanding ratio stood at 7.3 per cent as at 30 June 2017 (6.5 per cent in 2016) and is better than industry benchmark of being below 10 per cent for a rural council.

Cash expense cover ratio

This liquidity ratio indicates the number of months the council can continue paying for its immediate expenses without additional cash inflow. The benchmark set by OLG is greater than three months.

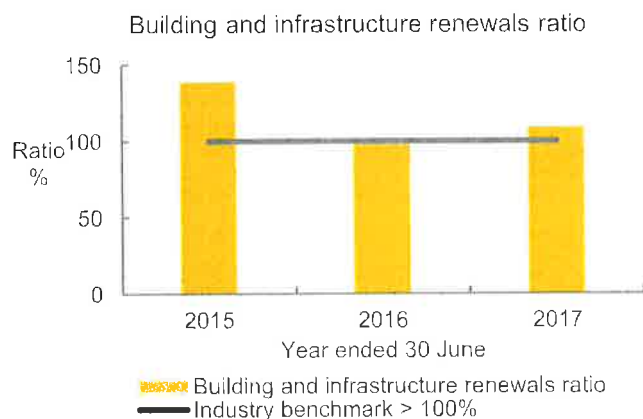


Council's cash expense cover ratio was over 19 months and continues to exceed the benchmark of three months.

Building and infrastructure renewals ratio

The 'building and infrastructure renewals ratio' assesses the rate at which these assets are being renewed against the rate at which they are depreciating. The benchmark set by OLG is greater than 100 per cent.

This ratio is sourced from information contained in council's Special Schedule 7 which has not been audited.



Special Schedule No. 7 disclosed infrastructure renewals for 2017 represented 109 per cent (98 per cent in 2016) of the depreciation charges for those assets; exceeding the benchmark of 100 per cent.

OTHER MATTERS

New accounting standards implemented

AASB 124 'Related Party Disclosures'

Effective for annual reporting periods beginning on or 1 July 2016

AASB 2015-6 extended the scope of AASB 124 to include not-for-profit public sector entities. As a result, Council's financial statements disclosed the:

- compensation paid to their key management personnel
- nature of their related party relationships
- amount and nature of their related party transactions, outstanding balances and commitments and outstanding balances (including commitments).

Asset Revaluations

Council's infrastructure, property, plant and equipment are required to be carried at fair value with revaluations of each asset class to be performed at least every five years.

During the year, water and sewerage infrastructure were revalued. This resulted in a net increase of \$3.547 million recognised directly in the Asset Revaluation Reserve.

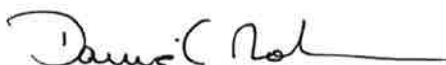
Legislative compliance

My audit procedures did not identify any instances of non-compliance with legislative requirements or a material deficiency in the Council's accounting records or financial reports. The Council's:

- accounting records were maintained in a manner and form to allow the general purpose financial statements to be prepared and effectively audited
- staff provided all accounting records and information relevant to the audit.

Management co-operation

The audit team appreciated the co-operation and help received from the Council's staff, in particular the finance team.



David Nolan
Director, Financial Audit Services

10 November 2017
SYDNEY

cc: Mr Rick Warren, General Manager
Mr Tim Hurst, Acting Chief Executive of the Office of Local Government

Coonamble Shire Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2017

“Coonamble on the Castlereagh”



Coonamble Shire Council

Special Purpose Financial Statements

for the year ended 30 June 2017

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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 2017

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.

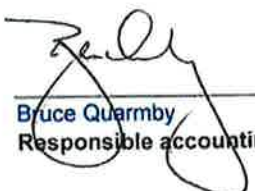
We are not aware of any matter that would render these statements false or misleading in any way.

Signed in accordance with a resolution of Council made on 09 August 2017.



Michael Webb
Mayor

John Walker
Councillor

Rick Warren
General manager

Bruce Quarmby
Responsible accounting officer

Coonamble Shire Council

Income Statement of Council's Water Supply Business Activity

for the year ended 30 June 2017

\$ '000	Actual 2017	Actual 2016
Income from continuing operations		
Access charges	454	413
User charges	706	834
Fees	–	–
Interest	67	63
Grants and contributions provided for non-capital purposes	13	13
Profit from the sale of assets	–	–
Share of profit from equity accounted investment	–	–
Other income	13	51
Total income from continuing operations	1,253	1,374
Expenses from continuing operations		
Employee benefits and on-costs	252	198
Borrowing costs	–	–
Materials and contracts	662	589
Depreciation, amortisation and impairment	239	487
Water purchase charges	–	–
Loss on sale of assets	–	–
Calculated taxation equivalents	–	–
Debt guarantee fee (if applicable)	–	–
Other expenses	–	–
Total expenses from continuing operations	1,153	1,274
Surplus (deficit) from continuing operations before capital amounts	100	100
Grants and contributions provided for capital purposes	–	–
Surplus (deficit) from continuing operations after capital amounts	100	100
Surplus (deficit) from discontinued operations	–	–
Surplus (deficit) from all operations before tax	100	100
Less: corporate taxation equivalent (30%) [based on result before capital]	(30)	(30)
SURPLUS (DEFICIT) AFTER TAX	70	70
Plus opening retained profits	13,828	13,728
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	–	–
– Debt guarantee fees	–	–
– Corporate taxation equivalent	30	30
Less:		
– Tax equivalent dividend paid	–	–
– Surplus dividend paid	–	–
Closing retained profits	13,928	13,828
Return on capital %	0.6%	0.7%
Subsidy from Council	313	202
Calculation of dividend payable:		
Surplus (deficit) after tax	70	70
Less: capital grants and contributions (excluding developer contributions)	–	–
Surplus for dividend calculation purposes	70	70
Potential dividend calculated from surplus	35	35

