



The former Snowy River Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS

for the period 1 July 2015 to 12 May 2016

“a CARING COMMUNITY
in a UNIQUE ENVIRONMENT
with a PROSPEROUS FUTURE”

The former Snowy River Shire Council

General Purpose Financial Statements

for the period 1 July 2015 to 12 May 2016

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Overview

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

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

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

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

- (iii) All figures presented in these financial statements are presented in Australian currency.
- (iv) These financial statements were authorised for issue by Snowy Monaro Regional Council on 08 December 2016. Council has the power to amend and reissue these financial statements.
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The former Snowy River Shire Council

General Purpose Financial Statements

for the period 1 July 2015 to 12 May 2016

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 reporting period 1/7/15 to 12/5/16.

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 period, and are required to be adopted by Council – ensuring both responsibility for and ownership of the financial statements.

About the primary financial statements

The financial statements incorporate five 'primary' financial statements:

1. The Income Statement

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

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

2. The Statement of Comprehensive Income

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

3. The Statement of Financial Position

This statement is an end of period snapshot of Council's financial position indicating its assets, liabilities and equity ('net wealth').

4. The Statement of Changes in Equity

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

5. The Statement of Cash Flows

This statement indicates where Council's cash came from and where it was spent. This statement also displays Council's original adopted budget to provide a comparison between what was projected and what actually occurred.

About the Notes to the Financial Statements

The Notes to the Financial Statements provide greater detail and additional information on the five primary financial statements.

About the Auditor's Reports

Council's financial statements are required to be audited by external accountants (that generally specialise in local government). In NSW, the auditor provides 2 audit reports:

1. An opinion on whether the financial statements present fairly the Council's financial performance and position, and
2. Their observations on the conduct of the audit, including commentary on the Council's financial performance and financial position.

Who uses the financial statements?

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

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

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

More information

A review of Council's financial performance and position for the current (and past) reporting period/s can be found at Note 28 of the financial statements.

The former Snowy River Shire Council

General Purpose Financial Statements for the period 1 July 2015 to 12 May 2016

Statement by Councillors and Management

made pursuant to Section 413(2)(c) of the *Local Government Act 1993 (NSW)* (as amended)

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

- the *Local Government Act 1993 (NSW)* (as amended) and the regulations made thereunder,
- the Australian Accounting Standards and professional pronouncements, and
- the Local Government Code of Accounting Practice and Financial Reporting.

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

- present fairly the Council's operating result and financial position for the period, 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 Snowy Monaro Regional Council made on 30 November 2016.



Dean Lynch
Administrator



Joseph G Vescio
Interim General Manager



Jo-Anne Mackay
Responsible Accounting Officer

The former Snowy River Shire Council

Income Statement

for the period 1 July 2015 to 12 May 2016

Budget ¹ 1/7/15 to 30/6/16	\$ '000	Notes	Actual 1/7/15 to 12/5/16	Actual 1/7/14 to 30/6/15
Income from continuing operations				
Revenue:				
n/a	Rates and annual charges	3a	11,834 ²	12,022
n/a	User charges and fees	3b	5,741	6,178
n/a	Interest and investment revenue	3c	657	787
n/a	Other revenues	3d	602	1,699
n/a	Grants and contributions provided for operating purposes	3e,f	7,418 ³	6,554
n/a	Grants and contributions provided for capital purposes	3e,f	826	741
Other income:				
n/a	Net gains from the disposal of assets	5	164	–
n/a	Net share of interests in joint ventures and associates using the equity method	19	–	18
n/a	Total income from continuing operations		27,242	27,999
Expenses from continuing operations				
n/a	Employee benefits and on-costs	4a	8,886	10,388
n/a	Borrowing costs	4b	408	483
n/a	Materials and contracts	4c	5,189	6,255
n/a	Depreciation and amortisation	4d	6,243	8,142
n/a	Impairment	4d	–	–
n/a	Other expenses	4e	2,890	3,287
n/a	Net losses from the disposal of assets	5	–	152
n/a	Net share of interests in joint ventures and associates using the equity method	19	7	–
n/a	Total expenses from continuing operations		23,623	28,707
n/a	Operating result from continuing operations		3,619	(708)
Discontinued operations				
n/a	Net profit/(loss) from discontinued operations	24	–	–
n/a	Net operating result for the period		3,619	(708)
n/a	Net operating result attributable to Council		3,619	(708)
n/a	Net operating result attributable to non-controlling interests		–	–
n/a	Net operating result for the period before grants and contributions provided for capital purposes		2,793	(1,449)

¹ Original budget as approved by Council is not required for these financial statements

² Rates are recognised as revenue at the commencement of the rating year for the period 1/7/15 to 30/6/16. No adjustments have been made for rates not earned during the period 13/5/16 to 30/6/16.

³ Federal Assistance Grants (FAGs) are recognised as revenue upon their receipt or upon earlier notification that the grant has been secured. As such the revenue for FAGs includes the last quarter FAG payment received on 17/5/16.

The former Snowy River Shire Council

Statement of Comprehensive Income

for the period 1 July 2015 to 12 May 2016

\$ '000	Notes	Actual 1/7/15 to 12/5/16	Actual 1/7/14 to 30/6/15
Net operating result for the period (as per Income Statement)		3,619	(708)
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of I,PP&E	20b (ii)	835	16,423
Joint ventures and associates (reduction in ownership of net assets)	19b	(8)	–
Total items which will not be reclassified subsequently to the operating result		827	16,423
Amounts which will be reclassified subsequently to the operating result when specific conditions are met			
Nil			
Total other comprehensive income for the period		827	16,423
Total comprehensive income for the period		4,446	15,715
Total comprehensive income attributable to Council		4,446	15,715
Total comprehensive income attributable to non-controlling interests		–	–

The former Snowy River Shire Council

Statement of Financial Position

as at 12 May 2016

\$ '000	Notes	Actual 12/5/16	Actual 30/6/15
ASSETS			
Current assets			
Cash and cash equivalents	6a	18,923	19,918
Investments	6b	–	–
Receivables	7	7,448	3,726
Inventories	8	580	610
Other	8	272	80
Non-current assets classified as 'held for sale'	22	–	–
Total current assets		27,223	24,334
Non-current assets			
Investments	6b	–	–
Receivables	7	153	167
Inventories	8	–	–
Infrastructure, property, plant and equipment	9	413,676	411,460
Investments accounted for using the equity method	19	356	371
Investment property	14	–	–
Intangible assets	25	350	350
Non-current assets classified as 'held for sale'	22	–	–
Other	8	–	–
Total non-current assets		414,535	412,348
TOTAL ASSETS		441,758	436,682
LIABILITIES			
Current liabilities			
Payables	10	3,760	2,536
Borrowings	10	937	744
Provisions	10	1,702	1,835
Total current liabilities		6,399	5,115
Non-current liabilities			
Payables	10	–	3
Borrowings	10	4,024	4,786
Provisions	10	2,516	2,405
Total non-current liabilities		6,540	7,194
TOTAL LIABILITIES		12,939	12,309
Net assets		428,819	424,373
EQUITY			
Retained earnings	20	153,889	150,278
Revaluation reserves	20	274,930	274,095
Council equity interest		428,819	424,373
Non-controlling equity interests		–	–
Total equity		428,819	424,373

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

The former Snowy River Shire Council

Statement of Changes in Equity

for the period 1 July 2015 to 12 May 2016

\$ '000	Notes	Retained earnings	Reserves (Refer 20b)	Council interest	Non-controlling interest	Total equity
1/7/15 to 12/5/16						
Opening balance (as per last year's audited accounts)		150,278	274,095	424,373	–	424,373
a. Correction of prior period errors	20 (c)	–	–	–	–	–
b. Changes in accounting policies (prior year effects)	20 (d)	–	–	–	–	–
Revised opening balance (as at 1/7/15)		150,278	274,095	424,373	–	424,373
c. Net operating result for the period		3,619	–	3,619	–	3,619
d. Other comprehensive income						
– Revaluations: IPP&E asset revaluation rsve	20b (ii)	–	835	835	–	835
– 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	(8)	–	(8)	–	(8)
Other comprehensive income		(8)	835	827	–	827
Total comprehensive income (c&d)		3,611	835	4,446	–	4,446
e. Distributions to/(contributions from) non-controlling Interests		–	–	–	–	–
f. Transfers between equity		–	–	–	–	–
Equity – balance at end of the reporting period		153,889	274,930	428,819	–	428,819

\$ '000	Notes	Retained earnings	Reserves (Refer 20b)	Council interest	Non-controlling interest	Total equity
1/7/14 to 30/6/15						
Opening balance (as per last year's audited accounts)		150,986	257,672	408,658	–	408,658
a. Correction of prior period errors	20 (c)	–	–	–	–	–
b. Changes in accounting policies (prior year effects)	20 (d)	–	–	–	–	–
Revised opening balance (as at 1/7/14)		150,986	257,672	408,658	–	408,658
c. Net operating result for the year		(708)	–	(708)	–	(708)
d. Other comprehensive income						
– Revaluations: IPP&E asset revaluation rsve	20b (ii)	–	16,423	16,423	–	16,423
– 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 comprehensive income		–	16,423	16,423	–	16,423
Total comprehensive income (c&d)		(708)	16,423	15,715	–	15,715
e. Distributions to/(contributions from) non-controlling Interests		–	–	–	–	–
f. Transfers between equity		–	–	–	–	–
Equity – balance at end of the year		150,278	274,095	424,373	–	424,373

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

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Statement of Cash Flows

for the period 1 July 2015 to 12 May 2016

Budget ¹ 1/7/15 to 30/6/16	\$ '000	Notes	Actual 1/7/15 to 12/5/16	Actual 1/7/14 to 30/6/15
Cash flows from operating activities				
Receipts:				
n/a	Rates and annual charges		9,382	11,918
n/a	User charges and fees		5,926	6,414
n/a	Investment and interest revenue received		591	825
n/a	Grants and contributions		7,494	7,586
n/a	Bonds, deposits and retention amounts received		41	–
n/a	Other		1,387	2,517
Payments:				
n/a	Employee benefits and on-costs		(9,295)	(10,492)
n/a	Materials and contracts		(4,291)	(6,800)
n/a	Borrowing costs		(268)	(375)
n/a	Bonds, deposits and retention amounts refunded		–	(192)
n/a	Other		(3,943)	(4,331)
n/a	Net cash provided (or used in) operating activities	11b	7,024	7,070
Cash flows from investing activities				
Receipts:				
n/a	Sale of investment securities		28,450	22,746
n/a	Sale of infrastructure, property, plant and equipment		365	712
Payments:				
n/a	Purchase of investment securities		(28,450)	(19,746)
n/a	Purchase of infrastructure, property, plant and equipment		(7,815)	(5,181)
n/a	Purchase of real estate assets		–	(2)
n/a	Deferred debtors and advances made		–	1
n/a	Net cash provided (or used in) investing activities		(7,450)	(1,470)
Cash flows from financing activities				
Receipts:				
Nil				
Payments:				
n/a	Repayment of borrowings and advances		(569)	(717)
n/a	Net cash flow provided (used in) financing activities		(569)	(717)
n/a	Net increase/(decrease) in cash and cash equivalents		(995)	4,883
n/a	Plus: cash and cash equivalents – beginning of reporting period	11a	19,918	15,035
n/a	Cash and cash equivalents – end of reporting period	11a	18,923	19,918
Additional Information:				
	plus: Investments on hand – end of reporting period	6b	–	–
	Total cash, cash equivalents and investments		18,923	19,918

¹ The original budget as approved by Council is not required for these financial statements

Please refer to Note 11 for additional information

The former Snowy River Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

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n/a – not applicable

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Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Summary of significant accounting policies

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

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

(a) Basis of preparation

(i) Background

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

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

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

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

Because AASBs are sector neutral, some standards either:

- (a) have local Australian content and prescription that is specific to the not-for-profit sector (including local government) which are not in compliance with IFRSs, or
- (b) specifically exclude application by not-for-profit entities.

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

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

(iii) New and amended standards adopted by Council

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

(iv) Early adoption of accounting standards

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

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

(v) Basis of accounting

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

- (i) certain financial assets and liabilities at fair value through profit or loss and available-for-sale financial assets, which are all valued at fair value,
- (ii) the write down of any asset on the basis of impairment (if warranted), and
- (iii) certain classes of non-current assets (eg. infrastructure, property, plant and equipment and investment property) that are accounted for at fair valuation.

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

(vi) Changes in accounting policies

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

The former Snowy River Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Summary of significant accounting policies (continued)

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

(vii) Critical accounting estimates

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

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

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

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

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

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

(i) Preparation of the financial statements on a going concern basis

AASB 101 states that an entity shall prepare financial statements on a going concern basis unless management either intends to liquidate the entity or to cease trading, or has no realistic alternative but to do so.

Whilst the former Snowy River Shire Council has been amalgamated into Snowy Monaro Regional Council from 13 May 2016, Council believes that the going concern basis for preparation of the financial statements for the period 1 July 2015 to 12 May 2016 is appropriate for the following reasons:

- The business of the Council is continuing through the Snowy Monaro Regional Council
- The Local Government (Council Amalgamations) Proclamation 2016 ensures:

- all relevant staff, assets, rights, liabilities and responsibilities of former councils are transferred to new councils

- new councils can commence operations on day one with minimal disruption to the delivery of services, council operations and staff duties

- any reference in any document to a former council is to be read as a reference to the new council, and that anything done by a former council before the amalgamation is taken to have been done by the new council.

- The former **Snowy River Shire Council** has not been liquidated nor has trading ceased.

(ii) Estimated fair values of investment properties

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

(iv) Estimated remediation provisions.

Significant judgements in applying Council's accounting policies include the impairment of receivables – Council has made significant judgements about the impairment of a number of its receivables in Note 7.

(b) Revenue recognition

Income recognition as a result of Council's amalgamation

The former Snowy River Shire Council was amalgamated on 12 May 2016 with the former Bombala Shire Council and the former Cooma-Monaro Shire Council to form the new Snowy Monaro Regional Council.

In accordance with the Australian Accounting Standards the former Snowy River Shire Council has had to recognise 100% of the rates revenue for the 2015/16 rating year as control over assets acquired from rates is obtained at the commencement of the rating year or where earlier upon receipt of the rates.

The former Snowy River Shire Council has also recognised 100% of the Federal Assistance Grants (FAGs) revenue as grants are recognised upon

The former Snowy River Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Summary of significant accounting policies (continued)

receipt or upon earlier notification that the grant has been secured.

As a consequence these financial statements include all the rates and FAGs revenue for the period from 1 July 2015 to 30 June 2016 but expenditure obligations only for the period 1 July 2015 to 12 May 2016.

Expenditure obligations for the period from 13 May 2016 to 30 June 2016 will be included in the financial statements of the new Snowy Monaro Regional Council.

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

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

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

Revenue is measured on major income categories as follows:

Rates, Annual Charges, Grants and Contributions

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

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

Rates are recognised as revenue for the period 1 July to 30 June 2016. No adjustments have been made for rates not earned during the period 13/05/2016 to 30/06/2016.

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

Control over granted assets/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.

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

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

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

The Council has obligations to provide facilities from contribution revenues levied on developers under the provisions of s94 of the *EPA Act 1979*.

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

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

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

User charges, fees and other Income

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

The former Snowy River Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Summary of significant accounting policies (continued)

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

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

Sale of infrastructure, property, plant and equipment

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

Interest and rents

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

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

Dividend income

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

Other Income

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

(c) Principles of consolidation

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

(i) The Consolidated Fund

In accordance with the provisions of section 409(1) of the LGA 1993, all money and property received by Council is held in the Council's consolidated fund unless it is required to be held in the Council's trust fund.

The consolidated fund and other entities through which the Council controls resources to carry on its

functions have been included in the financial statements forming part of this report.

The following entities have been included as part of the consolidated fund:

- *General Purpose Operations*
- *Water Supply Fund*
- *Sewerage Service Fund*
- *Waste Fund*
- *Jindabyne Holiday Park*
- *Snowy River Health Centre*
- *Quarry*

Due to their immaterial value and nature, the following Committees, Entities & Operations have been excluded from consolidation:

- *S.355 committees. Including*
- *Dalgety Hall Management Committee*
- *Adaminaby School of Arts Hall Committee*

(ii) The trust fund

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

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

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

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

(iii) Interests in other entities

Subsidiaries

Council has no interest in any subsidiaries.

The former Snowy River Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Summary of significant accounting policies (continued)

Joint arrangements

Joint ventures

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

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

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

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

Associates

Council has no interest in any associates.

County councils

Council is not a member of any county councils.

(d) Leases

All leases entered into by Council are reviewed and classified on inception date as either a finance lease or an operating lease.

Finance leases

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

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

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

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

The interest element of the finance charge is costed to the income statement over the lease period so as

to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

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

Operating Leases

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

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

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

(e) Cash and Cash Equivalents

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

- cash on hand,
- deposits held at call with financial institutions,
- other short-term, highly liquid investments with **original maturities of three months or less** that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value, and
- bank overdrafts.

Bank overdrafts are shown within borrowings in current liabilities on the balance sheet but are incorporated into cash and cash equivalents for presentation of the Cash Flow Statement.

(f) Investments and other financial assets

Council (in accordance with AASB 139) classifies each of its investments into one of the following categories for measurement purposes:

- **financial assets at fair value through profit or loss,**

The former Snowy River Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Summary of significant accounting policies (continued)

- **loans and receivables,**
- **held-to-maturity investments,** and
- **available-for-sale financial assets.**

Each classification depends on the purpose or intention for which the investment was acquired and at the time it was acquired.

