

# Snowy Monaro Regional Council

GENERAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2018

---



**A trusted community partner**

# Snowy Monaro Regional Council

## General Purpose Financial Statements

for the year ended 30 June 2018

Contents	Page
<b>1. Understanding Council's Financial Statements</b>	2
<b>2. Statement by Councillors and Management</b>	3
<b>3. Primary Financial Statements:</b>	
– Income Statement	4
– Statement of Comprehensive Income	5
– Statement of Financial Position	6
– Statement of Changes in Equity	7
– Statement of Cash Flows	8
<b>4. Notes to the Financial Statements</b>	9
<b>5. Independent Auditor's Reports:</b>	
– On the Financial Statements (Sect 417 [2])	74
– On the Conduct of the Audit (Sect 417 [3])	

---

### Overview

Snowy Monaro Regional Council is constituted under the *Local Government Act 1993 (NSW)* and has its principal place of business at:

81 Commissioner Street  
COOMA NSW 2630

Council's guiding principles are detailed in Chapter 3 of the LGA and includes:

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

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

Through the use of the internet, we have ensured that our reporting is timely, complete and available at minimum cost. All press releases, financial statements and other information are publicly available on our website:

[www.snowymonaro.nsw.gov.au](http://www.snowymonaro.nsw.gov.au).

# Snowy Monaro Regional Council

## General Purpose Financial Statements for the year ended 30 June 2018

### Understanding Council's Financial Statements

---

#### Introduction

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

#### What you will find in the statements

The financial statements set out the financial performance, financial position and cash flows of Council for the financial year ended 30 June 2018.

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

#### About the Councillor/Management Statement

The financial statements must be certified by senior staff as 'presenting fairly' the Council's financial results for the year and are required to be adopted by Council – ensuring both responsibility for and ownership of the financial statements.

#### About the primary financial statements

The financial statements incorporate five 'primary' financial statements:

##### 1. The Income Statement

Summarises Council's financial performance for the year, listing all income and expenses.

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

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

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

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

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

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

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

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

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

#### About the Notes to the Financial Statements

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

#### About the Auditor's Reports

Council's annual financial statements are required to be audited by the NSW Audit Office. In NSW the auditor provides 2 audit reports:

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

#### Who uses the financial statements?

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

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

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

# Snowy Monaro Regional Council

## General Purpose Financial Statements

for the year ended 30 June 2018

### 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:**

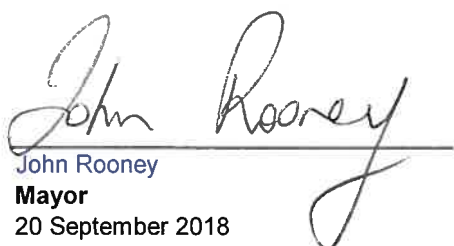
- the *Local Government Act 1993 (NSW)* (as amended) and the regulations made thereunder,
- the Australian Accounting Standards and other pronouncements of the Australian Accounting Standards Board
- the Local Government Code of Accounting Practice and Financial Reporting.

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

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

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

**Signed in accordance with a resolution of Council made on 20 September 2018.**




John Rooney  
**Mayor**  
20 September 2018



John Castellari  
**Councillor**  
20 September 2018



Peter Baseomb  
**Acting General Manager**  
20 September 2018



Matthew Payne  
**Responsible Accounting Officer**  
20 September 2018

## Snowy Monaro Regional Council

## Income Statement

for the year ended 30 June 2018

Original unaudited budget 2018	\$ '000	Notes	Actual 2018	Actual 13/5/16 to 30/6/17
<b>Income from continuing operations</b>				
<i>Revenue:</i>				
30,331	Rates and annual charges	3a	29,198	30,281
13,522	User charges and fees	3b	15,136	14,700
1,614	Interest and investment revenue	3c	2,898	2,549
2,984	Other revenues	3d	1,828	2,206
20,434	Grants and contributions provided for operating purposes	3e,f	20,892	32,321
3,902	Grants and contributions provided for capital purposes	3e,f	3,978	17,864
<i>Other income:</i>				
966	Net gains from the disposal of assets	5	89	–
<b>73,753</b>	<b>Total income from continuing operations</b>		<b>74,019</b>	<b>99,921</b>
<b>Expenses from continuing operations</b>				
27,420	Employee benefits and on-costs	4a	27,486	31,780
399	Borrowing costs	4b	413	524
18,752	Materials and contracts	4c	17,051	19,045
18,062	Depreciation and amortisation	4d	19,880	20,963
8,295	Other expenses	4e	7,690	8,485
–	Net losses from the disposal of assets	5	–	768
–	Revaluation decrement / impairment of IPP&E	4d	–	2,886
<b>72,928</b>	<b>Total expenses from continuing operations</b>		<b>72,520</b>	<b>84,451</b>
<b>825</b>	<b>Operating result from continuing operations</b>		<b>1,499</b>	<b>15,470</b>
<b>825</b>	<b>Net operating result for the year</b>		<b>1,499</b>	<b>15,470</b>
<b>Gain on local government amalgamation</b>				
–	Assets and liabilities transferred from former councils		–	1,170,081
<b>825</b>	<b>Net result for the year</b>		<b>1,499</b>	<b>1,185,551</b>
825	Net result attributable to Council		1,499	1,185,551
(3,077)	Net operating result for the year before grants and contributions provided for capital purposes		(2,479)	(2,394)

# Snowy Monaro Regional Council

## Statement of Comprehensive Income for the year ended 30 June 2018

\$ '000	Notes	2018	13/5/16 to 30/6/17
<b>Net result for the year</b> (as per Income Statement)		<b>1,499</b>	<b>1,185,551</b>
<b>Other comprehensive income:</b>			
Amounts that will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of IPP&E	9	12,229	14,705
<b>Total items which will not be reclassified subsequently to the operating result</b>		<b>12,229</b>	<b>14,705</b>
<b>Total other comprehensive income for the year</b>		<b>12,229</b>	<b>14,705</b>
<b>Total comprehensive income for the year</b>		<b>13,728</b>	<b>1,200,256</b>
Total comprehensive income attributable to Council		13,728	1,200,256

## Snowy Monaro Regional Council

## Statement of Financial Position

as at 30 June 2018

\$ '000	Notes	2018	2017
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	6a	16,259	11,790
Investments	6b	37,000	43,984
Receivables	7	15,006	10,767
Inventories	8	1,570	974
Other	8	255	185
<b>Total current assets</b>		<b>70,090</b>	<b>67,700</b>
<b>Non-current assets</b>			
Investments	6b	32,000	22,000
Receivables	7	123	137
Infrastructure, property, plant and equipment	9	1,136,977	1,131,697
Intangible assets	10	350	382
<b>Total non-current assets</b>		<b>1,169,450</b>	<b>1,154,216</b>
<b>TOTAL ASSETS</b>		<b>1,239,540</b>	<b>1,221,916</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	11	10,707	7,195
Income received in advance	11	196	402
Borrowings	11	765	575
Provisions	12	6,127	6,712
<b>Total current liabilities</b>		<b>17,795</b>	<b>14,884</b>
<b>Non-current liabilities</b>			
Borrowings	11	2,467	3,445
Provisions	12	5,294	3,331
<b>Total non-current liabilities</b>		<b>7,761</b>	<b>6,776</b>
<b>TOTAL LIABILITIES</b>		<b>25,556</b>	<b>21,660</b>
<b>Net assets</b>		<b>1,213,984</b>	<b>1,200,256</b>
<b>EQUITY</b>			
Accumulated surplus	13	1,187,050	1,185,551
Revaluation reserves	13	26,934	14,705
<b>Council equity interest</b>		<b>1,213,984</b>	<b>1,200,256</b>
<b>Total equity</b>		<b>1,213,984</b>	<b>1,200,256</b>

## Snowy Monaro Regional Council

## Statement of Changes in Equity

for the year ended 30 June 2018

\$ '000	Notes	2018 Accumulated surplus	IPP&E revaluation reserve	Total equity	13/5/16 to 30/6/17 Accumulated surplus	IPP&E revaluation reserve	Total equity
<b>Opening balance</b>		1,185,551	14,705	<b>1,200,256</b>	–	–	–
<b>Net result for the year</b>		<b>1,499</b>	–	<b>1,499</b>	<b>1,185,551</b>	–	<b>1,185,551</b>
<b>Other comprehensive income</b>							
– Gain (loss) on revaluation of IPP&E	9	–	12,229	<b>12,229</b>	–	14,705	<b>14,705</b>
<b>Other comprehensive income</b>		–	<b>12,229</b>	<b>12,229</b>	–	<b>14,705</b>	<b>14,705</b>
<b>Total comprehensive income</b>		<b>1,499</b>	<b>12,229</b>	<b>13,728</b>	<b>1,185,551</b>	<b>14,705</b>	<b>1,200,256</b>
<b>Equity – balance at end of the reporting period</b>		<b>1,187,050</b>	<b>26,934</b>	<b>1,213,984</b>	<b>1,185,551</b>	<b>14,705</b>	<b>1,200,256</b>



## Snowy Monaro Regional Council

## Statement of Cash Flows

for the year ended 30 June 2018

Original unaudited budget 2018	\$ '000	Notes	Actual 2018	Actual 13/5/16 to 30/6/17
<b>Cash flows from operating activities</b>				
<b>Receipts:</b>				
30,230	Rates and annual charges		28,232	33,075
13,292	User charges and fees		13,015	15,747
1,634	Investment and interest revenue received		2,442	2,447
24,535	Grants and contributions		24,773	50,643
–	Bonds, deposits and retention amounts received		–	433
4,017	Other		3,726	2,963
<b>Payments:</b>				
(27,475)	Employee benefits and on-costs		(28,043)	(31,034)
(18,652)	Materials and contracts		(17,386)	(21,475)
(399)	Borrowing costs		(333)	(298)
–	Bonds, deposits and retention amounts refunded		(199)	–
(8,295)	Other		(5,144)	(7,038)
<b>18,887</b>	<b>Net cash provided (or used in) operating activities</b>	14b	<b>21,083</b>	<b>45,463</b>
<b>Cash flows from investing activities</b>				
<b>Receipts:</b>				
–	Sale of infrastructure, property, plant and equipment		914	1,061
<b>Payments:</b>				
–	Purchase of investment securities		(3,016)	(41,984)
(39,578)	Purchase of infrastructure, property, plant and equipment		(13,724)	(19,233)
–	Purchase of real estate assets		–	(1)
<b>(39,578)</b>	<b>Net cash provided (or used in) investing activities</b>		<b>(15,826)</b>	<b>(60,157)</b>
<b>Cash flows from financing activities</b>				
<b>Receipts:</b>				
Nil				
<b>Payments:</b>				
–	Repayment of borrowings and advances		(788)	(1,080)
–	<b>Net cash flow provided (used in) financing activities</b>		<b>(788)</b>	<b>(1,080)</b>
<b>(20,691)</b>	<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>4,469</b>	<b>(15,774)</b>
11,790	Plus: cash and cash equivalents – beginning of year	14a	11,790	–
–	Plus: cash transferred on amalgamation of councils		–	27,564
<b>(8,901)</b>	<b>Cash and cash equivalents – end of the year</b>	14a	<b>16,259</b>	<b>11,790</b>
Additional Information:				
	plus: Investments on hand – end of year	6b	69,000	65,984
	<b>Total cash, cash equivalents and investments</b>		<b>85,259</b>	<b>77,774</b>

# Snowy Monaro Regional Council

## Notes to the Financial Statements

for the year ended 30 June 2018

### Contents of the notes accompanying the financial statements

Note	Details	Page
1	Basis of preparation	10
2(a)	Council functions/activities – financial information	14
2(b)	Council functions/activities – component descriptions	15
3	Income from continuing operations	16
4	Expenses from continuing operations	23
5	Gains or losses from the disposal of assets	28
6(a)	Cash and cash equivalent assets	28
6(b)	Investments	29
6(c)	Restricted cash, cash equivalents and investments – details	30
7	Receivables	32
8	Inventories and other assets	34
9	Infrastructure, property, plant and equipment	36
10	Intangible assets	39
11	Payables and borrowings	40
12	Provisions	43
13	Accumulated surplus, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors	47
14	Statement of cash flows – additional information	47
15	Commitments for expenditure	48
16	Contingencies and other liabilities/assets not recognised	49
17	Financial risk management	52
18	Material budget variations	56
19	Fair value measurement	58
20	Related party transactions	63
21	Statement of developer contributions	64
22	Financial result and financial position by fund	67
23(a)	Statement of performance measures – consolidated results	69
23(b)	Statement of performance measures – by fund	70
	<b>Additional council disclosures (unaudited)</b>	
23(c)	Statement of performance measures – consolidated results (graphs)	72

## Snowy Monaro Regional Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 1. Basis of preparation

---

These financial statements were authorised for issue by Council on 20/09/2018.

Council has the power to amend and reissue these financial statements.

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

#### **Basis of preparation**

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

The financial statements are presented in Australian dollars and are rounded to the nearest thousand dollars.

Unless otherwise indicated, all amounts disclosed in the financial statements are actual amounts.

Specific budgetary amounts have been included for comparative analysis (to actuals) in the following reports and notes:

- Income statement
- Statement of cash flows
- Note 18 – Material budget variations

and are clearly marked.

#### **(a) New and amended standards adopted by Council**

AASB 124 Related Party Disclosures was adopted for the first time in the financial statements.

Adopting this standard has had no impact on the reporting of Council's financial position or performance.

Note 20 has now been included in these financial statements for related parties and incorporates all required related party disclosures.

#### **(b) Historical cost convention**

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

#### **(c) Significant accounting estimates and judgements**

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

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

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

Council makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk

## Snowy Monaro Regional Council

### Notes to the Financial Statements for the year ended 30 June 2018

#### Note 1. Basis of preparation (continued)

---

of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include:

- (i) estimated fair values of infrastructure, property, plant and equipment – refer Note 9,
- (ii) estimated tip remediation provisions – refer Note 12,
- (iii) employee benefit provisions – refer Note 12.

#### **Significant judgements in applying the Council's accounting policies**

- (iv) Impairment of receivables

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

#### **Monies and other assets received by Council**

##### **(a) The Consolidated Fund**

In accordance with the provisions of Section 409(1) of the *Local Government Act 1993 (NSW)*, all money and other assets received by Council is held in the Council's Consolidated Fund unless it is required to be held in the Council's Trust Fund.

Cash and other assets of the following entities have been included as part of the Consolidated Fund:

- General Purpose Operations
- Water services
- Sewerage services
- Waste Services
- Jindabyne Holiday Park
- Snowy River Health Centre
- Quarry Operations
- Yallambee Lodge
- Monaro Regional Library
- Snowy River Hostel

##### **(b) The Trust Fund**

In accordance with the provisions of Section 411 of the *Local Government Act 1993 (NSW)* (as amended), a separate and distinct Trust Fund is maintained to account for all money and other assets received by the Council in trust which must be applied only for the purposes of, or in accordance with the trusts relating to those monies. Trust monies and other assets subject to Council's control have been included in these reports.

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

## Snowy Monaro Regional Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 1. Basis of preparation (continued)

---

##### Goods and Services Tax (GST)

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

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

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

##### New accounting standards and interpretations issued not yet effective

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

As at the date of authorisation of these financial statements, Council considers that the standards and interpretations listed below will have an impact upon future published financial statements ranging from additional and / or revised disclosures to actual changes as to how certain transactions and balances are accounted for.

##### Effective for annual reporting periods beginning on or after 1 July 2018

- *AASB 9 Financial Instruments*

This replaces AASB 139 Financial Instruments: Recognition and Measurement, and addresses the classification, measurement and disclosure of financial assets and liabilities. Council is a shareholder in Southern Phone Company Limited and will be required to measure the shares at fair value in the 2019 financial year. The specific treatment and impact is to be determined.

The standard introduces a new impairment model that requires impairment provisions to be based on expected credit losses, rather than incurred credit losses.

Based on assessments to date, Council expects a small increase to impairment losses however the standard is not expected to have a material impact overall.

##### Effective for annual reporting periods beginning on or after 1 July 2019

- *AASB 15 Revenue from Contracts with Customers*, *AASB 1058 Income of Not-for-Profit Entities* and *AASB 2016-8 Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities*

AASB 15 will replace AASB 118 Revenue, AASB 111 Construction Contracts and a number of Interpretations. AASB 2016-8 provides Australian requirements and guidance for not-for-profit entities in applying AASB 9 and AASB 15, and AASB 1058 will replace AASB 1004 Contributions.

Together they contain a comprehensive and robust framework for the recognition, measurement and disclosure of income including revenue from contracts with customers.

## Snowy Monaro Regional Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 1. Basis of preparation (continued)

---

While Council is still reviewing the way that income is measured and recognised to identify whether there will be any material impact arising from these standards, these standards may affect the timing of the recognition of some grants and donations.

- AASB 16 *Leases*

Council is currently a party to leases that are not recognised in the Statement of Financial Position.

It is likely that some of these leases will need to be included in the Statement of Financial Position when this standard comes into effect.

A lease liability will initially be measured at the present value of the lease payments to be made over the lease term.

A corresponding right-of-use asset will also be recognised over the lease term.

Council has not elected to apply any pronouncements before their operative date in these financial statements.

## Snowy Monaro Regional Council

## Notes to the Financial Statements

for the year ended 30 June 2018

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

Functions/activities	Income, expenses and assets have been directly attributed to the following functions/activities. Details of these functions/activities are provided in Note 2(b).									
	Income from continuing operations		Expenses from continuing operations		Operating result from continuing operations		Grants included in income from continuing operations		Total assets held (current and non-current)	
	2018	13/5/16 to 30/6/17	2018	13/5/16 to 30/6/17	2018	13/5/16 to 30/6/17	2018	13/5/16 to 30/6/17	2018	2017
Governance	514	20,125	873	3,233	(359)	16,892	64	20,214	4	4
Administration	1,560	1,965	11,945	10,962	(10,385)	(8,997)	27	492	104,694	103,205
Public Order and Safety	993	949	1,685	2,021	(692)	(1,072)	894	32	3,071	3,027
Health	137	161	463	220	(326)	(59)	–	–	11	11
Environment	6,797	6,959	8,108	8,018	(1,311)	(1,059)	365	1,856	22,681	22,359
Community Services and Education	6,213	6,258	6,647	7,536	(434)	(1,278)	4,413	3,012	10,852	10,698
Housing and Community Amenities	802	1,125	3,065	4,560	(2,263)	(3,435)	66	62	6,801	6,704
Water supplies	9,485	8,063	7,518	7,389	1,967	674	1,012	1,174	100,530	99,101
Sewerage services	8,787	8,348	6,474	10,345	2,313	(1,997)	78	52	81,030	79,878
Recreation and Culture	663	957	5,387	6,335	(4,724)	(5,378)	444	229	26,125	25,754
Mining Manufacture and construction	508	683	294	666	214	17	–	–	1,062	1,047
Transport and Communication	10,309	11,591	17,810	20,069	(7,501)	(8,478)	3,982	6,571	874,264	861,833
Economic affairs	1,157	2,662	2,251	3,097	(1,094)	(435)	105	85	8,415	8,295
General Purpose Income	26,094	30,075	–	–	26,094	30,075	9,454	13,498	–	–
<b>Total functions and activities</b>	<b>74,019</b>	<b>99,921</b>	<b>72,520</b>	<b>84,451</b>	<b>1,499</b>	<b>15,470</b>	<b>20,904</b>	<b>47,277</b>	<b>1,239,540</b>	<b>1,221,916</b>

## Snowy Monaro Regional Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### 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 (eg GIPA) and legislative compliance.

##### **Administration**

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

##### **Public Order and Safety**

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

##### **Health**

Includes food control and 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, Indigenous and other community services and administration (excluding accommodation), youth services, aged and disabled persons 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**

Includes water supply services such as administration, regulation and operation of potable water supply future needs assessment of water and water services.