Coonamble Shire Council

Income Statement of Council's Sewerage Business Activity

for the year ended 30 June 2017

\$ '000	Actual 2017	Actual 2016
Income from continuing operations		
Access charges	623	602
User charges	115	137
Liquid trade waste charges	–	–
Fees	–	–
Interest	95	82
Grants and contributions provided for non-capital purposes	12	10
Profit from the sale of assets	–	–
Share of profit from equity accounted investment	–	–
Other income	–	12
Total income from continuing operations	845	843
Expenses from continuing operations		
Employee benefits and on-costs	222	167
Borrowing costs	–	2
Materials and contracts	216	145
Depreciation, amortisation and impairment	332	464
Loss on sale of assets	–	–
Calculated taxation equivalents	–	–
Debt guarantee fee (if applicable)	–	–
Other expenses	–	–
Total expenses from continuing operations	770	778
Surplus (deficit) from continuing operations before capital amounts	75	65
Grants and contributions provided for capital purposes	–	–
Surplus (deficit) from continuing operations after capital amounts	75	65
Surplus (deficit) from discontinued operations	–	–
Surplus (deficit) from all operations before tax	75	65
Less: corporate taxation equivalent (30%) [based on result before capital]	(23)	(20)
SURPLUS (DEFICIT) AFTER TAX	53	46
Plus opening retained profits	12,430	12,365
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	–	–
– Debt guarantee fees	–	–
– Corporate taxation equivalent	23	20
Less:		
– Tax equivalent dividend paid	–	–
– Surplus dividend paid	–	–
Closing retained profits	12,505	12,430
Return on capital %	0.6%	0.5%
Subsidy from Council	218	199
Calculation of dividend payable:		
Surplus (deficit) after tax	53	46
Less: capital grants and contributions (excluding developer contributions)	–	–
Surplus for dividend calculation purposes	53	46
Potential dividend calculated from surplus	26	23

Coonamble Shire Council

Income Statement of Council's Other Business Activities
for the year ended 30 June 2017

\$ '000	Quarry	
	Category 2	
	Actual 2017	Actual 2016
Income from continuing operations		
Access charges	–	–
User charges	2,471	2,223
Fees	–	–
Interest	–	–
Grants and contributions provided for non-capital purposes	–	–
Profit from the sale of assets	–	–
Share of profit from equity accounted investment	–	–
Other income	–	–
Total income from continuing operations	2,471	2,223
Expenses from continuing operations		
Employee benefits and on-costs	456	462
Borrowing costs	–	–
Materials and contracts	998	1,167
Depreciation, amortisation and impairment	107	110
Loss on sale of assets	–	–
Calculated taxation equivalents	–	–
Debt guarantee fee (if applicable)	–	–
Other expenses	–	–
Total expenses from continuing operations	1,561	1,739
Surplus (deficit) from continuing operations before capital amounts	910	484
Grants and contributions provided for capital purposes	–	–
Surplus (deficit) from continuing operations after capital amounts	910	484
Surplus (deficit) from discontinued operations	–	–
Surplus (deficit) from all operations before tax	910	484
Less: corporate taxation equivalent (30%) [based on result before capital]	(273)	(145)
SURPLUS (DEFICIT) AFTER TAX	637	339
Plus opening retained profits	4,773	4,289
Plus/less: prior period adjustments	–	–
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	–	–
– Debt guarantee fees	–	–
– Corporate taxation equivalent	273	145
Add:		
– Subsidy paid/contribution to operations	–	–
Less:		
– TER dividend paid	–	–
– Dividend paid	–	–
Closing retained profits	5,683	4,773
Return on capital %	35.2%	19.0%
Subsidy from Council	–	–

Coonamble Shire Council

Statement of Financial Position – Council's Water Supply Business Activity
as at 30 June 2017

\$ '000	Actual 2017	Actual 2016
ASSETS		
Current assets		
Cash and cash equivalents	2,819	2,774
Investments	–	–
Receivables	203	85
Inventories	–	–
Other	–	–
Non-current assets classified as held for sale	–	–
Total current assets	3,022	2,859
Non-current assets		
Investments	–	–
Receivables	41	209
Inventories	–	–
Infrastructure, property, plant and equipment	17,363	13,925
Investments accounted for using equity method	–	–
Intangible assets	–	–
Other	–	–
Total non-current assets	17,404	14,134
TOTAL ASSETS	20,426	16,993
LIABILITIES		
Current liabilities		
Bank overdraft	–	–
Payables	32	68
Income received in advance	43	–
Borrowings	–	–
Provisions	–	–
Total current liabilities	75	68
Non-current liabilities		
Payables	–	–
Income received in advance	–	–
Borrowings	–	–
Provisions	–	–
Total non-current liabilities	–	–
TOTAL LIABILITIES	75	68
NET ASSETS	20,351	16,925
EQUITY		
Retained earnings	13,928	13,828
Revaluation reserves	6,423	3,097
Other reserves	–	–
Council equity interest	20,351	16,925
Non-controlling equity interest	–	–
TOTAL EQUITY	20,351	16,925

Coonamble Shire Council

Statement of Financial Position – Council's Sewerage Business Activity
as at 30 June 2017

\$ '000	Actual 2017	Actual 2016
ASSETS		
Current assets		
Cash and cash equivalents	5,842	5,476
Investments	–	–
Receivables	62	30
Inventories	–	–
Other	–	–
Non-current assets classified as held for sale	–	–
Total current Assets	5,904	5,506
Non-current assets		
Investments	–	–
Receivables	16	54
Inventories	–	–
Infrastructure, property, plant and equipment	12,330	12,279
Investments accounted for using equity method	–	–
Intangible assets	–	–
Other	–	–
Total non-current assets	12,346	12,333
TOTAL ASSETS	18,250	17,839
LIABILITIES		
Current liabilities		
Bank overdraft	–	–
Payables	154	31
Income received in advance	–	–
Borrowings	9	9
Provisions	–	–
Total current liabilities	163	40
Non-current liabilities		
Payables	–	–
Income received in advance	–	–
Borrowings	5	14
Provisions	–	–
Total non-current liabilities	5	14
TOTAL LIABILITIES	168	54
NET ASSETS	18,082	17,785
EQUITY		
Retained earnings	12,505	12,430
Revaluation reserves	5,577	5,355
Other reserves	–	–
Council equity interest	18,082	17,785
Non-controlling equity interest	–	–
TOTAL EQUITY	18,082	17,785