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

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

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

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

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

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

(ii) Loans and receivables

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

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

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

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Council's management

has the positive intention and ability to hold to maturity.

In contrast to the 'loans and receivables' classification, these investments are generally quoted in an active market.

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

(iv) Available-for-sale financial assets

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

Investments must be designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

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

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

Financial assets – reclassification

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

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

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

The former Snowy River Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Summary of significant accounting policies (continued)

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

Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

General accounting and measurement of financial instruments:

(i) Initial recognition

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

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

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

(ii) Subsequent measurement

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

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

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

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

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

Impairment

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

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

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

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

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

(iii) Types of investments

Council has an approved Investment Policy in order to invest in accordance with (and to comply with) section 625 of the *Local Government Act* and s212 of the LG (General) Regulation 2005.

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

Council maintains its Investment Policy in compliance with the Act and ensures that it or its

The former Snowy River Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Summary of significant accounting policies (continued)

representatives exercise care, diligence and skill that a prudent person would exercise in investing Council funds.

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

(g) Fair value estimation – financial instruments

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

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

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

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

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

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

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

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

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

(h) Receivables

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

Receivables (excluding rates and annual charges) are generally due for settlement no more than 30 days from the date of recognition.

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

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

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

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

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

Subsequent recoveries of amounts previously written off are credited against other expenses in the Income Statement.

(i) Inventories

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

Raw materials and stores, work in progress and finished goods in respect of business undertakings

The former Snowy River Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Summary of significant accounting policies (continued)

are all stated at the lower of cost and net realisable value.

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

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

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

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

(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.

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

Acquisition of assets

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

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

- **Plant and equipment**
(as approximated by depreciated historical cost)
- **Operational land** (external valuation)
- **Land improvements**
(as approximated by depreciated historical cost)
- **Buildings – specialised/non-specialised**
(external valuation)
- **Other structures**
(as approximated by depreciated historical cost)
- **Roads assets including roads, bridges and footpaths**
(external valuation)
- **Bulk earthworks** (external valuation)
- **Stormwater drainage** (external valuation)
- **Water and sewerage networks**
(internal valuation)
- **Swimming pools**
(external valuation)
- **Other open space/recreational assets**
(external valuation)
- **Other assets**
(as approximated by depreciated historical cost)

Due to the proclamation date of 12 May 2016, the Council had not completed revaluations for the 2015 / 2016 reporting period and therefore the following assets have not been revalued for these financial statements:

- **Community Land**

The former Snowy River Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Summary of significant accounting policies (continued)

Council has assessed the current carrying values of the above Asset Classes and do not believe that (at balance date) it is materially different from their fair value.

Initial recognition

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

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

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

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

Subsequent costs

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

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

Asset revaluations (including indexation)

In accounting for asset revaluations relating to infrastructure, property, plant and equipment:

- increases in the combined carrying amounts of asset classes arising on revaluation are credited to the asset revaluation reserve,
- to the extent that a net asset class increase reverses a decrease previously recognised via

the profit or loss, then increase is first recognised in profit or loss,

- net decreases that reverse previous increases of the same asset class are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the asset, with all other decreases charged to the Income Statement.

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

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

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

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

Capitalisation thresholds

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

Land	
- council land	100% Capitalised
- open space	100% Capitalised
- land under roads (post 1/7/08 purchases)	100% Capitalised

Plant and Equipment	
Office Furniture	> \$3,000
Office Equipment	> \$3,000
Other Plant and Equipment	> \$3,000

Buildings and Land Improvements	
Park Furniture and Equipment	> \$3,000

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

Other Structures	> \$5,000
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The former Snowy River Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Summary of significant accounting policies (continued)

Water and Sewer Assets

Reticulation extensions	> \$10,000
Other	> \$10,000

- Footpaths	30 to 75 years
- Other road assets	x years

Stormwater Assets

Drains and Culverts	> \$10,000
Other	> \$10,000

Water Assets

- Treatment Plant	30 to 70 years
- Pumping Stations	25 to 50 years
- Mains	50 to 80 years

Transport Assets

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

Sewer Assets

- Treatment Plant	20 to 50 years
- Pumping Stations	25 to 70 years
- Mains	45 to 70 years

Other Infrastructure Assets

Swimming Pools	> \$10,000
Other Open Space/Recreational Assets	> \$10,000

Other Infrastructure

- Swimming Pools	5 to 100 years
- Other Open Space/ Recreational Assets	5 to 100 years

Other Infrastructure	> \$10,000
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All asset residual values and useful lives are reviewed and adjusted (if appropriate) at each reporting date.

Depreciation

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

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

Land is not depreciated.

Disposal and derecognition

Estimated useful lives for Council's I,PPandE include:

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

Plant and Equipment

- Office Equipment	5 to 10 years
- Furniture and Fittings	5 to 30 years
- Computer Equipment	3 to 10 years
- Fleet Vehicles	6 to 7 years
- Heavy Plant/Road Making equip	5 to 10 years

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

Buildings

- Buildings	10 to 128 years
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(k) Land

Stormwater Drainage

- Drainage and Culverts	100 years
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Land (other than land under roads) is in accordance with Part 2 of Chapter 6 of the *Local Government Act (1993)* classified as either operational or community.

Transportation Assets

- Road Seal	20 years
- Road Pavement	100 years
- Bridges and Culverts	25 to 100 years

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

The former Snowy River Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Summary of significant accounting policies (continued)

(l) Land under roads

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

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

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

(m) Intangible assets

Hostel Bed Licences

Aged Hostel bed licences held by the entity have been recognised at their fair value as at 30 June 2008. The hostel has held these licences for a number of years, however they were not recognised at cost previous to 2008 as no consideration was paid.

The fair value amount for bed licences is based on the lowest limit of the range of values as provided by the industry association representing aged care in NSW.

The bed licences have an infinite life, accordingly no amortisation has been applied to these values.

IT development and software

Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems.

Costs capitalised include external direct costs of materials and services, direct payroll and payroll-related costs of employees' time spent on the project.

Amortisation is calculated on a straight line bases over periods generally ranging from 3 to 5 years.

IT development costs include only those costs directly attributable to the development phase and are only recognised following completion of technical

feasibility and where Council has an intention and ability to use the asset.

(n) Crown reserves

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

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

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

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

(o) Rural fire service assets

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

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

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

(p) Investment property

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

The former Snowy River Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Summary of significant accounting policies (continued)

Council has no investment property.

(q) Provisions for close down, restoration and for environmental clean-up costs – including tips and quarries

Close down, restoration and remediation costs include the dismantling and demolition of infrastructure, the removal of residual materials and the remediation of disturbed areas.

Estimated close down and restoration costs are provided for in the accounting period when the obligation arising from the related disturbance occurs, whether this occurs during the development or during the operation phase, based on the net present value of estimated future costs.

Provisions for close down and restoration costs do not include any additional obligations that are expected to arise from future disturbance.

Costs are estimated on the basis of a closure plan.

The cost estimates are calculated annually during the life of the operation to reflect known developments, e.g. updated cost estimates and revisions to the estimated lives of operations, and are subject to formal review at regular intervals.

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

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

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

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

Other movements in the provisions for close down, restoration and remediation costs including those resulting from new disturbance, updated cost

estimates, changes to the estimated lives of operations and revisions to discount rates are capitalised within property, plant and equipment.

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

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

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

These costs are charged to the Income Statement.

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

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

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

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

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

Specific information about Council's provisions relating to close down, restoration and remediation costs can be found at Note 26.

The former Snowy River Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Summary of significant accounting policies (continued)

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

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

The exception to this is plant and motor vehicles, which are turned over on a regular basis. Plant and motor vehicles are retained in non-current assets under the classification of infrastructure, property, plant and equipment – unless the assets are to be traded in after 12 May and the replacement assets were already purchased and accounted for as at 12 May.

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

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

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

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

The results of discontinued operations are presented separately on the face of the Income Statement.

(s) Impairment of assets

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

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in

circumstances indicate that the carrying amount may not be recoverable.

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

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

Where an asset is not held principally for cash-generating purposes (for example infrastructure assets) and would be replaced if the Council was deprived of it, then depreciated replacement cost is used as value in use, otherwise value in use is estimated by using a discounted cash flow model.

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

Goodwill and other intangible assets that have an indefinite useful life and are not subject to amortisation are tested annually for impairment.

(t) Payables

These amounts represent liabilities and include goods and services provided to the Council prior to the end of reporting period that are unpaid.

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

(u) Borrowings

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

Borrowings are subsequently measured at amortised cost.

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

The former Snowy River Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Summary of significant accounting policies (continued)

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

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

(v) Borrowing costs

Borrowing costs are expensed.

(w) Provisions

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

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

Provisions are not recognised for future operating losses.

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

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

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

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

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

(x) Employee benefits

(i) Short-term obligations

Short-term employee benefit obligations include liabilities for wages and salaries (including non-monetary benefits), annual leave and vesting sick leave expected to be wholly settled within the 12 months after the reporting period.

Leave liabilities are recognised in the provision for employee benefits in respect of employees' services up to the reporting date with other short term employee benefit obligations disclosed under payables.

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

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

Liabilities for non-vesting sick leave are recognised at the time when the leave is taken and measured at the rates paid or payable, and accordingly no Liability has been recognised in these reports.

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

(ii) Other long-term obligations

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

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

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

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

The former Snowy River Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Summary of significant accounting policies (continued)

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

(iii) Retirement benefit obligations

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

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

Defined benefit plans

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

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

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

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

This scheme has been deemed to be a 'multi-employer fund' for the purposes of AASB 119.

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

The last valuation of the scheme was performed by Mr Richard Boyfield, FIAA on 24th February 2016, relating to the period ending 30 June 2015.

However the position is monitored annually and the actuary has estimated that as at 12 May 2016 the prior period deficit still exists.

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

The amount of employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense and disclosed as part of superannuation expenses at Note 4 (a) for the period ending 12 May 2016 was \$113,860.

The amount of additional contributions included in the total employer contribution advised above is \$65,015.

The share of this deficit that can be broadly attributed to Council is estimated to be in the order of \$75,052 as at 12 May 2016.

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

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

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

Defined contribution plans

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

The former Snowy River Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Summary of significant accounting policies (continued)

(iv) Employee benefit on-costs

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

These amounts include superannuation and workers compensation expenses which will be payable upon the future payment of certain leave liabilities accrued as at 12/05/16.

(y) Self-insurance

Council does not self-insure.

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

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

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

Exceptions

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

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

(aa) Taxes

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

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

Goods and Services Tax (GST)

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

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

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

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

Operating cash flows within the Cash Flow Statement are on a gross basis, i.e. they are inclusive of GST where applicable.

Investing and financing cash flows are treated on a net basis (where recoverable from the ATO), i.e. they are exclusive of GST. Instead, the GST component of investing and financing activity cash flows that are recoverable from or payable to the ATO are classified as operating cash flows.

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

(ab) New accounting standards and Interpretations issued (not yet effective)

Certain new (or amended) accounting standards and interpretations have been published that are not mandatory for reporting periods ending 12 May 2016.

Council has not adopted any of these standards early.

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

AASB 9 – Financial Instruments

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

The former Snowy River Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Summary of significant accounting policies (continued)

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

AASB16 – Leases

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

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

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

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

(ac) Rounding of amounts

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

(ad) Comparative figures

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

(ae) Disclaimer

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

The former Snowy River Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 2(a). Council functions/activities – financial information

Functions/activities	Income, expenses and assets have been directly attributed to the following functions/activities. Details of these functions/activities are provided in Note 2(b).													
	Income from continuing operations			Expenses from continuing operations			Operating result from continuing operations			Grants included in income from continuing operations		Total assets held (current & non-current)		
	Original budget ²	Actual	Actual	Original budget ¹	Actual	Actual	Original budget ¹	Actual	Actual	Actual	Actual	Actual	Actual	
	1/7/15 to 30/6/16	1/7/15 to 12/5/16	1/7/14 to 30/6/15	1/7/15 to 30/6/16	1/7/15 to 12/5/16	1/7/14 to 30/6/15	1/7/15 to 30/6/16	1/7/15 to 12/5/16	1/7/14 to 30/6/15	1/7/15 to 12/5/16	1/7/14 to 30/6/15	1/7/15 to 12/5/16	1/7/14 to 30/6/15	
Governance	n/a	–	2	n/a	164	169	n/a	(164)	(167)	–	1	21	21	
Administration	n/a	1,500	908	n/a	5,153	5,759	n/a	(3,653)	(4,851)	158	62	11,058	10,930	
Public order and safety	n/a	213	191	n/a	448	601	n/a	(235)	(410)	108	97	1,554	1,536	
Health	n/a	150	135	n/a	138	216	n/a	12	(81)	2	4	964	953	
Environment	n/a	3,092	3,961	n/a	2,804	3,246	n/a	288	715	440	202	3,809	3,765	
Community services and education	n/a	1,874	1,989	n/a	2,123	2,472	n/a	(249)	(483)	1,498	1,535	7,919	7,828	
Housing and community amenities	n/a	340	315	n/a	1,188	1,292	n/a	(848)	(977)	60	43	7,704	7,615	
Water supplies	n/a	3,113	3,133	n/a	2,082	2,740	n/a	1,031	393	–	31	30,684	30,330	
Sewerage services	n/a	3,487	3,957	n/a	2,889	3,061	n/a	598	896	–	12	40,315	39,850	
Recreation and culture	n/a	147	285	n/a	1,180	1,796	n/a	(1,033)	(1,511)	45	110	16,611	16,419	
Mining, manufacturing and construction	n/a	–	–	n/a	37	110	n/a	(37)	(110)	–	–	402	397	
Transport and communication	n/a	3,984	3,047	n/a	5,110	6,502	n/a	(1,126)	(3,455)	1,247	312	315,651	312,010	
Economic affairs	n/a	254	1,060	n/a	300	743	n/a	(46)	317	–	187	4,711	4,657	
Total functions and activities	n/a	18,154	18,983	n/a	23,616	28,707	n/a	(5,462)	(9,724)	3,558	2,596	441,402	436,311	
Share of gains/(losses) in associates and joint ventures (using the equity method)	n/a	–	18	n/a	7	–	n/a	(7)	18	–	–	356	371	
General purpose income ¹	n/a	9,088	8,998	n/a	–	–	n/a	9,088	8,998	3,255	3,240	–	–	
Operating result from continuing operations	n/a	27,242	27,999	n/a	23,623	28,707	n/a	3,619	(708)	6,813	5,836	441,758	436,682	

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

2. Original Budget disclosures are not required for these financial statements.

The former Snowy River Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 2(b). Council functions/activities – component descriptions

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

GOVERNANCE

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

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

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.

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.

The former Snowy River Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 3. Income from continuing operations

\$ '000	Notes	Actual 1/7/15 to 30/6/16	Actual 1/7/14 to 30/6/15
(a) Rates and annual charges ^{1,2}			
Ordinary rates			
Residential		3,028	2,964
Farmland		1,346	1,358
Business		976	894
Total ordinary rates		5,350	5,216
Special rates			
Emergency services		211	218
Jindabyne beautification		53	56
Total special rates		264	274
\$ '000	Notes	Actual 1/7/15 to 12/5/16	Actual 1/7/14 to 30/6/15
Annual charges (pursuant to s.496, s.496A, s.496B, s.501 & s.611)			
Domestic waste management services		1,116	1,092
Water supply services		1,340	1,464
Sewerage services		2,997	3,225
Waste management services (non-domestic)		597	593
Liquid trade waste		71	68
Onsite sewerage system management		99	90
Total annual charges		6,220	6,532
TOTAL RATES AND ANNUAL CHARGES		11,834	12,022

¹ Council has used 2013 year valuations provided by the NSW Valuer General in calculating its rates.

² Rates are recognised as revenue at the commencement of the rating year for the period 1/7/15 to 30/6/16. No adjustments have been made for rates not earned during the period 13/5/16 to 30/6/16.