##### **Sewerage services**

Includes monitoring, reduction, collection, reticulation or treatment of all waste water including that intended for reuse or recycling.

##### **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 Manufacture and construction**

Includes building control, quarries and pits, mineral resources.

##### **Transport and Communication**

Urban, local and regional 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, saleyards and markets, real estate development and other business undertakings.



## Snowy Monaro Regional Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 3. Income from continuing operations

\$ '000	2018	13/5/16 to 30/6/17
<b>(a) Rates and annual charges</b>		
<b>Ordinary rates</b>		
Residential	8,189	7,792
Farmland	4,842	4,715
Business	2,361	2,345
Less: pensioner rebates (mandatory)	(185)	–
<b>Total ordinary rates</b>	<b>15,207</b>	<b>14,852</b>
<b>Annual charges</b> (pursuant to s.496, s.496A, s.496B, s.501 & s.611)		
Domestic waste management services	2,644	2,591
Stormwater management services	15	17
Water supply services	2,516	3,768
Sewerage services	7,517	7,600
Waste management services (non-domestic)	1,405	1,277
Liquid trade waste	95	73
Onsite sewerage system management	59	103
Less: pensioner rebates (mandatory)	(260)	–
<b>Total annual charges</b>	<b>13,991</b>	<b>15,429</b>
<b>TOTAL RATES AND ANNUAL CHARGES</b>	<b>29,198</b>	<b>30,281</b>

Council has used 2016 year valuations provided by the NSW Valuer General in calculating its rates.

#### Accounting policy for rates and annual charges

Rates, annual charges, grants and contributions (including developer contributions) are recognised as revenue when the Council obtains control over the assets comprising these receipts. Developer contributions may only be expended for the purposes for which the contributions were required, but the Council may apply contributions according to the priorities established in work schedules.

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

#### (b) User charges and fees

	2018	13/5/16 to 30/6/17
<b>Specific user charges</b> (per s.502 – specific 'actual use' charges)		
Water supply services	5,187	4,085
Sewerage services	420	267
Waste management services (non-domestic)	746	773
<b>Total specific user charges</b>	<b>6,353</b>	<b>5,125</b>

## Snowy Monaro Regional Council

## Notes to the Financial Statements

for the year ended 30 June 2018

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

\$ '000	2018	13/5/16 to 30/6/17
<b>(b) User charges and fees (continued)</b>		
<b>Other user charges and fees</b>		
<b>(i) Fees and charges – statutory and regulatory functions (per s.608)</b>		
Inspection services	20	81
Planning and building regulation	702	551
Private works – section 67	33	140
Regulatory fees	96	397
Section 149 certificates (EPA Act)	127	61
Section 603 certificates	71	48
Road opening permits	–	2
Animal control	36	7
Noxious weeds regulation	–	5
Sewerage inspection and application fees	19	17
<b>Total fees and charges – statutory/regulatory</b>	<b>1,104</b>	<b>1,309</b>
<b>(ii) Fees and charges – other (incl. general user charges (per s.608))</b>		
Cemeteries	325	353
Fire and emergency services levy (FESL) implementation	–	78
Lease rentals	140	64
Leaseback fees – Council vehicles	145	183
Library and art gallery	1	–
Recycling income (non-domestic)	78	57
Swimming centres	117	121
Tourism	182	75
Waste disposal tipping fees	1,293	1,276
Water connection fees	20	16
Sewer connection fees	3	4
Snowy River Health Centre	101	126
Community services	160	407
Laundromat	–	7
Animal control	–	16
Holiday park fees	129	137
RMS – road maintenance council contract routine services	418	651
RMS – road maintenance council contract ordered works	3,112	2,999
Sale from stores	3	2
Residential aged care – Snowy River Hostel	238	254
Library fees	8	15
Residential aged care – Yallambee Lodge	856	958
Saleyard dues and rents	262	401
Other	88	66
<b>Total fees and charges – other</b>	<b>7,679</b>	<b>8,266</b>
<b>TOTAL USER CHARGES AND FEES</b>	<b>15,136</b>	<b>14,700</b>

**Accounting policy for user charges and fees**

User charges and fees are recognised as revenue when the service has been provided.

## Snowy Monaro Regional Council

### Notes to the Financial Statements

for the year ended 30 June 2018

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

\$ '000	2018	13/5/16 to 30/6/17
<b>(c) Interest and investment revenue (including losses)</b>		
<b>Interest</b>		
– Overdue rates and annual charges (incl. special purpose rates)	232	237
– Cash and investments	2,613	2,210
– Other	26	59
<b>Other</b>	<b>27</b>	<b>43</b>
<b>TOTAL INTEREST AND INVESTMENT REVENUE</b>	<b>2,898</b>	<b>2,549</b>
<b>Interest revenue is attributable to:</b>		
<b>Unrestricted investments/financial assets:</b>		
Overdue rates and annual charges (general fund)	232	106
General Council cash and investments	1,782	1,619
<b>Restricted investments/funds – external:</b>		
Development contributions		
– Section 7.11	17	16
– Section 64	27	25
Water fund operations	384	308
Sewerage fund operations	428	355
Domestic waste management operations	28	120
<b>Total interest and investment revenue recognised</b>	<b>2,898</b>	<b>2,549</b>

#### Accounting policy for interest and investment revenue

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

## Snowy Monaro Regional Council

### Notes to the Financial Statements

for the year ended 30 June 2018

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

\$ '000	2018	13/5/16 to 30/6/17
<b>(d) Other revenues</b>		
Rental income – other council properties	458	576
Fines – parking	50	34
Fines – other	–	42
Legal fees recovery – rates and charges (extra charges)	183	94
Legal fees recovery – other	–	9
Commissions and agency fees	67	63
Diesel rebate	134	173
Insurance claim recoveries	46	58
Sales – general	14	13
Reimbursement of expenses	36	70
Quarry sales	508	679
Tourism events	–	13
Insurance rebates	192	289
RFS expenses reimbursed	–	37
Other	140	56
<b><u>TOTAL OTHER REVENUE</u></b>	<b><u>1,828</u></b>	<b><u>2,206</u></b>

#### Accounting policy for other revenue

Council recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Council and specific criteria have been met for each of the Council's activities as described below. Council bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Parking fees and fines are recognised as revenue when the service has been provided, or when the penalty has been applied, whichever occurs first.

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

Miscellaneous sales are recognised when physical possession has transferred to the customer which is deemed to be the point of transfer of risks and rewards.

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

## Snowy Monaro Regional Council

## Notes to the Financial Statements

for the year ended 30 June 2018

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

\$ '000	2018 Operating	13/5/16 to 30/6/17 Operating	2018 Capital	13/5/16 to 30/6/17 Capital
<b>(e) Grants</b>				
<b>General purpose (untied)</b>				
<b>Current year allocation</b>				
Financial assistance – general component	3,289	6,220	–	–
Financial assistance – local roads component	1,347	2,578	–	–
<b>Payment in advance – future year allocation</b>				
Financial assistance – general component	3,376	3,215	–	–
Financial assistance – local roads component	1,385	1,323	–	–
<b>Other</b>				
Pensioners' rates subsidies – general component	57	162	–	–
<b>Total general purpose</b>	<b>9,454</b>	<b>13,498</b>	<b>–</b>	<b>–</b>
<b>Specific purpose</b>				
Pensioners' rates subsidies:				
– Water	45	55	–	–
– Sewerage	42	52	–	–
– Domestic waste management	24	53	–	–
Water supplies	–	–	966	1,119
Sewerage services	–	–	35	–
Bushfire and emergency services	–	12	–	–
Community care	1,585	1,653	–	–
Economic development	55	90	–	–
Employment and training programs	–	24	–	–
Flood restoration	–	79	–	–
Heritage and cultural	50	33	–	–
Library	84	118	–	–
Library – special projects	17	–	20	–
Noxious weeds	331	296	–	–
NSW rural fire services	–	20	340	–
Public halls	–	5	–	–
Recreation and culture	–	–	31	18
Street lighting	47	19	–	–
Transport (roads to recovery)	2,302	3,375	–	–
Transport (other roads and bridges funding)	106	2,157	1,490	1,039
Community transport	922	533	–	–
Youth services	–	6	–	31
Planning and building regulation	19	38	–	–
Rural Fire Services M&R	894	–	–	–
Snowy River Hostel	515	430	–	–
Parks, sportsfields and reserves	–	–	–	89
Tourism	50	–	–	85
Domestic waste management	–	1,417	–	11
Youth services	33	–	–	–
Stronger communities fund	–	1,000	–	14,000
Yallambee Lodge residential aged care	1,358	241	–	–
New council implementation fund	–	5,000	–	–
Boco rock community fund	–	213	–	–
Other	27	246	62	222
<b>Total specific purpose</b>	<b>8,506</b>	<b>17,165</b>	<b>2,944</b>	<b>16,614</b>
<b>Total grants</b>	<b>17,960</b>	<b>30,663</b>	<b>2,944</b>	<b>16,614</b>

## Snowy Monaro Regional Council

## Notes to the Financial Statements

for the year ended 30 June 2018

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

\$ '000	Notes	2018 Operating	13/5/16 to 30/6/17 Operating	2018 Capital	13/5/16 to 30/6/17 Capital
<b>(e) Grants (continued)</b>					
<b>Grant revenue is attributable to:</b>					
– Commonwealth funding		15,489	20,186	–	7
– State funding		2,461	10,000	2,944	16,478
– Other funding		10	477	–	129
		<b>17,960</b>	<b>30,663</b>	<b>2,944</b>	<b>16,614</b>
<b>(f) Contributions</b>					
<b>Developer contributions:</b>					
<b>(s7.4 &amp; s7.11 – EP&amp;A Act, s64 of the LGA):</b>					
<b>Cash contributions</b>					
S 7.11 – contributions towards amenities/services		–	–	256	435
S 64 – water supply contributions		–	8	351	381
S 64 – sewerage service contributions		–	1	407	397
<b>Total developer contributions – cash</b>		<b>–</b>	<b>9</b>	<b>1,014</b>	<b>1,213</b>
<b>Total developer contributions</b>	21	<b>–</b>	<b>9</b>	<b>1,014</b>	<b>1,213</b>
<b>Other contributions:</b>					
<b>Cash contributions</b>					
Bushfire services		–	65	–	–
Other councils – joint works/services		–	26	–	–
Recreation and culture		68	–	–	–
Roads and bridges		–	5	–	–
RMS contributions (regional roads, block grant)		2,300	606	–	–
Tourism		–	1	–	–
Noxious weeds		–	2	–	–
Fire and emergency		–	778	–	–
Community care services		311	106	–	–
Residential aged care		–	–	20	37
Library		–	36	–	–
Risk management		–	5	–	–
Boco Rock Community Fund		197	–	–	–
Yallambee lodge residential aged care		–	3	–	–
Other		56	16	–	–
<b>Total other contributions – cash</b>		<b>2,932</b>	<b>1,649</b>	<b>20</b>	<b>37</b>
<b>Total contributions</b>		<b>2,932</b>	<b>1,658</b>	<b>1,034</b>	<b>1,250</b>
<b>TOTAL GRANTS AND CONTRIBUTIONS</b>		<b>20,892</b>	<b>32,321</b>	<b>3,978</b>	<b>17,864</b>

**Accounting policy for contributions**

Control over grants and contributions is normally obtained upon their receipt (or acquittal) and is valued at the fair value of the granted or contributed asset at the date of transfer.

Where grants or contributions recognised as revenues during the financial year were obtained on condition that they be expended in a particular manner or used over a particular period and those conditions were un-discharged at reporting date, the unused grant or contribution is disclosed above.

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

## Snowy Monaro Regional Council

## Notes to the Financial Statements

for the year ended 30 June 2018

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

\$ '000	2018	13/5/16 to 30/6/17
<b>(g) Unspent grants and contributions</b>		
<b>Certain grants and contributions are obtained by Council on condition that they be spent in a specified manner:</b>		
<b>Operating grants</b>		
Unexpended at the close of the previous reporting period	872	–
<b>Add:</b> operating grants recognised in the current period but not yet spent	1,471	872
<b>Less:</b> operating grants recognised in a previous reporting period now spent	(427)	–
<b>Unexpended and held as restricted assets (operating grants)</b>	<u>1,916</u>	<u>872</u>
<b>Capital grants</b>		
Unexpended at the close of the previous reporting period	316	–
<b>Add:</b> capital grants recognised in the current period but not yet spent	952	316
<b>Less:</b> capital grants recognised in a previous reporting period now spent	(149)	–
<b>Unexpended and held as restricted assets (capital grants)</b>	<u>1,119</u>	<u>316</u>
<b>Contributions</b>		
Unexpended at the close of the previous reporting period	3,835	2,778
<b>Add:</b> contributions recognised in the current period but not yet spent	1,055	1,263
<b>Less:</b> contributions recognised in a previous reporting period now spent	–	(206)
<b>Unexpended and held as restricted assets (contributions)</b>	<u>4,890</u>	<u>3,835</u>

# Snowy Monaro Regional Council

## Notes to the Financial Statements

for the year ended 30 June 2018

### Note 4. Expenses from continuing operations

\$ '000	Notes	2018	13/5/16 to 30/6/17
<b>(a) Employee benefits and on-costs</b>			
Salaries and wages		23,061	26,773
Travel expenses		58	43
Employee leave entitlements (ELE)		1,820	1,252
ELE on-costs		368	387
Superannuation		2,072	2,854
Workers' compensation insurance		283	569
Fringe benefit tax (FBT)		35	89
Payroll tax		119	119
Training costs (other than salaries and wages)		211	351
Protective clothing		42	59
Uniforms		–	50
Vehicle allowance		87	97
Recruitment expenses		100	314
Other		61	77
<b>Total employee costs</b>		<b>28,317</b>	<b>33,034</b>
Less: capitalised costs		(831)	(1,254)
<b>TOTAL EMPLOYEE COSTS EXPENSED</b>		<b>27,486</b>	<b>31,780</b>
Number of 'full-time equivalent' employees (FTE) at year end		<b>340</b>	<b>336</b>

#### Accounting policy for employee benefits and on-costs

Employee benefit expenses are recorded when the service has been provided by the employee.

#### 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.

#### Superannuation 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.

Council participates in a Defined Benefit Plan under the Local Government Superannuation Scheme, however, sufficient information to account for the plan as a defined benefit is not available and therefore Council accounts for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans, i.e. as an expense when it becomes payable – refer to Note 16 for more information.

	2018	13/5/16 to 30/6/17
<b>(b) Borrowing costs</b>		
<b>(i) Interest bearing liability costs</b>		
Interest on loans	233	325
<b>Total interest bearing liability costs expensed</b>	<b>233</b>	<b>325</b>
<b>(ii) Other borrowing costs</b>		
Discount adjustments relating to movements in provisions (other than ELE)		
– Remediation liabilities	12 180	172
Other borrowing costs	–	27
<b>Total other borrowing costs</b>	<b>180</b>	<b>199</b>
<b>TOTAL BORROWING COSTS EXPENSED</b>	<b>413</b>	<b>524</b>

#### Accounting policy for borrowing costs

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



## Snowy Monaro Regional Council

## Notes to the Financial Statements

for the year ended 30 June 2018

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

\$ '000	2018	13/5/16 to 30/6/17
<b>(c) Materials and contracts</b>		
Raw materials and consumables	5,514	8,573
Contractor and consultancy costs		
– Weeds management	533	260
– Waste services	830	508
– RMS road maintenance council contracts	2,181	2,094
– Contractor and consultancy costs other	6,907	6,656
Auditors remuneration <sup>(2)</sup>	133	200
Legal expenses:		
– Legal expenses: planning and development	42	143
– Legal expenses: debt recovery	112	71
– Legal expenses: other	417	278
Operating leases:		
– Operating lease rentals: minimum lease payments <sup>(1)</sup>	304	233
– Operating lease rentals: sub lease payments <sup>(1)</sup>	–	29
Other	78	–
<b><u>TOTAL MATERIALS AND CONTRACTS</u></b>	<b><u>17,051</u></b>	<b><u>19,045</u></b>
<b>Operating leases</b>		
Leases in which a significant portion of the risks and rewards of ownership are not transferred to Council as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.		
<b>1. Operating lease payments are attributable to:</b>		
Computers	281	262
Other	23	–
	<b><u>304</u></b>	<b><u>262</u></b>
<b>2. Auditor remuneration</b>		
During the year the following fees were paid or payable for services provided by the auditor of Council, related practices and non-related audit firms		
<b>NSW Auditor-General audit firms:</b>		
<b>(i) Audit and other assurance services</b>		
Audit and review of financial statements	133	184
<b>Remuneration for audit and other assurance services</b>	<b><u>133</u></b>	<b><u>184</u></b>
<b>(ii) Non-assurance services</b>		
Tax compliance services	–	16
<b>Remuneration for non-assurance services</b>	<b><u>–</u></b>	<b><u>16</u></b>
<b>Total remuneration of NSW Auditor-General audit firms</b>	<b><u>133</u></b>	<b><u>200</u></b>
<b>Total Auditor remuneration</b>	<b><u>133</u></b>	<b><u>200</u></b>

## Snowy Monaro Regional Council

## Notes to the Financial Statements

for the year ended 30 June 2018

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

\$ '000	Notes	2018	13/5/16 to 30/6/17
<b>(d) Depreciation, amortisation and impairment</b>			
<b>Depreciation and amortisation</b>			
Plant and equipment		1,566	1,827
Office equipment		287	325
Furniture and fittings		64	72
Land improvements (depreciable)		7	8
<b>Infrastructure:</b>			
– Buildings – non-specialised		1,099	1,200
– Buildings – specialised		864	985
– Other structures		584	624
– Roads		6,933	7,239
– Bridges		1,455	1,640
– Footpaths		89	463
– Stormwater drainage		627	711
– Water supply network		3,283	2,309
– Sewerage network		2,342	2,703
– Swimming pools		202	280
– Other open space/recreational assets		83	136
<b>Other assets:</b>			
– Library books		75	85
– Other		185	214
<b>Reinstatement, rehabilitation and restoration assets:</b>			
– Tip assets	9 & 12	108	111
Intangible assets	10	27	31
<b>Total depreciation and amortisation costs</b>		<b>19,880</b>	<b>20,963</b>
<b>Impairment / revaluation decrement of IPP&amp;E</b>			
Infrastructure		–	2,886
<b>Total IPP&amp;E impairment / revaluation decrement costs / (reversals)</b>		<b>–</b>	<b>2,886</b>
<b><u>TOTAL DEPRECIATION, AMORTISATION AND IMPAIRMENT / REVALUATION DECREMENT COSTS EXPENSED</u></b>		<b><u>19,880</u></b>	<b><u>23,849</u></b>

**Accounting policy for depreciation, amortisation and impairment expenses****Depreciation and amortisation**

Depreciation and amortisation are calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives. Useful lives are included in Note 9 for IPPE assets and Note 10 for intangible assets.

## Snowy Monaro Regional Council

### Notes to the Financial Statements

for the year ended 30 June 2018

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

---

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

##### **Accounting policy for depreciation, amortisation and impairment expenses**

##### **Impairment of non-financial assets**

Intangible assets that have an indefinite useful life or are not yet available for use are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Impairment losses for revalued assets are firstly offset against the amount in the revaluation surplus for the class of asset, with only the excess to be recognised in the Income Statement.