Coonamble Shire Council

Statement of Financial Position – Council's Other Business Activities

as at 30 June 2017

\$ '000	Quarry	
	Category 2	
	Actual 2017	Actual 2016
ASSETS		
Current assets		
Cash and cash equivalents	3,932	3,075
Investments	–	–
Receivables	175	87
Inventories	70	143
Other	–	–
Non-current assets classified as held for sale	–	–
Total Current Assets	4,177	3,305
Non-current assets		
Investments	–	–
Receivables	–	–
Inventories	–	–
Infrastructure, property, plant and equipment	2,584	2,546
Investments accounted for using equity method	–	–
Other	–	–
Total non-current assets	2,584	2,546
TOTAL ASSETS	6,761	5,851
LIABILITIES		
Current liabilities		
Bank overdraft	–	–
Payables	–	–
Income received in advance	–	–
Borrowings	–	–
Provisions	–	–
Total current liabilities	–	–
Non-current liabilities		
Payables	–	–
Borrowings	–	–
Provisions	–	–
Total non-current liabilities	–	–
TOTAL LIABILITIES	–	–
NET ASSETS	6,761	5,851
EQUITY		
Retained earnings	5,683	4,773
Revaluation reserves	1,078	1,078
Other reserves	–	–
Council equity interest	6,761	5,851
Non-controlling equity interest	–	–
TOTAL EQUITY	6,761	5,851

Coonamble Shire Council

Special Purpose Financial Statements

for the year ended 30 June 2017

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 2017

Note 1. Significant accounting policies

A statement summarising the supplemental accounting policies adopted in the preparation of the Special Purpose Financial Statements (SPFS) for National Competition Policy (NCP) reporting purposes follows.

These financial statements are SPFS prepared for use by Council and the Office of Local Government. For the purposes of these statements, the Council is a non-reporting not-for-profit entity.

The figures presented in these Special Purpose Financial Statements 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 these Special Purpose Financial Statements 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 prepared on an accruals basis. They are based on historic costs and do not take into account changing money values or, except where specifically stated, current values of non-current assets. 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' in 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 NSW government policy statement titled '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 a standard for disclosure requirements.

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

Declared business activities

In accordance with *Pricing 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, except for 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 2017

Note 1. Significant accounting policies (continued)

(i) Taxation-equivalent charges

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

However, where Council does not pay some taxes which are generally paid by private sector businesses, such as income tax, these equivalent tax payments have been applied to all Council-nominated business activities and are reflected in Special Purpose 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 \$549,000 of combined land values attracts 0%. For the combined land values in excess of \$549,001 up to \$3,357,000 the rate is 1.6% + \$100. For the remaining combined land value that exceeds \$3,357,000 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 Department of Primary Industries Water (DPIW), 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 to in the NSW Office of Water 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 to the NSW Office of Water 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 the business activities.

Whilst 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/(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 gain/ (loss) from ordinary activities before capital amounts has been achieved.

Since the 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 the SPFS.

The rate applied of 30% is the equivalent company tax rate prevalent at reporting 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 2017

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

The rate of return 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 2.38% at 30/6/17.

(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.

Each dividend must be calculated and approved in accordance with the DPIW guidelines and must not exceed:

- (i) 50% of this surplus in any one year, or
- (ii) the number of water supply or sewerage assessments at 30 June 2017 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

In accordance with the DPIW guidelines a Dividend Payment form, Statement of Compliance, Unqualified Independent Financial Audit Report and Compliance Audit Report are required to be submitted to the DPIW.

Coonamble Shire Council

Notes to the Special Purpose Financial Statements
for the year ended 30 June 2017Note 2. Water supply business
best-practice management disclosure requirements

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

2017

1. Calculation and payment of tax-equivalents

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

(i) Calculated tax equivalents	-
(ii) Number of assessments multiplied by \$3/assessment	-
(iii) Amounts payable for tax equivalents [lesser of (i) and (ii)]	-
(iv) Amounts actually paid for tax equivalents	-

2. Dividend from surplus

(i) 50% of surplus before dividends [calculated in accordance with Best-Practice Management for Water Supply and Sewerage Guidelines]	35,000
(ii) Number of assessments multiplied by \$30/assessment, less tax equivalent charges/assessment	-
(iii) Cumulative surplus before dividends for the 3 years to 30 June 2017, less the cumulative dividends paid for the 2 years to 30 June 2016 and 30 June 2015	(44,000)

2017 Surplus	70,000	2016 Surplus	70,000	2015 Surplus	(184,000)
		2016 Dividend	-	2015 Dividend	-

(iv) Maximum dividend from surplus [least of (i), (ii) and (iii) above]	n/a
(v) Dividend actually paid from surplus [refer below for required pre-dividend payment criteria]	-
(vi) Are the overhead reallocation charges to the water business fair and reasonable? ^a	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)	YES
(ii) Full cost recovery, without significant cross subsidies [refer item 2 (a) in table 1 on page 22 of the Best-Practice Guidelines]	YES
– Complying charges [item 2 (b) in table 1]	YES
– DSP with commercial developer charges [item 2 (e) in table 1]	YES
– If dual water supplies, complying charges [item 2 (g) in table 1]	YES
(iii) Sound water conservation and demand management implemented	YES
(iv) Sound drought management implemented	YES
(v) Complete performance reporting form (by 15 September each year)	YES
(vi) a. Integrated water cycle management evaluation	YES
b. Complete and implement integrated water cycle management strategy	YES

Coonamble Shire Council

Notes to the Special Purpose Financial Statements
for the year ended 30 June 2017Note 2. Water supply business
best-practice management disclosure requirements (continued)

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

2017

National Water Initiative (NWI) financial performance indicators

NWI F1	Total revenue (water) Total income (w13) – grants for the acquisition of assets (w11a) – interest income (w9) – Aboriginal Communities W&S Program income (w10a)	\$'000	1,194
NWI F4	Revenue from residential usage charges (water) Income from residential usage charges (w6b) x 100 divided by the sum of [income from residential usage charges (w6a) + income from residential access charges (w6b)]	%	60.86%
NWI F9	Written down replacement cost of fixed assets (water) Written down current cost of system assets (w47)	\$'000	17,363
NWI F11	Operating cost (OMA) (water) Management expenses (w1) + operational and maintenance expenses (w2)	\$'000	885
NWI F14	Capital expenditure (water) Acquisition of fixed assets (w16)	\$'000	350
NWI F17	Economic real rate of return (water) [total income (w13) – interest income (w9) – grants for acquisition of assets (w11a) – operating costs (NWI F11) – current cost depreciation (w3)] x 100 divided by [written down current cost of system assets (w47) + plant and equipment (w33b)]	%	0.40%
NWI F26	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 2017