The former Snowy River Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 3. Income from continuing operations (continued)

\$ '000	Notes	Actual 1/7/15 to 12/5/16	Actual 1/7/14 to 30/6/15
(b) User charges and fees			
Specific user charges (per s.502 – specific 'actual use' charges)			
Water supply services		1,559	1,147
Sewerage services		343	284
Waste management services (non-domestic)		251	253
Total user charges		2,153	1,684
Other user charges and fees			
(i) Fees and charges – statutory and regulatory functions (per s.608)			
Planning and building regulation		339	305
Private works – section 67		14	62
Registration fees		5	3
Regulatory fees		72	72
Section 149 certificates (EPA Act)		36	46
Section 603 certificates		30	24
Sewerage inspection and application fees		49	37
Total fees and charges – statutory/regulatory		545	549
(ii) Fees and charges – other (incl. general user charges (per s.608))			
Cemeteries		55	42
Community services		96	130
Holiday park fees		7	633
Lease rentals		61	81
Leaseback fees – Council vehicles		73	85
Liquid trade waste		–	1
Rates notice – admin fees		30	66
Recycling income (non-domestic)		59	92
RMS (formerly RTA) charges (state roads not controlled by Council) – RMS		280	252
RMS (formerly RTA) charges (state roads not controlled by Council) – IPWOS		1,537	1,586
Sale from stores		5	13
Sewer connection fees		–	2
Snowy Mountains Aged Care Hostel fees		192	183
Snowy River Health Centre		84	94
Swimming centres		81	84
Waste disposal tipping fees		460	585
Other		23	16
Total fees and charges – other		3,043	3,945
TOTAL USER CHARGES AND FEES		5,741	6,178

The former Snowy River Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 3. Income from continuing operations (continued)

\$ '000	Notes	Actual 1/7/15 to 12/5/16	Actual 1/7/14 to 30/6/15
(c) Interest and investment revenue (including losses)			
Interest			
– Interest on overdue rates and annual charges		60	65
– Interest earned on investments (interest and coupon payment income)		533	655
– Interest (other)		33	34
Amortisation of premiums and discounts			
– Interest free (and interest reduced) loans provided		–	1
Other		31	32
<u>TOTAL INTEREST AND INVESTMENT REVENUE</u>		<u>657</u>	<u>787</u>
Interest revenue is attributable to:			
Unrestricted investments/financial assets:			
Overdue rates and annual charges (general fund)		22	65
General Council cash and investments		461	477
Restricted investments/funds – external:			
Development contributions			
– Section 94		8	11
– Section 64		13	19
Water fund operations		63	70
Sewerage fund operations		82	102
Domestic waste management operations		8	43
<u>Total interest and investment revenue recognised</u>		<u>657</u>	<u>787</u>
(d) Other revenues			
Rental income – other council properties		270	271
Fines		60	35
Legal fees recovery – rates and charges (extra charges)		67	90
Legal fees recovery – other		–	2
Commissions and agency fees		1	1
Diesel rebate		22	48
Insurance claim recoveries		13	45
Insurance rebates		68	58
Reduction of tip restoration provisions		–	1,048
Reimbursement of expenses		17	21
RFS expenses reimbursed		65	(8)
Risk management services		–	14
Rural service fire reimbursement		–	61
Other		19	13
<u>TOTAL OTHER REVENUE</u>		<u>602</u>	<u>1,699</u>

The former Snowy River Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 3. Income from continuing operations (continued)

\$ '000	1/7/15 to 12/5/16 Operating	1/7/14 to 30/6/15 Operating	1/7/15 to 12/5/16 Capital	1/7/14 to 30/6/15 Capital
(e) Grants				
General purpose (untied)				
Financial assistance – general component	2,317 ¹	2,335	–	–
Financial assistance – local roads component	862 ¹	866	–	–
Pensioners' rates subsidies – general component	76	39	–	–
Total general purpose	3,255	3,240	–	–
Specific purpose				
Pensioners' rates subsidies:				
– Water	–	11	–	–
– Sewerage	–	12	–	–
– Domestic waste management	–	15	–	–
Water supplies	–	–	–	21
Biodiversity connected landscapes	–	31	–	–
Community care	396	843	–	–
Community facilities	–	22	408	215
Community transport	745	373	–	–
Heritage and cultural	–	–	–	15
Hostel	338	296	–	–
Library	32	32	–	–
Library – special projects	8	24	–	–
Noxious weeds	165	156	–	–
Rural fire services M&R	100	95	–	–
Street lighting	13	13	–	–
Transport (road safety)	27	42	–	–
Transport (roads to recovery)	1,247	312	–	–
Youth services	–	24	–	–
Other	79	15	–	29
Total specific purpose	3,150	2,316	408	280
Total grants	6,405	5,556	408	280
Grant revenue is attributable to:				
– Commonwealth funding	4,427	4,690	–	–
– State funding	1,772	838	–	280
– Other funding	206	28	408	–
	6,405	5,556	408	280

¹ Federal Assistance Grants (FAGs) are recognised as revenue upon their receipt or upon earlier notification that the grant has been secured. As such the revenue for FAGs includes the last quarter FAG payment received on 17/5/16.

The former Snowy River Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 3. Income from continuing operations (continued)

\$ '000	1/7/15 to 12/5/16 Operating	1/7/14 to 30/6/15 Operating	1/7/15 to 12/5/16 Capital	1/7/14 to 30/6/15 Capital
(f) Contributions				
Developer contributions:				
(s93 & s94 – EP&A Act, s64 of the LGA):				
S 94 – contributions towards amenities/services	–	–	98	128
S 64 – water supply contributions	–	–	149	143
S 64 – sewerage service contributions	–	–	137	173
Total developer contributions	–	–	384	444
Other contributions:				
Community care services	41	46	–	–
Community transport	–	43	–	–
Hostels	–	–	34	17
RMS contributions (regional roads, block grant)	903	879	–	–
Other	69	30	–	–
Total other contributions	1,013	998	34	17
Total contributions	1,013	998	418	461
TOTAL GRANTS AND CONTRIBUTIONS	7,418	6,554	826	741

\$ '000	Actual 1/7/15 to 12/5/16	Actual 1/7/14 to 30/6/15
(g) Restrictions relating to 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	2,231	2,181
Add: grants and contributions recognised in the current period but not yet spent:	732	723
Less: grants and contributions recognised in a previous reporting period now spent:	(511)	(673)
Net increase (decrease) in restricted assets during the period	221	50
Unexpended and held as restricted assets	2,452	2,231
Comprising:		
– Specific purpose unexpended grants	463	510
– Developer contributions	1,981	1,712
– Other contributions	8	9
	2,452	2,231

The former Snowy River Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 4. Expenses from continuing operations

\$ '000	Notes	Actual 1/7/15 to 12/5/16	Actual 1/7/14 to 30/6/15
(a) Employee benefits and on-costs			
Salaries and wages		7,270	8,166
Travel expenses		14	11
Employee leave entitlements (ELE)		747	823
Superannuation		771	991
Workers' compensation insurance		147	238
Fringe benefit tax (FBT)		27	38
Training costs (other than salaries and wages)		106	135
Protective clothing		15	21
Recruitment expenses		10	5
Vehicle allowance		58	72
Other		34	50
Total employee costs		9,199	10,550
Less: capitalised costs		(313)	(162)
TOTAL EMPLOYEE COSTS EXPENSED		8,886	10,388
Number of 'full-time equivalent' employees (FTE) as at 12/5/2016		108	129
(b) Borrowing costs			
(i) Interest bearing liability costs			
Interest on loans		285	373
Total interest bearing liability costs expensed		285	373
(ii) Other borrowing costs			
Discount adjustments relating to movements in provisions (other than ELE)			
– Remediation liabilities	26	115	110
Other borrowing costs		8	–
Total other borrowing costs		123	110
TOTAL BORROWING COSTS EXPENSED		408	483

The former Snowy River Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 4. Expenses from continuing operations (continued)

\$ '000	Notes	Actual 1/7/15 to 12/5/16	Actual 1/7/14 to 30/6/15
(c) Materials and contracts			
Raw materials and consumables		1,353	1,444
Contractor and consultancy costs		210	376
– Maintenance and repairs		936	939
– Contractor and consultancy costs – weeds management		238	249
– Contractor and consultancy costs – waste services		161	181
– Contractor and consultancy costs		1,898	2,657
Auditors remuneration ⁽¹⁾		44	45
Legal expenses:			
– Legal expenses: planning and development		48	31
– Legal expenses: debt recovery		72	89
– Legal expenses: other		84	104
Operating leases:			
– Operating lease rentals: minimum lease payments ⁽²⁾		145	140
<u>TOTAL MATERIALS AND CONTRACTS</u>		<u>5,189</u>	<u>6,255</u>
1. Auditor remuneration			
During the period, the following fees were incurred for services provided by the Council's Auditor:			
(i) Audit and other assurance services			
– Audit and review of financial statements: Council's Auditor		44	45
Remuneration for audit and other assurance services		<u>44</u>	<u>45</u>
Total Auditor remuneration		<u>44</u>	<u>45</u>
2. Operating lease payments are attributable to:			
Computers		145	140
		<u>145</u>	<u>140</u>

The former Snowy River Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 4. Expenses from continuing operations (continued)

\$ '000	Notes	Impairment costs		Depreciation/amortisation	
		Actual	Actual	Actual	Actual
		1/7/15 to 12/5/16	1/7/14 to 30/6/15	1/7/15 to 12/5/16	1/7/14 to 30/6/15
Plant and equipment		–	–	693	780
Office equipment		–	–	25	51
Furniture and fittings		–	–	46	52
Land improvements (depreciable)		–	–	6	7
Infrastructure:					
– Buildings – non-specialised		–	–	52	69
– Buildings – specialised		–	–	373	441
– Other structures		–	–	92	86
– Roads		–	–	1,986	3,427
– Bridges		–	–	357	301
– Footpaths		–	–	39	75
– Stormwater drainage		–	–	264	94
– Water supply network		–	–	745	989
– Sewerage network		–	–	1,065	1,227
– Swimming pools		–	–	163	184
– Other open space/recreational assets		–	–	69	73
Other assets					
– Other		–	–	166	184
Asset reinstatement costs	9 & 26	–	–	102	102
<u>TOTAL DEPRECIATION AND IMPAIRMENT COSTS EXPENSED</u>		–	–	6,243	8,142

The former Snowy River Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 4. Expenses from continuing operations (continued)

\$ '000	Notes	Actual 1/7/15 to 12/5/16	Actual 1/7/14 to 30/6/15
(e) Other expenses			
Advertising		25	59
Bad and doubtful debts		13	2
Bank charges		45	65
Contributions/levies to other levels of government			
– NSW Fire Brigade levy		21	20
– NSW Rural Fire Service levy		219	226
– NSW State Emergency Services levy		14	12
– Other contributions/levies		–	1
Councillor expenses – mayoral fee		21	24
Councillor expenses – councillors' fees		67	77
Councillors' expenses (incl. mayor) – other (excluding fees above)		21	16
Donations, contributions and assistance to other organisations (Section 356)		55	29
– Monaro Regional Library		228	220
– SEWOL		18	18
– Tourism Snowy Mountains (TSM)		20	30
Electricity and heating		484	729
Insurance		565	584
Licence fees – other		10	17
Marketing expenses		2	6
Memberships		–	28
Postage		30	36
Printing and stationery		134	158
Quality monitoring		43	51
Refund unexpended grant funds		3	1
Software licences		402	348
Street lighting		54	60
Subscriptions and publications		27	37
Telephone and communications		287	310
Valuation fees		44	44
Other		38	79
<u>TOTAL OTHER EXPENSES</u>		<u>2,890</u>	<u>3,287</u>

The former Snowy River Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 5. Gains or losses from the disposal of assets

\$ '000	Notes	Actual 1/7/15 to 12/5/16	Actual 1/7/14 to 30/6/15
Property (excl. investment property)			
Proceeds from disposal – property		–	414
Less: carrying amount of property assets sold/written off		–	(267)
Net gain/(loss) on disposal		–	147
Plant and equipment			
Proceeds from disposal – plant and equipment		355	227
Less: carrying amount of plant and equipment assets sold/written off		(191)	(249)
Net gain/(loss) on disposal		164	(22)
Financial assets			
Proceeds from disposal/redemptions/maturities – financial assets		28,450	22,746
Less: carrying amount of financial assets sold/redeemed/matured		(28,450)	(22,746)
Net gain/(loss) on disposal		–	–
Tip assets			
Less: carrying amount of tip assets assets sold/written off		–	(277)
Net gain/(loss) on disposal		–	(277)
NET GAIN/(LOSS) ON DISPOSAL OF ASSETS		164	(152)

The former Snowy River Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

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

\$ '000	Notes	12/5/16 Actual Current	12/5/16 Actual Non-current	30/6/15 Actual Current	30/6/15 Actual Non-current
Cash and cash equivalents (Note 6a)					
Cash on hand and at bank		712	–	113	–
Cash-equivalent assets ¹					
– Short-term deposits		18,211	–	19,805	–
Total cash and cash equivalents		18,923	–	19,918	–
Investments (Note 6b)					
Nil					
TOTAL CASH ASSETS, CASH EQUIVALENTS AND INVESTMENTS		18,923	–	19,918	–

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

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

Cash and cash equivalents

a. 'At fair value through the profit and loss'

18,923	–	19,918	–
---------------	----------	---------------	----------

Investments

Nil

Note 6(b-i)

Reconciliation of investments classified as 'at fair value through the profit and loss'

Additions	28,450	–	19,746	–
Disposals (sales and redemptions)	(28,450)	–	(19,746)	–
Balance at end of period	–	–	–	–

Note 6(b-ii)

Reconciliation of investments classified as 'held to maturity'

Balance at beginning of period	–	–	3,000	–
Disposals (sales and redemptions)	–	–	(3,000)	–
Balance at end of period	–	–	–	–

The former Snowy River Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

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

\$ '000	12/5/16	12/5/16	30/6/15	30/6/15
	Actual Current	Actual Non-current	Actual Current	Actual Non-current
Total cash, cash equivalents and investments	18,923	–	19,918	–
attributable to:				
External restrictions (refer below)	12,861	–	11,520	–
Internal restrictions (refer below)	6,057	–	8,397	–
Unrestricted	5	–	1	–
	18,923	–	19,918	–

1/7/15 to 12/5/16 \$ '000	Opening balance	Transfers to restrictions	Transfers from restrictions	Closing balance
------------------------------	--------------------	------------------------------	--------------------------------	--------------------

Details of restrictions

External restrictions – included in liabilities

Nil

External restrictions – other

Developer contributions – general	(D)	633	112	(136)	609
Developer contributions – water fund	(D)	763	152	–	915
Developer contributions – sewer fund	(D)	316	141	–	457
Specific purpose unexpended grants	(F)	510	–	(46)	463
Water supplies	(G)	3,002	482	–	3,484
Sewerage services	(G)	4,429	516	–	4,945
Domestic waste management	(G)	266	202	–	468
Aged hostel accommodation bonds		503	90	(161)	432
Crown land – holiday parks		843	69	(124)	788
Crown land reserves		27	3	–	30
Emergency services special rate		32	204	(222)	14
Jindabyne beautification special rate		187	61	–	248
Other		9	–	(1)	8
External restrictions – other		11,520	2,032	(690)	12,861
Total external restrictions		11,520	2,032	(690)	12,861

The former Snowy River Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

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

1/7/15 to 12/5/16 \$ '000	Opening balance	Transfers to restrictions	Transfers from restrictions	Closing balance
Internal restrictions				
Plant and vehicle replacement	2,188	403	(1,346)	1,245
Employees leave entitlement	826	64	–	890
Council elections	17	–	–	17
Green team revolving energy	34	–	–	34
HACC vehicle replacement	212	34	(49)	197
ICT insurance reserve	287	–	(287)	–
Infrastructure and facilities	512	–	(40)	472
ICT hardware and software	121	–	(121)	–
Jindabyne childcare centre	15	5	(6)	14
Jindabyne holiday park property	177	83	–	260
Parks and gardens	26	–	–	26
Property development	667	40	(292)	415
Quarry operations	70	–	(37)	33
Bridges replacement	27	–	(27)	–
Rural fire service	18	100	(87)	31
Uncompleted works	609	378	(609)	378
Waste management	1,784	31	–	1,815
Other	807	–	(577)	230
Total internal restrictions	8,397	1,138	(3,478)	6,057
TOTAL RESTRICTIONS	19,917	3,170	(4,168)	18,918

D Development contributions which are not yet expended for the provision of services and amenities in accordance with contributions plans (refer Note 17).

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

G 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.

The former Snowy River Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 7. Receivables

\$ '000	Notes	12/5/16 Current	12/5/16 Non-current	30/6/15 Current	30/6/15 Non-current
Purpose					
Rates and annual charges		4,549 ¹	–	2,097	–
Interest and extra charges		129	–	117	–
User charges and fees		1,248	–	1,258	–
Capital debtors (being sale of assets)					
– Other asset sales		18	153	14	167
Accrued revenues					
– Interest on investments		106	–	52	–
Government grants and subsidies		834	–	57	–
Net GST receivable		644	–	149	–
Other debtors		1	–	63	–
Total		7,529	153	3,807	167
Less: provision for impairment					
User charges and fees		(81)	–	(81)	–
Total provision for impairment – receivables		(81)	–	(81)	–
TOTAL NET RECEIVABLES		7,448	153	3,726	167
Externally restricted receivables					
Water supply					
– Specific purpose grants		12	–	11	–
– Rates and availability charges		1,153	–	526	–
– Other		570	–	452	–
Sewerage services					
– Specific purpose grants		11	–	12	–
– Rates and availability charges		1,825	–	1,177	–
– Other		159	153	134	167
Domestic waste management		–	–	59	–
Total external restrictions		3,730	153	2,371	167
Internally restricted receivables					
Nil					
Unrestricted receivables		3,718	–	1,355	–
TOTAL NET RECEIVABLES		7,448	153	3,726	167

¹ The final payment instalment for rates (and annual charges) income is 31/5/16. As at 12/5/16 there is a large outstanding debtor that reflects this timing difference between the financial reporting date & the instalment payment date.

Notes on debtors above:

- (i) Rates and annual charges outstanding are secured against the property.
- (ii) Doubtful rates debtors are provided for where the value of the property is less than the debt outstanding.
An allowance for other doubtful debts is made when there is objective evidence that a receivable is impaired.
- (iii) Interest was charged on overdue rates and charges at 8.50% (2015 8.50%).
Generally all other receivables are non-interest bearing.
- (iv) Please refer to Note 15 for issues concerning credit risk and fair value disclosures.

The former Snowy River Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 8. Inventories and other assets

\$ '000	Notes	12/5/16 Current	12/5/16 Non-current	30/6/15 Current	30/6/15 Non-current
(a) Inventories					
(i) Inventories at cost					
Real estate for resale (refer below)		424	–	424	–
Stores and materials		156	–	186	–
Total inventories at cost		580	–	610	–
(ii) Inventories at net realisable value (NRV)					
Nil					
<u>TOTAL INVENTORIES</u>		<u>580</u>	<u>–</u>	<u>610</u>	<u>–</u>
(b) Other assets					
Prepayments		272	–	79	–
Other		–	–	1	–
<u>TOTAL OTHER ASSETS</u>		<u>272</u>	<u>–</u>	<u>80</u>	<u>–</u>

Externally restricted assets

There are no restrictions applicable to the above assets.