## Snowy Monaro Regional Council

### Notes to the Financial Statements

for the year ended 30 June 2018

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

\$ '000	2018	13/5/16 to 30/6/17
<b>(e) Other expenses</b>		
Advertising	103	163
Bad and doubtful debts	99	5
Bank charges	85	130
Cleaning	–	7
Computer software charges	–	95
Contributions/levies to other levels of government		
– NSW fire brigade levy	78	79
– NSW rural fire service levy	782	796
– NSW state emergency services	35	42
Councillor expenses – mayoral fee	76	3
Councillor expenses – councillors' fees	168	21
Councillors' expenses (incl. mayor) – other (excluding fees above)	59	55
Donations, contributions and assistance to other organisations (Section 356)		
– Tourism development	–	10
– SEWOL	18	4
– South east arts	16	16
– Tourism Snowy Mountains	40	61
– Boco rock community grants	16	98
– Other	94	105
Election expenses	158	–
Electricity and heating	1,414	1,829
Insurance	1,252	1,371
Office expenses (including computer expenses)	–	10
Postage	83	98
Printing and stationery	347	325
Street lighting	213	125
Subscriptions and publications	89	73
Telephone and communications	662	635
Tourism expenses (excluding employee costs)	–	30
Valuation fees	127	105
Motor vehicle registration	–	28
Community projects	–	1,000
Licence fees – other	101	19
Marketing expenses	157	7
Quality monitoring	25	59
Software licences	1,177	596
Memberships	133	85
Council administrator	–	192
Local representative council fees	–	141
Other	83	67
<b><u>TOTAL OTHER EXPENSES</u></b>	<b><u>7,690</u></b>	<b><u>8,485</u></b>

#### Accounting policy for other expenses

Other expenses are recorded on an accruals basis as the Council receives the goods or services.

## Snowy Monaro Regional Council

### Notes to the Financial Statements

for the year ended 30 June 2018

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

\$ '000	Notes	2018	13/5/16 to 30/6/17
<b>Property</b> (excl. investment property)	9		
Proceeds from disposal – property		429	34
Less: carrying amount of property assets sold/written off		(400)	(369)
<b>Net gain/(loss) on disposal</b>		<b>29</b>	<b>(335)</b>
<b>Plant and equipment</b>	9		
Proceeds from disposal – plant and equipment		485	1,012
Less: carrying amount of plant and equipment assets sold/written off		(425)	(922)
<b>Net gain/(loss) on disposal</b>		<b>60</b>	<b>90</b>
<b>Infrastructure</b>	9		
Less: carrying amount of infrastructure assets sold/written off		–	(523)
<b>Net gain/(loss) on disposal</b>		<b>–</b>	<b>(523)</b>
<b>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</b>		<b>89</b>	<b>(768)</b>

#### Accounting policy for disposal of assets

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

#### Note 6(a). Cash and cash equivalent assets

\$ '000	2018	2017
<b>Cash and cash equivalents</b>		
Cash on hand and at bank	759	2,931
Cash-equivalent assets		
– Deposits at call	5,000	7,779
– Short-term deposits	10,500	1,080
<b>Total cash and cash equivalents</b>	<b>16,259</b>	<b>11,790</b>

#### Accounting policy for cash and cash equivalents

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

## Snowy Monaro Regional Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 6(b). Investments

\$ '000	2018		2017	
	Current	Non-current	Current	Non-current
<b>Investments</b>				
a. 'Held to maturity'	37,000	32,000	43,984	22,000
<b>Total investments</b>	<b>37,000</b>	<b>32,000</b>	<b>43,984</b>	<b>22,000</b>
<b><u>TOTAL CASH ASSETS, CASH EQUIVALENTS AND INVESTMENTS</u></b>	<b><u>53,259</u></b>	<b><u>32,000</u></b>	<b><u>55,774</u></b>	<b><u>22,000</u></b>
<b>Held to maturity investments</b>				
Long term deposits	37,000	32,000	43,984	22,000
<b>Total</b>	<b>37,000</b>	<b>32,000</b>	<b>43,984</b>	<b>22,000</b>

#### Accounting policy for investments

##### Classification

Council classifies its financial assets in the following categories: financial assets at fair value through profit or loss; loans and receivables; held-to-maturity investments; and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

##### (a) Held to maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that Council's management has the positive intention and ability to hold to maturity. Assets in this category are measured at amortised cost.

##### Recognition and de-recognition

Regular purchases and sales of financial assets are recognised on trade-date: the date on which Council commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. Investments are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and Council has transferred substantially all the risks and rewards of ownership.

## Snowy Monaro Regional Council

## Notes to the Financial Statements

for the year ended 30 June 2018

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

\$ '000	2018		2017	
	Current	Non-current	Current	Non-current
Total cash, cash equivalents and investments	53,259	32,000	55,774	22,000
<b>attributable to:</b>				
External restrictions (refer below)	22,697	27,000	22,180	18,000
Internal restrictions (refer below)	30,326	5,000	33,362	4,000
Unrestricted	236	–	232	–
	<b>53,259</b>	<b>32,000</b>	<b>55,774</b>	<b>22,000</b>

\$ '000	2018	2017
---------	------	------

## Details of restrictions

**External restrictions – included in liabilities**

Yallambee Lodge accommodation bonds	3,460	2,480
<b>External restrictions – included in liabilities</b>	<b>3,460</b>	<b>2,480</b>

**External restrictions – other**

Developer contributions – general	1,760	1,489
Developer contributions – water fund	1,857	1,490
Developer contributions – sewer fund	1,273	856
Specific purpose unexpended grants	3,035	1,188
Water supplies	13,839	11,871
Sewerage services	17,179	14,453
Domestic waste management	4,360	3,809
Stormwater management	41	–
Snowy River Hostel accommodation bonds	880	793
Crown land reserves	21	21
Jindabyne beautification special rate	–	96
Crown land – holiday parks	1,053	921
Home and community care	458	369
Boco rock community reserve	432	145
Kamoto-cooma friendship scholarship fund	41	191
Other	8	8
<b>External restrictions – other</b>	<b>46,237</b>	<b>37,700</b>
<b>Total external restrictions</b>	<b>49,697</b>	<b>40,180</b>

## Snowy Monaro Regional Council

### Notes to the Financial Statements

for the year ended 30 June 2018

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

\$ '000	2018	2017
<b>Internal restrictions</b>		
Plant and vehicle replacement	3,185	3,243
Employees leave entitlement	3,067	3,343
Deposits, retentions and bonds	682	682
HACC vehicle replacement	–	153
Quarry operations	96	96
Uncompleted works	4,812	3,232
Waste management	1,023	963
Yallambee Lodge building/equipment replacement	1,632	1,632
Former Snowy River LGA	740	906
Former Cooma-Monaro LGA	–	890
Former Bombala LGA	3,144	3,270
Merger implementation funding	2,216	3,112
Stronger communities fund	13,509	14,362
Other	1,220	1,478
<b>Total internal restrictions</b>	<b>35,326</b>	<b>37,362</b>
<b>TOTAL RESTRICTIONS</b>	<b>85,023</b>	<b>77,542</b>



## Snowy Monaro Regional Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 7. Receivables

\$ '000	2018		2017	
	Current	Non-current	Current	Non-current
<b>Purpose</b>				
Rates and annual charges	6,164	–	5,245	–
Interest and extra charges	216	–	375	–
User charges and fees	5,892	–	2,772	–
Accrued revenues				
– Interest on investments	1,013	–	398	–
– Other income accruals	36	–	566	–
Government grants and subsidies	1,075	–	978	–
Net GST receivable	498	–	541	–
Loans receivable	17	123	19	137
Other debtors	236	–	14	–
<b>Total</b>	<b>15,147</b>	<b>123</b>	<b>10,908</b>	<b>137</b>
<b>Less: provision for impairment</b>				
Rates and annual charges	(18)	–	(65)	–
User charges and fees	(123)	–	(76)	–
<b>Total provision for impairment – receivables</b>	<b>(141)</b>	<b>–</b>	<b>(141)</b>	<b>–</b>
<b><u>TOTAL NET RECEIVABLES</u></b>	<b><u>15,006</u></b>	<b><u>123</u></b>	<b><u>10,767</u></b>	<b><u>137</u></b>
<b>Externally restricted receivables</b>				
<b>Water supply</b>				
– Specific purpose grants	–	–	11	–
– Rates and availability charges	1,270	–	1,097	–
– Other	2,366	–	1,154	–
<b>Sewerage services</b>				
– Specific purpose grants	–	–	10	–
– Rates and availability charges	2,800	–	2,338	–
– Other	278	123	196	–
<b>Domestic waste management</b>	591	–	597	–
<b>Total external restrictions</b>	<b>7,305</b>	<b>123</b>	<b>5,403</b>	<b>–</b>
<b>Unrestricted receivables</b>	<b>7,701</b>	<b>–</b>	<b>5,364</b>	<b>137</b>
<b><u>TOTAL NET RECEIVABLES</u></b>	<b><u>15,006</u></b>	<b><u>123</u></b>	<b><u>10,767</u></b>	<b><u>137</u></b>
<b>Movement in provision for impairment of receivables</b>			2018	13/5/16 to 30/6/17
Balance at the beginning of the year			141	152
+ new provisions recognised during the year			–	(11)
<b>Balance at the end of the year</b>			<b>141</b>	<b>141</b>

## Snowy Monaro Regional Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 7. Receivables (continued)

---

##### **Accounting policy for receivables**

###### **Recognition and measurement**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are included in other receivables (Note 8) and receivables (Note 7) in the Statement of Financial Position. Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Receivables are generally due for settlement within 30 days.

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

###### **Impairment**

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

Collectability of receivables is reviewed on an on-going basis. Debts that are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of receivables) is used when there is objective evidence that Council will not be able to collect all amounts due according to the original terms of the receivables.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the receivable is impaired. When a receivable for which an impairment allowance had been recognised becomes uncollectable 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.

## Snowy Monaro Regional Council

Notes to the Financial Statements  
for the year ended 30 June 2018

## Note 8. Inventories and other assets

\$ '000	2018		2017	
	Current	Non-current	Current	Non-current
<b>(a) Inventories</b>				
<b>Inventories at cost</b>				
Real estate for resale (refer below)	441	–	441	–
Stores and materials	1,129	–	487	–
Trading stock	–	–	46	–
<b>Total inventories at cost</b>	<b>1,570</b>	<b>–</b>	<b>974</b>	<b>–</b>
<b>TOTAL INVENTORIES</b>	<b>1,570</b>	<b>–</b>	<b>974</b>	<b>–</b>
<b>(b) Other assets</b>				
Prepayments	255	–	185	–
<b>TOTAL OTHER ASSETS</b>	<b>255</b>	<b>–</b>	<b>185</b>	<b>–</b>
<b>Externally restricted assets</b>				
<b>Water</b>				
Stores and materials	–	–	61	–
<b>Total water</b>	<b>–</b>	<b>–</b>	<b>61</b>	<b>–</b>
<b>Sewerage</b>				
Stores and materials	–	–	35	–
<b>Total sewerage</b>	<b>–</b>	<b>–</b>	<b>35</b>	<b>–</b>
<b>Total externally restricted assets</b>	<b>–</b>	<b>–</b>	<b>96</b>	<b>–</b>
<b>Total unrestricted assets</b>	<b>1,825</b>	<b>–</b>	<b>1,063</b>	<b>–</b>
<b>TOTAL INVENTORIES AND OTHER ASSETS</b>	<b>1,825</b>	<b>–</b>	<b>1,159</b>	<b>–</b>

## Snowy Monaro Regional Council

### Notes to the Financial Statements

for the year ended 30 June 2018

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

\$ '000	2018		2017	
	Current	Non-current	Current	Non-current
<b>(i) Other disclosures</b>				
<b>(a) Details for real estate development</b>				
Residential	441	–	441	–
<b>Total real estate for resale</b>	<b>441</b>	<b>–</b>	<b>441</b>	<b>–</b>
(Valued at the lower of cost and net realisable value)				
<b>Represented by:</b>				
Acquisition costs	441	–	441	–
<b>Total costs</b>	<b>441</b>	<b>–</b>	<b>441</b>	<b>–</b>
<b>Total real estate for resale</b>	<b>441</b>	<b>–</b>	<b>441</b>	<b>–</b>
<b>Movements:</b>				
Real estate assets at beginning of the year	441	–	440	–
– Purchases and other costs	–	–	1	–
<b>Total real estate for resale</b>	<b>441</b>	<b>–</b>	<b>441</b>	<b>–</b>

#### Accounting policy

##### Raw materials and stores, work in progress and finished goods

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Costs are assigned to individual items of inventory on basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

##### Inventory held for distribution

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

##### Land held for resale/capitalisation of borrowing costs

Land held for resale is stated at the lower of cost and net realisable value. Cost is assigned by specific identification and includes the cost of acquisition, and development and borrowing costs during development. When development is completed borrowing costs and other holding charges are expensed as incurred.

Borrowing costs included in the cost of land held for resale are those costs that would have been avoided if the expenditure on the acquisition and development of the land had not been made. Borrowing costs incurred while active development is interrupted for extended periods are recognised as expenses.

## Snowy Monaro Regional Council

Notes to the Financial Statements  
for the year ended 30 June 2018

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

Asset class \$ '000	as at 30/6/2017			Asset movements during the reporting period							as at 30/6/2018		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Adjustments and transfers	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
Capital work in progress	4,372	–	4,372	6,797	–	–	–	(871)	–	–	10,298	–	10,298
Plant and equipment	23,708	12,457	11,251	–	1,358	(426)	(1,566)	10	–	–	24,649	14,022	10,627
Office equipment	3,410	2,203	1,207	–	–	–	(287)	–	–	–	3,410	2,490	920
Furniture and fittings	898	550	348	–	109	–	(64)	–	–	–	1,007	614	393
<b>Land:</b>													
– Operational land	20,806	–	20,806	14	–	(400)	–	–	(154)	783	21,049	–	21,049
– Community land	11,254	–	11,254	–	–	–	–	–	154	–	11,408	–	11,408
Land improvements – depreciable	1,896	138	1,758	–	–	–	(7)	–	–	–	1,896	145	1,751
<b>Infrastructure:</b>													
– Buildings – non-specialised	43,468	25,399	18,069	–	43	–	(1,099)	–	4,134	4,796	60,057	34,114	25,943
– Buildings – specialised	42,997	24,935	18,062	–	–	–	(864)	20	(4,134)	3,190	57,194	40,920	16,274
– Other structures	14,528	6,479	8,049	222	–	–	(584)	6	–	–	14,756	7,063	7,693
– Roads	418,722	158,164	260,558	1,955	–	–	(6,933)	138	–	–	420,816	165,098	255,718
– Bridges	113,154	53,385	59,769	–	–	–	(1,455)	–	–	–	113,154	54,840	58,314
– Footpaths	16,637	8,455	8,182	108	–	–	(89)	–	–	–	16,745	8,544	8,201
– Bulk earthworks (non-depreciable)	515,602	–	515,602	–	–	–	–	–	–	–	515,602	–	515,602
– Stormwater drainage	31,389	14,346	17,043	–	–	–	(627)	–	–	–	31,389	14,973	16,416
– Water supply network	196,222	104,030	92,192	842	–	–	(3,283)	–	–	1,936	201,185	109,498	91,687
– Sewerage network	136,933	64,375	72,558	25	–	–	(2,342)	697	–	1,524	140,530	68,068	72,462
– Swimming pools	13,644	8,639	5,005	57	–	–	(202)	–	–	–	13,644	8,784	4,860
– Other open space/recreational assets	4,997	3,010	1,987	–	–	–	(83)	–	–	–	5,053	3,149	1,904
<b>Other assets:</b>													
– Library books	1,375	1,020	355	–	52	–	(75)	–	–	–	1,427	1,095	332
– Other	4,162	1,565	2,597	359	–	–	(185)	–	–	–	4,521	1,750	2,771
<b>Reinstatement, rehabilitation and restoration assets (refer Note 12):</b>													
– Tip assets	1,804	1,164	640	–	–	–	(108)	–	1,789	–	3,566	1,245	2,321
– Quarry assets	38	5	33	–	–	–	–	–	–	–	38	5	33
<b>TOTAL INFRASTRUCTURE, PROPERTY, PLANT AND EQUIP.</b>	<b>1,622,016</b>	<b>490,319</b>	<b>1,131,697</b>	<b>10,379</b>	<b>1,562</b>	<b>(826)</b>	<b>(19,853)</b>	<b>–</b>	<b>1,789</b>	<b>12,229</b>	<b>1,673,394</b>	<b>536,417</b>	<b>1,136,977</b>

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

## Snowy Monaro Regional Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 9. Infrastructure, property, plant and equipment (continued)

##### Accounting policy for infrastructure, property, plant and equipment

Infrastructure, property, plant and equipment are held at fair value. Independent valuations are performed at least every 5 years however the carrying amount of assets is assessed at each reporting date to confirm that it is not materially different from current fair value.

Water and sewerage network assets are indexed at each reporting period in accordance with the Rates Reference Manual issued by Crown Lands and Water (CLAW).

Increases in the carrying amounts arising on revaluation are credited to the asset revaluation reserve. To the extent that the increase reverses a decrease previously recognising profit or loss relating to that asset class, the increase is first recognised as profit or loss. Decreases that reverse previous increases of assets in the same class are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the class; all other decreases are charged to the Income Statement.

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

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

<b>Plant and equipment</b>	<b>Years</b>	<b>Other equipment</b>	<b>Years</b>
Office equipment	3 to 10	Playground equipment	5 to 15
Office furniture	5 to 30	Benches, seats etc.	5 to 15
Computer equipment	2 to 10		
Vehicles	2 to 8	<b>Buildings</b>	
Heavy plant/road making equipment	5 to 20	Buildings: masonry	50 to 100
Other plant and equipment	5 to 20	Buildings: other	10 to 128
<b>Water and sewer assets</b>		<b>Stormwater assets</b>	
Dams and reservoirs	80 to 100	Drains	30 to 100
Bores	20 to 40	Culverts	30 to 100
Reticulation pipes: PVC	70 to 80	Flood control structures	100
Reticulation pipes: other	25 to 75		
Pumps and telemetry	15 to 20		
<b>Transportation assets</b>		<b>Other infrastructure assets</b>	
Sealed roads: surface	10 to 20	Bulk earthworks	Infinite
Sealed roads: structure	30 to 100	Swimming pools	5 to 100
Unsealed roads	30 to 100	Other open space/recreational assets	5 to 100
Bridge: concrete	25 to 100	Other infrastructure	
Bridge: other	25 to 100		
Road pavements			
Kerb, gutter and footpaths	30 to 100		

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Income statement.

## Snowy Monaro Regional Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 9. Infrastructure, property, plant and equipment (continued)

---

##### **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.

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

##### **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.

##### **Rural Fire Service assets**

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

Until such time as discussions on this matter have concluded and the legislation changed, Council will not recognise rural fire service plant and vehicle assets. Land and buildings maintained by Council have been recognised.