Note 3. Sewerage business best-practice management disclosure requirements

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

2017

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="26,250"/>
(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 2017, less the cumulative dividends paid for the 2 years to 30 June 2016 and 30 June 2015	<input type="text" value="177,800"/>

2017 Surplus	<input type="text" value="52,500"/>	2016 Surplus	<input type="text" value="45,500"/>	2015 Surplus	<input type="text" value="79,800"/>
		2016 Dividend	<input type="text" value="–"/>	2015 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? ^a	<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" value="YES"/>
(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" value="YES"/>
	Complying charges	
	(a) Residential [item 2 (c) in table 1]	<input type="text" value="YES"/>
	(b) Non-residential [item 2 (c) in table 1]	<input type="text" value="YES"/>
	(c) Trade waste [item 2 (d) in table 1]	<input type="text" value="YES"/>
	DSP with commercial developer charges [item 2 (e) in table 1]	<input type="text" value="YES"/>
	Liquid trade waste approvals and policy [item 2 (f) in table 1]	<input type="text" value="YES"/>
(iii)	Complete performance reporting form (by 15 September each year)	<input type="text" value="YES"/>
(iv)	a. Integrated water cycle management evaluation	<input type="text" value="YES"/>
	b. Complete and implement integrated water cycle management strategy	<input type="text" value="YES"/>

Coonamble Shire Council

Notes to the Special Purpose Financial Statements
for the year ended 30 June 2017Note 3. Sewerage business
best-practice management disclosure requirements (continued)

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

2017

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	750
NWI F10	Written down replacement cost of fixed assets (sewerage) Written down current cost of system assets (s48)	\$'000	12,330
NWI F12	Operating cost (sewerage) Management expenses (s1) + operational and maintenance expenses (s2)	\$'000	430
NWI F15	Capital expenditure (sewerage) Acquisition of fixed assets (s17)	\$'000	161
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)]	%	-0.10%
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	1,944
NWI F8	Revenue from community service obligations (water and sewerage) Community service obligations (NWI F25) x 100 divided by total income (NWI F3)	%	1.29%
NWI F16	Capital expenditure (water and sewerage) Acquisition of fixed assets (w16 + s17)	\$'000	511
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)]	%	0.20%
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 2017Note 3. Sewerage business
best-practice management disclosure requirements (continued)

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

2017

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

NWI F22	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)]	%	-22.50%
NWI F23	Interest cover (water and sewerage) Earnings before interest and tax (EBIT) divided by net interest Earnings before interest and tax (EBIT): 58 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: - 153 Interest expense (w4a + s4a) – interest income (w9 + s10)		> 100
NWI F24	Net profit after tax (water and sewerage) Surplus before dividends (w15a + s16a) – tax equivalents paid (Note 2-1 (iv) + Note 3-1 (iv))	\$'000	175
NWI F25	Community service obligations (water and sewerage) Grants for pensioner rebates (w11b + s12b)	\$'000	25

- Notes:
1. References to w (eg. s12) refer to item numbers within Special Schedules 5 and 6 of Council's Annual Financial Statements.
 2. 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



INDEPENDENT AUDITOR'S REPORT

Report on the special purpose financial statement Coonamble Shire Council

To the Councillors of Coonamble Shire Council

Opinion

I have audited the accompanying special purpose financial statements (the financial statements) of Coonamble Shire Council's (the Council) Declared Business Activities, which comprise the statement of financial position of each Declared Business Activity as at 30 June 2017, the income statement of each Declared Business Activity for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information for the Business Activities declared by Council, and the Statement by Councillors and Management.

The Declared Business Activities of the Council are:

- Water Supply Business
- Sewerage Business
- Quarry Business.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Council's declared Business Activities as at 30 June 2017, and their financial performance for the year then ended, in accordance with the Australian Accounting Standards described in Note 1 and the Local Government Code of Accounting Practice and Financial Reporting (LG Code).

My opinion should be read in conjunction with the rest of this report and in particular, the Emphasis of Matter referring to the basis of accounting.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Council in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as the auditor of councils
- precluding the Auditor-General from providing non-audit services.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Emphasis of Matter - Basis of Accounting

Without modifying my opinion, I 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 Council's financial reporting responsibilities under the LG Code. As a result, the financial statements may not be suitable for another purpose.

The Councillors' Responsibility for the Financial Statements

The Councillors are responsible for the preparation and fair presentation of the financial statements and for determining that the accounting policies, described in Note 1 to the financial statements, are appropriate to meet the requirements in the LG Code. The Councillors' responsibility also includes such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Councillors must assess the Council's ability to continue as a going concern except where the Council will be dissolved or amalgamated by an Act of Parliament. The assessment must disclose, as applicable, matters related to going concern and the appropriateness of using the going concern basis of accounting, as it affects the Council's Declared Business Activities.

Auditor's Responsibility for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

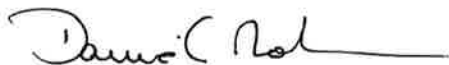
A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at:

http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf.

The description forms part of my auditor's report.

My opinion does not provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- on the best practice management disclosures in Notes 2 and 3 of the financial statements
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



David Nolan
Director, Financial Audit Services

10 November 2017
SYDNEY

Coonamble Shire Council

SPECIAL SCHEDULES
for the year ended 30 June 2017

“Coonamble on the Castlereagh”



Coonamble Shire Council

Special Schedules

for the year ended 30 June 2017

Contents	Page
Special Schedules¹	
Special Schedule 1	Net Cost of Services 2
Special Schedule 2(a)	Statement of Long Term Debt (all purposes) 4
Special Schedule 2(b)	Statement of Internal Loans (Sect. 410(3) LGA 1993) n/a
Special Schedule 3	Water Supply Operations – incl. Income Statement 5
Special Schedule 4	Water Supply – Statement of Financial Position 8
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Notes to Special Schedules 3 and 5	13
Special Schedule 7	Report on Infrastructure Assets 14
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¹ Special Schedules are not audited (with the exception of Special Schedule 8).