The former Snowy River Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 8. Inventories and other assets (continued)

\$ '000	12/5/16 Current	12/5/16 Non-current	30/6/15 Current	30/6/15 Non-current
(i) Other disclosures				
(a) Details for real estate development				
Residential	424	–	424	–
Total real estate for resale	424	–	424	–
(Valued at the lower of cost and net realisable value)				
Represented by:				
Acquisition costs	210	–	210	–
Development costs	214	–	214	–
Total costs	424	–	424	–
Total real estate for resale	424	–	424	–
Movements:				
Real estate assets at beginning of period	424	–	422	–
– Purchases and other costs	–	–	2	–
Total real estate for resale	424	–	424	–

(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;

	12/5/16	30/6/15
Real estate for resale	424	424
	424	424

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

– Stores and materials	445	576
------------------------	-----	-----

(d) Inventory write downs

\$1,145 was recognised as an expense relating to the write down of inventory balances held during the period.

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

The former Snowy River Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 9a. Infrastructure, property, plant and equipment

\$ '000	as at 30/6/2015					Asset movements during the reporting period					as at 12/5/2016					
	At cost	At fair value	Accumulated		Carrying value	Additions renewals	Additions new assets	Carrying value of disposals	Depreciation expense	Revaluation increments to equity (ARR)	At cost	At fair value	Accumulated		Carrying value	
			depreciation	impairment									depreciation	impairment		
Capital work in progress	–	–	–	–	–	4,268	699	–	–	–	4,967	–	–	–	–	4,967
Plant and equipment	–	9,019	5,587	–	3,432	–	1,352	(191)	(693)	–	–	9,256	5,356	–	–	3,900
Office equipment	–	1,967	1,491	–	476	–	15	–	(25)	–	–	1,982	1,516	–	–	466
Furniture and fittings	–	731	380	–	351	–	–	–	(46)	–	–	731	426	–	–	305
Land:																
– Operational land	–	8,266	–	–	8,266	–	–	–	–	–	–	8,266	–	–	–	8,266
– Community land	–	6,996	–	–	6,996	–	–	–	–	–	–	6,996	–	–	–	6,996
Land improvements – depreciable	–	1,896	124	–	1,772	–	–	–	(6)	–	–	1,896	130	–	–	1,766
Infrastructure:																
– Buildings – non-specialised	–	2,179	604	–	1,575	–	–	–	(52)	–	–	2,179	656	–	–	1,523
– Buildings – specialised	–	21,865	10,483	–	11,382	258	24	–	(373)	–	–	22,147	10,856	–	–	11,291
– Other structures	–	4,253	2,108	–	2,145	10	120	–	(92)	–	–	4,383	2,200	–	–	2,183
– Roads	–	207,768	76,643	–	131,125	454	–	–	(1,986)	–	–	208,222	78,629	–	–	129,593
– Bridges	–	31,230	14,216	–	17,014	–	–	–	(357)	–	–	31,230	14,573	–	–	16,657
– Footpaths	–	2,887	846	–	2,041	193	61	–	(39)	–	–	3,141	885	–	–	2,256
– Bulk earthworks (non-depreciable)	–	153,009	–	–	153,009	–	–	–	–	–	–	153,009	–	–	–	153,009
– Stormwater drainage	–	10,093	3,794	–	6,299	–	–	–	(264)	–	–	10,093	4,058	–	–	6,035
– Water supply network	–	49,885	25,471	–	24,414	4	–	–	(745)	355	–	50,637	26,609	–	–	24,028
– Sewerage network	–	64,695	31,794	–	32,901	188	–	–	(1,065)	480	–	65,857	33,353	–	–	32,504
– Swimming pools	–	10,908	7,598	–	3,310	80	–	–	(163)	–	–	10,988	7,761	–	–	3,227
– Other open space/recreational assets	–	3,275	1,866	–	1,409	10	77	–	(69)	–	–	3,362	1,935	–	–	1,427
Other assets:																
– Other	–	4,141	1,174	–	2,967	2	–	–	(166)	–	–	4,143	1,340	–	–	2,803
Reinstatement, rehabilitation and restoration assets (refer Note 26):																
– Tip assets	–	1,391	815	–	576	–	–	–	(102)	–	–	1,391	917	–	–	474
TOTAL INFRASTRUCTURE, PROPERTY, PLANT AND EQUIP.	–	596,454	184,994	–	411,460	5,467	2,348	(191)	(6,243)	835	4,967	599,909	191,200	–	–	413,676

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.

The former Snowy River Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

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

\$ '000	Actual				Actual			
	12/5/16				30/6/15			
Class of asset	At cost	At fair value	A/Dep & impairm't	Carrying value	At cost	At fair value	A/Dep & impairm't	Carrying value
Water supply								
WIP	–	25	–	25	–	–	–	–
Plant and equipment	–	554	228	326	–	517	198	319
Office equipment	–	11	2	9	–	18	1	17
Land								
– Operational land	–	434	–	434	–	434	–	434
– Improvements - depreciable	–	109	24	85	–	109	23	86
Buildings	–	72	33	39	–	72	32	40
Other structures	–	143	29	114	–	143	25	118
Infrastructure	–	50,637	26,609	24,028	–	49,885	25,471	24,414
Total water supply	–	51,985	26,925	25,060	–	51,178	25,750	25,428
Sewerage services								
WIP	–	414	–	414	–	–	–	–
Plant and equipment	–	328	195	133	–	366	194	172
Land								
– Operational land	–	518	–	518	–	518	–	518
– Community land	–	55	–	55	–	55	–	55
– Improvements - depreciable	–	85	19	66	–	85	18	67
Buildings	–	72	33	39	–	72	32	40
Other structures	–	137	26	111	–	125	22	103
Infrastructure	–	65,753	33,347	32,406	–	64,593	31,792	32,801
Other assets	–	8	3	5	–	8	2	6
Total sewerage services	–	67,370	33,623	33,747	–	65,822	32,060	33,762
Domestic waste management								
WIP	–	70	–	70	–	–	–	–
Plant and equipment	–	2,367	1,355	1,012	–	2,095	1,141	954
Office equipment	–	71	71	–	–	71	71	–
Land								
– Operational land	–	209	–	209	–	209	–	209
– Community land	–	90	–	90	–	90	–	90
– Improvements - depreciable	–	527	–	527	–	527	–	527
Buildings	–	49	28	21	–	49	27	22
Other structures	–	1,070	345	725	–	976	313	663
Infrastructure	–	46	–	46	–	46	–	46
Other assets	–	4,217	1,757	2,460	–	4,191	1,536	2,655
Total DWM	–	8,716	3,556	5,160	–	8,254	3,088	5,166
TOTAL RESTRICTED I,PP&E	–	128,071	64,104	63,967	–	125,254	60,898	64,356

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

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

The former Snowy River Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 10a. Payables, borrowings and provisions

\$ '000	Notes	12/5/16 Current	12/5/16 Non-current	30/6/15 Current	30/6/15 Non-current
Payables					
Goods and services – operating expenditure		2,411	–	1,024	–
Accrued expenses:					
– Borrowings		56	–	31	–
– Salaries and wages		45	–	286	3
Advances		171	–	147	–
Aged hostel contributions		432	–	503	–
Security bonds, deposits and retentions		586	–	545	–
Other		59	–	–	–
Total payables		3,760	–	2,536	3
Borrowings					
Loans – secured ¹		937	4,024	744	4,786
Total borrowings		937	4,024	744	4,786
Provisions					
Employee benefits:					
Annual leave		674	–	700	–
Long service leave		866	96	899	100
Other leave – TIL and flex		65	–	128	–
ELE on-costs		97	4	108	4
Sub-total – aggregate employee benefits		1,702	100	1,835	104
Asset remediation/restoration (future works)	26	–	2,416	–	2,301
Total provisions		1,702	2,516	1,835	2,405
TOTAL PAYABLES, BORROWINGS AND PROVISIONS					
		6,399	6,540	5,115	7,194
(i) Liabilities relating to restricted assets					
		12/5/16 Current	12/5/16 Non-current	30/6/15 Current	30/6/15 Non-current
Externally restricted assets					
Water		161	428	160	502
Sewer		423	1,732	330	2,018
Hostel accomodation bonds		397	–	503	–
Liabilities relating to externally restricted assets		981	2,160	993	2,520
Internally restricted assets					
Nil					
Total liabilities relating to restricted assets		981	2,160	993	2,520
Total liabilities relating to unrestricted assets		5,418	4,380	4,122	4,674
TOTAL PAYABLES, BORROWINGS AND PROVISIONS		6,399	6,540	5,115	7,194

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.

The former Snowy River Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

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

\$ '000	Actual 12/5/16	Actual 30/6/15
(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	851	957
Payables – security bonds, deposits and retentions	440	404
Payables – aged hostel contributions	189	452
	1,480	1,813

Note 10b. Description of and movements in provisions

Class of provision	Opening balance as at 1/7/15	1/7/15 to 12/5/16			Unused amounts reversed	Closing balance as at 12/5/16
		Additional provisions	Decrease due to payments	Remeasurement effects due to discounting		
Annual leave	700	493	(538)	19	–	674
Long service leave	999	90	(172)	45	–	962
Other leave – TIL and flex	128	154	(219)	2	–	65
ELE on-costs	112	(11)	–	–	–	101
Asset remediation	2,301	–	–	115	–	2,416
TOTAL	4,240	726	(929)	181	–	4,218

- 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.
- b. Asset remediation, reinstatement and restoration provisions represent the present value estimate of future costs Council will incur in order to remove, restore and remediate assets and/or activities as a result of past operations.

The former Snowy River Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 11. Statement of cash flows – additional information

\$ '000	Notes	Actual 12/5/16	Actual 30/6/15
(a) Reconciliation of cash assets			
Total cash and cash equivalent assets	6a	18,923	19,918
Less bank overdraft	10	–	–
Balance as per the Statement of Cash Flows		18,923	19,918
(b) Reconciliation of net operating result to cash provided from operating activities			
Net operating result from Income Statement		3,619	(708)
Adjust for non-cash items:			
Depreciation and amortisation		6,243	8,142
Net losses/(gains) on disposal of assets		(164)	152
Amortisation of premiums, discounts and prior period fair valuations			
– Interest on all fair value adjusted interest free advances made by Council		–	(1)
Unwinding of discount rates on reinstatement provisions		115	110
Share of net (profits) or losses of associates/joint ventures		7	(18)
+/- Movement in operating assets and liabilities and other cash items:			
Decrease/(increase) in receivables		(3,718)	(109)
Increase/(decrease) in provision for doubtful debts		–	(1)
Decrease/(increase) in inventories		30	5
Decrease/(increase) in other assets		(192)	89
Increase/(decrease) in payables		1,387	76
Increase/(decrease) in accrued interest payable		25	(2)
Increase/(decrease) in other accrued expenses payable		(244)	91
Increase/(decrease) in other liabilities		53	83
Increase/(decrease) in employee leave entitlements		(137)	207
Increase/(decrease) in other provisions		–	(1,046)
Net cash provided from/(used in) operating activities from the Statement of Cash Flows		7,024	7,070

The former Snowy River Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 11. Statement of cash flows – additional information (continued)

\$ '000	Notes	Actual 12/5/16	Actual 30/6/15
(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⁾		300	300
Credit cards/purchase cards		45	45
Total financing arrangements		345	345

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.

The former Snowy River Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 12. Commitments for expenditure

\$ '000	Notes	Actual 12/5/16	Actual 30/6/15
(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 – Snowy River Holiday Park		–	193
Jindabyne water and sewer mains		–	295
ICT system upgrade		231	306
Berridale Public Toilet Facility		99	–
Jindabyne Landfill Community Recycling Centre		117	–
Water Mains Replacements - Berridale, Adaminaby and Dalgety		530	–
Total commitments		977	794
These expenditures are payable as follows:			
Within the next year		977	794
Total payable		977	794
Sources for funding of capital commitments:			
Externally restricted reserves		647	295
Internally restricted reserves		99	499
Total sources of funding		977	794

The former Snowy River Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 12. Commitments for expenditure (continued)

\$ '000	Notes	Actual 12/5/16	Actual 30/6/15
(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		177	136
Later than one year and not later than 5 years		100	138
Later than 5 years		–	–
Total non-cancellable operating lease commitments		277	274

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

ICT Equipment - eg Computers, Laptops, Servers, Photocopiers

Survey Equipment

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

Conditions relating to operating leases:

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

(d) Investment property commitments

Nil

(e) Investment in joint operations – commitments

For capital commitments and other commitments relating to investments in joint operations, refer to Note 19 (c)

The former Snowy River Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

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

\$ '000	Amounts	Indicator	Prior periods	
	12/5/16	12/5/16	30/6/15	30/6/14
Local government industry indicators – consolidated				
1. Operating performance ratio				
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions less operating expenses	<u>2,636</u>	10.04%	-4.83%	-9.48%
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions	<u>26,252</u>			
2. Own source operating revenue ratio				
Total continuing operating revenue ⁽¹⁾ excluding all grants and contributions	<u>18,834</u>	69.55%	73.93%	62.58%
Total continuing operating revenue ⁽¹⁾	<u>27,078</u>			
3. Unrestricted current ratio				
Current assets less all external restrictions ⁽²⁾	<u>10,181</u>	2.59x	4.34x	3.86x
Current liabilities less specific purpose liabilities ^(3, 4)	<u>3,938</u>			
4. Debt service cover ratio				
Operating result ⁽¹⁾ before capital excluding interest and depreciation/impairment/amortisation	<u>9,287</u>	9.51x	6.09x	5.20x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	<u>977</u>			
5. Rates, annual charges, interest and extra charges outstanding percentage				
Rates, annual and extra charges outstanding	<u>4,678</u>	33.14%	15.56%	15.04%
Rates, annual and extra charges collectible	<u>14,115</u>			
6. Cash expense cover ratio				
Current period's cash and cash equivalents plus all term deposits	<u>18,923</u>	12.36 mths	10.4 mths	8.5 mths
Payments from cash flow of operating and financing activities	<u>1,531</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.

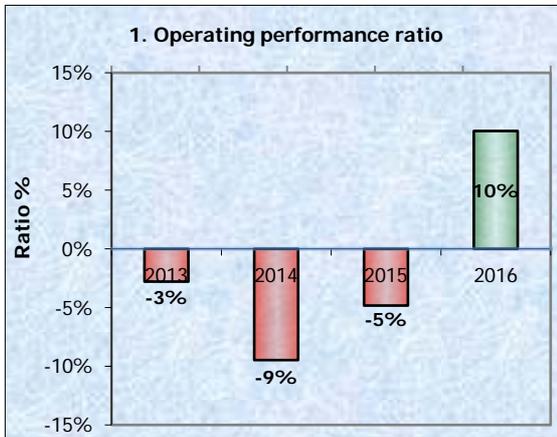
⁽³⁾ Refer to Note 10(a).

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

The former Snowy River Shire Council

Notes to the Financial Statements for the period 1 July 2015 to 12 May 2016

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.

Commentary on 12/5/16 result

12/5/16 ratio 10.04%

The marked improvement in this ratio is partially attributable to the early balance date of 12 May, with operating expenses decreasing by \$5M with little variance in Operating Revenue. Both General Fund (5.92%) and Water Fund (29.66%) show improvements while Sewer Fund (14.83%) shows a light decrease.

Benchmark: ——— Minimum $\geq 0.00\%$

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

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.

Commentary on 12/5/16 result

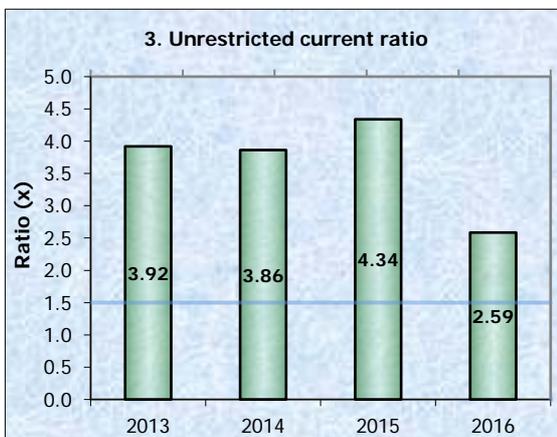
12/5/16 ratio 69.55%

The early balance date may have impacted slightly on this ratio. It shows Council's dependence on operating grants including fully funded services such as Community Transport and Community Care. The General Fund own source ratio is 60% which is also the OLG benchmark.

Benchmark: ——— Minimum $\geq 60.00\%$

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

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.

Commentary on 12/5/16 result

12/5/16 ratio 2.59x

Council made the conscience decision to utilise Internal Reserves for the improvement of infrastructure in order to address the Infrastructure gap. This ratio is still above the benchmark of 1.5 and illustrates Council's ability to pay expenses as & when they become due and payable. This ratio will be monitored to ensure no substantial changes in future years.