## Snowy Monaro Regional Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 10. Intangible assets

\$ '000	2018	2017
Intangible assets represent identifiable non-monetary assets without physical substance.		
Intangible assets are as follows:		
<b>Opening values:</b>		
Gross book value (1/7)	488	488
Accumulated amortisation (1/7)	(106)	(75)
<b>Net book value – opening balance</b>	<b>382</b>	<b>413</b>
<b>Movements for the year</b>		
– Amortisation charges	(27)	(31)
– Gross book value written off	(138)	–
– Accumulated amortisation charges written off	133	–
<b>Closing values:</b>		
Gross book value (30/6)	350	488
Accumulated amortisation (30/6)	–	(106)
<b><u>TOTAL INTANGIBLE ASSETS – NET BOOK VALUE</u></b> <sup>1</sup>	<b><u>350</u></b>	<b><u>382</u></b>

**<sup>1</sup> The net book value of intangible assets represent:**

– Software	–	32
– Hostel bed licences	350	350
	<b><u>350</u></b>	<b><u>382</u></b>



## Snowy Monaro Regional Council

Notes to the Financial Statements  
for the year ended 30 June 2018

## Note 11. Payables and borrowings

\$ '000	2018		2017	
	Current	Non-current	Current	Non-current
<b>Payables</b>				
Goods and services – operating expenditure	3,449	–	1,617	–
Accrued expenses:				
– Borrowings	18	–	112	–
– Salaries and wages	808	–	745	–
– Other expenditure accruals	527	–	45	–
Advances	784	–	308	–
Security bonds, deposits and retentions	896	–	1,095	–
Yallambee Lodge accommodation bonds	3,354	–	2,480	–
Snowy River Hostel accommodation bonds	864	–	793	–
Other	7	–	–	–
<b>Total payables</b>	<b>10,707</b>	<b>–</b>	<b>7,195</b>	<b>–</b>
<b>Income received in advance</b>				
Payments received in advance	196	–	402	–
<b>Total income received in advance</b>	<b>196</b>	<b>–</b>	<b>402</b>	<b>–</b>
<b>Borrowings</b>				
Loans – secured <sup>1</sup>	765	2,467	575	3,445
<b>Total borrowings</b>	<b>765</b>	<b>2,467</b>	<b>575</b>	<b>3,445</b>
<b>TOTAL PAYABLES AND BORROWINGS</b>	<b>11,668</b>	<b>2,467</b>	<b>8,172</b>	<b>3,445</b>

## (a) Payables and borrowings relating to restricted assets

	2018		2017	
	Current	Non-current	Current	Non-current
<b>Externally restricted assets</b>				
Water	157	264	209	349
Sewer	340	1,104	176	1,613
Domestic waste management	221	843	290	1,056
Yallambee Lodge accommodation bonds	3,354	–	2,480	–
Snowy River Hostel accommodation bonds	864	–	793	–
Payables and borrowings relating to externally restricted assets	4,936	2,211	3,948	3,018
<b>Total payables and borrowings relating to restricted assets</b>	<b>4,936</b>	<b>2,211</b>	<b>3,948</b>	<b>3,018</b>
<b>Total payables and borrowings relating to unrestricted assets</b>	<b>6,732</b>	<b>256</b>	<b>4,224</b>	<b>427</b>
<b>TOTAL PAYABLES AND BORROWINGS</b>	<b>11,668</b>	<b>2,467</b>	<b>8,172</b>	<b>3,445</b>

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

Disclosures on liability interest rate risk exposures, fair value disclosures and security can be found in Note 17.

## Snowy Monaro Regional Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 11. Payables and borrowings (continued)

\$ '000

**(b) Changes in liabilities arising from financing activities**

Class of borrowings	Opening balance as at 1/7/17	Cash flows	Non-cash changes			Closing balance as at 30/6/18
			Acquisition	Fair value changes	Other non-cash movements	
Loans – secured	4,020	(788)	–	–	–	3,232
<b>TOTAL</b>	<b>4,020</b>	<b>(788)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>3,232</b>

\$ '000

2018

2017

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

Bank overdraft facilities <sup>(1)</sup>	300	–
Credit cards/purchase cards	75	–
<b>Total financing arrangements</b>	<b>375</b>	<b>–</b>
<b>Undrawn facilities as at balance date:</b>		
– Bank overdraft facilities	300	–
– Credit cards/purchase cards	75	–
<b>Total undrawn financing arrangements</b>	<b>375</b>	<b>–</b>

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

## Snowy Monaro Regional Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 11. Payables and borrowings (continued)

---

##### **Accounting policy for payables and borrowings**

###### **Payables**

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

###### **Borrowings**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

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

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

###### **Finance leases**

Leases of property, plant and equipment where Council, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

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

## Snowy Monaro Regional Council

Notes to the Financial Statements  
for the year ended 30 June 2018

## Note 12. Provisions

\$ '000	2018		2017	
	Current	Non-current	Current	Non-current
<b>Provisions</b>				
<b>Employee benefits:</b>				
Annual leave	2,220	–	2,195	–
Long service leave	3,306	–	3,918	–
Other leave	–	–	34	–
Other leave – TIL and flex	325	–	230	–
ELE on-costs	276	–	335	–
<b>Sub-total – aggregate employee benefits</b>	<b>6,127</b>	<b>–</b>	<b>6,712</b>	<b>–</b>
<b>Asset remediation/restoration:</b>				
Asset remediation/restoration (future works)	–	5,294	–	3,331
<b>Sub-total – asset remediation/restoration</b>	<b>–</b>	<b>5,294</b>	<b>–</b>	<b>3,331</b>
<b><u>TOTAL PROVISIONS</u></b>	<b><u>6,127</u></b>	<b><u>5,294</u></b>	<b><u>6,712</u></b>	<b><u>3,331</u></b>

**(a) Provisions relating to restricted assets**

There are no restricted assets (external or internal) applicable to the above provisions

\$ '000	2018	2017
---------	------	------

**(b) Current provisions not anticipated to be settled within the next twelve months**

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

Provisions – employees benefits	3,151	–
	<b>3,151</b>	<b>–</b>

## Snowy Monaro Regional Council

### Notes to the Financial Statements for the year ended 30 June 2018

#### Note 12. Provisions (continued)

\$ '000

#### (c) Description of and movements in provisions

##### Other provisions

2018	Asset remediation	Total
At beginning of year	3,331	3,331
Changes to provision:		
Additional provisions	1,963	1,963
<b>Total other provisions at end of year</b>	<b>5,294</b>	<b>5,294</b>
2017	Asset remediation	Total
At beginning of year	3,159	3,159
Changes to provision:		
Additional provisions	172	172
<b>Total other provisions at end of year</b>	<b>3,331</b>	<b>3,331</b>

#### Nature and purpose of non-employee benefit provisions

##### Asset remediation

Council has a legal/public obligation to make, restore, rehabilitate and reinstate the council tip and quarry.

The above provisions account for active landfill sites at Bombala, Cooma and Jindabyne only. The additional provisions for 2018 above include a \$1.79m increase to the Bombala Landfill remediation provision based on revised cost and remaining life estimates.

There is also a project in progress to review all legacy sites of the 3 former Council's, quantify the liability and include a provision in the 2018-2019 Financial Statements. This will also be included in Council's Long Term Financial Plan 2019-2029 detailing the impact of financing the remediation.

## Snowy Monaro Regional Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 12. Provisions (continued)

---

##### **Accounting policy for provisions**

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

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

##### **Employee benefits**

###### **Short-term obligations**

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be wholly settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave and accumulating sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

###### **Other long-term employee benefit obligations**

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

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

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

## Snowy Monaro Regional Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 12. Provisions (continued)

---

##### **Provisions for close-down and restoration, and environmental clean-up costs – tips and quarries**

###### ***Restoration***

Close down and restoration costs include the dismantling and demolition of infrastructure and the removal of residual materials and remediation of disturbed areas. Estimated close down and restoration costs are provided for in the accounting period when the obligation arising from the related disturbance occurs, whether this occurs during the development or during the operation phase, based on the net present value of estimated future costs.

Provisions for close down and restoration costs do not include any additional obligations which are expected to arise from future disturbance. The costs are estimated on the basis of a closure plan. The cost estimates are calculated annually during the life of the operation to reflect known developments, eg updated cost estimates and revisions to the estimated lives of operations, and are subject to formal review at regular intervals

###### ***Rehabilitation***

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 reporting 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 reporting 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 unwinding 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.

Other movements in the provisions for close down and restoration 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.

Close down and restoration 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.

## Snowy Monaro Regional Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 13. Accumulated surplus, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors

##### 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.

#### Note 14. Statement of cash flows – additional information

\$ '000	Notes	2018	2017
<b>(a) Reconciliation of cash assets</b>			
Total cash and cash equivalent assets	6a	16,259	11,790
<b>Balance as per the Statement of Cash Flows</b>		<b>16,259</b>	<b>11,790</b>
<b>(b) Reconciliation of net operating result to cash provided from operating activities</b>			
<b>Net operating result from Income Statement</b>		<b>1,499</b>	<b>15,470</b>
<b>Adjust for non-cash items:</b>			
Depreciation and amortisation		19,880	20,963
Net losses/(gains) on disposal of assets		(89)	768
Losses/(gains) recognised on fair value re-measurements through the P&L:			
– Revaluation decrements / impairments of IPP&E direct to P&L		–	2,886
Unwinding of discount rates on reinstatement provisions		174	172
<b>+/- Movement in operating assets and liabilities and other cash items:</b>			
Decrease/(increase) in receivables		(4,225)	4,568
Increase/(decrease) in provision for doubtful debts		–	(11)
Decrease/(increase) in inventories		(596)	138
Decrease/(increase) in other assets		(70)	292
Increase/(decrease) in payables		1,832	(2,568)
Increase/(decrease) in accrued interest payable		(94)	54
Increase/(decrease) in other accrued expenses payable		545	340
Increase/(decrease) in other liabilities		1,023	2,010
Increase/(decrease) in employee leave entitlements		(585)	381
<b>Net cash provided from/(used in) operating activities from the Statement of Cash Flows</b>		<b>21,083</b>	<b>45,463</b>



## Snowy Monaro Regional Council

### Notes to the Financial Statements for the year ended 30 June 2018

#### Note 15. Commitments for expenditure

\$ '000	2018	2017
<b>Capital commitments (exclusive of GST)</b>		
Capital expenditure committed at the reporting date but not recognised in the financial statements as liabilities:		
<b>Property, plant and equipment</b>		
Transport Infrastructure	1,209	–
Plant and equipment	900	–
Water Infrastructure	628	919
Sewer Infrastructure	629	–
Other Infrastructure	1,518	–
<b>Total commitments</b>	<b>4,884</b>	<b>919</b>
<b>These expenditures are payable as follows:</b>		
Within the next year	4,884	919
<b>Total payable</b>	<b>4,884</b>	<b>919</b>
<b>Sources for funding of capital commitments:</b>		
Externally restricted reserves	1,257	919
Internally restricted reserves	3,627	–
<b>Total sources of funding</b>	<b>4,884</b>	<b>919</b>

## Snowy Monaro Regional Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 16. Contingencies and other liabilities/assets not recognised

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.

While the scheme's most recent full actuarial review indicated that the net assets of the scheme were sufficient to meet the accrued benefits of the scheme's defined benefit member category, member councils are required to make contributions in future years where the scheme goes into deficit (as has occurred in previous years).

The Local Government Superannuation Scheme however is unable to provide Council with an accurate estimate of any 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 planned contributions being made to the defined benefit scheme to rectify past (and projected) deficit positions will be recognised as an expense when they become payable – similar to the accounting for defined contributions plans.

Member councils are treated as Pooled Employers for the purposes of AASB119. Pooled Employers are required to pay standard employer contributions and additional lump sum contributions to the Fund.

The standard employer contributions were determined using the new entrant rate method under which a contribution rate sufficient to fund the total benefits over the working life-time of a typical new entrant is calculated. The current standard employer contribution rates are:

Division B	1.9 times employee contributions
Division C	2.5% salaries
Division D	1.64 times employee contributions

The additional lump sum contribution for each Pooled Employer is a share of the total additional contributions of \$40.0 million per annum from 1 July 2017 for 4 years to 30 June 2021, apportioned according to each employer's share of the accrued liabilities as at 30 June 2017. These additional lump sum contributions are used to fund the deficit of assets to accrued liabilities as 30 June 2017.

The adequacy of contributions is assessed at each triennial actuarial investigation and monitored annually between triennials.

As stated above, each sponsoring employer is exposed to the actuarial risks associated with current and former employees of other sponsoring employers and hence shares in the associated gains and losses.

However, there is no relief under the Fund's trust deed for employers to walk away from their defined benefit obligations. Under limited circumstances, an employer may withdraw from the plan when there are no active members, on full payment of outstanding additional contributions. There is no provision for allocation of any surplus which may be present at the date of withdrawal of the entity.

There are no specific provisions under the Fund's trust deed dealing with deficits or surplus on wind-up.

There is no provision for the allocation of any surplus which may be present at the date of withdrawal of an employer.

## Snowy Monaro Regional Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 16. Contingencies and other liabilities/assets not recognised (continued)

##### LIABILITIES NOT RECOGNISED (continued):

##### 1. Guarantees (continued)

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

The plan is a defined benefit plan. However, each sponsoring employer is exposed to the actuarial risks associated with current and former employees of other sponsoring employers and hence shares in the associated gains and losses (to the extent that they are not borne by members). As such, there is not sufficient reliable information to allow each sponsoring employer to account for its proportionate share of the defined benefit obligation, sub-group assets and costs associated with the sub-group in the same way as it would for a single employer sponsored defined benefit plan.

The amount of Council employer contributions to the defined benefit section of the Fund and recognised as an expense and disclosed as part of superannuation expenses at Note 4 (a) for the year ending 30 June 2018 was \$77,287.68.

The last valuation of the Fund was by the Actuary, Mr Richard Boyfield, FIAA on 12 December 2017, relating to the period ended 30 June 2017.

Council's expected contributions to the Fund for the next annual reporting period is \$87,800.64.

The estimated employer reserves financial position for the Pooled Employers at 30 June 2018 is:

Employer reserves only *	\$ millions	Asset Coverage
Assets	1,817.8	
Past Service Liabilities	1,787.5	101.7%
Vested Benefits	1,778.0	102.2%

\* excluding member accounts and reserves in both assets and liabilities.

The key economic long term assumptions used to calculate the present value of accrued benefits are:

Investment return	6.0% per annum
Salary inflation *	3.5% per annum
Increase in CPI	2.5% per annum

\* Plus promotional increases

The contribution requirements may vary from the current rates if the overall sub-group experience is not in line with the actuarial assumptions in determining the funding program, however any adjustment to the funding program would be the same for all sponsoring employers in the Pooled Employers group.

Please note that the estimated employer reserves financial position above is a preliminary calculation and once all the relevant information has been received by the Funds Actuary, the 2018 triennial review will be completed around December 2018.

Council's additional lump sum contribution is around 0.09% of the total additional lump sum contributions for all Pooled Employers (of \$40m each year from 1 July 2017 to 30 June 2021) provides an indication of the level of participation of Council compared with other employers in the Pooled Employer sub-group.

##### (ii) Statewide Limited

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

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

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

# Snowy Monaro Regional Council

## Notes to the Financial Statements for the year ended 30 June 2018

### Note 16. Contingencies and other liabilities/assets not recognised (continued)

#### **LIABILITIES NOT RECOGNISED (continued):**

##### **1. Guarantees (continued)**

###### **(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.

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

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

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

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

#### **ASSETS NOT RECOGNISED:**

##### **(i) Land under roads**

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

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

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

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

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

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

## Snowy Monaro Regional Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 17. Financial risk management

\$ '000

##### Risk management

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

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

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

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

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

	Carrying value		Fair value	
	2018	2017	2018	2017
<b>Financial assets</b>				
Cash and cash equivalents	16,259	11,790	–	–
Investments				
– 'Held to maturity'	69,000	65,984	–	–
Receivables	15,129	10,904	–	–
<b>Total financial assets</b>	<b>100,388</b>	<b>88,678</b>	<b>–</b>	<b>–</b>
<b>Financial liabilities</b>				
Payables	10,707	7,195	–	–
Loans/advances	3,232	4,020	–	–
<b>Total financial liabilities</b>	<b>13,939</b>	<b>11,215</b>	<b>–</b>	<b>–</b>

Fair value is determined as follows:

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

## Snowy Monaro Regional Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 17. 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 Ministerial Investment Order 625. This policy is regularly reviewed by Council and its staff and a monthly Investment report is provided to Council setting out the make-up and performance of the portfolio as required by Local Government regulations.

The risks associated with the investments held are:

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

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

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
<b>2018</b>				
Possible impact of a 10% movement in market values	6,900	6,900	(6,900)	(6,900)
Possible impact of a 1% movement in interest rates	690	690	(690)	(690)
<b>13/5/16to 30/6/17</b>				
Possible impact of a 10% movement in market values	6,598	6,598	(6,598)	(6,598)
Possible impact of a 1% movement in interest rates	660	660	(660)	(660)

# Snowy Monaro Regional Council

## Notes to the Financial Statements

for the year ended 30 June 2018

### Note 17. 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:

	2018 Rates and annual charges	2018 Other receivables	2017 Rates and annual charges	2017 Other receivables
<b>(i) Ageing of receivables – %</b>				
Current (not yet overdue)	24%	85%	0%	87%
Overdue	76%	15%	100%	13%
	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>(ii) Ageing of receivables – value</b>			2018	2017
<b>Rates and annual charges</b>				
Current			1,456	–
< 1 year overdue			3,417	3,807
1 – 2 years overdue			670	746
2 – 5 years overdue			469	523
> 5 years overdue			152	169
			<b>6,164</b>	<b>5,245</b>
<b>Other receivables</b>				
Current			7,741	5,026
0 – 30 days overdue			421	521
31 – 60 days overdue			237	24
61 – 90 days overdue			92	10
> 91 days overdue			615	219
			<b>9,106</b>	<b>5,800</b>

## Snowy Monaro Regional Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 17. 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.

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 by borrowing long term and fixing the interest rate on a 4-year renewal basis. The Finance Section regularly reviews interest rate movements to determine if it would be advantageous to refinance or renegotiate part or all of the loan portfolio.

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

\$ '000	Weighted average interest rate	Subject to no maturity	payable in:			Total cash outflows	Actual carrying values
			≤ 1 Year	1 – 5 Years	> 5 Years		
<b>2018</b>							
Trade/other payables		896	9,811	–	–	10,707	10,707
Loans and advances	6.37%	–	972	2,766	–	3,738	3,232
<b>Total financial liabilities</b>		<b>896</b>	<b>10,783</b>	<b>2,766</b>	<b>–</b>	<b>14,445</b>	<b>13,939</b>
<b>2017</b>							
Trade/other payables		1,095	6,100	–	–	7,195	7,195
Loans and advances	6.33%	–	808	2,694	1,177	4,679	4,020
<b>Total financial liabilities</b>		<b>1,095</b>	<b>6,908</b>	<b>2,694</b>	<b>1,177</b>	<b>11,874</b>	<b>11,215</b>



## Snowy Monaro Regional Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 18. Material budget variations

\$ '000

Council's original financial budget for 17/18 was adopted by the Council on 28 June 2017 and is not required to be audited.

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

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

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

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

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

\$ '000	2018 Budget	2018 Actual	2018 Variance*		
<b>REVENUES</b>					
<b>Rates and annual charges</b>	<b>30,331</b>	<b>29,198</b>	<b>(1,133)</b>	<b>(4%)</b>	<b>U</b>
The transition to a user pays based water billing policy has seen a \$1.16 million drop in water access/availability charges which is more than offset by a \$1.6m increase in water usage charges.					
<b>User charges and fees</b>	<b>13,522</b>	<b>15,136</b>	<b>1,614</b>	<b>12%</b>	<b>F</b>
As above, the transition to a user pays based water billing policy has seen \$1.6 million increase in water usage charges which is partially offset by the \$1.16m decrease in water access/availability charges.					
<b>Interest and investment revenue</b>	<b>1,614</b>	<b>2,898</b>	<b>1,284</b>	<b>80%</b>	<b>F</b>
The additional \$27 million of extra cash on hand due to capital works below the original budget and a greater than expected average rate of return on term deposit investments has seen a significant increase in interest earned.					
<b>Other revenues</b>	<b>2,984</b>	<b>1,828</b>	<b>(1,156)</b>	<b>(39%)</b>	<b>U</b>
The original budget for other revenues included internal charges income which was appropriately reallocated to offset against internal charge expenses during the Quarterly Budget Review Process. The March Quarterly Budget Review Statement shows a revised projected year end result of \$1.45 million meaning councils other revenues ended \$380 thousand (26%) above the revised budget.					
<b>Operating grants and contributions</b>	<b>20,434</b>	<b>20,892</b>	<b>458</b>	<b>2%</b>	<b>F</b>
<b>Capital grants and contributions</b>	<b>3,902</b>	<b>3,978</b>	<b>76</b>	<b>2%</b>	<b>F</b>
<b>Net gains from disposal of assets</b>	<b>966</b>	<b>89</b>	<b>(877)</b>	<b>(91%)</b>	<b>U</b>
Councils plant and fleet sales during the year were less than expected however acquisitions were also significantly less than estimated with many purchases being deferred to the 2019 financial year.					