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 2017

\$'000

Function or activity	Expenses from continuing operations	Income from continuing operations		Net cost of services
		Non-capital	Capital	
Governance	219	–	–	(219)
Administration	6,919	1,154	–	(5,765)
Public order and safety				
Fire service levy, fire protection, emergency services	164	335	–	171
Beach control	–	–	–	–
Enforcement of local government regulations	–	–	–	–
Animal control	171	86	–	(85)
Other	2	–	503	501
Total public order and safety	337	421	503	587
Health	228	6	–	(222)
Environment				
Noxious plants and insect/vermin control	124	–	–	(124)
Other environmental protection	88	61	–	(27)
Solid waste management	442	476	–	34
Street cleaning	90	–	–	(90)
Drainage	27	–	–	(27)
Stormwater management	–	–	–	–
Total environment	771	537	–	(234)
Community services and education				
Administration and education	–	–	–	–
Social protection (welfare)	42	–	–	(42)
Aged persons and disabled	–	–	–	–
Children's services	94	2	–	(92)
Total community services and education	136	2	–	(134)
Housing and community amenities				
Public cemeteries	147	72	–	(75)
Public conveniences	73	36	–	(37)
Street lighting	104	36	–	(68)
Town planning	–	41	–	41
Other community amenities	30	88	–	58
Total housing and community amenities	354	273	–	(81)
Water supplies	1,154	1,252	–	98
Sewerage services	770	845	–	75

Coonamble Shire Council

Special Schedule 1 – Net Cost of Services (continued)
for the year ended 30 June 2017

Function or activity	Expenses from continuing operations	Income from continuing operations		Net cost of services
		Non-capital	Capital	
Recreation and culture				
Public libraries	340	38	31	(271)
Museums	18	–	–	(18)
Art galleries	–	–	–	–
Community centres and halls	49	–	57	8
Performing arts venues	–	–	–	–
Other performing arts	–	–	–	–
Other cultural services	28	–	–	(28)
Sporting grounds and venues	216	4	193	(19)
Swimming pools	268	34	–	(234)
Parks and gardens (lakes)	328	–	285	(43)
Other sport and recreation	179	14	35	(130)
Total recreation and culture	1,426	90	601	(735)
Fuel and energy	–	–	–	–
Agriculture	9	26	–	17
Mining, manufacturing and construction				
Building control	9	23	–	14
Other mining, manufacturing and construction	1,133	1,118	–	(15)
Total mining, manufacturing and const.	1,142	1,141	–	(1)
Transport and communication				
Urban roads (UR) – local	209	2,082	–	1,873
Urban roads – regional	–	–	–	–
Sealed rural roads (SRR) – local	824	1,886	317	1,379
Sealed rural roads (SRR) – regional	2,775	1,706	223	(846)
Unsealed rural roads (URR) – local	510	–	–	(510)
Unsealed rural roads (URR) – regional	–	–	–	–
Bridges on UR – local	90	–	–	(90)
Bridges on SRR – local	–	–	–	–
Bridges on URR – local	–	–	–	–
Bridges on regional roads	63	–	–	(63)
Parking areas	–	–	–	–
Footpaths	323	–	148	(175)
Aerodromes	87	11	–	(76)
Other transport and communication	61	1,335	–	1,274
Total transport and communication	4,942	7,020	688	2,766
Economic affairs				
Camping areas and caravan parks	11	6	–	(5)
Other economic affairs	537	249	–	(288)
Total economic affairs	548	255	–	(293)
Totals – functions	18,955	13,022	1,792	(4,141)
General purpose revenues ⁽¹⁾		10,220		10,220
Share of interests – joint ventures and associates using the equity method	–	4		4
NET OPERATING RESULT ⁽²⁾	18,955	23,246	1,792	6,083

(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 2017

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		From revenue	Sinking funds			Current	Non-current
Loans (by source)									
Other State Government	41	166	-	41	-	-	7	41	125
Financial institutions	9	13	-	9	-	-	1	9	4
Total loans	50	179	-	50	-	-	8	50	129
Other long term debt									
Total long term debt	-	-	-	-	-	-	-	-	-
Total debt	50	179	-	50	-	-	8	50	129

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 3 – Water Supply Income Statement

Includes all internal transactions, i.e. prepared on a gross basis
for the year ended 30 June 2017

\$'000	Actuals 2017	Actuals 2016
A Expenses and income		
Expenses		
1. Management expenses		
a. Administration	–	–
b. Engineering and supervision	–	–
2. Operation and maintenance expenses		
– dams and weirs		
a. Operation expenses	–	–
b. Maintenance expenses	–	–
– Mains		
c. Operation expenses	–	–
d. Maintenance expenses	142	99
– Reservoirs		
e. Operation expenses	–	–
f. Maintenance expenses	33	31
– Pumping stations		
g. Operation expenses (excluding energy costs)	–	–
h. Energy costs	77	109
i. Maintenance expenses	59	37
– Treatment		
j. Operation expenses (excluding chemical costs)	78	88
k. Chemical costs	212	237
l. Maintenance expenses	139	55
– Other		
m. Operation expenses	51	78
n. Maintenance expenses	94	–
o. Purchase of water	–	–
3. Depreciation expenses		
a. System assets	239	487
b. Plant and equipment	–	–
4. Miscellaneous expenses		
a. Interest expenses	–	–
b. Revaluation decrements	–	–
c. Other expenses	29	53
d. Impairment – system assets	–	–
e. Impairment – plant and equipment	–	–
f. Aboriginal Communities Water and Sewerage Program	–	–
g. Tax equivalents dividends (actually paid)	–	–
5. Total expenses	1,153	1,274

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 2017

\$'000	Actuals 2017	Actuals 2016
Income		
6. Residential charges		
a. Access (including rates)	454	413
b. Usage charges	706	834
7. Non-residential charges		
a. Access (including rates)	–	–
b. Usage charges	–	–
8. Extra charges	8	8
9. Interest income	59	55
10. Other income	13	51
10a. Aboriginal Communities Water and Sewerage Program	–	–
11. Grants		
a. Grants for acquisition of assets	–	–
b. Grants for pensioner rebates	13	13
c. Other grants	–	–
12. Contributions		
a. Developer charges	–	–
b. Developer provided assets	–	–
c. Other contributions	–	–
13. Total income	1,253	1,374
14. Gain (or loss) on disposal of assets	–	–
15. Operating result	100	100
15a. Operating result (less grants for acquisition of assets)	100	100