Benchmark: ——— Minimum ≥ 1.50

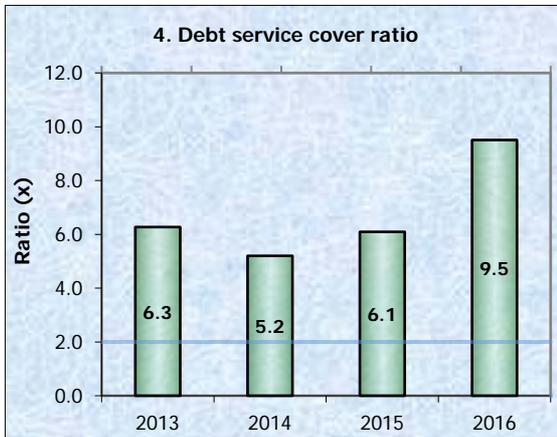
Source for benchmark: Code of Accounting Practice and Financial Reporting #24

Ratio achieves benchmark
 Ratio is outside benchmark

The former Snowy River Shire Council

Notes to the Financial Statements for the period 1 July 2015 to 12 May 2016

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



Purpose of debt service cover ratio

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

Commentary on 12/5/16 result

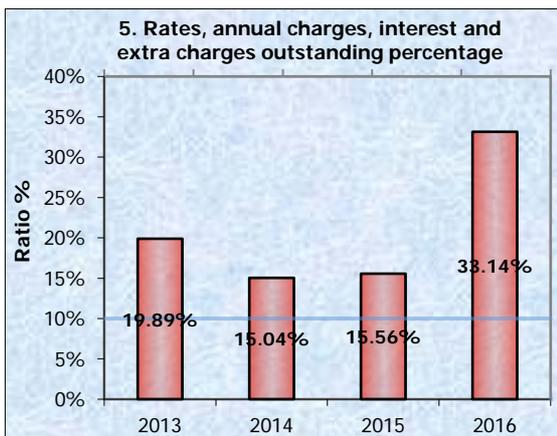
12/5/16 ratio 9.51x

Debt is mainly attributed to the restricted Water Fund. Council continues to surpass the benchmark of 2% and it has been the intention of the Council to ensure that this does not exceed 10% in order to ensure that future generations are not overburdened.

Benchmark: Minimum ≥ 2.00

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

Ratio achieves benchmark
 Ratio is outside benchmark



Purpose of rates and annual charges outstanding ratio

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

Commentary on 12/5/16 result

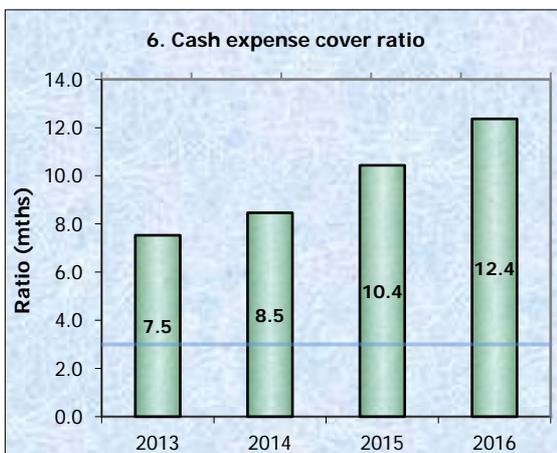
12/5/16 ratio 33.14%

Due to the early balance date of 12 May, the Rates final instalment quarterly was not due. This results in General Fund showing 17.5% compared to 5.4% the previous year. The Rural Councils benchmark is 10%. Tri Annual Water & Sewer Annual charges were likewise not due until after balance date.

Benchmark: Maximum $< 10.00\%$

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

Ratio is within Benchmark
 Ratio is outside Benchmark



Purpose of cash expense cover ratio

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

Commentary on 12/5/16 result

12/5/16 ratio 12.36 mths

Council maintains a strong ability to fund services as required. Council continues to substantially exceed the benchmark of 3 indicating Council's future ability to utilise funds in order to reduce the infrastructure gap. This is specifically evident in the Water Fund (35 months) & Sewer Fund (30 months). The general fund ratio is a healthy 8 months which is an increase from the previous year of 7 months.

Benchmark: Minimum ≥ 3.00

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

Ratio achieves benchmark
 Ratio is outside benchmark

The former Snowy River Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

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

\$ '000	Water 12/5/16	Sewer 12/5/16	General ⁵ 12/5/16
Local government industry indicators – by fund			
1. Operating performance ratio			
<u>Total continuing operating revenue⁽¹⁾ excluding capital grants and contributions less operating expenses</u>	29.66%	14.83%	5.93%
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions	prior period: 5.36%	16.65%	-10.66%
2. Own source operating revenue ratio			
<u>Total continuing operating revenue⁽¹⁾ excluding all grants and contributions</u>	95.19%	96.04%	60.31%
Total continuing operating revenue ⁽¹⁾	prior period: 94.31%	95.59%	66.30%
3. Unrestricted current ratio			
<u>Current assets less all external restrictions⁽²⁾</u>	28.89x	15.67x	2.59x
Current liabilities less specific purpose liabilities ^(3, 4)	prior period: 24.94x	17.43x	4.34x
4. Debt service cover ratio			
<u>Operating result⁽¹⁾ before capital excluding interest and depreciation/impairment/amortisation</u>	21.48x	5.53x	9.97x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	prior period: 12.13x	5.18x	5.71x
5. Rates, annual charges, interest and extra charges outstanding percentage			
<u>Rates, annual and extra charges outstanding</u>	86.04%	59.49%	17.51%
Rates, annual and extra charges collectible	prior period: 35.93%	35.74%	5.40%
6. Cash expense cover ratio			
<u>Current period's cash and cash equivalents plus all term deposits</u> x12	35.22 mths	29.90 mths	7.45 mths
Payments from cash flow of operating and financing activities	prior period: 25.72 mths	26.43 mths	7.21 mths

Notes

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

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

The former Snowy River Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 14. Investment properties

\$ '000

Council has not classified any land or buildings as 'investment properties'.

Note 15. Financial risk management

Risk management

Council's activities expose it to a variety of financial risks including **(1)** price risk, **(2)** credit risk, **(3)** liquidity risk and **(4)** interest rate risk.

The Council's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Council.

Council does not engage in transactions expressed in foreign currencies and is therefore not subject to foreign currency risk.

Financial risk management is carried out by Council's finance section under policies approved by the Council.

The fair value of Council's financial assets and financial liabilities approximates their carrying amount.

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	
	12/5/16	30/6/15	12/5/16	30/6/15
Financial assets				
Cash and cash equivalents	18,923	19,918	–	–
Investments				
– 'Held to maturity'	–	–	–	–
Receivables	7,601	3,893	–	–
Other financial assets	–	–	–	–
Total financial assets	26,524	23,811	–	–
Financial liabilities				
Payables	3,760	2,539	–	–
Loans/advances	4,961	5,530	–	–
Total financial liabilities	8,721	8,069	–	–

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.

The former Snowy River Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 15. Financial risk management (continued)

\$ '000

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

Council's finance area manages the cash and Investments portfolio with the assistance of independent advisors.

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.

Council also seeks advice from independent advisers before placing any funds in cash equivalents and investments.

(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
1/7/15 to 12/5/16				
Possible impact of a 10% movement in market values	573	573	(573)	(573)
Possible impact of a 1% movement in interest rates	141	141	(141)	(141)
1/7/14 to 30/6/15				
Possible impact of a 10% movement in market values	566	566	(566)	(566)
Possible impact of a 1% movement in interest rates	135	135	(135)	(135)

The former Snowy River Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 15. Financial risk management (continued)

\$ '000

(b) Credit risk

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

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

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

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

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

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

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

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

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

	12/5/16 Rates and annual charges	12/5/16 Other receivables	30/6/15 Rates and annual charges	30/6/15 Other receivables
(i) Ageing of receivables – %				
Current (not yet overdue)	62%	89%	73%	69%
Overdue	38%	11%	27%	31%
	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				
Current	2,815	2,774	1,526	1,510
< 1 year overdue	1,389	98	273	175
1 – 2 years overdue	175	70	107	6
2 – 5 years overdue	106	5	128	3
> 5 years overdue	64	186	63	183
	4,549	3,133	2,097	1,877

	12/5/16	30/6/15
(iii) Movement in provision for impairment of receivables		
Balance at the beginning of the period	81	82
+ new provisions recognised during the period	26	19
– amounts already provided for and written off this period	(2)	(1)
– amounts provided for but recovered during the period	(24)	(17)
– previous impairment losses reversed	–	(2)
Balance at the end of the period	81	81

The former Snowy River Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 15. Financial risk management (continued)

\$ '000

(c) Liquidity risk

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

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

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

The contractual undiscounted cash outflows (ie. principal and interest) of Council's payables and borrowings are set out in the maturity table below:

\$ '000	Subject to no maturity	payable in:						Total cash outflows	Actual carrying values
		≤ 1 Year	1-2 Yrs	2-3 Yrs	3-4 Yrs	4-5 Yrs	> 5 Yrs		
1/7/15 to 12/5/16									
Trade/other payables	586	2,903	–	–	–	–	–	3,489	3,760
Loans and advances	–	2,771	616	567	567	567	299	5,387	4,961
Total financial liabilities	586	5,674	616	567	567	567	299	8,876	8,721
1/7/14 to 30/6/15									
Trade/other payables	545	1,994	–	–	–	–	–	2,539	2,539
Loans and advances	–	1,080	2,771	616	567	567	866	6,467	5,530
Total financial liabilities	545	3,074	2,771	616	567	567	866	9,006	8,069

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:	12/5/16	12/5/16	30/6/15	30/6/15
	Carrying value	Average interest rate	Carrying value	Average interest rate
Trade/other payables	3,760	0.00%	2,539	0.00%
Loans and advances – fixed interest rate	4,961	6.50%	5,530	6.50%
	<u>8,721</u>		<u>8,069</u>	

Note 16. Material budget variations

In accordance with the Supplementary Code 24(a), this note is not applicable for "former Councils".

The former Snowy River Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 17. Statement of developer contributions

\$ '000

Council recovers contributions, raises levies and enters into planning agreements on development works that are subject to a development consent issued by Council. All contributions must be spent/utilised for the specific purpose they were levied and any interest applicable to unspent funds must be attributed to remaining funds.

The following tables detail the receipt, interest and use of the above contributions and levies and the value of all remaining funds which are 'restricted' in their future use.

SUMMARY OF CONTRIBUTIONS AND LEVIES

PURPOSE	Opening balance	Contributions received during the period		Interest earned during period	Expenditure during period	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Public parking	(0)	25	–	–	(21)	–	4	–
Roadworks	222	3	–	3	–	–	228	–
Open space and public art	9	3	–	–	–	–	12	–
Sport and recreation facilities	20	2	–	1	–	–	23	–
Community services and facilities	157	13	–	1	–	–	171	–
Shared pathways – Jindabyne area	4	1	–	–	(1)	–	4	–
Shared trails – Jindabyne area	(0)	7	–	–	–	(7)	(0)	–
Regional waste management	56	19	–	1	(11)	–	65	–
Bushfire services	19	4	–	1	(3)	–	21	–
S94 contributions – under a plan	487	77	–	7	(36)	(7)	528	–
Total S94 revenue under plans	487	77	–	7	(36)	(7)	528	–
S94 not under plans	146	21	–	1	(94)	7	81	–
S64 contributions	1,079	286	–	13	(6)	–	1,372	–
Total contributions	1,712	384	–	21	(136)	–	1,981	–

The former Snowy River Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 17. Statement of developer contributions (continued)

\$ '000

S94 CONTRIBUTIONS – UNDER A PLAN

CONTRIBUTION PLAN

PURPOSE	Opening balance	Contributions received during the period		Interest earned during period	Expenditure during period	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Public parking	(0)	25	–	–	(21)	–	4	–
Roadworks	222	3	–	3	–	–	228	–
Open space and public art	9	3	–	–	–	–	12	–
Sport and recreation facilities	20	2	–	1	–	–	23	–
Community services and facilities	157	13	–	1	–	–	171	–
Shared pathways – Jindabyne area	4	1	–	–	(1)	–	4	–
Shared trails – Jindabyne area	(0)	7	–	–	–	(7)	(0)	–
Regional waste management	56	19	–	1	(11)	–	65	–
Bushfire services	19	4	–	1	(3)	–	21	–
Total	487	77	–	7	(36)	(7)	528	–

S94 CONTRIBUTIONS – NOT UNDER A PLAN

PURPOSE	Opening balance	Contributions received during the period		Interest earned during period	Expenditure during period	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Kerb & Gutter	28	–	–	–	–	–	28	–
Community facilities	23	–	–	–	–	7	30	–
Voluntary payment agreement	95	21	–	1	(94)	–	23	–
Total	146	21	–	1	(94)	7	81	–

The former Snowy River Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 18. Contingencies and other assets/liabilities not recognised

\$ '000

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

LIABILITIES NOT RECOGNISED:

1. Guarantees

(i) Defined benefit superannuation contribution plans

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

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

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

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

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

(ii) Statewide Limited

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

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

The future realisation and finalisation of claims incurred but not reported to 12/5/2016 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.

The former Snowy River Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 18. Contingencies and other assets/liabilities not recognised (continued)

\$ '000

LIABILITIES NOT RECOGNISED (continued):

2. Other liabilities

(i) Third party claims

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

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

(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 end of period, 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.

The former Snowy River Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 19. Interests in other entities

\$ '000

Council's objectives can and in some cases are best met through the use of separate entities and operations.

These operations and entities range from 100% ownership and control through to lower levels of ownership and control via co-operative arrangements with other councils, bodies and other outside organisations.

The accounting and reporting for these various entities, operations and arrangements varies in accordance with accounting standards, depending on the level of council's (i) interest and (ii) control and the type (form) of entity/operation, as follows;

Controlled entities (subsidiaries)

Note 19(a)

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

Joint ventures and associates

Note 19(b)

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

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

Joint operations

Note 19(c)

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

Unconsolidated structured entities

Note 19(d)

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

Subsidiaries, joint arrangements and associates not recognised

Note 19(e)

Accounting recognition:

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

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

	Council's share of net income		Council's share of net assets	
	Actual 1/7/15 to 12/5/16	Actual 1/7/14 to 30/6/15	Actual 12/5/16	Actual 30/6/15
Joint ventures	(7)	18	356	371
Associates	—	—	—	—
Total	(7)	18	356	371

The former Snowy River Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 19. Interests in other entities (continued)

\$ '000

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

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

(b) Joint ventures and associates

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

(a) Net carrying amounts – Council's share

Name of entity	Nature of relationship	Measurement method	12/5/16	30/6/15
Monaro Regional Library	Joint venture	Equity	356	371
Total carrying amounts – material joint ventures and associates			356	371

(b) Details

Name of entity	Principal activity	Place of business
Monaro Regional Library	Library and information service	Cooma NSW

(c) Summarised financial information for joint ventures and associates

	Monaro Regional Library	
Statement of financial position	12/5/16	30/6/15
Current assets		
Cash and cash equivalents	618	551
Other current assets	2	–
Total current assets	620	551
Non-current assets	376	360
Current liabilities		
Other current liabilities	162	56
Total current liabilities	162	56
Non-current liabilities	5	9
Net assets	829	846
Reconciliation of the carrying amount		
Opening net assets (1 July)	846	805
Profit/(loss) for the period	(6)	41
Change in share in Net assets	(11)	–
Closing net assets	829	846
Council's share of net assets (%)	43.0%	43.9%
Council's share of net assets (\$)	356	371

The former Snowy River Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 19. Interests in other entities (continued)

\$ '000

(b) Joint ventures and associates (continued)

(c) Summarised financial information for joint ventures and associates (continued)

	Monaro Regional Library	
	1/7/15 to 12/5/16	1/7/14 to 30/6/15
Statement of comprehensive income		
Income	387	484
Interest income	20	20
Depreciation and amortisation	(76)	(94)
Other expenses	(348)	(369)
Profit/(loss) from continuing operations	(17)	41
Profit/(loss) from discontinued operations	–	–
Profit/(loss) for period	(17)	41
Other comprehensive income	–	–
Total comprehensive income	(17)	41
Share of income – Council (%)	43.0%	43.9%
Profit/(loss) – Council (\$)	(7)	18
Total comprehensive income – Council (\$)	(7)	18
Dividends received by Council	–	–

(c) Joint operations

Council has no interest in any joint operations.

(d) Unconsolidated structured entities

All subsidiaries, joint arrangements and associates have been recognised in this financial report.

The former Snowy River Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

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

\$ '000	Notes	Actual 12/5/16	Actual 30/6/15
(a) Retained earnings			
Movements in retained earnings were as follows:			
Balance at beginning of period (from previous year's audited accounts)		150,278	150,986
a. Other comprehensive income (excl. direct to reserves transactions)		(8)	–
b. Net operating result for the period		3,619	(708)
Balance at end of the reporting period		153,889	150,278
(b) Revaluation reserves			
(i) Reserves are represented by:			
– Infrastructure, property, plant and equipment revaluation reserve		274,580	273,745
– Other reserves		350	350
Total		274,930	274,095
(ii) Reconciliation of movements in reserves:			
Infrastructure, property, plant and equipment revaluation reserve			
– Opening balance		273,745	257,322
– Revaluations for the period	9(a)	835	16,423
– Balance at end of period		274,580	273,745
Other reserves			
– Opening balance		350	350
– Balance at end of period		350	350
TOTAL VALUE OF RESERVES		274,930	274,095

(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

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

(d) Voluntary changes in accounting policies

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

The former Snowy River Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 21. Financial result and financial position by fund

Income Statement by fund	Actual 1/7/15 to 12/5/16	Actual 1/7/15 to 12/5/16	Actual 1/7/15 to 12/5/16
\$ '000			
Continuing operations	Water	Sewer	General¹
Income from continuing operations			
Rates and annual charges ²	1,340	3,068	7,426
User charges and fees	1,569	375	3,797
Interest and investment revenue	63	82	512
Other revenues	204	88	310
Grants and contributions provided for operating purposes	12	11	7,395
Grants and contributions provided for capital purposes	149	137	540
Other income			
Net gains from disposal of assets	12	(22)	174
Total income from continuing operations	3,349	3,739	20,154
Expenses from continuing operations			
Employee benefits and on-costs	483	561	7,842
Borrowing costs	31	118	259
Materials and contracts	309	625	4,255
Depreciation and amortisation	803	1,101	4,339
Impairment	–	–	–
Other expenses	625	663	1,602
Share of interests in joint ventures and associates using the equity method	–	–	7
Total expenses from continuing operations	2,251	3,068	18,304
Operating result from continuing operations	1,098	671	1,850
Discontinued operations			
Net profit/(loss) from discontinued operations	–	–	–
Net operating result for the period	1,098	671	1,850
Net operating result attributable to each council fund	1,098	671	1,850
Net operating result attributable to non-controlling interests	–	–	–
Net operating result for the period before grants and contributions provided for capital purposes	949	534	1,310

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

² Rates are recognised as revenue at the commencement of the rating year for the period 1/7/15 to 30/6/16.