## Snowy Monaro Regional Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 18. Material budget variations (continued)

\$ '000	2018 Budget	2018 Actual	2018 ----- Variance* -----		
<b>EXPENSES</b>					
<b>Employee benefits and on-costs</b>	<b>27,420</b>	<b>27,486</b>	<b>(66)</b>	<b>(0%)</b>	<b>U</b>
<b>Borrowing costs</b>	<b>399</b>	<b>413</b>	<b>(14)</b>	<b>(4%)</b>	<b>U</b>
<b>Materials and contracts</b>	<b>18,752</b>	<b>17,051</b>	<b>1,701</b>	<b>9%</b>	<b>F</b>
The most significant contributor to this variance was less than expected contract, repairs and maintenance expenses for the water and wastewater departments of \$1.26 million with an original budget of \$4.88 million vs actual expenditure of \$3.62 million.					
<b>Depreciation and amortisation</b>	<b>18,062</b>	<b>19,880</b>	<b>(1,818)</b>	<b>(10%)</b>	<b>U</b>
Water infrastructure asset values increased significantly as a result of the 2017 revaluation and has resulted in a \$908 thousand increase in depreciation vs budget. Depreciation on transport infrastructure depreciation was also \$650 thousand above the original budget estimate.					
<b>Other expenses</b>	<b>8,295</b>	<b>7,690</b>	<b>605</b>	<b>7%</b>	<b>F</b>
The main contributors to this favourable variance are benefits from the merger and consolidation of electricity contracts and insurance policies. Council was under budget in electricity by \$328 thousand and insurance by \$318 thousand.					
<b>Budget variations relating to Council's Cash Flow Statement include:</b>					
<b>Cash flows from operating activities</b>	<b>18,887</b>	<b>21,083</b>	<b>2,196</b>	<b>11.6%</b>	<b>F</b>
Relates to additional interest earned and savings in other expenses as detailed in the income and expenditure variation comments.					
<b>Cash flows from investing activities</b>	<b>(39,578)</b>	<b>(15,826)</b>	<b>23,752</b>	<b>(60.0%)</b>	<b>F</b>
Relates to less than expected investment in infrastructure, property, plant and equipment. The main contributing factors include deferred plant purchases, the budget includes multi year projects that were adjusted in subsequent Quarterly Budget Reviews and staff vacancies impacting the capital works program.					
<b>Cash flows from financing activities</b>	<b>-</b>	<b>(788)</b>	<b>(788)</b>	<b>(100.0%)</b>	<b>U</b>
Borrowings not classified separately in original budget.					

## Snowy Monaro Regional Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 19. 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:**

2018	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	
<b>Recurring fair value measurements</b>					
<b>Infrastructure, property, plant and equipment</b>					
Plant & Equipment	13/05/16	–	–	10,627	10,627
Office Equipment	13/05/16	–	–	920	920
Furniture & Fittings	13/05/16	–	–	393	393
Operational Land	30/06/18	–	21,049	–	21,049
Community Land	13/05/16	–	–	11,408	11,408
Land Improvements	13/05/16	–	–	1,751	1,751
Buildings - Specialised	30/06/18	–	–	16,274	16,274
Buildings - Non Specialised	30/06/18	–	25,943	–	25,943
Other Structures	13/05/16	–	–	7,693	7,693
Road infrastructure	13/05/16	–	–	255,718	255,718
Bridges	13/05/16	–	–	58,314	58,314
Footpaths	13/05/16	–	–	8,201	8,201
Bulk Earthworks	13/05/16	–	–	515,602	515,602
Stormwater Drainage	13/05/16	–	–	16,416	16,416
Water Supply Network	30/06/17	–	–	91,687	91,687
Sewerage Network	30/06/17	–	–	72,462	72,462
Swimming Pools	13/05/16	–	–	4,860	4,860
Other Open Space/Recreational Assets	13/05/16	–	–	1,904	1,904
Library Books	13/05/16	–	–	332	332
Tip Restoration Asset	30/06/18	–	–	2,321	2,321
Quarry Restoration Asset	13/05/16	–	–	33	33
Other Assets	13/05/16	–	–	2,771	2,771
<b>Total infrastructure, property, plant and equipment</b>		<b>–</b>	<b>46,992</b>	<b>1,079,687</b>	<b>1,126,679</b>

## Snowy Monaro Regional Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 19. Fair value measurement (continued)

\$ '000

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

2017	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	
<b>Recurring fair value measurements</b>					
<b>Infrastructure, property, plant and equipment</b>					
Plant & Equipment	13/05/16	–	–	11,251	11,251
Office Equipment	13/05/16	–	–	1,207	1,207
Furniture & Fittings	13/05/16	–	–	348	348
Operational Land	13/05/16	–	20,806	–	20,806
Community Land	13/05/16	–	–	11,254	11,254
Land Improvements	13/05/16	–	–	1,758	1,758
Buildings - Specialised	13/05/16	–	–	18,062	18,062
Buildings - Non Specialised	13/05/16	–	18,069	–	18,069
Other Structures	13/05/16	–	–	8,049	8,049
Road infrastructure	13/05/16	–	–	260,558	260,558
Bridges	13/05/16	–	–	59,769	59,769
Footpaths	13/05/16	–	–	8,182	8,182
Bulk Earthworks	13/05/16	–	–	515,602	515,602
Stormwater Drainage	13/05/16	–	–	17,043	17,043
Water Supply Network	30/06/17	–	–	92,192	92,192
Sewerage Network	30/06/17	–	–	72,558	72,558
Swimming Pools	13/05/16	–	–	5,005	5,005
Other Open Space/Recreational Assets	13/05/16	–	–	1,987	1,987
Library Books	13/05/16	–	–	355	355
Tip Restoration Asset	13/05/16	–	–	640	640
Quarry Restoration Asset	13/05/16	–	–	33	33
Other Assets	13/05/16	–	–	2,597	2,597
<b>Total infrastructure, property, plant and equipment</b>		<b>–</b>	<b>38,875</b>	<b>1,088,450</b>	<b>1,127,325</b>

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

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

## Snowy Monaro Regional Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 19. Fair value measurement (continued)

\$ '000

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

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

	Level 3 I, PP and E	Total
<b>Opening balance – 13/5/16</b>	1,075,823	1,075,823
Purchases (GBV)	13,772	13,772
Disposals (WDV)	(1,568)	(1,568)
Depreciation and impairment	(19,732)	(19,732)
FV gains – other comprehensive income	14,705	14,705
FV gains – Income Statement <sup>1</sup>	(2,886)	(2,886)
WIP transfers	8,336	8,336
<b>Closing balance – 30/6/17</b>	<b>1,088,450</b>	<b>1,088,450</b>
Purchases (GBV)	5,087	5,087
Disposals (WDV)	(426)	(426)
Depreciation and impairment	(18,754)	(18,754)
FV gains – other comprehensive income	6,650	6,650
WIP transfers	871	871
Other adjustments and transfers	(2,191)	(2,191)
<b>Closing balance – 30/6/18</b>	<b>1,079,687</b>	<b>1,079,687</b>

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

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

Class	Fair value (30/6/18) \$'000	Valuation technique/s	Unobservable inputs
<b>IPP&amp;E</b>			
Plant & Equipment	10,627	Depreciated replacement cost	Cost per unit, useful life, residual value, condition of asset
Office Equipment	920	Depreciated replacement cost	Cost per unit, useful life, residual value, condition of asset
Furniture & Fittings	393	Depreciated replacement cost	Cost per unit, useful life, residual value, condition of asset
Community Land	11,408	Current replacement cost	Cost per sq metre, Valuer General's Valuation
Land Improvements	1,751	Depreciated replacement cost	Useful life, residual value, condition of asset

## Snowy Monaro Regional Council

Notes to the Financial Statements  
for the year ended 30 June 2018

## Note 19. Fair value measurement (continued)

\$ '000

## (3). 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 (30/6/18) \$'000	Valuation technique/s	Unobservable inputs
<b>IPP&amp;E (continued)</b>			
Buildings - Specialised	16,274	Depreciated replacement cost	Cost per sq metre, dimensions & specification, pattern of consumption, components, useful life, condition of asset
Other Structures	7,693	Depreciated replacement cost	Cost per unit rates, pattern of consumption, components, useful life, asset condition
Road infrastructure	255,718	Depreciated replacement cost	Cost per sq metre, dimensions & specification, pattern of consumption, components, useful life, condition of asset
Bridges	58,314	Depreciated replacement cost	Cost per sq metre, dimensions & specification, pattern of consumption, components, useful life, condition of asset
Footpaths	8,201	Depreciated replacement cost	Cost per sq metre, pattern of consumption, components, useful life, condition of asset
Bulk Earthworks	515,602	Current replacement cost	Cost per sq metre
Stormwater Drainage	16,416	Depreciated replacement cost	Unit rates, cost per metre, useful life, condition of asset
Water Supply Network	91,687	Depreciated replacement cost	Unit rates, pattern of consumption, components, useful life, asset condition
Sewerage Network	72,462	Depreciated replacement cost	Unit rates, pattern of consumption, components, useful life, asset condition
Swimming Pools	4,860	Depreciated replacement cost	Cost per unit, useful life, condition of asset
Other Open Space/Recreational Assets	1,904	Depreciated replacement cost	Cost per unit, useful life, condition of asset
Library Books	332	Depreciated replacement cost	Cost per unit, useful life, condition of asset
Tip Restoration Asset	532	Depreciated replacement cost	Cost per cubic / square metre, useful life
Quarry Restoration Asset	33	Depreciated replacement cost	Cost per cubic / square metre, useful life
Other Assets	2,771	Depreciated replacement cost	Unit rates, asset condition, useful life

## Snowy Monaro Regional Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 19. Fair value measurement (continued)

---

\$ '000

---

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

##### **c. The valuation process for level 3 fair value measurements**

Council uses the following processes for the fair valuation of Level 3 Infrastructure, Property, Plant and Equipment:

Plant & Equipment, Furniture & Fittings, Office Equipment, Other Assets - Actual cost less accumulated depreciation.

Community Land - Land values obtained by the NSW Valuer-General.

Specialised Buildings - Valued at Depreciated Replacement Cost by an independent qualified valuer.

Other Structures - Valued at Depreciated Replacement Cost by qualified Council staff.

Roads infrastructure and stormwater assets - Valued at Depreciated Replacement Cost by a combination of qualified Council staff and independent qualified valuer.

Water Supply Network - Valued at Depreciated Replacement Cost by qualified Council staff.

Sewerage Network - Valued at Depreciated Replacement Cost by qualified Council staff.

Recreational Assets (other than buildings) - Valued at Depreciated Replacement Cost by qualified Council staff.

Depreciated Replacement Cost is calculated from the current replacement value less the accumulated depreciation to account for the consumption of the service potential of the asset. The asset age is determined from the date of acquisition. If the date is not known, the asset age is determined by estimating the remaining life from an assessment of the asset condition, and subtracting the remaining life from the useful life of the asset.

The Current Replacement Value is the cost of a standard modern asset that would be installed if Council were deprived of the existing asset. Where specific estimates are available, these are used to determine the replacement values. In the absence of detailed estimates, unit rates are obtained from a recognised source and are appropriately factored to reflect the regional location of the asset.

Where appropriate, disposal costs are taken into account when calculating the Depreciated Replacement Cost.

## Snowy Monaro Regional Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 20. Related party transactions

---

\$ '000

---

##### a. Key management personnel

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

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

<b>Compensation:</b>	<b>2018</b>
Short-term benefits	1,053
Post-employment benefits	103
Other long-term benefits	34
<b>Total</b>	<u><b>1,190</b></u>



## Snowy Monaro Regional Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 21. Statement of developer contributions

\$ '000

Under the *Environmental Planning and Assessment Act 1979*, Council has significant obligations to provide Section 7.11 (contributions towards provision or improvement of amenities or services) infrastructure in new release areas.

It is possible that the funds contributed may be less than the cost of this infrastructure, requiring Council to borrow or use general revenue to fund the difference.

## SUMMARY OF CONTRIBUTIONS AND LEVIES

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Roads	701	74	–	8	–	–	783	–
Parking	36	–	–	1	–	–	37	–
Open space	88	33	–	1	–	–	122	–
Community facilities	29	–	–	–	–	–	29	–
Public parking	4	–	–	–	–	–	4	–
Roadworks	235	23	–	3	–	–	261	–
Open space and public art	16	7	–	–	–	–	23	–
Sport and recreation facilities	35	4	–	–	–	–	39	–
Community services and facilities	201	36	–	3	–	–	240	–
Shared pathways - Jindabyne area	6	3	–	–	–	–	9	–
Shared trails - Jindabyne area	–	23	–	–	–	–	23	–
Regional waste management	–	42	–	–	–	–	42	–
Bushfire services	21	10	–	–	–	–	31	–
<b>S7.11 contributions – under a plan</b>	<b>1,372</b>	<b>255</b>	<b>–</b>	<b>16</b>	<b>–</b>	<b>–</b>	<b>1,643</b>	<b>–</b>
<b>S7.12 levies – under a plan</b>	<b>22</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>22</b>	<b>–</b>
<b>Total S7.11 and S7.12 revenue under plans</b>	<b>1,394</b>	<b>255</b>	<b>–</b>	<b>16</b>	<b>–</b>	<b>–</b>	<b>1,665</b>	<b>–</b>
S7.11 not under plans	93	–	–	1	–	–	94	–
S64 contributions	2,348	756	–	27	–	–	3,131	–
<b>Total contributions</b>	<b>3,835</b>	<b>1,011</b>	<b>–</b>	<b>44</b>	<b>–</b>	<b>–</b>	<b>4,890</b>	<b>–</b>

## Snowy Monaro Regional Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 21. Statement of developer contributions (continued)

\$ '000

## S7.11 CONTRIBUTIONS – UNDER A PLAN

## CONTRIBUTION PLAN (former Cooma-Monaro)

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Roads	701	73	–	8	–	–	782	–
Parking	36	–	–	1	–	–	37	–
Open space	88	33	–	1	–	–	122	–
Community facilities	29	–	–	–	–	–	29	–
<b>Total</b>	<b>854</b>	<b>106</b>	<b>–</b>	<b>10</b>	<b>–</b>	<b>–</b>	<b>970</b>	<b>–</b>

## CONTRIBUTION PLAN (former Snowy River)

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Public parking	4	–	–	–	–	–	4	–
Roadworks	235	23	–	3	–	–	261	–
Open space and public art	16	7	–	–	–	–	23	–
Sport and recreation facilities	35	4	–	–	–	–	39	–
Community services and facilities	201	36	–	3	–	–	240	–
Shared pathways - Jindabyne area	6	3	–	–	–	–	9	–
Shared trails - Jindabyne area	–	23	–	–	–	–	23	–
Regional waste management	–	42	–	–	–	–	42	–
Bushfire services	21	10	–	–	–	–	31	–
<b>Total</b>	<b>518</b>	<b>148</b>	<b>–</b>	<b>6</b>	<b>–</b>	<b>–</b>	<b>672</b>	<b>–</b>

## Snowy Monaro Regional Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 21. Statement of developer contributions (continued)

\$ '000

**S7.12 LEVIES – UNDER A PLAN**

## CONTRIBUTION PLAN NUMBER 1 (former Bombala)

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Other	22	–	–	–	–	–	22	–
<b>Total</b>	<b>22</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>22</b>	<b>–</b>

**S7.11 CONTRIBUTIONS – NOT UNDER A PLAN**

(former Snowy River)

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Community facilities	24	–	–	1	–	–	25	–
Kerb and gutter	29	–	–	–	–	–	29	–
Voluntary payment agreement	40	–	–	–	–	–	40	–
<b>Total</b>	<b>93</b>	<b>–</b>	<b>–</b>	<b>1</b>	<b>–</b>	<b>–</b>	<b>94</b>	<b>–</b>

## Snowy Monaro Regional Council

### Notes to the Financial Statements for the year ended 30 June 2018

#### Note 22. Financial result and financial position by fund

Income Statement by fund			
\$ '000	2018	2018	2018
<b>Continuing operations</b>	<b>Water</b>	<b>Sewer</b>	<b>General<sup>1</sup></b>
<b>Income from continuing operations</b>			
Rates and annual charges	2,516	7,612	19,070
User charges and fees	5,074	354	9,708
Interest and investment revenue	401	438	2,059
Other revenues	190	144	1,494
Grants and contributions provided for operating purposes	37	43	20,812
Grants and contributions provided for capital purposes	1,317	442	2,219
<b>Other income</b>			
Net gains from disposal of assets	46	1	42
<b>Total income from continuing operations</b>	<b>9,581</b>	<b>9,034</b>	<b>55,404</b>
<b>Expenses from continuing operations</b>			
Employee benefits and on-costs	1,696	1,783	24,007
Borrowing costs	26	99	288
Materials and contracts	1,056	1,178	14,817
Depreciation and amortisation	3,348	2,403	14,129
Other expenses	1,552	1,327	4,811
Net losses from the disposal of assets	50	3	(53)
<b>Total expenses from continuing operations</b>	<b>7,728</b>	<b>6,793</b>	<b>57,999</b>
<b>Operating result from continuing operations</b>	<b>1,853</b>	<b>2,241</b>	<b>(2,595)</b>
<b>Net operating result for the year</b>	<b>1,853</b>	<b>2,241</b>	<b>(2,595)</b>
<b>Net result attributable to each council fund</b>	<b>1,853</b>	<b>2,241</b>	<b>(2,595)</b>
<b>Net operating result for the year before grants and contributions provided for capital purposes</b>	<b>536</b>	<b>1,799</b>	<b>(4,814)</b>

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

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

## Snowy Monaro Regional Council

## Notes to the Financial Statements

as at 30 June 2018

## Note 22. Financial result and financial position by fund (continued)

Statement of Financial Position by fund			
\$ '000	2018	2018	2018
<b>ASSETS</b>	<b>Water</b>	<b>Sewer</b>	<b>General<sup>1</sup></b>
<b>Current assets</b>			
Cash and cash equivalents	942	1,107	14,210
Investments	8,790	10,333	17,877
Receivables	3,637	3,078	8,291
Inventories	–	–	1,570
Other	(2)	–	257
<b>Total current assets</b>	<b>13,367</b>	<b>14,518</b>	<b>42,205</b>
<b>Non-current assets</b>			
Investments	5,965	7,011	19,024
Receivables	–	123	–
Infrastructure, property, plant and equipment	94,938	74,359	967,680
Intangible assets	–	–	350
<b>Total non-current assets</b>	<b>100,903</b>	<b>81,493</b>	<b>987,054</b>
<b>TOTAL ASSETS</b>	<b>114,270</b>	<b>96,011</b>	<b>1,029,259</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	72	16	10,619
Income received in advance	–	–	196
Borrowings	85	324	356
Provisions	–	–	6,127
<b>Total current liabilities</b>	<b>157</b>	<b>340</b>	<b>17,298</b>
<b>Non-current liabilities</b>			
Borrowings	264	1,104	1,099
Provisions	–	–	5,294
<b>Total non-current liabilities</b>	<b>264</b>	<b>1,104</b>	<b>6,393</b>
<b>TOTAL LIABILITIES</b>	<b>421</b>	<b>1,444</b>	<b>23,691</b>
<b>Net assets</b>	<b>113,849</b>	<b>94,567</b>	<b>1,005,568</b>
<b>EQUITY</b>			
Accumulated surplus	97,589	93,596	995,865
Revaluation reserves	16,260	971	9,703
<b>Total equity</b>	<b>113,849</b>	<b>94,567</b>	<b>1,005,568</b>

<sup>1</sup> 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.