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 2017

\$'000	Actuals 2017	Actuals 2016
B Capital transactions		
Non-operating expenditures		
16. Acquisition of fixed assets		
a. New assets for improved standards	85	–
b. New assets for growth	–	–
c. Renewals	265	305
d. Plant and equipment	–	–
17. Repayment of debt	–	–
18. Totals	350	305
Non-operating funds employed		
19. Proceeds from disposal of assets	–	–
20. Borrowing utilised	–	–
21. Totals	–	–
C Rates and charges		
22. Number of assessments		
a. Residential (occupied)	–	–
b. Residential (unoccupied, ie. vacant lot)	–	–
c. Non-residential (occupied)	–	–
d. Non-residential (unoccupied, ie. vacant lot)	–	–
23. Number of ETs for which developer charges were received	– ET	– ET
24. Total amount of pensioner rebates (actual dollars)	\$ –	\$ –

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 2017

\$'000	Actuals Current	Actuals Non-current	Actuals Total
ASSETS			
25. Cash and investments			
a. Developer charges	-	-	-
b. Special purpose grants	-	-	-
c. Accrued leave	-	-	-
d. Unexpended loans	-	-	-
e. Sinking fund	-	-	-
f. Other	2,819	-	2,819
26. Receivables			
a. Specific purpose grants	-	-	-
b. Rates and availability charges	22	6	28
c. User charges	181	35	216
d. Other	-	-	-
27. Inventories	-	-	-
28. Property, plant and equipment			
a. System assets	-	17,363	17,363
b. Plant and equipment	-	-	-
29. Other assets	-	-	-
30. Total assets	<u>3,022</u>	<u>17,404</u>	<u>20,426</u>
LIABILITIES			
31. Bank overdraft	-	-	-
32. Creditors	75	-	75
33. Borrowings	-	-	-
34. Provisions			
a. Tax equivalents	-	-	-
b. Dividend	-	-	-
c. Other	-	-	-
35. Total liabilities	<u>75</u>	<u>-</u>	<u>75</u>
36. NET ASSETS COMMITTED	<u>2,947</u>	<u>17,404</u>	<u>20,351</u>
EQUITY			
37. Accumulated surplus			13,928
38. Asset revaluation reserve			6,423
39. Other reserves			-
40. TOTAL EQUITY			<u>20,351</u>
Note to system assets:			
41. Current replacement cost of system assets			24,595
42. Accumulated current cost depreciation of system assets			(7,232)
43. Written down current cost of system assets			<u>17,363</u>

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 2017

\$'000	Actuals 2017	Actuals 2016
A Expenses and income		
Expenses		
1. Management expenses		
a. Administration	–	–
b. Engineering and supervision	–	–
2. Operation and maintenance expenses		
– mains		
a. Operation expenses	–	–
b. Maintenance expenses	69	47
– Pumping stations		
c. Operation expenses (excluding energy costs)	37	33
d. Energy costs	47	42
e. Maintenance expenses	51	24
– Treatment		
f. Operation expenses (excl. chemical, energy, effluent and biosolids management costs)	124	110
g. Chemical costs	–	–
h. Energy costs	13	12
i. Effluent management	–	–
j. Biosolids management	–	–
k. Maintenance expenses	89	35
– Other		
l. Operation expenses	–	–
m. Maintenance expenses	–	–
3. Depreciation expenses		
a. System assets	332	464
b. Plant and equipment	–	–
4. Miscellaneous expenses		
a. Interest expenses	1	2
b. Revaluation decrements	–	–
c. Other expenses	7	9
d. Impairment – system assets	–	–
e. Impairment – plant and equipment	–	–
f. Aboriginal Communities Water and Sewerage Program	–	–
g. Tax equivalents dividends (actually paid)	–	–
5. Total expenses	770	778

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 2017

\$'000	Actuals 2017	Actuals 2016
Income		
6. Residential charges (including rates)	622	602
7. Non-residential charges		
a. Access (including rates)	—	—
b. Usage charges	111	137
8. Trade waste charges		
a. Annual fees	—	—
b. Usage charges	—	—
c. Excess mass charges	—	—
d. Re-inspection fees	—	—
9. Extra charges	—	—
10. Interest income	95	82
11. Other income	5	12
11a. Aboriginal Communities Water and Sewerage Program	—	—
12. Grants		
a. Grants for acquisition of assets	—	—
b. Grants for pensioner rebates	12	10
c. Other grants	—	—
13. Contributions		
a. Developer charges	—	—
b. Developer provided assets	—	—
c. Other contributions	—	—
14. Total income	<u>845</u>	<u>843</u>
15. Gain (or loss) on disposal of assets	—	—
16. Operating result	<u>75</u>	<u>65</u>
16a. Operating result (less grants for acquisition of assets)	75	65

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 2017

\$'000	Actuals 2017	Actuals 2016
B Capital transactions		
Non-operating expenditures		
17. Acquisition of fixed assets		
a. New assets for improved standards	5	–
b. New assets for growth	–	–
c. Renewals	156	105
d. Plant and equipment	–	–
18. Repayment of debt	9	8
19. Totals	170	113
Non-operating funds employed		
20. Proceeds from disposal of assets	–	–
21. Borrowing utilised	–	–
22. Totals	–	–
C Rates and charges		
23. Number of assessments		
a. Residential (occupied)	–	–
b. Residential (unoccupied, ie. vacant lot)	–	–
c. Non-residential (occupied)	–	–
d. Non-residential (unoccupied, ie. vacant lot)	–	–
24. Number of ETs for which developer charges were received	– ET	– ET
25. Total amount of pensioner rebates (actual dollars)	\$ –	\$ –