No adjustments have been made for rates not earned during the period 13/5/16 to 30/6/16.

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

The former Snowy River Shire Council

Notes to the Financial Statements

as at 12 May 2016

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

Statement of Financial Position by fund \$ '000	Actual 12/5/16	Actual 12/5/16	Actual 12/5/16
ASSETS	Water	Sewer	General¹
Current assets			
Cash and cash equivalents	4,399	5,402	9,122
Investments	–	–	–
Receivables	1,735	1,995	3,718
Inventories	–	–	580
Other	14	13	245
Non-current assets classified as 'held for sale'	–	–	–
Total current assets	6,148	7,410	13,665
Non-current assets			
Investments	–	–	–
Receivables	–	153	–
Inventories	–	–	–
Infrastructure, property, plant and equipment	25,060	33,747	354,869
Investments accounted for using the equity method	–	–	356
Investment property	–	–	–
Intangible assets	–	–	350
Other	–	–	–
Total non-current assets	25,060	33,900	355,575
TOTAL ASSETS	31,208	41,310	369,240
LIABILITIES			
Current liabilities			
Payables	69	68	3,623
Borrowings	92	355	490
Provisions	–	–	1,702
Total current liabilities	161	423	5,815
Non-current liabilities			
Payables	–	–	–
Borrowings	428	1,732	1,864
Provisions	–	–	2,516
Total non-current liabilities	428	1,732	4,380
TOTAL LIABILITIES	589	2,155	10,195
Net assets	30,619	39,155	359,045
EQUITY			
Retained earnings	20,991	24,282	108,616
Revaluation reserves	9,628	14,873	250,429
Council equity interest	30,619	39,155	359,045
Non-controlling interests	–	–	–
Total equity	30,619	39,155	359,045

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.

The former Snowy River Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

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 (12 May 2016) and the date when the financial statements are 'authorised for issue' have been taken into account in preparing these statements.

Council has adopted the date of receipt of the Auditors' Report as the applicable 'authorised for issue' date relating to these General Purpose Financial Statements.

Accordingly, the 'authorised for issue' date is 08/12/16.

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

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

These financial statements (and the figures therein) incorporate all 'adjusting events' that provided evidence of conditions that existed at 12 May 2016.

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

These financial statements (and figures therein) do not incorporate any 'non-adjusting events' that have occurred after 12 May 2016 and which are only indicative of conditions that arose after 12 May 2016.

Council is aware of the following 'non-adjusting events' that merit disclosure:

Amalgamation of operations for the former Snowy River Shire Council to form Snowy Monaro Regional Council

On 12 May 2016, the Local Government (Council Amalgamations) Proclamation 2016 announced that effective from midnight on 12 May 2016, the operations of the former Snowy River Shire Council would be amalgamated with other Council/s to form the new council Snowy Monaro Regional Council.

The proclamation automatically transferred the assets, rights and liabilities of the former Snowy River Shire Council to Snowy Monaro Regional Council on 13 May 2016.

The proclamation ensures that any reference in any document to the former Snowy River Shire Council is to be read as a reference to Snowy Monaro Regional Council, and that anything done by the former Snowy River Shire Council before the amalgamation is taken to have been done by Snowy Monaro Regional Council.

These proclamation clauses provide for the transfer of physical assets (such as cars, buildings, plant and equipment) along with intangible assets and liabilities (such as service contracts and outstanding debts).

This ensures the general business and operations of former councils are preserved, including contracts and services.

These financial statements have been drawn up to reflect the closing financial position as at 12 May 2016 of the former Snowy River Shire Council and its financial performance for the period 1 July 2015 to 12 May 2016.

The former Snowy River Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 24. Discontinued operations

\$ '000

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

Note 25. Intangible assets

\$ '000	Actual 12/5/16	Actual 30/6/15
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Intangible assets represent identifiable non-monetary assets without physical substance.

Intangible assets are as follows:

Opening values:

Gross book value (1/7)	350	350
Accumulated amortisation (1/7)	–	–
Accumulated impairment (1/7)	–	–
Net book value – opening balance	350	350

Closing values:

Gross book value (12/5/16)	350	350
Accumulated amortisation (12/5/16)	–	–
Accumulated impairment (12/5/16)	–	–

TOTAL INTANGIBLE ASSETS – NET BOOK VALUE ¹

350	350
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¹ **The net book value of intangible assets represent:**

– Hostel bed licences	350	350
	350	350

The former Snowy River Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 26. Reinstatement, rehabilitation and restoration liabilities

\$ '000

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

Asset/operation	Estimated year of restoration	Net Present Value of provision	
		12/5/16	30/6/15
Jindabyne waste depot	2021	1,594	1,518
Adaminaby waste depot	2020	822	783
Balance at end of the reporting period		2,416	2,301

10(a)

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

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

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

Reconciliation of movement in provision for the period:

	12/5/16	30/6/15
Balance at beginning of period	2,301	3,237
Effect of a change in other calculation estimates used	–	(1,046)
Amortisation of discount (expensed to borrowing costs)	115	110
Total – reinstatement, rehabilitation and restoration provision	2,416	2,301

The former Snowy River Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 27. Fair value measurement

\$ '000

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

– Infrastructure, property, plant and equipment

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

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

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

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

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

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

1/7/15 to 12/5/16	Date of latest valuation	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	30/06/11	–	–	3,900	3,900
Office equipment	30/06/11	–	–	466	466
Furniture and fittings	30/06/11	–	–	305	305
Operation land	30/06/13	–	–	8,266	8,266
Community land	30/06/11	–	–	6,996	6,996
Land improvements	30/06/14	–	–	1,766	1,766
Buildings	30/06/13	–	–	12,814	12,814
Other structures	30/06/11	–	–	2,183	2,183
Roads	30/06/15	–	–	129,593	129,593
Bridges	30/06/15	–	–	16,657	16,657
Footpaths	30/06/15	–	–	2,256	2,256
Bulk earthworks	30/06/15	–	–	153,009	153,009
Stormwater drainage	30/06/15	–	–	6,035	6,035
Water supply network	30/06/12	–	–	24,028	24,028
Sewerage network	30/06/12	–	–	32,504	32,504
Swimming pools	30/06/13	–	–	3,227	3,227
Other open space/recreational assets	30/06/13	–	–	1,427	1,427
Other assets	30/06/11	–	–	2,803	2,803
Tip assets	30/06/14	–	–	474	474
Capital work in progress	N/A	–	–	4,967	4,967
Total infrastructure, property, plant and equipment		–	–	413,676	413,676

The former Snowy River Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 27. Fair value measurement (continued)

\$ '000

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

1/7/14 to 30/6/15	Date of latest valuation	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	30/06/11	—	—	3,432	3,432
Office equipment	30/06/11	—	—	476	476
Furniture and fittings	30/06/11	—	—	351	351
Operation land	30/06/13	—	—	8,266	8,266
Community land	30/06/11	—	—	6,996	6,996
Land improvements	30/06/14	—	—	1,772	1,772
Buildings	30/06/13	—	—	12,957	12,957
Other structures	30/06/11	—	—	2,145	2,145
Roads	30/06/15	—	—	131,125	131,125
Bridges	30/06/15	—	—	17,014	17,014
Footpaths	30/06/15	—	—	2,041	2,041
Bulk earthworks	30/06/15	—	—	153,009	153,009
Stormwater drainage	30/06/15	—	—	6,299	6,299
Water supply network	30/06/12	—	—	24,414	24,414
Sewerage network	30/06/12	—	—	32,901	32,901
Swimming pools	30/06/13	—	—	3,310	3,310
Other open space/recreational assets	30/06/13	—	—	1,409	1,409
Other assets	30/06/11	—	—	2,967	2,967
Tip assets	30/06/14	—	—	576	576
Total infrastructure, property, plant and equipment		—	—	411,460	411,460

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

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

The former Snowy River Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

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 & Equipment, Office Equipment and Furniture & Fittings

Plant equipment, office equipment and furniture & fittings are valued at cost and disclosed at fair value in the notes. They are valued in-house and the carrying amount of the assets is assumed to approximate fair value due to the nature of the items and include;

Plant & Equipment: Fleet vehicles, earthmoving equipment, trucks, garbage compactors and minor plant including mowers

Office Equipment: Printers, copiers and computer equipment

Furniture & Fittings: Carpet, desks and air conditioning units

The unobservable Level 3 inputs used include asset condition, useful life and residual value. There has been no change to the valuation technique during the period.

Operational Land

Council obtains an independent fair valuation for Operational Land every 5 years from an external valuer. The last valuation was completed by Liquid Pacific for fair values as at 30 June 2013. For the purposes of the valuation Fair Value was defined as "the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction." The direct comparison / income approach was used as the primary valuation method and replacement cost as the secondary method.

Assets include land classified as Operational Land under the NSW Local Government Act 1993.

The unobservable Level 3 input used is price per square metre. There has been no change to the valuation technique during the period.

Community Land

Community Land is revalued every 5 years with the last completed for fair values as at 30 June 2011. The methodology is based on the land values provided by the Valuer-General or an average unit rate based on the land values for similar properties having regard to the highest and best use for the land.

Assets include land classified as Community Land under the NSW Local Government Act 1993. Land intended for public access and use or where other restrictions applying to the land create obligation to maintain public access. This includes reserves, parks, sportsgrounds and community facilities.

The former Snowy River Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

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 (continued)

Land Improvements

Land improvements are valued at cost but are disclosed at fair value in the notes. They are valued in-house and the carrying amount of the assets is assumed to approximate fair value. The unobservable Level 3 inputs used include asset condition, useful life and residual value. There has been no change to the valuation technique during the period.

Buildings

Council obtains an independent fair valuation for Buildings every 5 years from an external valuer. The last valuation was completed by Liquid Pacific for fair values as at 30 June 2013. For the purposes of the valuation Fair Value was defined as "the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction." The direct comparison / income approach was used as the primary valuation method and replacement cost as the secondary method.

Assets include Council offices, works depots, halls, Snowy River Health Centre, aged care hostel, holiday parks and emergency services buildings.

The unobservable Level 3 inputs used include asset condition, useful life and residual value. There has been no change to the valuation technique during the period.

Other Structures

Other Structures are valued at cost and disclosed at fair value in the notes. They are valued in-house and the carrying amount of the assets is assumed to approximate fair value due to the nature of the items.

Assets include toilet blocks, monuments and fencing.

The unobservable Level 3 inputs used include asset condition, useful life and residual value. There has been no change to the valuation technique during the period.

The former Snowy River Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

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 (continued)

Roads

Council conducts a valuation for Roads every 5 years with the latest valuation completed this period to 30 June 2015. Valuations were performed independantly by G.O. Engineering Consultants Pty Ltd using the depreciated replacement cost methodology. The following costing references were used:

- Rawlinson's Australian Construction Handbook 2010 - edition 28 - with unit rates adjusted to 30 June 2015 values.
- Historical cost data from Council records.

The individual assets were separated into their significant components, and these components depreciated separately to reflect their different useful lives.

Assets include pavement, seal, kerb and gutter, culvert, headwalls and other road assets.

The unobservable Level 3 inputs used include asset condition, price per square metre, useful life and residual value.

Changes to the valuation technique during the period include;

- Pavement costing reference from historical cost to Rawlinson's Australian Construction Handbook unit rate indexed to 30 June 2015 values
- Extension of useful life of road seal from 12 to 20 years and pavement from 80 to 100 years

Bridges

Council conducts a valuation for Bridges every 5 years with the latest valuation completed this period to 30 June 2015. Valuations were performed independantly by G.O. Engineering Consultants Pty Ltd using the depreciated replacement cost methodology. The following costing references were used:

- Rawlinson's Australian Construction Handbook 2010 - edition 28 - with unit rates adjusted to 30 June 2015 values.
- Historical cost data from Council records.

The individual assets were separated into their significant components, and these components depreciated separately to reflect their different useful lives.

Assets include concrete / timber bridges and causeways.

The unobservable Level 3 inputs used include asset condition, price per square metre, useful life and residual value. There has been no change to the valuation technique during the period.

The former Snowy River Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

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 (continued)

Footpaths

Council conducts a valuation for Footpaths every 5 years with the latest valuation completed this period to 30 June 2015. Valuations were performed independently by G.O. Engineering Consultants Pty Ltd using the depreciated replacement cost methodology. The following costing references were used:

- Rawlinson's Australian Construction Handbook 2010 - edition 28 - with unit rates adjusted to 30 June 2015 values.
- Historical cost data from Council records.

The individual assets were separated into their significant components, and these components depreciated separately to reflect their different useful lives.

Assets include all footways (including those shared with a cycleway) sealed or non-sealed.

The unobservable Level 3 inputs used include asset condition, price per square metre, useful life and residual value. There has been no change to the valuation technique during the period.

Bulk Earthworks

Council conducts a valuation for Earthworkss every 5 years with the latest valuation completed this period to 30 June 2015. Valuations were performed independently by G.O. Engineering Consultants Pty Ltd using the replacement cost methodology. The following costing references were used:

- Rawlinson's Australian Construction Handbook 2010 - edition 28 - with unit rates adjusted to 30 June 2015 values.
- Historical cost data from Council records.

The category consist of non depreciable earthworks and the unobservable Level 3 input used is price per km. There has been no change to the valuation technique during the Period.

The former Snowy River Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

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 (continued)

Stormwater Drainage

Council conducts a valuation for Stormwater Drainage every 5 years with the latest valuation completed this period to 30 June 2015. Valuations were performed independently G.O. Engineering Consultants Pty Ltd using the depreciated replacement cost methodology. The following costing references were used:

- Rawlinson's Australian Construction Handbook 2015 - edition 28 - with unit rates adjusted to 30 June 2010 values.
- NSW Reference Rates Manual for Valuation of Water Supply, Sewerage and Stormwater Assets with unit rates adjusted to 2015 values.
- Historical cost data from Council records.

The individual assets were separated into their significant components, and these components depreciated separately to reflect their different useful lives.

Assets include drainage pits and pipes.

The unobservable Level 3 inputs used include asset condition, price per square metre, useful life and residual value. There has been no change to the valuation technique during the period

Water Supply Network

Council conducts a valuation for its Water Supply Network every 5 years with the latest valuation completed as at 30 June 2012. Valuations were performed in-house using the depreciated replacement cost methodology. The following costing references were used:

- NSW Office of Water Reference Rates Manual for Valuation of Water Supply, Sewerage and Stormwater Assets with unit rates adjusted to 2012 values.
- Historical cost data from Council records.

The individual assets were separated into their significant components, and these components depreciated separately to reflect their different useful lives.

Each year these values are also indexed using the relevant NSW Water Supply and Sewerage construction cost index.

Assets include pipelines, pumping stations, water telemetry, reservoirs and treatment plants.

The unobservable Level 3 inputs used include asset condition, unit rates, useful life and residual value. There has been no change to the valuation technique during the period.

The former Snowy River Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

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 (continued)

Sewerage Network

Council conducts a valuation for its Sewerage Network every 5 years with the latest valuation completed as at 30 June 2012. Valuations were performed in-house using the depreciated replacement cost methodology. The following costing references were used:

- NSW Office of Water Reference Rates Manual for Valuation of Water Supply, Sewerage and Stormwater Assets with unit rates adjusted to 2012 values.
- Historical cost data from Council records.

The individual assets were separated into their significant components, and these components depreciated separately to reflect their different useful lives. Each year these values are also indexed using the relevant NSW Water Supply and Sewerage construction cost index.

Assets include pipelines, pumping stations, water telemetry, reservoirs and treatment plants.

The unobservable Level 3 inputs used include asset condition, unit rates, useful life and residual value. There has been no change to the valuation technique during the period.

Swimming Pools

Council obtains an independent fair valuation for the Pool Buildings every 5 years from an external valuer. The last valuation was completed by Liquid Pacific for fair values as at 30 June 2013. For the purposes of the valuation Fair Value was defined as "the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction." The direct comparison / income approach was used as the primary valuation method and replacement cost as the secondary method.

This class of assets also consists of Other Structures which are valued at cost and disclosed at fair value in the notes. They are valued in-house and the carrying amount of the assets is assumed to approximate fair value.

Council owns Swimming Pools in Berridale, Adaminaby and Jindabyne.

The unobservable Level 3 inputs used include asset condition, useful life and residual value. There has been no change to the valuation technique during the period.