# Snowy Monaro Regional Council

## Notes to the Financial Statements

for the year ended 30 June 2018

### Note 23(a). Statement of performance measures – consolidated results

\$ '000	Amounts 2018	Indicator 2018	Indicator 2017	Benchmark
<b>Local government industry indicators – consolidated</b>				
<b>1. Operating performance ratio</b>				
Total continuing operating revenue <sup>(1)</sup> excluding capital grants and contributions less operating expenses	<u>(2,568)</u>	<b>-3.67%</b>	1.54%	> 0.00%
Total continuing operating revenue <sup>(1)</sup> excluding capital grants and contributions	<b>69,952</b>			
<b>2. Own source operating revenue ratio</b>				
Total continuing operating revenue <sup>(1)</sup> excluding all grants and contributions	<u>49,060</u>	<b>66.36%</b>	49.78%	> 60.00%
Total continuing operating revenue <sup>(1)</sup>	<b>73,930</b>			
<b>3. Unrestricted current ratio</b>				
Current assets less all external restrictions <sup>(2)</sup>	<u>40,088</u>	<b>4.12x</b>	3.66x	> 1.5x
Current liabilities less specific purpose liabilities <sup>(3, 4)</sup>	<b>9,724</b>			
<b>4. Debt service cover ratio</b>				
Operating result <sup>(1)</sup> before capital excluding interest and depreciation/impairment/amortisation	<u>17,725</u>	<b>14.76x</b>	14.18x	> 2x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	<b>1,201</b>			
<b>5. Rates, annual charges, interest and extra charges outstanding percentage</b>				
Rates, annual and extra charges outstanding	<u>3,741</u>	<b>10.64%</b>	14.27%	< 10% regional & rural
Rates, annual and extra charges collectible	<b>35,168</b>			
<b>6. Cash expense cover ratio</b>				
Current year's cash and cash equivalents plus all term deposits	<u>85,259</u>	<b>19.72 mths</b>	15.3 mths	> 3 mths
Monthly payments from cash flow of operating and financing activities	<b>4,324</b>			

#### Notes

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

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

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

<sup>(3)</sup> Refer to Notes 11 and 12.

<sup>(4)</sup> Refer to Note 11(b) and 12(b) – excludes all payables and provisions not expected to be paid in the next 12 months (incl. ELE).

## Snowy Monaro Regional Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 23(b). Statement of performance measures – by fund

\$ '000	General indicators <sup>5</sup>		Water indicators		Sewer indicators		Benchmark
	2018	2017	2018	2017	2018	2017	
<b>Local government industry indicators – by fund</b>							
<b>1. Operating performance ratio</b>							
Total continuing operating revenue <sup>(1)</sup> excluding capital grants and contributions							
less operating expenses							
<hr/>	<b>-9.23%</b>	-0.76%	<b>6.49%</b>	11.91%	<b>20.94%</b>	8.55%	> 0.00%
Total continuing operating revenue <sup>(1)</sup> excluding capital grants and contributions							
<b>2. Own source operating revenue ratio</b>							
Total continuing operating revenue <sup>(1)</sup> excluding capital grants and contributions							
<hr/>	<b>58.36%</b>	40.42%	<b>85.87%</b>	84.54%	<b>94.64%</b>	94.99%	> 60.00%
Total continuing operating revenue <sup>(1)</sup>							
<b>3. Unrestricted current ratio</b>							
Current assets less all external restrictions <sup>(2)</sup>							
<hr/>	<b>4.12x</b>	3.66x	85.15x	43.25x	42.70x	68.76x	> 1.5x
Current liabilities less specific purpose liabilities <sup>(3, 4)</sup>							

#### Notes

(1) - (4) Refer to Notes at Note 23a above.

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

## Snowy Monaro Regional Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 23(b). Statement of performance measures – by fund (continued)

\$ '000	General indicators <sup>5</sup>		Water indicators		Sewer indicators		Benchmark
	2018	2017	2018	2017	2018	2017	
Local government industry indicators – by fund (continued)							
<b>4. Debt service cover ratio</b>							
Operating result <sup>(1)</sup> before capital excluding interest and depreciation/impairment/amortisation	<b>10.12x</b>	16.04x	<b>64.10x</b>	25.96x	<b>21.51x</b>	7.39x	> 2x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)							
<b>5. Rates, annual charges, interest and extra charges outstanding percentage</b>							
Rates, annual and extra charges outstanding	<b>9.20%</b>	9.06%	<b>16.43%</b>	20.77%	<b>13.37%</b>	22.84%	< 10% regional & rural
Rates, annual and extra charges collectible							
<b>6. Cash expense cover ratio</b>							
Current year's cash and cash equivalents plus all term deposits	<b>19.24</b>	17.51	<b>0.00</b>	4.64	<b>0.00</b>	5.11	> 3 months
Monthly payments from cash flow of operating and financing activities	<b>months</b>	months	<b>months</b>	months	<b>months</b>	months	

## Notes

(1) Refer to Notes at Note 23a above.

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

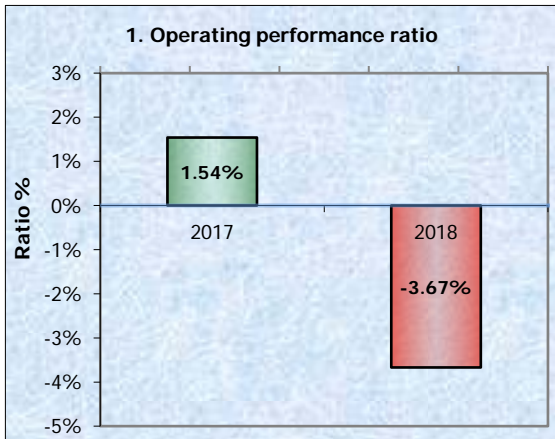
END OF AUDITED FINANCIAL STATEMENTS



# Snowy Monaro Regional Council

## Notes to the Financial Statements for the year ended 30 June 2018

### Note 23(c). Statement of performance measures – consolidated results (graphs)



**Purpose of operating performance ratio**

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

**Commentary on 2017/18 result**

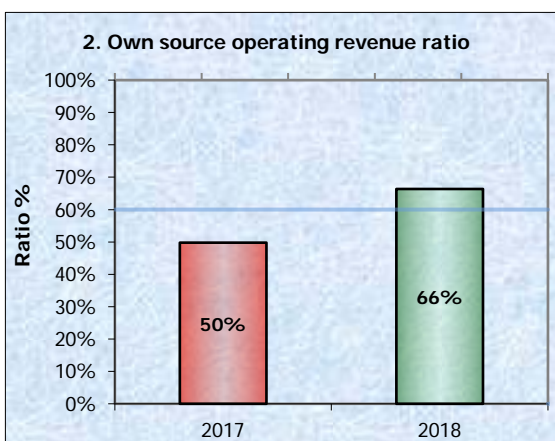
**2017/18 ratio -3.67%**

The operating performance ratio for 2017 was boosted by the \$4.5 million received in prepaid Financial Assistance Grants (FAG). If the FAG prepayment is excluded the result for 2017 would have been -4.18% therefore the 2018 result of -3.67% is an improvement. The result is also well ahead of the budgeted 2018 operating performance ratio of -5.87%.

Benchmark: ——— Minimum  $\geq 0.00\%$

Source for benchmark: Code of Accounting Practice and Financial Reporting #26

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 2017/18 result**

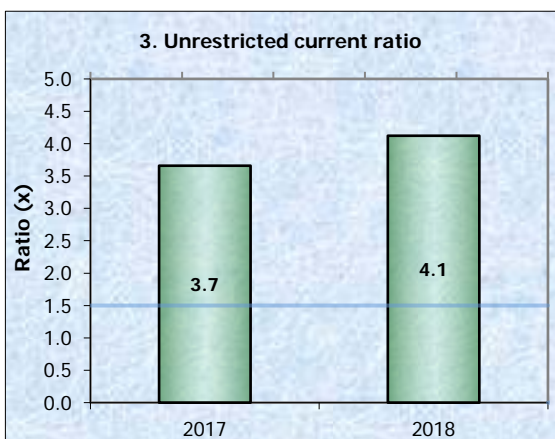
**2017/18 ratio 66.36%**

Council has improved fiscal flexibility over the 2018 financial year achieving higher than the benchmark of 60%. The 2017 ratio was negatively impacted by significant merger related one off grants totalling \$20 million as well as the prepaid FAG payment of \$4.5 million.

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

Source for benchmark: Code of Accounting Practice and Financial Reporting #26

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 2017/18 result**

**2017/18 ratio 4.12x**

Council's unrestricted current assets are 4.1 times greater than its current liabilities, which is higher than the benchmark of 1.5 times.

Benchmark: ——— Minimum  $\geq 1.50$

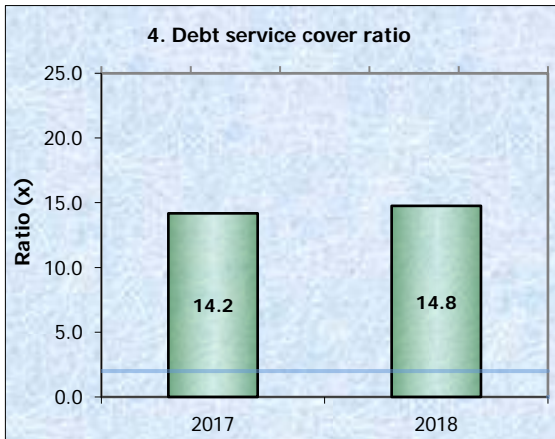
Source for benchmark: Code of Accounting Practice and Financial Reporting #26

Ratio achieves benchmark  
 Ratio is outside benchmark

# Snowy Monaro Regional Council

## Notes to the Financial Statements for the year ended 30 June 2018

### Note 23(c). Statement of performance measures – consolidated results (graphs)



**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 2017/18 result**

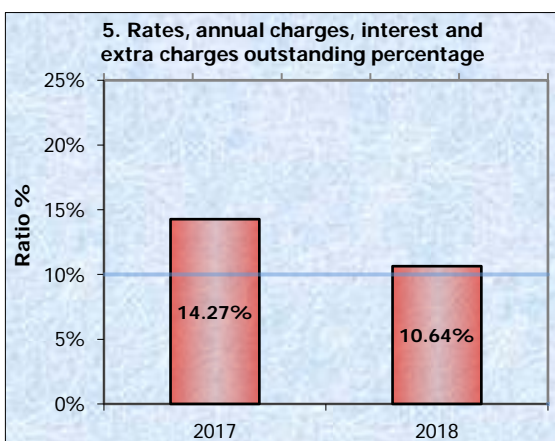
**2017/18 ratio 14.76x**

Council carries low levels of debt and continues to sit above the industry benchmark minimum rate of > 2 times. This indicates council has 14.8 times the operating cash available to service its debts.

Benchmark: Minimum >=2.00

Source for benchmark: Code of Accounting Practice and Financial Reporting #26

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 2017/18 result**

**2017/18 ratio 10.64%**

This ratio has been adjusted to exclude water and sewer access charges that were not due as at 30 June 2018. Council's ratio for uncollected rates and annual charges has improved on the prior year.

Benchmark: Maximum <10.00%

Source for Benchmark: Code of Accounting Practice and Financial Reporting #26

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 2017/18 result**

**2017/18 ratio 19.72 mths**

Council continues to exceed the benchmark minimum ratio of over > 3 times.

Benchmark: Minimum >=3.00

Source for benchmark: Code of Accounting Practice and Financial Reporting #26

Ratio achieves benchmark  
 Ratio is outside benchmark



**INDEPENDENT AUDITOR'S REPORT**  
**Report on the general purpose financial report**  
**Snowy Monaro Regional Council**

To the Councillors of the Snowy Monaro Regional Council

## Opinion

I have audited the accompanying financial report of Snowy Monaro Regional Council (the Council), which comprise the Income Statement and Statement of Comprehensive Income for the year ended 30 June 2018, the Statement of Financial Position as at 30 June 2018, the Statement of Changes in Equity and Statement of Cash Flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by Councillors and Management.

In my opinion,

- the Council's accounting records have been kept in accordance with the requirements of the *Local Government Act 1993*, Chapter 13, Part 3, Division 2 (the Division)
- the financial report:
  - has been presented, in all material respects, in accordance with the requirements of this Division
  - is consistent with the Council's accounting records
  - presents fairly, in all material respects, the financial position of the Council as at 30 June 2018, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- all information relevant to the conduct of the audit has been obtained
- no material deficiencies in the accounting records or financial report have come to light during the audit.

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

## Basis for Opinion

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

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

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

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

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

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

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

## **Other Information**

Other information comprises the information included in the Council's annual report for the year ended 30 June 2018, other than the financial report and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the special purpose financial statements and Special Schedules (the Schedules).

My opinion on the financial report does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information. However, as required by the *Local Government Act 1993*, I have separately expressed an opinion on the special purpose financial statements and Special Schedule 2 - Permissible income for general rates.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

## **The Councillors' Responsibilities for the Financial Report**

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

In preparing the financial report, the Councillors are responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting except where the Council will be dissolved or amalgamated by an Act of Parliament, or otherwise cease operations.

## **Auditor's Responsibilities for the Audit of the Financial Report**

My objectives are to:

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

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

A description of my responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). The description forms part of my auditor's report.

My opinion does *not* provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- on the Original Budget information included in the Income Statement, Statement of Cash Flows, and Note 18 Material budget variations
- on the Special Schedules. A separate opinion has been provided on Special Schedule 2 - Permissible income for general rates
- about the security and controls over the electronic publication of the audited financial report on any website where it may be presented
- about any other information which may have been hyperlinked to/from the financial report.



Lawrissa Chan  
Director, Financial Audit Services

29 October 2018  
SYDNEY

Cr John Rooney  
Mayor  
Snowy Monaro Regional Council  
PO Box 714  
COOMA NSW 2630

Contact: Lawrissa Chan  
Phone no: 02 9275 7255  
Our ref: D1824991/1787

29 October 2018

Dear Mayor

**Report on the Conduct of the Audit  
for the year ended 30 June 2018  
Snowy Monaro Regional Council**

I have audited the general purpose financial statements of Snowy Monaro Council (the Council) for the year ended 30 June 2018 as required by section 415 of the *Local Government Act 1993* (the Act).

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

This Report on the Conduct of the Audit (the Report) for the Council for the year ended 30 June 2018 is issued in accordance with section 417 of the Act. This Report should be read in conjunction with my audit opinion on the general purpose financial statements issued under section 417(2) of the Act.

**INCOME STATEMENT**

**Operating result**

	<b>2018</b>	<b>2017*</b>	<b>Variance</b>
	<b>\$m</b>	<b>\$m</b>	<b>%</b>
<b>Rates and annual charges revenue</b>	29.1	30.2	3.6
<b>Grants and contributions revenue</b>	24.8	50.2	50.4
<b>Operating result for the year</b>	1.5	15.5	90.3
<b>Net operating result before capital amounts</b>	-2.5	-2.4	4.2

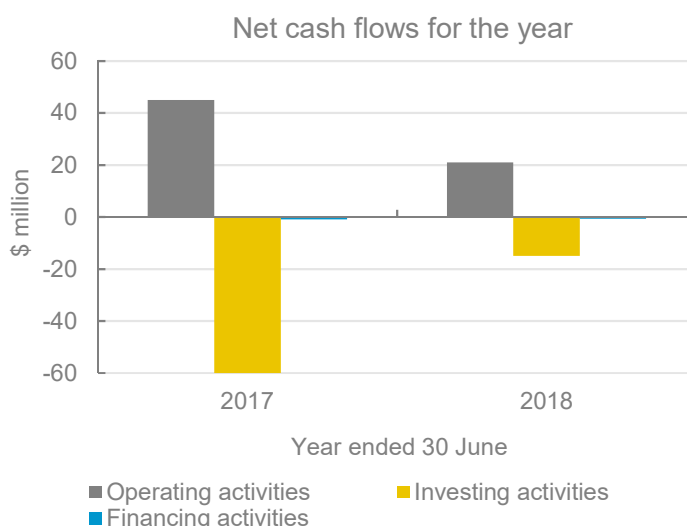
\* Reporting period was 13 May 2016 to 30 June 2017.

The following comments are made in respect of Council’s operating result for the year:

- The Council’s operating result for the year was a surplus of \$1.5 million (\$15.5 million surplus for the year ended 30 June 2017). This is attributed to the newly amalgamated Council receiving \$15.0 million in Stronger Communities Funding in the previous financial year. The Council budgeted for a surplus of \$0.8 million.
- The Council’s net operating result before capital grants and contributions was a deficit of \$2.5 million (\$2.4 million deficit for the year ended 30 June 2017). The deficit remained consistent compared with the prior year.
- Rates and annual charges revenue was \$29.1 million (\$30.2 million for the year ended 30 June 2017). The decrease of \$1.1 million is due to the Council having a longer reporting period in FY17 from 13 May 2016 to 30 June 2017. Otherwise, there was a permissible rate increase of 1.5 per cent granted by the Minister for Local Government.
- Grants and contributions revenue was \$24.8 million (\$50.2 million for the year ended 30 June 2017). The decrease of \$25.3 million (50.4 per cent) is due to merger funding provided in the prior year as a result of the amalgamation of the former three Councils. This includes stronger communities funding of \$15.0 million and new council implementation funding of \$5 million. There was also a reduction in financial assistance grants of \$3.9 million.

## STATEMENT OF CASH FLOWS

- Council’s cash and cash equivalents was \$16.3 million (\$11.8 million for the year ended 30 June 2017). There was a net increase in cash and cash equivalents of \$4.5 million at 30 June 2018.
- Net cash provided by operating activities has decreased by \$24.2 million. This is mainly due to the reduction in grants and contributions of \$25.9 million. In the prior year, the Council received \$15.0 million in Stronger Communities Funding and \$5 million for the new council implementation funding. There was also a reduction in financial assistance grants of \$3.9 million.
- Net cash used in investment activities has decreased by \$44.2 million. This is mainly due to the reduction in purchases of:
  - investment securities (\$39.0 million)
  - infrastructure, property, plant and equipment (\$5.5 million)
- Net cash used in financing activities has decreased by \$292k as there were less repayments of borrowings and advances.



## FINANCIAL POSITION

### Cash and Investments

Cash and Investments	2018	2017	Commentary
	\$m	\$m	
External restrictions	49,697	40,180	<ul style="list-style-type: none"> <li>Externally restricted cash and investments are restricted in their use by externally imposed requirements. The movement in externally restricted cash of \$9.5 million is due to an increase in sewerage services of \$2.7 million, water supplies of \$2.0 million and specific purpose unexpended funds of \$1.8 million.</li> <li>Internally restricted cash and investments have been restricted in their use by resolution or policy of Council. The movement in internally restricted funds are mainly due to the reduction in stronger communities funding of \$853k.</li> <li>Unrestricted cash has remained consistent year on year.</li> </ul>
Internal restrictions	35,326	37,362	
Unrestricted	236	232	
<b>Cash and investments</b>	<b>85,259</b>	<b>77,774</b>	

### Debt

- Council has \$3.2 million of borrowings as at 30 June 2018 (2017: \$4.0 million).
- Council have an unrestricted overdraft facility of \$300k which was undrawn as at 30 June 2018, as well as \$75k of corporate credit cards facility which is undrawn as at 30 June 2018.