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 2017

\$'000	Actuals Current	Actuals Non-current	Actuals Total
ASSETS			
26. Cash and investments			
a. Developer charges	-	-	-
b. Special purpose grants	-	-	-
c. Accrued leave	-	-	-
d. Unexpended loans	-	-	-
e. Sinking fund	-	-	-
f. Other	5,842	-	5,842
27. Receivables			
a. Specific purpose grants	-	-	-
b. Rates and availability charges	42	10	52
c. User charges	20	6	26
d. Other	-	-	-
28. Inventories	-	-	-
29. Property, plant and equipment			
a. System assets	-	12,330	12,330
b. Plant and equipment	-	-	-
30. Other assets	-	-	-
31. Total assets	5,904	12,346	18,250
LIABILITIES			
32. Bank overdraft	-	-	-
33. Creditors	154	-	154
34. Borrowings	9	5	14
35. Provisions			
a. Tax equivalents	-	-	-
b. Dividend	-	-	-
c. Other	-	-	-
36. Total liabilities	163	5	168
37. NET ASSETS COMMITTED	5,741	12,341	18,082
EQUITY			
38. Accumulated surplus			12,505
39. Asset revaluation reserve			5,577
40. Other reserves			-
41. TOTAL EQUITY			18,082
Note to system assets:			
42. Current replacement cost of system assets			26,918
43. Accumulated current cost depreciation of system assets			(14,588)
44. Written down current cost of system assets			12,330

Coonamble Shire Council

Notes to Special Schedules 3 and 5 for the year ended 30 June 2017

Administration ⁽¹⁾

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

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

Engineering and supervision ⁽¹⁾

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

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

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

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

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

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

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

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

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

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

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

Notes:

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

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

Coonamble Shire Council

Special Schedule 7 – Report on Infrastructure Assets as at 30 June 2017

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	2016/17 Required maintenance ^a	2016/17 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
								1	2	3	4	5
Buildings	Buildings – non-specialised	60	60	150	133	1,959	4,307	0%	100%	0%	0%	0%
	Buildings – specialised	60	60	140	142	14,682	28,845	50%	0%	50%	0%	0%
	Sub-total	120	120	290	275	16,641	33,152	43.5%	13.0%	43.5%	0.0%	0.0%
Other structures	Other	100	100	100	29	14,327	20,354	0%	100%	0%	0%	0%
	Sub-total	100	100	100	29	14,327	20,354	0.0%	100.0%	0.0%	0.0%	0.0%
Roads	Sealed roads	1,535	1,535	253	1,282	110,902	150,191	0%	100%	0%	0%	0%
	Unsealed roads	204	204	140	685	78,201	78,950	0%	100%	0%	0%	0%
	Bridges	–	–	25	1	12,674	14,575	100%	0%	0%	0%	0%
	Footpaths	5	5	50	195	1,731	1,926	0%	100%	0%	0%	0%
	Sub-total	1,744	1,744	468	2,163	203,508	245,642	5.9%	94.1%	0.0%	0.0%	0.0%

Coonamble Shire Council

Special Schedule 7 – Report on Infrastructure Assets as at 30 June 2017 (continued)

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	2016/17 Required maintenance ^a	2016/17 Actual maintenance	Net carrying amount	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	37	211	17,350	24,582	35%	5%	60%	0%	0%
	Sub-total	248	248	37	211	17,348	24,582	35.0%	5.0%	60.0%	0.0%	0.0%
Sewerage network	Sewerage network	400	400	170	198	12,331	26,918	0%	100%	0%	0%	0%
	Sub-total	400	400	170	198	12,330	26,918	0.0%	100.0%	0.0%	0.0%	0.0%
Stormwater drainage	Stormwater drainage	-	-	30	-	1,511	2,459	0%	100%	0%	0%	0%
	Sub-total	-	-	30	-	1,511	2,459	0.0%	100.0%	0.0%	0.0%	0.0%
TOTAL – ALL ASSETS		2,612	2,612	1,095	2,876	265,665	353,107	10.6%	81.1%	8.3%	0.0%	0.0%

Notes:

^a Required maintenance is the amount identified in Council's asset management plans.

Infrastructure asset condition assessment 'key'

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

Coonamble Shire Council

Special Schedule 7 – Report on Infrastructure Assets (continued)
for the year ended 30 June 2017

\$ '000	Amounts	Indicator	Benchmark	Prior periods	
	2017	2017		2016	2015
Infrastructure asset performance indicators * consolidated					
1. Infrastructure renewals ratio					
Asset renewals ⁽¹⁾	<u>3,901</u>	108.72%	>= 100%	97.57%	138.30%
Depreciation, amortisation and impairment	<u>3,588</u>				
2. Infrastructure backlog ratio					
Estimated cost to bring assets to a satisfactory standard	<u>2,612</u>	0.98%	< 2.00%	1.01%	1.06%
Net carrying amount of infrastructure assets	<u>265,665</u>				
3. Asset maintenance ratio					
Actual asset maintenance	<u>2,876</u>	2.63	> 1.00	1.82	2.01
Required asset maintenance	<u>1,095</u>				
4. Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	<u>2,612</u>	0.74%		0.77%	0.00%
Gross replacement cost	<u>353,107</u>				

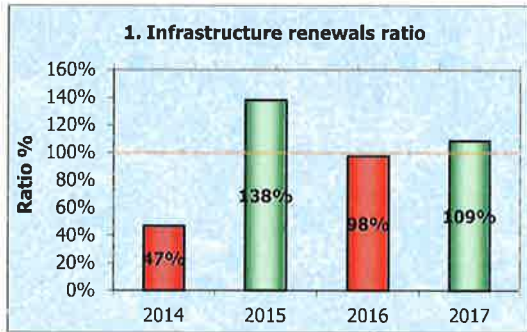
Notes

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

⁽¹⁾ 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 2017



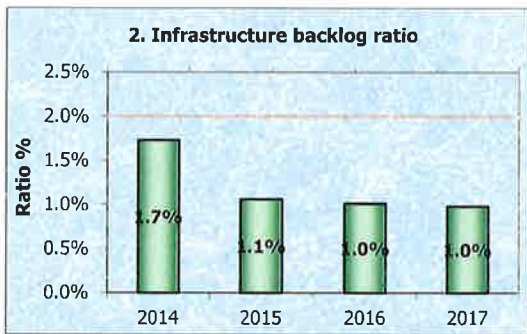
Purpose of asset renewals ratio

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

2016/17 Ratio	108.72%
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Benchmark: ——— Minimum $\geq 100.00\%$
Source for benchmark: Code of Accounting Practice and Financial Reporting #25

■ 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.