The former Snowy River Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

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 (continued)

Other Open Space/Recreational Assets

Council obtains an independent fair valuation for Recreational Buildings every 5 years from an external valuer. The last valuation was completed by Liquid Pacific for fair values as at 30 June 2013. For the purposes of the valuation Fair Value was defined as "the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction." The direct comparison / income approach was used as the primary valuation method and replacement cost as the secondary method.

This class of assets also consists of Other Structures which are valued at cost and disclosed at fair value in the notes. They are valued in-house and the carrying amount of the assets is assumed to approximate fair value.

Assets include buildings and other structures of Council's sportsgrounds, parks and reserves.

The unobservable Level 3 inputs used include asset condition, useful life and residual value. There has been no change to the valuation technique during the period.

Other Assets

Other assets are valued at cost and disclosed at fair value in the notes. They are valued in-house and the carrying amount of the assets is assumed to approximate fair value due to the nature of the items.

The unobservable Level 3 inputs used include asset condition, useful life and residual value. There has been no change to the valuation technique during the period.

Tip Assets

Council owns landfilling sites at Adaminaby and Jindabyne. Evaluation of the costs for Landfill restoration is conducted in-house and the fair value is recorded at depreciated replacement cost. Closure of the landfill sites will involve capping of the waste and site re-vegetation, drainage management and installation of lining material.

The Dalgety landfill site has been fully restored. The tip asset and related provision for restoration were written off during the year.

The unobservable Level 3 inputs used include price per cubic and square metre of materials and available landfill useful life. There has been no change to the valuation technique during the period.

The former Snowy River Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 27. Fair value measurement (continued)

\$ '000

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

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

	Total
Opening balance – 1/7/14	398,791
Purchases (GBV)	5,227
Disposals (WDV)	(793)
Depreciation and impairment	(8,142)
FV gains – other comprehensive income	16,423
Adjustments and transfers	(46)
Closing balance – 30/6/15	<u>411,460</u>
Purchases (GBV)	7,815
Disposals (WDV)	(191)
Depreciation and impairment	(6,243)
FV gains – other comprehensive income	835
Closing balance – 12/5/16	<u>413,676</u>

The former Snowy River Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 27. Fair value measurement (continued)

\$ '000

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

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

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

Class	Fair value (12/5/16) \$'000	Valuation technique/s	Unobservable inputs
I,PP&E			
Plant and equipment, office equipment and furniture and fittings	4,671	Depreciated replacement cost	Asset condition Useful life
Operational land	8,266	Direct comparison / income approach Replacement cost	Price per square metre
Community land	6,996	Replacement cost Valuer General's valuation	Price per square metre
Land improvements – depreciable	1,766	Depreciated replacement cost	Asset condition Useful life
Buildings	12,814	Direct comparison / income approach Depreciated replacement cost	Asset condition Useful life
Other structures	2,183	Depreciated replacement cost	Asset condition Useful life
Roads	129,593	Depreciated replacement cost	Price per square metre Asset condition Useful life
Bridges	16,657	Depreciated replacement cost	Price per square metre Asset condition Useful life

The former Snowy River Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 27. Fair value measurement (continued)

\$ '000

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

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

Class	Fair value (12/5/16) \$'000	Valuation technique/s	Unobservable inputs
I,PP&E			
Footpaths	2,256	Depreciated replacement cost	Price per square metre Asset condition Useful life
Bulk earthworks	153,009	Current replacement cost	Price per km
Stormwater drainage	6,035	Depreciated replacement cost	Price per unit/metre Asset condition Useful life
Water supply network	24,028	Depreciated replacement cost	Price per unit/metre Construction cost index Asset condition
Sewerage network	32,504	Depreciated replacement cost	Price per unit/metre Construction cost index Asset condition
Swimming pools	3,227	Depreciated replacement cost	Asset condition Useful life
Other open space / recreational assets	1,427	Depreciated replacement cost	Asset condition Useful life
Other assets	2,803	Depreciated replacement cost	Asset condition Useful life
Tip assets	474	Depreciated replacement cost	Price per cubic and square metre Available landfill useful life

(5). Highest and best use

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

The former Snowy River Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 28. Financial review

\$ '000

Key financial figures of Council over the past 5 years

Financial performance figures	12/5/16	30/6/15	30/6/14	30/06/13	30/06/12
Inflows:					
Rates and annual charges revenue	11,834	12,022	11,611	10,991	10,607
User charges revenue	5,741	6,178	6,943	6,092	4,670
Interest and investment revenue (losses)	657	787	734	849	861
Grants income – operating and capital	6,813	5,836	10,856	10,503	7,632
Total income from continuing operations	27,242	27,999	32,286	30,067	25,560
Sale proceeds from I,PP&E	365	712	520	559	110
New loan borrowings and advances	–	–	835	–	3,805
Outflows:					
Employee benefits and on-cost expenses	8,886	10,388	9,725	9,751	9,305
Borrowing costs	408	483	529	627	401
Materials and contracts expenses	5,189	6,255	9,205	8,082	7,299
Total expenses from continuing operations	23,623	28,707	30,791	29,648	26,170
Total cash purchases of I,PP&E	7,815	5,181	9,378	7,086	5,954
Total loan repayments (incl. finance leases)	569	717	587	565	265
Operating surplus/(deficit) (excl. capital income)	2,793	(1,449)	(2,614)	(1,021)	(1,579)
Financial position figures	12/5/16	30/6/15	30/6/14	30/06/13	30/06/12
Current assets	27,223	24,334	22,482	21,786	20,422
Current liabilities	6,399	5,115	4,740	4,269	4,348
Net current assets	20,824	19,219	17,742	17,517	16,074
Available working capital (Unrestricted net current assets)	1,345	79	582	2,559	477
Cash and investments – unrestricted	5	1	23	4	3
Cash and investments – internal restrictions	6,057	8,397	6,317	4,495	4,794
Cash and investments – total	18,923	19,918	18,035	14,965	15,673
Total borrowings outstanding (Loans, advances and finance leases)	4,961	5,530	6,247	5,999	6,564
Total value of I,PP&E (excl. land and earthworks)	436,605	428,183	447,611	437,414	421,727
Total accumulated depreciation	191,200	184,994	221,567	221,676	205,233
Indicative remaining useful life (as a % of GBV)	56%	57%	51%	49%	51%

Source: published audited financial statements of Council (current period and prior year)

The former Snowy River Shire Council

Notes to the Financial Statements for the period 1 July 2015 to 12 May 2016

Note 29. Council information and contact details

Principal place of business:

2 Myack Street
Berridale NSW 2628

Contact details

Mailing address:

PO Box 143
Berridale NSW 2628

Opening hours:

8:30am to 4:30pm
Monday - Friday

Telephone: 02 6451 1195

Facsimile: 02 6456 3337

Internet: www.snowyriver.nsw.gov.au

Email: records@snowyriver.nsw.gov.au

Officers

INTERIM GENERAL MANAGER

Joseph G Vescio

RESPONSIBLE ACCOUNTING OFFICER

Jo-Anne Mackay

Members

ADMINISTRATOR

Dean Lynch

Other information

ABN: 21 862 479 274

INDEPENDENT AUDITORS' REPORT TO THE FORMER SNOWY RIVER SHIRE COUNCIL (SECTION 417(2) – REPORT ON THE GENERAL PURPOSE FINANCIAL STATEMENTS)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the former Snowy River Shire Council ('the Council'), which comprises the statement of financial position as at 12 May 2016 and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the period ended on that date, a summary of significant accounting policies and other explanatory notes 1 to 29 and the Statement by Councillors and Management of the Council. The financial statements and Council's statement are in the approved form as required by Section 413(2)(c) of the Local Government Act, 1993.

COUNCIL'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Councillors and management of the Council are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, Local Government Act 1993 (as amended) and the Regulations made there under and the Local Government Code of Accounting Practice and Financial Reporting. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Council, as well as evaluating the overall presentation of the financial statements.

We performed the procedures to assess whether in all material respects the financial statements presents fairly, in accordance with the Local Government Act 1993 (as amended) and the Regulations made there under and the Local Government Code of Accounting Practice and Financial Reporting and Australian Accounting Standards, a view which is consistent with our understanding of the Council's financial position and of its performance.

Our audit responsibilities do not extend to the Original Budget figures disclosed in the income statement, cash flow statement, Notes 2(a) and 16 to the financial statements nor the attached Special Schedules.

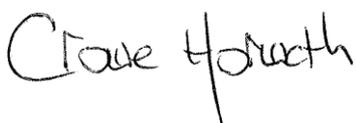
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

The audit opinion expressed in this report has been formed on the above basis.

AUDITOR'S OPINION

In our opinion:

- a) the Council's accounting records have been kept in accordance with the requirements of the Local Government Act 1993 Chapter 13, Part 3, Division 2;
- b) the Council's financial statements:
 - have been properly prepared in accordance with the requirements of this Division;
 - are consistent with the Council's accounting records;
 - present fairly the Council's financial position and result of its operations; and
 - are in accordance with applicable Accounting Standards.
- c) all information relevant to the conduct of the audit has been obtained; and
- d) there are no material deficiencies in the accounting records or financial statements that have come to light during the course of the audit.



CROWE HORWATH AUSWILD



BRADLEY D. BOHUN
Audit Partner

Dated at Dubbo this 8th day of December 2016

Report on the Conduct of the Audit

The former Snowy River Shire Council

For the period ended 12 May 2016

8 December 2016

Mr Joseph Vescio
Interim General Manager
Snowy Monaro Regional Council
PO Box 714
COOMA NSW 2630

Crowe Horwath Auswild

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Member Crowe Horwath International

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Dear Joseph

Having completed an audit examination of the books of account and associated records of the former Snowy River Shire Council for the period ended 12 May 2016 we have pleasure in submitting our report on the conduct of the audit in accordance with Section 417 (3) of the Local Government Act 1993.

BACKGROUND

Council is required to prepare two sets of financial statements for audit each year, these being:

General Purpose Financial Statements

These financial statements present the actual financial position and performance of the Council. Council has prepared the general purpose financial statements in accordance with:

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

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

The former Snowy River Shire Council was merged into the now Snowy-Monaro Regional Council on 13 May 2016 in accordance with the Local Government (Council Amalgamations) Proclamation for merged council's 2016.

As a result these financial statements have been prepared for the period 1 July 2015 to 12 May 2016, being the day prior to amalgamation.

Aside from the financial period, these financial statements have been prepared in much the same manner as those of the previous year.

Special Purpose Financial Statements

These financial statements have been prepared in accordance with the requirements of the National Competition Policy which requires separate financial statements for each declared business activity. Council's declared business activities for the 2016 financial period were:

- Water Supply Operations
- Sewerage Operations
- Jindabyne Holiday Park
- Quarry Operations
- Snowy River Health Centre
- Waste Management

The principle differences between the general purpose financial statements and the special purpose financial statements are that:

- certain taxes and other costs that would apply if these business activities were operating in the commercial sector have been imputed in the special purpose financial statements (ie income tax and land tax),
- the special purpose financial statements contain additional disclosures such as Council subsidies, return on investments and dividends paid.

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

Auditor's Responsibility

As part of our role as auditor of Council, Section 415 (3) of the Local Government Act 1993 and the Local Government (General) Regulation requires us to consider and provide comment on the material items affecting the general purpose financial statements and other matters pertinent to the audit. The following section of this report provides an understanding of Council's financial position as at 12 May 2016, its performance for the year then ended its cash flows and other material financial matters.

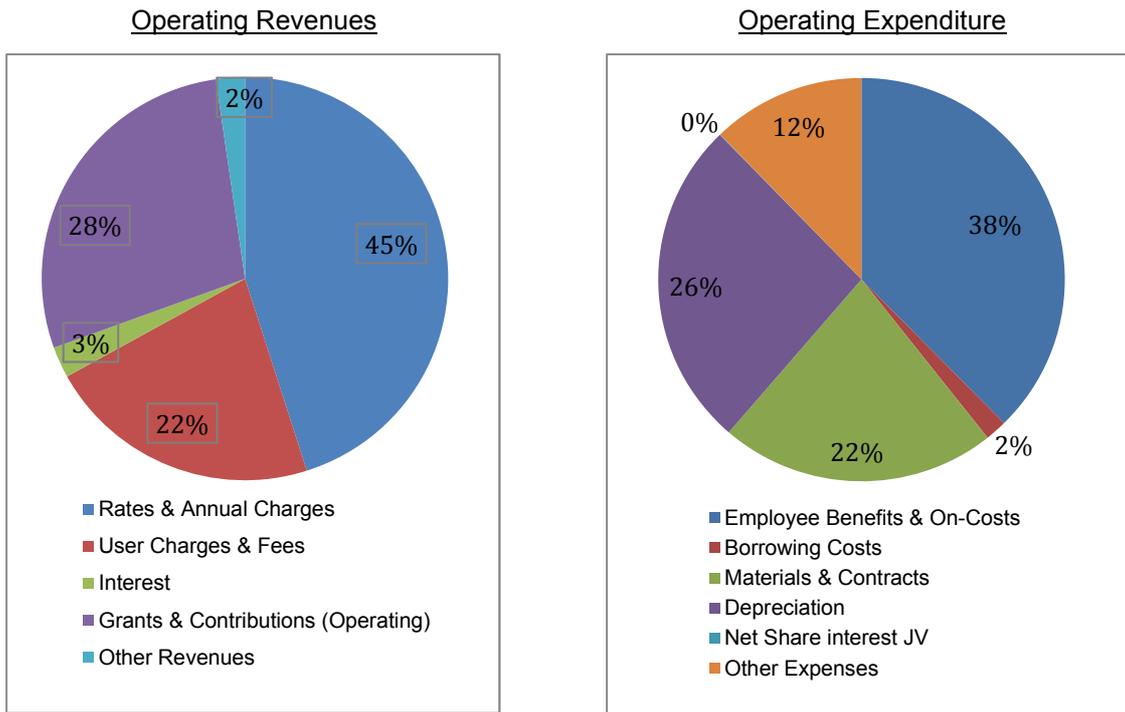
FINANCIAL RESULTS

The net operating result for the period before grants and contributions provided for capital purposes is a \$2,793,000 surplus (2015: \$1,449,000 deficit). The significant variance in Council's reported financial results for the current year has been due to a number of major factors including:

- The increases in rates and annual charges being attributable to the increase based on the IPART rate peg of 2.4% in the 2015/16 year. This contributed an additional \$134,000 in revenue for rates. (The full rating income for period 1 July - 30 June 2016 has been recognised in the current financial period, in line with recommendation from the Office of Local Government).
- Whilst revenue from rates income has been recognised at 12 months, operating expenditure is only recognised until the 12th May 2016, being the date the Council merged. This is approximately 86.85% of the full year expenditure balance. This has had a significant impact on the bottom line, and the reader should take note of this when reviewing financial statements and key ratios.
- Also worth noting is the \$865,000 increase in Grants and Contributions for Operating purposes received this financial period. Largely due to the return of \$1,247,000 on Roads to Recovery. (\$935,000 increase since the prior year).

Excluding capital grants and contributions operating revenues for the year (\$26,417,000) has decreased approximately 3.09% on those of the previous year (\$27,258,000). As noted earlier, operating expenses have decreased approximately 15.81% from \$28,707,000 to \$23,623,000. For comparison sake, if we are to apply the 86.85% to the comparative expenditure has decreased by 5%. (\$23,625,000 in 2016 compared with adjusted expenditure of \$24,932,000 in 2015).

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



In addition to operating revenues, Council received capital grants and contributions amounting to \$826,000 (2015: \$741,000). In the period 1 July 2015 to 12 May 2016 Council's operating result from continuing operations' (including capital grants and contributions) was a surplus of \$3,619,000 compared with a deficit of \$708,000 in the previous year.

BUDGET COMPARISON

In accordance with the supplementary Code 24 (a), “former councils” are not required to prepare budgets for the period ended 12 May 2016. As such, the auditor will not be reporting on budgeted variances.

DETAILED AUDIT OBSERVATIONS

OPERATING INCOME

Rates and Annual Charges

Revenue from rates and annual charges (excluding Council owned properties) amounted to \$11,834,000 (2015: \$12,022,000).

In setting the **ordinary rates** for the year Council resolved to adopt the approved maximum increase available of 2.4%. This action has resulted in revenues from ordinary rates increasing from \$5,216,000 in 2014/2015 to \$5,350,000 in the current financial period.

Council’s **ordinary rating base** remained fairly static in the current year with approximately 6,065 assessments subject to **ordinary rates** at period end.

Council further resolved that other charges be adjusted as follows:

- Domestic Waste Management access charges remain unchanged \$101.
- Water availability charges for residential and farms increased 1% to \$363 per meter.
- Domestic Wastewater charges have increased 3% to \$930

Such increases have resulted in revenues as follows:

Annual Charges	2016	2015
	\$	\$
Domestic Waste Management	1,116,000	1,092,000
Water Supply Services	1,340,000	1,464,000
Sewerage services	2,997,000	3,225,000
Waste Management (non-domestic)	597,000	593,000
Liquid trade waste	71,000	68,000
Onsite sewerage system management	99,000	90,000

Interest and extra charges on overdue rates for the year was \$60,000 and outstanding rates were subject to interest at the rate of 8.50% pa (2015: 8.50%).

User Charges and Fees

Council derived \$2,153,000 from **specific user charges** (2015: \$1,684,000) and a further \$545,000 from **other user charges and fees** (2015: \$549,000) imposed during the period ended 12 May 2016.