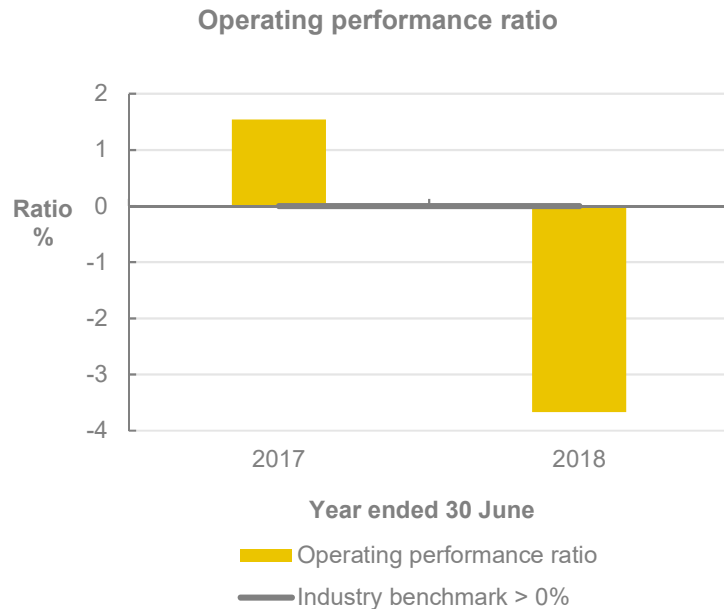


## PERFORMANCE RATIOS

The definition of each ratio analysed below (except for the 'building and infrastructure renewals ratio') is included in Note 23 of the Council's audited general purpose financial statements. The 'building and infrastructure renewals ratio' is defined in Council's Special Schedule 7 which has not been audited.

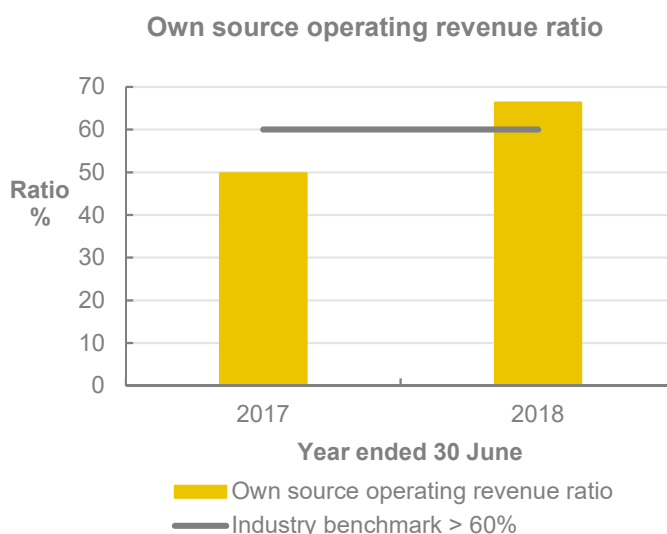
### Operating performance ratio

- The 'operating performance ratio' measures how well Council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by the Office of Local Government (OLG) is greater than 0%.
- The operating performance ratio of -3.67% (2017: 1.54%) is below the industry benchmark of greater than 0%.
- The operating performance ratio decreased to -3.67% compared to the prior period result due to the reduction in grants and contributions provided for operating purposes. In the prior year, \$5.0 million was received for the new council implementation fund and there was a reduction in Financial Assistance Grants of \$3.9 million.



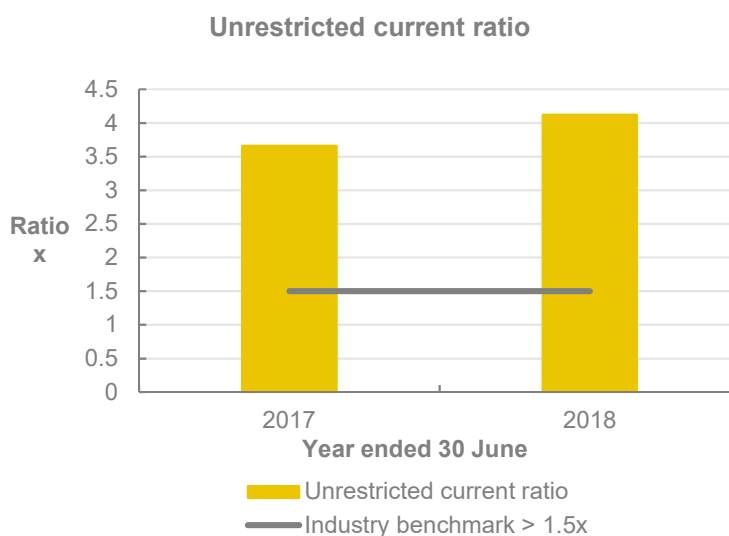
## Own source operating revenue ratio

- The 'own source operating revenue ratio' measures Council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.
- The Council's own source operating revenue ratio of 66% is above the industry benchmark of 60%. This indicates that the council is less reliant on external funding sources, such as grants and contributions.
- The own source operating revenue ratio increased to 66% (2017: 50%) as there was less funding from grants and contributions in the current year. The 2017 result was impacted by one-off funding provided to amalgamated councils.



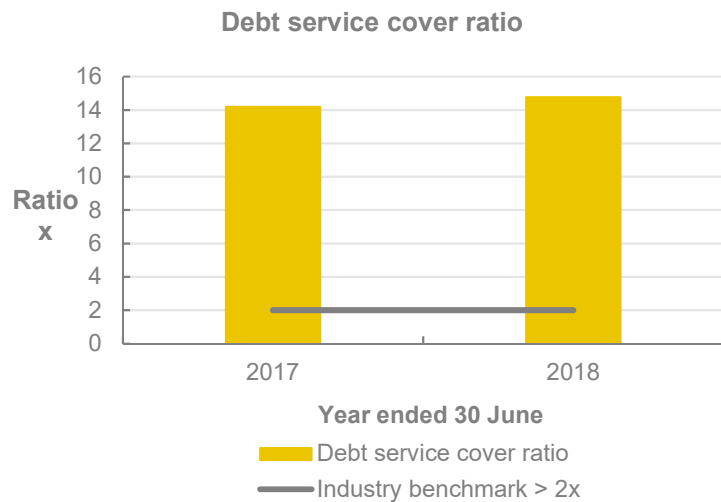
## Unrestricted current ratio

- The 'unrestricted current ratio' is specific to local government and represents Council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.
- The Council's liquidity ratio of 4.1 times is greater than the industry benchmark minimum of greater than 1.5 times. This indicates that the Council has sufficient liquidity to meet its current liabilities as and when they fall due.
- The Council's unrestricted current ratio has remained steady compared with the prior year.



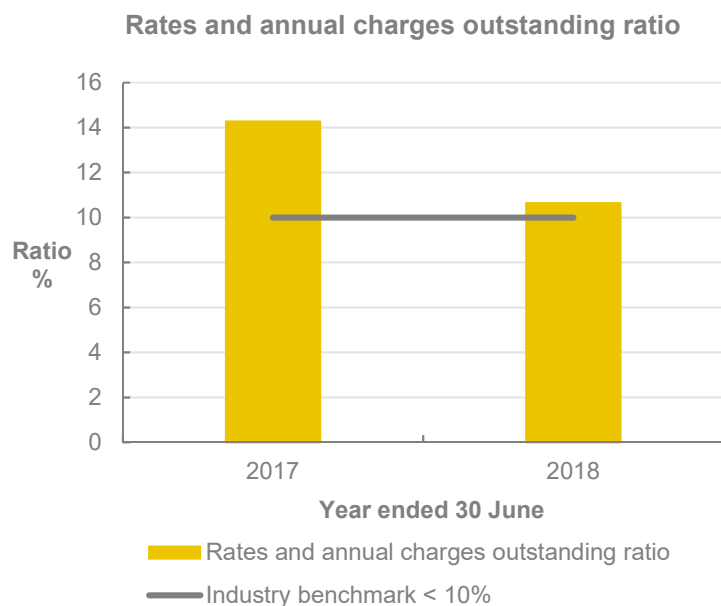
## Debt service cover ratio

- The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.
- The Council's debt service cover ratio of 14.76 times is greater than the industry benchmark of greater than 2 times. The ratio indicates that the Council has adequate operating cash to fund its debt obligations.
- Council's debt service cover ratio has remained steady compared with the prior year.



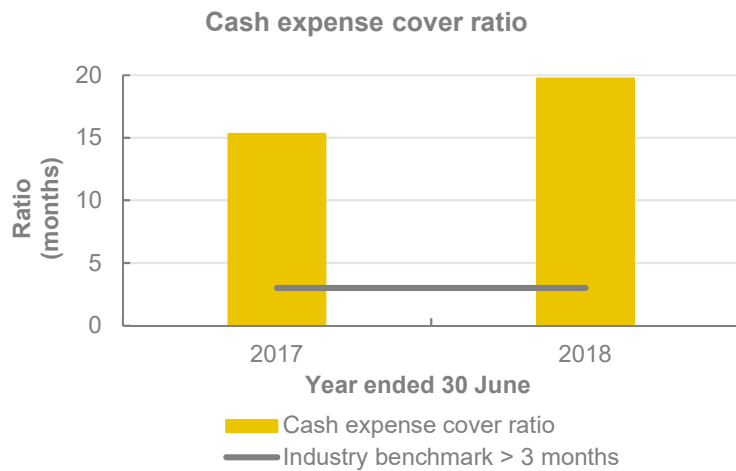
## Rates and annual charges outstanding ratio

- The 'rates and annual charges outstanding ratio' assesses the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 10 per cent for regional and rural councils.
- The Council's rates and annual charges outstanding ratio of 10.6% is slightly outside the industry benchmark of less than 10% for regional councils.
- Council has concentrated its efforts to strengthening its collection procedures which has contributed to the improvement in the ratio compared with the prior period.



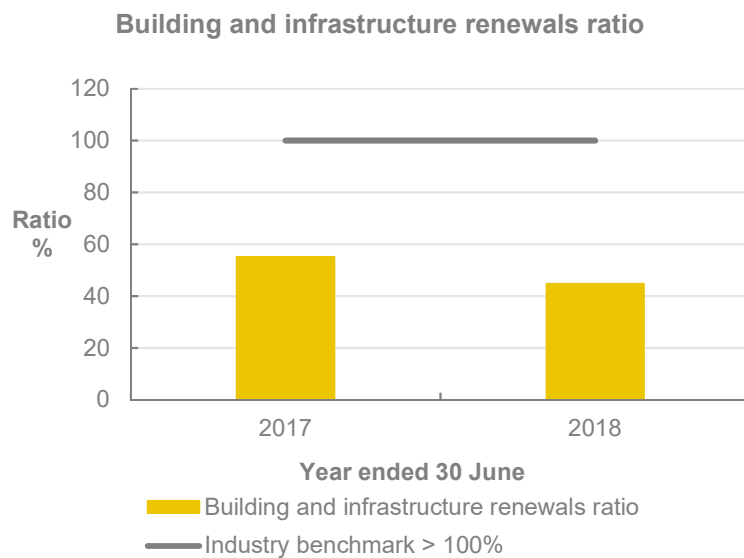
## Cash expense cover ratio

- The cash expense cover ratio indicates the number of months the council can continue paying for its immediate expenses without additional cash inflow. The benchmark set by OLG is greater than three months.
- The Council's cash expense cover ratio was 19.7 months, which is above the industry benchmark of greater than 3 months. This indicates that Council had the capacity to cover 19.7 months of operating cash expenditure without additional cash inflows at 30 June 2018.
- The cash expense cover ratio increased to 19.72 months (2017: 15.3 months) due to additional cash generated from Council's water supply and sewerage services.



## Building and infrastructure renewals ratio (unaudited)

- The 'building and infrastructure renewals ratio' assesses the rate at which these assets are being renewed against the rate at which they are depreciating. The benchmark set by OLG is greater than 100 per cent. This ratio is sourced from council's Special Schedule 7 which has not been audited.
- The ratio of 44.7% is below the industry benchmark of greater than 100%.
- The Council's building and infrastructure renewals ratio decreased to 44.7% (2017: 55.1%) due to a reduction in asset renewals.



## OTHER MATTERS

### New accounting standards implemented

#### AASB 2016-2 'Disclosure Initiative – Amendments to AASB 107'

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

This Standard requires entities to provide disclosures that enable users of financial statements to evaluate changes (both cash flows and non-cash changes) in liabilities arising from financing activities.

Council's disclosure of the changes in their liabilities arising from financing activities is disclosed in Note 11(b).

#### AASB 124 Related Party Disclosures'

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

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

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

### Legislative compliance

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

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



Lawrissa Chan  
Director, Financial Audit Services

cc: Peter Bascomb, General Manager  
Peter Cannizzaro, Director Corporate and Community Services  
Matt Payne, Chief Financial Officer  
Max Shanahan, Chair of the Audit, Risk and Improvement Committee  
Tim Hurst, Chief Executive of the Office of Local Government

# Snowy Monaro Regional Council

SPECIAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2018

---



**A trusted community partner**

# Snowy Monaro Regional Council

## Special Purpose Financial Statements

for the year ended 30 June 2018

Contents	Page
<b>1. Statement by Councillors and Management</b>	2
<b>2. Special Purpose Financial Statements:</b>	
Income Statement – Water Supply Business Activity	3
Income Statement – Sewerage Business Activity	4
Income Statement – Other Business Activities	5
Statement of Financial Position – Water Supply Business Activity	6
Statement of Financial Position – Sewerage Business Activity	7
Statement of Financial Position – Other Business Activities	8
<b>3. Notes to the Special Purpose Financial Statements</b>	9
<b>4. Auditor’s Report</b>	19

---

### Background

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

## Snowy Monaro Regional Council

### Special Purpose Financial Statements

for the year ended 30 June 2018

### Statement by Councillors and Management

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

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

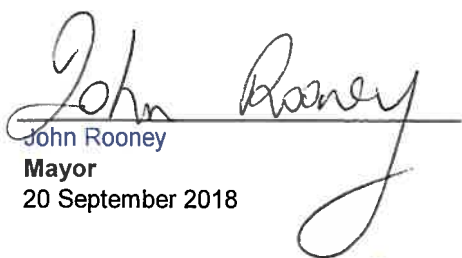
- the NSW Government Policy Statement 'Application of National Competition Policy to Local Government',
- the Division of Local Government Guidelines 'Pricing and Costing for Council Businesses – A Guide to Competitive Neutrality',
- the Local Government Code of Accounting Practice and Financial Reporting,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

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

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

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


**Signed in accordance with a resolution of Council made on 20 September 2018.**



John Rooney  
Mayor  
20 September 2018



John Castellari  
Councillor  
20 September 2018



Peter Bascomb  
Acting General Manager  
20 September 2018



Matthew Payne  
Responsible Accounting Officer  
20 September 2018



## Snowy Monaro Regional Council

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

for the year ended 30 June 2018

\$ '000	2018	13/5/16 to 30/6/17
<b>Income from continuing operations</b>		
Access charges	2,516	3,768
User charges	5,026	4,028
Fees	48	92
Interest	401	326
Grants and contributions provided for non-capital purposes	37	88
Profit from the sale of assets	46	–
Other income	190	289
<b>Total income from continuing operations</b>	<b>8,264</b>	<b>8,591</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	1,696	1,802
Borrowing costs	26	35
Materials and contracts	1,056	1,448
Depreciation, amortisation and impairment	3,348	2,409
Loss on sale of assets	50	166
Other expenses	1,552	1,846
<b>Total expenses from continuing operations</b>	<b>7,728</b>	<b>7,706</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>536</b>	<b>885</b>
Grants and contributions provided for capital purposes	1,317	1,468
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>1,853</b>	<b>2,353</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>1,853</b>	<b>2,353</b>
Less: corporate taxation equivalent (30%) [based on result before capital]	(161)	(266)
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>1,692</b>	<b>2,088</b>
Plus opening retained profits	95,736	93,383
Plus adjustments for amounts unpaid:		
– Corporate taxation equivalent	161	266
<b>Closing retained profits</b>	<b>97,589</b>	<b>95,736</b>
Return on capital %	0.6%	1.0%
Subsidy from Council	1,935	1,348
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	1,692	2,088
Less: capital grants and contributions (excluding developer contributions)	(966)	(1,079)
<b>Surplus for dividend calculation purposes</b>	<b>726</b>	<b>1,009</b>
<b>Potential dividend calculated from surplus</b>	<b>363</b>	<b>504</b>

## Snowy Monaro Regional Council

### Income Statement of Council's Sewerage Business Activity

for the year ended 30 June 2018

\$ '000	2018	13/5/16 to 30/6/17
<b>Income from continuing operations</b>		
Access charges	7,612	7,667
User charges	323	276
Fees	31	38
Interest	438	362
Grants and contributions provided for non-capital purposes	43	53
Profit from the sale of assets	1	–
Other income	144	197
<b>Total income from continuing operations</b>	<b>8,592</b>	<b>8,593</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	1,783	1,489
Borrowing costs	99	141
Materials and contracts	1,178	1,843
Depreciation, amortisation and impairment	2,403	2,793
Loss on sale of assets	3	40
Other expenses	1,327	4,478
<b>Total expenses from continuing operations</b>	<b>6,793</b>	<b>10,784</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>1,799</b>	<b>(2,191)</b>
Grants and contributions provided for capital purposes	442	397
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>2,241</b>	<b>(1,794)</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>2,241</b>	<b>(1,794)</b>
Less: corporate taxation equivalent (30%) [based on result before capital]	(540)	–
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>1,701</b>	<b>(1,794)</b>
Plus opening retained profits	91,357	93,151
Plus adjustments for amounts unpaid:		
– Corporate taxation equivalent	540	–
<b>Closing retained profits</b>	<b>93,598</b>	<b>91,357</b>
Return on capital %	2.6%	-2.7%
Subsidy from Council	58	3,838
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	1,701	(1,794)
Less: capital grants and contributions (excluding developer contributions)	(36)	1
<b>Surplus for dividend calculation purposes</b>	<b>1,665</b>	<b>–</b>
<b>Potential dividend calculated from surplus</b>	<b>833</b>	<b>–</b>

## Snowy Monaro Regional Council

## Income Statement of Council's Other Business Activities

for the year ended 30 June 2018

\$ '000	Waste Management		Yallambee Lodge	
	Category 1		Category 1	
	2018	13/5/16 to 30/6/17	2018	13/5/16 to 30/6/17
<b>Income from continuing operations</b>				
Access charges	3,975	3,748	–	–
User charges	817	893	–	–
Fees	1,312	1,892	861	958
Interest	122	120	106	107
Grants and contributions provided for non-capital purposes	25	60	1,336	1,661
Other income	1,759	381	30	16
<b>Total income from continuing operations</b>	<b>8,010</b>	<b>7,094</b>	<b>2,333</b>	<b>2,742</b>
<b>Expenses from continuing operations</b>				
Employee benefits and on-costs	2,650	2,614	1,695	2,296
Borrowing costs	263	275	–	–
Materials and contracts	2,996	2,311	782	368
Depreciation, amortisation and impairment	718	819	235	243
Loss on sale of assets	–	8	–	–
Other expenses	1,165	911	59	321
<b>Total expenses from continuing operations</b>	<b>7,792</b>	<b>6,938</b>	<b>2,771</b>	<b>3,228</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>218</b>	<b>156</b>	<b>(438)</b>	<b>(486)</b>
Grants and contributions provided for capital purposes	53	65	5	–
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>271</b>	<b>221</b>	<b>(433)</b>	<b>(486)</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>271</b>	<b>221</b>	<b>(433)</b>	<b>(486)</b>
Less: corporate taxation equivalent (30%) [based on result before capital]	(65)	(47)	–	–
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>206</b>	<b>174</b>	<b>(433)</b>	<b>(486)</b>
Plus opening retained profits	9,059	8,838	5,765	6,251
Plus adjustments for amounts unpaid:				
– Corporate taxation equivalent	65	47	–	–
<b>Closing retained profits</b>	<b>9,330</b>	<b>9,059</b>	<b>5,332</b>	<b>5,765</b>
Return on capital %	5.1%	5.3%	-9.1%	-10.9%
Subsidy from Council	–	–	564	592

## Snowy Monaro Regional Council

Statement of Financial Position – Council's Water Supply Business Activity  
as at 30 June 2018