2016/17 Ratio	0.98%
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Benchmark: ——— Maximum $< 2.00\%$
Source for benchmark: Code of Accounting Practice and Financial Reporting #25

■ Ratio achieves benchmark
■ Ratio is outside benchmark



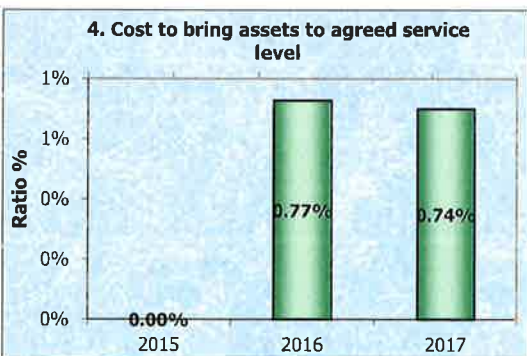
Purpose of asset maintenance ratio

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

2016/17 Ratio	2.63 x
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Benchmark: ——— Minimum > 1.00
Source for benchmark: Code of Accounting Practice and Financial Reporting #25

■ Ratio achieves benchmark
■ Ratio is outside benchmark



Purpose of agreed service level ratio

This ratio provides a snapshot of the proportion of outstanding renewal works compared to the total value of assets under Council's care and stewardship.

2016/17 Ratio	0.74%
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Coonamble Shire Council

Special Schedule 7 – Report on Infrastructure Assets (continued)
for the year ended 30 June 2017

\$ '000	Benchmark	Water 2017	Sewer 2017	General ⁽¹⁾ 2017
Infrastructure asset performance indicators by fund				
1. Infrastructure renewals ratio				
Asset renewals ⁽²⁾	>= 100%	31.38%	46.99%	121.64%
Depreciation, amortisation and impairment	prior period:	58.93%	22.63%	115.66%
2. Infrastructure backlog ratio				
Estimated cost to bring assets to a satisfactory standard	< 2.00%	1.43%	3.24%	0.83%
Net carrying amount of infrastructure assets	prior period:	1.78%	3.26%	0.85%
3. Asset maintenance ratio				
Actual asset maintenance	> 1.00	5.70	1.16	2.78
Required asset maintenance	prior period:	1.93	0.95	1.94
4. Cost to bring assets to agreed service level				
Estimated cost to bring assets to an agreed service level set by Council		1.01%	1.49%	0.65%
Gross replacement cost				

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 2018

\$'000		Calculation 2016/17	Calculation 2017/18
Notional general income calculation ⁽¹⁾			
Last year notional general income yield	a	4,507	4,510
Plus or minus adjustments ⁽²⁾	b	(5)	2
Notional general income	c = (a + b)	4,502	4,512
Permissible income calculation			
Special variation percentage ⁽³⁾	d	0.00%	0.00%
Or rate peg percentage	e	1.80%	1.50%
Or crown land adjustment (incl. rate peg percentage)	f	0.00%	0.00%
Less expiring special variation amount	g	—	—
Plus special variation amount	$h = d \times (c - g)$	—	—
Or plus rate peg amount	$i = c \times e$	81	68
Or plus Crown land adjustment and rate peg amount	$j = c \times f$	—	—
Sub-total	$k = (c + g + h + i + j)$	4,583	4,580
Plus (or minus) last year's carry forward total	l	(42)	28
Less valuation objections claimed in the previous year	m	(3)	—
Sub-total	$n = (l + m)$	(45)	28
Total permissible income	$o = k + n$	4,538	4,608
Less notional general income yield	p	4,510	4,602
Catch-up or (excess) result	$q = o - p$	28	6
Plus income lost due to valuation objections claimed ⁽⁴⁾	r	—	—
Less unused catch-up ⁽⁵⁾	s	—	—
Carry forward to next year	$t = q + r - s$	28	6

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.



INDEPENDENT AUDITOR'S REPORT

Special Schedule No. 8

Coonamble Shire Council

To the Councillors of Coonamble Shire Council

Opinion

I have audited the accompanying special purpose financial statement comprising the reconciliation of total permissible general income (Special Schedule No. 8) of Coonamble Shire Council (the Council) for the year ending 30 June 2018.

In my opinion, Special Schedule No. 8 of Coonamble Shire Council for 2017-18 is prepared, in all material respects in accordance with the requirements of the Local Government Code of Accounting Practice and Financial Reporting (LG Code) issued by the Office of Local Government (OLG), and is in accordance with the books and records of the Council.

My opinion should be read in conjunction with the rest of this report, and in particular the Emphasis of Matter paragraph, which describes the basis of accounting.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of Special Schedule No.8' section of my report.

I am independent of the Council in accordance with the requirements of the:

- Australian Auditing Standards
- ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of councils
- precluding the Auditor-General from providing non-audit services.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Emphasis of Matter - Basis of Accounting

Without modifying my opinion, I draw attention to the notes and explanations in Special Schedule No. 8 that instruct councils in its preparation so it complies with OLG's requirements as described in the LG Code. As a result, Special Schedule No. 8 may not be suitable for another purpose.

Councillors' Responsibility for Special Schedule No. 8

The Councillors of the Council are responsible for the preparation of Special Schedule No. 8 in accordance with the LG Code. The Councillors' responsibility also includes such internal control as the Councillors determine is necessary to enable the preparation of Special Schedule No. 8 that is free from material misstatement, whether due to fraud or error.

In preparing Special Schedule No.8, the Councillors must assess the Council's ability to continue as a going concern except where the Council will be dissolved or amalgamated by an Act of Parliament. The assessment must disclose, as applicable, matters related to going concern and the appropriateness of using the going concern basis of accounting.

Auditor's Responsibility for the Audit of Special Schedule No. 8

My objectives are to:

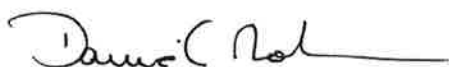
- obtain reasonable assurance whether Special Schedule No. 8 as a whole is free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on Special Schedule No.8.

A description of my responsibilities for the audit of Special Schedule No.8 is located at the Auditing and Assurance Standards Board website at http://www.auasb.gov.au/auditors_responsibilities/ar8.pdf. The description forms part of my auditor's report.

My opinion does not provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited Special Schedule No.8 on any website where they may be presented
- about any other information which may have been hyperlinked to/from Special Schedule No 8.



David Nolan
Director, Financial Audit Services

10 November 2017
SYDNEY