Impacting significantly on user charges and fees revenues for the period were:

Water Consumption Charges (increased \$412,000)

Water usage charges have increased in the current year. Rates for the year are as follows:

	2016	2015
	\$	\$
Usage charge 0-300 kilolitres	\$2.30 per kl	\$2.10 per kl
Usage charge over 300 kilolitres	\$3.50 per kl	\$3.30 per kl

Revenue from domestic water consumption charges amounted to \$1,559,000 (2015: \$1,147,000).

Other major revenues received from user charges and fees included:

	2016	2015
	\$	\$
Jindabyne Holiday Park Fees*	7,000	633,000
Snowy Mountains Aged Care Hostel Fees	192,000	183,000
RMS Charges	1,817,000	1,838,000
Waste Disposal Tipping Fees	460,000	585,000

*The decrease in Jindabyne Holiday Park Fees was due to change of operation model. Jindabyne Holiday Park has been lease to an independent contractor during 2015 financial year. However, former Snowy River Shire Council retains the ownership of the Park.

Interest

Interest and investment revenues decreased during the period with income being earned as follows:

	2016	2015
	\$	\$
Overdue rates and annual charges (general fund)	22,000	65,000
General Council Investments	461,000	477,000
Development Contributions – s94	8,000	11,000
Development Contributions – s64	13,000	19,000

Water Fund Operations	63,000	70,000
Sewerage Fund Operations	82,000	102,000
Domestic Waste Management Operations	8,000	43,000
	657,000	787,000

Interest on investments for the period represented approximately 12.3% (2015: 15.1%) of ordinary rating income.

Other Revenues

Other revenue income in the current period (\$602,000) is lower than previous year (\$1,699,000). The difference was due to \$1.048m recognised as revenue last year due to removal of the Dalgety tip restoration provision. An amount of \$61,000 was received from rural service fire as a reimbursement in 2014/15.

Grants, Subsidies and Contributions

Operating Grants and Contributions

Operating grants and contributions amounting to \$7,418,000 were received during period 1 July 2015 to 12 May 2016 compared with \$6,554,000 received in the previous year.

The predominant increase was attributable to the Transport (Roads to Recovery) Grant. In the current period \$1,247,000 was recognised, compared with \$312,000 in the prior year.

Capital Grants and Contributions

Total capital grants and contributions received for the year amounted to \$826,000 compared with \$741,000 received in the previous year. This increase is predominantly due to the Capital Grant for Community facilities increasing from \$215,000 in 2015 to \$408,000 in 2016.

In accordance with the Code of Accounting Practice all grant and contribution monies received in the 2016 financial period (both expended and unexpended) have been brought to account as income.

Grants and contributions recognised as revenues in the current reporting period but not yet expended in accordance with the conditions attached thereto, amounted to \$601,000. At year end Council held unexpended grants and contributions amounting to \$2,257,000 (2015 - \$2,231,000) and such funds have been identified as an externally restricted asset.

OPERATING EXPENDITURE

Expenses from continuing operations (\$23,623,000) were lower than those of the previous year (\$28,707,000).

Impacting significantly on operating expenses for the year was:

- The shortened period end. The previous year had 6 weeks of additional expenditure. If we are to apply the rate of 86.85% against the comparative amount, the balance would be \$24,932,000 meaning that, theoretically, expenditure has decreased by \$1,307,000. (Approximately 5.2%).

The following points will cover off on these details in more depth.

Employee Costs

Total employee costs (\$8,886,000) decreased approximately 14.46% in the period 1 July 2016 to 12 May 2016 principally due to:

- Due to the timing of period end, the current financial period only had 23 full fortnightly pay runs, compared to 26 in the previous financial year.
- Offsetting this decrease was the salaries and wage increases with the award.
- Employee leave entitlements decreased from \$823,000 to \$747,000, as the result of movements in the Annual and Long Service Leave provision. This is largely attributable to termination payment to some long term staff and long service taken by staff.

At year end Council's full time equivalent employees numbered 108 (2015:129).

Materials and Contracts

Materials and contracts expenditure (\$5,189,000) decreased by approximately 17.01%. The major movement was seen in raw materials and contracts which declined by 6.16%. This is the result the shortened financial period and there has been a significant decreased in contractor and consultancy costs and the fact that no new projects entered into during the financial period, all uncompleted are capital nature.

Depreciation Expenses

Depreciation expenses (\$6,243,000) have dropped by \$1,899,000 or 23.32% from the previous year (\$8,142,000). If we are to adjust the comparative by 86.85%, to account for the shortened period end, depreciation expense would still be 11% lower than previous year. (\$7,071,000 compared with \$6,243,000). This is largely the result of a decrease in depreciation on road assets, due to movement in road assets during the year.

Depreciation expenses account for approximately 26% of Council's total expenses which is comparable with most Councils with whom we are associated in our capacity as external auditor.

ASSETS

Cash & Investments

At balance date Council controlled cash and investments totalling \$18,923,000 (2015: \$19,918,000).

Council utilises its investments to cover both externally and internally imposed requirements and comprises of developer contributions - general (\$609,000), developer contributions – water fund (\$915,000), developer contributions – sewer fund (\$457,000), specific purpose unexpended grants (\$268,000), domestic waste management (\$468,000), employee leave entitlements (\$890,000), water supplies (\$3,484,000), sewerage services (\$4,945,000), aged hostel accommodation bonds (\$432,000) and crown land – holiday parks (\$788,000).

Externally restricted investments amounted to \$12,666,000 whilst internally restricted investments amounted to \$6,222,000.

Council's cash and investments were held as follows:

	2016	2015
	\$	\$
Cash on Hand and at Bank	712,000	113,000
Short Term Deposits	18,211,000	19,805,000
	18,923,000	19,918,000

Debtors

Rates and Annual Charges

At balance date outstanding rates and annual charges and interest amounted to \$4,678,000 (2015: \$2,214,000) which represented 33.14% of total receivable (2015: 15.56%).

Outstanding rates and annual charges have been subject to interest at the rate of 8.50% and Council has determined that a provision for doubtful debts is not necessary as all arrears are secured by a charge over the land.

Property, Plant & Equipment

During the reporting period Council expended / acquired assets with the value of \$7,815,000 (2015: \$5,227,000).

The principal items being:

	2016	2016	2015
	\$	\$	\$
	Asset Renewals	Asset Additions	Asset Additions
Capital Works in Progress:	4,268,000	699,000	-
Plant and Equipment	-	1,352,000	600,000
Office Equipment	-	15,000	287,000
Furniture & Fittings	-	-	46,000
Land	-	-	3,000
Land Improvements	-	-	5,000
Buildings	258,000	24,000	574,000
Other Structures	10,000	120,000	645,000
Infrastructure:			
Roads, Bridges, Footpaths	647,000	61,000	962,000
Stormwater Drainage	-	-	62,000
Water Supply Network	4,000	-	793,000
Sewerage Network	188,000	-	837,000
Swimming Pools	80,000	-	46,000
Recreational Assets	10,000	77,000	80,000
Other Assets	2,000	-	287,000

Additionally, we note that Council sold assets with a written down value of \$191,000. The sale of these assets has resulted in a profit of \$164,000 being brought to account (2015: loss of \$152,000).

Further, we report that in accordance with the requirements of the Code of Accounting Practice, Council's water and sewerage assets were indexed upwards in accordance with the latest indices provided by the NSW Office of Water.

These revaluations have resulted in Council's assets being adjusted as follows:

Water Supply Network increased \$355,000 to \$24,028,000

Sewerage Network increased \$480,000 to \$32,504,000

In 2016 Council is required to complete a revaluation of Community Land, other assets and land improvements. However, Council did not revalue any of these assets as the Code 24a allows merged Council to delay revaluation of above mentioned assets until the new council is formed.

The combined action of asset movements and revaluations has resulted in the written down value of property plant and equipment increasing from \$441,460,000 in 2014/2015 to \$413,676,000 as at 12 May 2016.

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

Provisions

At 12 May 2016 the Provision for Employee Accrued Entitlements totalled \$1,802,000.

The components of the liability are:

	2016	2015
	\$	\$
Annual Leave	674,000	700,000
Long Service Leave	962,000	999,000
Other Leave – TIL and flex	65,000	128,000
ELE On-Costs	101,000	112,000
	1,802,000	1,939,000

The average leave entitlement per full time employee as at 12 May 2016 was \$16,685 (2015: \$15,031).

Council's provision for asset remediation/restoration increased by \$115,000 in the current year and amounted to \$2,416,000 at period end.

Loans and Debt Servicing

During the year there were no new loans raised.

Council repaid borrowings of \$569,000 and at year end Council's borrowings amounted to \$4,961,000 (2015: \$5,530,000).

The loan liability is apportioned as follows:

	2016	2015
	\$	\$
Current	937,000	744,000
Non Current	4,024,000	4,786,000

Council required \$977,000 to service its loan commitments in 2015/2016, which has given Council a very favourable debt service ratio of 9.50 against benchmark of 2.

SUMMARY

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

- Operating Result
- Cash Flow
- Reserves (internally restricted and unrestricted assets)
- Performance Ratios

Operating Result

Council reported an operating surplus before capital amounts of \$2,793,000 for the period ended 12 May 2016. This surplus result has been reported after allowing for depreciation expenses of \$6,243,000. The result has improved since the operating deficit of \$1,449,000 reported in 2014/2015. As previously mentioned the timing of period end has heavily impacted upon the operating result for the year.

Operating Surplus/(Deficit) before Capital Amounts

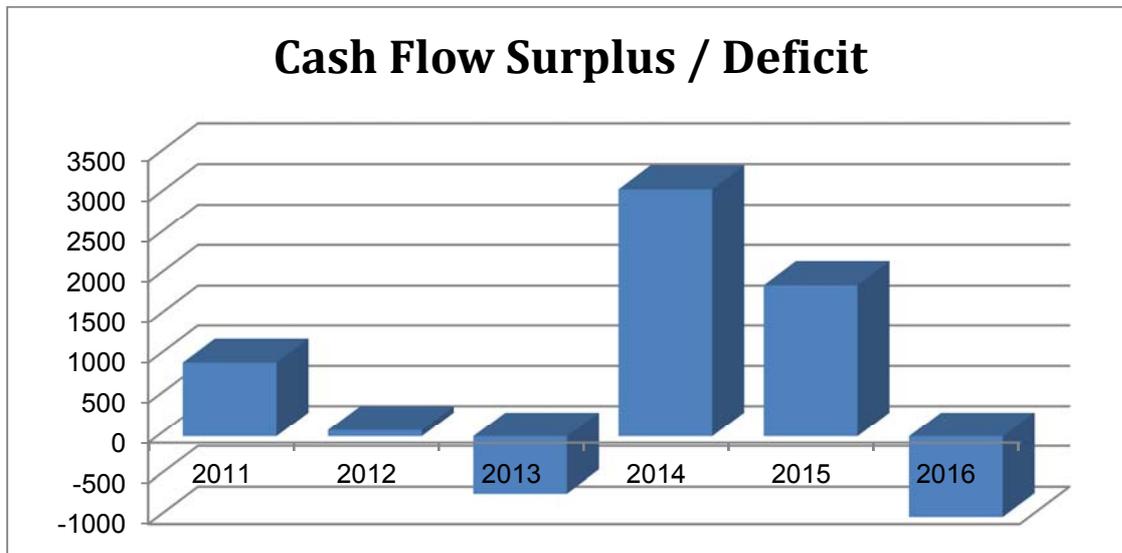


Cash Flow

Council achieved a cash surplus of \$7,024,000 (2015: 7,070,000) from its general operating activities which was principally utilised to purchase assets and repay loans.

These actions together have resulted in Council having a net decrease in cash and investments of \$995,000 for the year (2015: \$4,883,000 increase).

Cash Flow Surplus/Deficit (movement)



For comparative purposes, we note the following factors that have impacted on the cash flow surplus in the 2016 financial period.

- Capital expenditure amounted to \$7,815,000 in the current year compared to \$5,227,000 in 2014/2015.
- Grants and contributions have decreased from \$7,586,000 in the previous year to \$7,494,000 in the 2016 financial period.

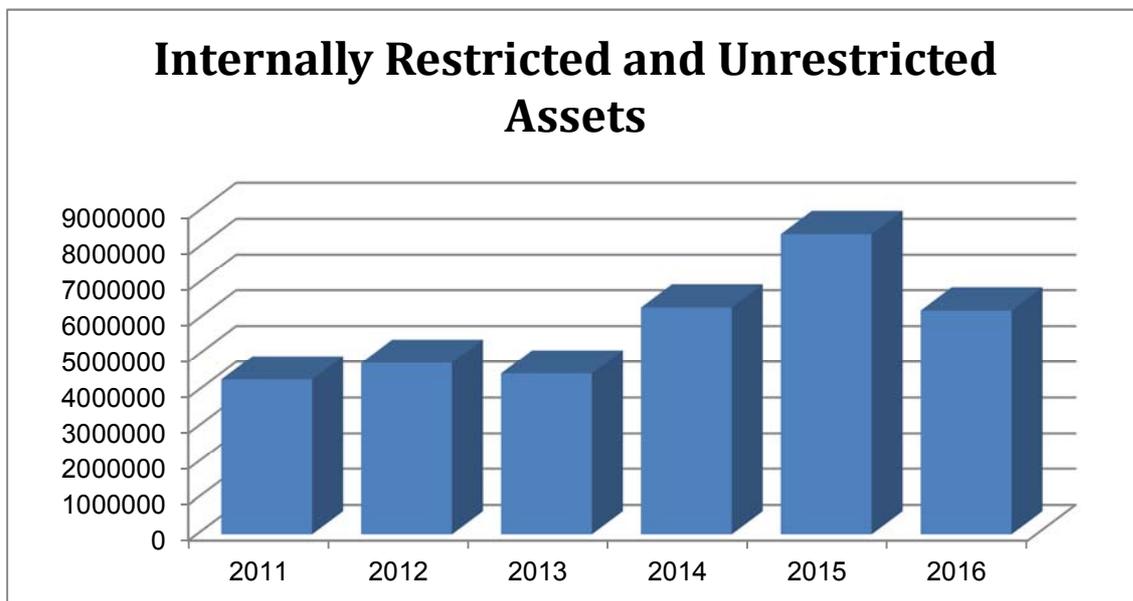
Upon analysis the cash flow surplus can be identified as follows:

<u>Activity</u>	<u>Surplus/(Deficit)</u>	
	2016	2015
	\$	\$
Externally Restricted	1,146,000	(175,000)
Internally Restricted & Unrestricted	(2,141,000)	2,058,000

Reserves (Internally Restricted and Unrestricted Assets)

As noted previously, Council’s internal and unrestricted funds have decreased by \$2,141,000 during the period and at period end Council held internally restricted investments amounting to \$6,222,000 (2015 - \$8,397,000) whilst a further \$35,000 was maintained as unrestricted investments (2015 - \$1,000).

Internal and Unrestricted Reserve Funds



As illustrated, Council’s reserve funds have decreased since the 2015 financial year. We strongly emphasise that adequate funding of reserves is probably the greatest challenge facing local government generally and we encourage Council to ensure that reserve funding is commensurable with Council’s long term plans.

Performance Ratios

Note 13 to the financial statements provide a measure of Council's performance using a number of selected ratios as follows:

Operating Performance Ratio

This ratio measures a Council's ability to contain operating expenditure within operating revenue.

The ratio of 10.04% (2015 – 4.83% deficit) is inside the benchmark of 0%. We note that the timing of period end has impacted on this ratio, as operating expenditure is 6 weeks less to the previous year, and rates income has been recognised for the full 12 months. The comparability of this ratio with the prior year is therefore slightly skewed.

Own Source Operating Revenue

This ratio measures the fiscal flexibility of Council and its degree of reliance on external funding sources such as operating grants and contributions. A Council's financial flexibility improves the higher the level of its own source revenue.

The ratio of 69.55% (2015 – 73.93%) is above the benchmark of 60% and indicates Council is not reliant on government grants and contributions to provide services to the community. This is a sound position.

Unrestricted Current Ratio

The unrestricted current ratio is a measure of Council's liquidity and demonstrates Council's ability to satisfy obligations out short-term and immediate asset balances. Council's ratio of 2.63x (2015 – 4.34x) is again this year, considered strong, as the benchmark is a minimum of 1.50.

The ratio has, again decreased this year due to an increase in payables and long service leave provisions. It has also been impacted by higher levels of goods and services creditors due to the timing of payments at year end.

Debt Service Cover Ratio

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

Council's ratio of 9.51x (2015 – 6.09x) is considered sound, as the benchmark is a minimum of 2.00. This result indicates that Council has the ability to borrow further if required.

Rates and Annual Charges Outstanding Ratio

The rates and annual charges outstanding percentage is a measure of management efficiency. Whilst prevailing economic conditions may influence Council's ability to collect revenue, the efficiency and application of collection procedures are still the largest determinant of this ratio.

Council's rates and annual charges outstanding percentage of 33.14% (2015 – 15.56%) is not comparable with the prior year, due to the timing of period end. Final rates notices were due 31 May 2016 and therefore were not due for payment on the date that the Council amalgamated, contributing to a high rates and charges outstanding ratio.

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.

Council's ratio of 12.36 months (2015 – 10.4 months) is well above the minimum benchmark of 3 months and indicates that Council is in a very strong cash and investment position.

OTHER MATTERS

Several performance improvement observations were noted during our year end audit visits. A final management letter will be issued to management. There were no major control deficiencies noted in Council's systems.

Independence

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

Reliance on the Report

The report on the conduct of the audit has been prepared for distribution to Council. We disclaim any assumption of responsibility for any reliance on this report to any person other than Council or for any purpose other than that for which it was prepared.

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