\$ '000	2018	2017
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	942	2,024
Investments	8,790	7,557
Receivables	3,637	2,262
Inventories	–	61
Other	(2)	–
<b>Total current assets</b>	<b>13,367</b>	<b>11,904</b>
<b>Non-current assets</b>		
Investments	5,965	3,780
Infrastructure, property, plant and equipment	94,938	95,315
<b>Total non-current assets</b>	<b>100,903</b>	<b>99,095</b>
<b>TOTAL ASSETS</b>	<b>114,270</b>	<b>110,999</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	72	130
Borrowings	85	79
<b>Total current liabilities</b>	<b>157</b>	<b>209</b>
<b>Non-current liabilities</b>		
Borrowings	264	349
<b>Total non-current liabilities</b>	<b>264</b>	<b>349</b>
<b>TOTAL LIABILITIES</b>	<b>421</b>	<b>558</b>
<b>NET ASSETS</b>	<b>113,849</b>	<b>110,441</b>
<b>EQUITY</b>		
Accumulated surplus	97,589	95,736
Revaluation reserves	16,260	14,705
Council equity interest	113,849	110,441
<b>TOTAL EQUITY</b>	<b>113,849</b>	<b>110,441</b>

## Snowy Monaro Regional Council

Statement of Financial Position – Council's Sewerage Business Activity  
as at 30 June 2018

\$ '000	2018	2017
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	1,107	2,321
Investments	10,333	8,658
Receivables	3,078	2,544
Inventories	–	35
<b>Total current Assets</b>	<b>14,518</b>	<b>13,558</b>
<b>Non-current assets</b>		
Investments	7,011	4,330
Receivables	123	137
Infrastructure, property, plant and equipment	74,359	75,123
<b>Total non-current assets</b>	<b>81,493</b>	<b>79,590</b>
<b>TOTAL ASSETS</b>	<b>96,011</b>	<b>93,148</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	16	57
Borrowings	324	119
<b>Total current liabilities</b>	<b>340</b>	<b>176</b>
<b>Non-current liabilities</b>		
Borrowings	1,104	1,613
<b>Total non-current liabilities</b>	<b>1,104</b>	<b>1,613</b>
<b>TOTAL LIABILITIES</b>	<b>1,444</b>	<b>1,789</b>
<b>NET ASSETS</b>	<b>94,567</b>	<b>91,359</b>
<b>EQUITY</b>		
Accumulated surplus	93,596	91,359
Revaluation reserves	971	–
Council equity interest	94,567	91,359
<b>TOTAL EQUITY</b>	<b>94,567</b>	<b>91,359</b>

## Snowy Monaro Regional Council

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

as at 30 June 2018

	Waste Management		Yallambee Lodge	
	Category 1		Category 1	
\$ '000	2018	2017	2018	2017
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	5,445	2,083	–	–
Investments	111	2,996	4,373	3,720
Receivables	619	597	71	1
<b>Total Current Assets</b>	<b>6,175</b>	<b>5,676</b>	<b>4,444</b>	<b>3,721</b>
<b>Non-current assets</b>				
Receivables	–	–	–	66
Infrastructure, property, plant and equipment	9,355	8,061	4,789	4,458
Other	3	–	–	–
<b>Total non-current assets</b>	<b>9,358</b>	<b>8,061</b>	<b>4,789</b>	<b>4,524</b>
<b>TOTAL ASSETS</b>	<b>15,533</b>	<b>13,737</b>	<b>9,233</b>	<b>8,245</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Payables	8	32	–	2,480
Borrowings	231	257	–	–
<b>Total current liabilities</b>	<b>239</b>	<b>289</b>	<b>3,354</b>	<b>2,480</b>
<b>Non-current liabilities</b>				
Borrowings	832	1,092	–	–
Provisions	5,255	3,294	–	–
<b>Total non-current liabilities</b>	<b>6,087</b>	<b>4,386</b>	<b>–</b>	<b>–</b>
<b>TOTAL LIABILITIES</b>	<b>6,326</b>	<b>4,675</b>	<b>3,354</b>	<b>2,480</b>
<b>NET ASSETS</b>	<b>9,207</b>	<b>9,062</b>	<b>5,879</b>	<b>5,765</b>
<b>EQUITY</b>				
Accumulated surplus	9,330	9,062	5,333	5,765
Council equity interest	9,207	9,062	5,879	5,765
<b>TOTAL EQUITY</b>	<b>9,207</b>	<b>9,062</b>	<b>5,879</b>	<b>5,765</b>

# Snowy Monaro Regional Council

## Special Purpose Financial Statements

for the year ended 30 June 2018

### Contents of the notes accompanying the financial statements

Note	Details	Page
1	Summary of significant accounting policies	10
2	Water Supply Business Best-Practice Management disclosure requirements	14
3	Sewerage Business Best-Practice Management disclosure requirements	16

## Snowy Monaro Regional Council

### Notes to the Special Purpose Financial Statements

for the year ended 30 June 2018

#### Note 1. Significant accounting policies

---

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

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

The figures presented in these Special Purpose Financial Statements have been prepared in accordance with the recognition and measurement criteria of relevant Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and Australian Accounting Interpretations.

The disclosures in these Special Purpose Financial Statements have been prepared in accordance with the Local Government Act 1993 (NSW), the Local Government (General) Regulation, and the Local Government Code of Accounting Practice and Financial Reporting.

The statements are prepared on an accruals basis. They are based on historic costs and do not take into account changing money values or, except where specifically stated, current values of non-current assets. Certain taxes and other costs, appropriately described, have been imputed for the purposes of the National Competition Policy.

The Statement of Financial Position includes notional assets/liabilities receivable from/payable to Council's general fund. These balances reflect a notional intra-entity funding arrangement with the declared business activities.

#### National Competition Policy

Council has adopted the principle of 'competitive neutrality' in its business activities as part of the National Competition Policy which is being applied throughout Australia at all levels of government.

The framework for its application is set out in the June 1996 NSW government policy statement titled 'Application of National Competition Policy to Local Government'.

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

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

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

#### Declared business activities

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

#### Category 1

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

##### a. Water Supply

Water supply services



## Snowy Monaro Regional Council

### Notes to the Special Purpose Financial Statements for the year ended 30 June 2018

#### Note 1. Significant accounting policies (continued)

---

##### b. Sewerage Service

Sewerage reticulation, treatment and associated activities

##### c. Waste Management

Collection and disposal of garbage

##### d. Yallambie Lodge

Aged care services

#### Category 2

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

Nil

#### Monetary amounts

Amounts shown in the financial statements are in Australian currency and rounded to the nearest thousand dollars, except for Note 2 (Water Supply Best-Practice Management Disclosures) and Note 3 (Sewerage Best-Practice Management Disclosures).

As required by Crown Lands and Water (CLAW), the amounts shown in Note 2 and Note 3 are disclosed in whole dollars.

##### (i) Taxation-equivalent charges

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

However, where Council does not pay some taxes which are generally paid by private sector businesses, such as income tax, these equivalent tax payments have been applied to all Council-nominated business activities and are reflected in Special Purpose Financial Statements.

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

##### Notional rate applied (%)

Corporate income tax rate – **30%**

Land tax – the first \$629,000 of combined land values attracts **0%**. For the combined land values in excess of \$629,001 up to \$3,846,000 the rate is **1.6% + \$100**. For the remaining combined land value that exceeds \$3,846,000 a premium marginal rate of **2.0%** applies.

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

In accordance with Crown Lands and Water (CLAW), a payment for the amount calculated as the annual tax equivalent charges (excluding income tax) must be paid from water supply and sewerage business activities.

The payment of taxation equivalent charges, referred to in the NSW Office of Water Guidelines to as a 'dividend for taxation equivalent', may be applied for any purpose allowed under the *Local Government Act, 1993*.

## Snowy Monaro Regional Council

### Notes to the Special Purpose Financial Statements for the year ended 30 June 2018

#### Note 1. Significant accounting policies (continued)

---

Achievement of substantial compliance to the NSW Office of Water Guidelines is not a prerequisite for the payment of the tax equivalent charges, however the payment must not exceed \$3 per assessment.

##### **Income tax**

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

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

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

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

Since the taxation equivalent is notional – that is, it is payable to Council as the ‘owner’ of business operations - it represents an internal payment and has no effect on the operations of the Council. Accordingly, there is no need for disclosure of internal charges in the SPFS.

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

##### **Local government rates and charges**

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

##### **Loan and debt guarantee fees**

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

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

##### *(ii) Subsidies*

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

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

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

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

## Snowy Monaro Regional Council

### Notes to the Special Purpose Financial Statements for the year ended 30 June 2018

#### Note 1. Significant accounting policies (continued)

---

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

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

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

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

The rate of return is calculated as follows:

$$\frac{\text{Operating result before capital income + interest expense}}{\text{Written down value of I,PP\&E as at 30 June}}$$

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 2.63% at 30/6/18.

##### *(iv) Dividends*

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

Local government water supply and sewerage businesses are permitted to pay an annual dividend from its water supply or sewerage business surplus.

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

- (i) 50% of this surplus in any one year, or
- (ii) the number of water supply or sewerage assessments at 30 June 2018 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

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

**END OF AUDITED SPECIAL PURPOSE FINANCIAL STATEMENTS**

## Snowy Monaro Regional Council

### Notes to the Special Purpose Financial Statements for the year ended 30 June 2018

#### Note 2. Water supply business best-practice management disclosure requirements

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

2018

#### 1. Calculation and payment of tax-equivalents

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

(i)	Calculated tax equivalents	-
(ii)	Number of assessments multiplied by \$3/assessment	30,882
(iii)	Amounts payable for tax equivalents [lesser of (i) and (ii)]	-
(iv)	Amounts actually paid for tax equivalents	-

#### 2. Dividend from surplus

(i)	50% of surplus before dividends [calculated in accordance with Best-Practice Management for Water Supply and Sewerage Guidelines]	363,100
(ii)	Number of assessments multiplied by \$30/assessment, less tax equivalent charges/assessment	308,820
(iii)	Cumulative surplus before dividends for the 3 years to 30 June 2018, less the cumulative dividends paid for the 2 years to 30 June 2017 and 12 May 2016	1,734,700

2018 Surplus	726,200	2017 Surplus	1,008,500	2016 Surplus	-
		2017 Dividend	-	2016 Dividend	-

(iv)	Maximum dividend from surplus [least of (i), (ii) and (iii) above]	308,820
(v)	Dividend actually paid from surplus [refer below for required pre-dividend payment criteria]	-
(vi)	Are the overhead reallocation charges to the water business fair and reasonable? <sup>a</sup>	YES

#### 3. Required outcomes for 6 criteria

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

(i)	Completion of strategic business plan (including financial plan)	YES
(ii)	Full cost recovery, without significant cross subsidies [refer item 2 (a) in table 1 on page 22 of the Best-Practice Guidelines]	YES
	– Complying charges [item 2 (b) in table 1]	YES
	– DSP with commercial developer charges [item 2 (e) in table 1]	NO
	– If dual water supplies, complying charges [item 2 (g) in table 1]	YES
(iii)	Sound water conservation and demand management implemented	YES
(iv)	Sound drought management implemented	YES
(v)	Complete performance reporting form (by 15 September each year)	YES
(vi)	a. Integrated water cycle management evaluation	NO
	b. Complete and implement integrated water cycle management strategy	NO

## Snowy Monaro Regional Council

### Notes to the Special Purpose Financial Statements for the year ended 30 June 2018

#### Note 2. Water supply business best-practice management disclosure requirements (continued)

Dollars amounts shown below are in whole dollars (unless otherwise indicated) 2018

##### National Water Initiative (NWI) financial performance indicators

NWI F1	Total revenue (water) Total income (w13) – grants for the acquisition of assets (w11a) – interest income (w9) – Aboriginal Communities W&S Program income (w10a)	\$'000	8,245
NWI F4	Revenue from residential usage charges (water) Income from residential usage charges (w6b) x 100 divided by the sum of [income from residential usage charges (w6a) + income from residential access charges (w6b)]	%	71.28%
NWI F9	Written down replacement cost of fixed assets (water) Written down current cost of system assets (w47)	\$'000	–
NWI F11	Operating cost (OMA) (water) Management expenses (w1) + operational and maintenance expenses (w2)	\$'000	4,303
NWI F14	Capital expenditure (water) Acquisition of fixed assets (w16)	\$'000	1,534
NWI F17	Economic real rate of return (water) [total income (w13) – interest income (w9) – grants for acquisition of assets (w11a) – operating costs (NWI F11) – current cost depreciation (w3)] x 100 divided by [written down current cost of system assets (w47) + plant and equipment (w33b)]	%	n/a
NWI F26	Capital works grants (water) Grants for the acquisition of assets (w11a)	\$'000	966

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

## Snowy Monaro Regional Council

### Notes to the Special Purpose Financial Statements for the year ended 30 June 2018

#### Note 3. Sewerage business best-practice management disclosure requirements

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

2018

##### 1. Calculation and payment of tax-equivalents

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

(i)	Calculated tax equivalents	-
(ii)	Number of assessments multiplied by \$3/assessment	29,607
(iii)	Amounts payable for tax equivalents [lesser of (i) and (ii)]	-
(iv)	Amounts actually paid for tax equivalents	-

##### 2. Dividend from surplus

(i)	50% of surplus before dividends [calculated in accordance with Best-Practice Management for Water Supply and Sewerage Guidelines]	832,650
(ii)	Number of assessments x (\$30 less tax equivalent charges per assessment)	296,070
(iii)	Cumulative surplus before dividends for the 3 years to 30 June 2018, less the cumulative dividends paid for the 2 years to 30 June 2017 and 12 May 2016	(127,700)

2018 Surplus	1,665,300	2017 Surplus	(1,793,000)	2016 Surplus	-
		2017 Dividend	-	2016 Dividend	-

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

##### 3. Required outcomes for 4 criteria

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

(i)	Completion of strategic business plan (including financial plan)	YES
(ii)	Pricing with full cost-recovery, without significant cross subsidies [refer item 2 (a) in table 1 on page 22 of the Best-Practice Guidelines]	YES
	Complying charges	
	(a) Residential [item 2 (c) in table 1]	YES
	(b) Non-residential [item 2 (c) in table 1]	YES
	(c) Trade waste [item 2 (d) in table 1]	NO
	DSP with commercial developer charges [item 2 (e) in table 1]	NO
	Liquid trade waste approvals and policy [item 2 (f) in table 1]	NO
(iii)	Complete performance reporting form (by 15 September each year)	YES
(iv)	a. Integrated water cycle management evaluation	NO
	b. Complete and implement integrated water cycle management strategy	NO

## Snowy Monaro Regional Council

### Notes to the Special Purpose Financial Statements for the year ended 30 June 2018

#### Note 3. Sewerage business best-practice management disclosure requirements (continued)

Dollars amounts shown below are in whole dollars (unless otherwise indicated) 2018

##### National Water Initiative (NWI) financial performance indicators

<b>NWI F2</b>	Total revenue (sewerage) Total income (s14) – grants for acquisition of assets (s12a) – interest income (s10) – Aboriginal Communities W&S Program income (w10a)	\$'000	8,616
<b>NWI F10</b>	Written down replacement cost of fixed assets (sewerage) Written down current cost of system assets (s48)	\$'000	–
<b>NWI F12</b>	Operating cost (sewerage) Management expenses (s1) + operational and maintenance expenses (s2)	\$'000	4,289
<b>NWI F15</b>	Capital expenditure (sewerage) Acquisition of fixed assets (s17)	\$'000	596
<b>NWI F18</b>	Economic real rate of return (sewerage) [total income (s14) – interest income (s10) – grants for acquisition of assets (s12a) – operating cost (NWI F12) – current cost depreciation (s3)] x 100 divided by [written down current cost (i.e. WDCC) of system assets (s48) + plant and equipment (s34b)]	%	n/a
<b>NWI F27</b>	Capital works grants (sewerage) Grants for the acquisition of assets (12a)	\$'000	35

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

<b>NWI F3</b>	Total income (water and sewerage) Total income (w13 + s14) + gain/loss on disposal of assets (w14 + s15) minus grants for acquisition of assets (w11a + s12a) – interest income (w9 + s10)	\$'000	16,854
<b>NWI F8</b>	Revenue from community service obligations (water and sewerage) Community service obligations (NWI F25) x 100 divided by total income (NWI F3)	%	0.47%
<b>NWI F16</b>	Capital expenditure (water and sewerage) Acquisition of fixed assets (w16 + s17)	\$'000	2,130
<b>NWI F19</b>	Economic real rate of return (water and sewerage) [total income (w13 + s14) – interest income (w9 + s10) – grants for acquisition of assets (w11a + s12a) – operating cost (NWI F11 + NWI F12) – current cost depreciation (w3 + s3)] x 100 divided by [written down replacement cost of fixed assets (NWI F9 + NWI F10) + plant and equipment (w33b + s34b)]	%	n/a
<b>NWI F20</b>	Dividend (water and sewerage) Dividend paid from surplus (2 (v) of Note 2 + 2 (v) of Note 3)	\$'000	–
<b>NWI F21</b>	Dividend payout ratio (water and sewerage) Dividend (NWI F20) x 100 divided by net profit after tax (NWI F24)	%	0.00%

## Snowy Monaro Regional Council

### Notes to the Special Purpose Financial Statements for the year ended 30 June 2018

#### Note 3. Sewerage business best-practice management disclosure requirements (continued)

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

2018

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

NWI F22	Net debt to equity (water and sewerage) Overdraft (w36 + s37) + borrowings (w38 + s39) – cash and investments (w30 + s31) x 100 divided by [total assets (w35 + s36) – total liabilities (w40 + s41)]	%	-15.52%
NWI F23	Interest cover (water and sewerage) Earnings before interest and tax (EBIT) divided by net interest  Earnings before interest and tax (EBIT): Operating result (w15a + s16a) + interest expense (w4a + s4a) – interest income (w9 + s10) – gain/loss on disposal of assets (w14 + s15) + miscellaneous expenses (w4b + w4c + s4b + s4c)  Net interest: Interest expense (w4a + s4a) – interest income (w9 + s10)		> 100  2,518  (582)
NWI F24	Net profit after tax (water and sewerage) Surplus before dividends (w15a + s16a) – tax equivalents paid (Note 2-1 (iv) + Note 3-1 (iv))	\$'000	3,093
NWI F25	Community service obligations (water and sewerage) Grants for pensioner rebates (w11b + s12b)	\$'000	79

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





**INDEPENDENT AUDITOR'S REPORT**  
**Report on the special purpose financial report**  
**Snowy Monaro Regional Council**

To the Councillors of the Snowy Monaro Regional Council

## **Opinion**

I have audited the accompanying special purpose financial report (the financial report) of Snowy Monaro Regional Council's (the Council) Declared Business Activities, which comprise the Income Statement of each Declared Business Activity for the year ended 30 June 2018, the Statement of Financial Position of each Declared Business Activity as at 30 June 2018, notes comprising a summary of Significant accounting policies and other explanatory information for the Business Activities declared by Council, and the Statement by Councillors and Management.

The Declared Business Activities of the Council are:

- Water Supply
- Sewerage Services
- Waste Management
- Yallambie Lodge
- Saleyards
- Jindabyne Holiday Park
- Snowy River Health Centre
- Quarry.

In my opinion, the financial report presents fairly, in all material respects, the financial position of the Council's declared Business Activities as at 30 June 2018, and its financial performance for the year then ended, in accordance with the Australian Accounting Standards described in Note 1 and the Local Government Code of Accounting Practice and Financial Reporting (LG Code).

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

## **Basis for Opinion**

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

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

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

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

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

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

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

### **Emphasis of Matter - Basis of Accounting**

Without modifying my opinion, I draw attention to Note 1 to the financial report which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the Council's financial reporting responsibilities under the LG Code. As a result, the financial report may not be suitable for another purpose.

### **Other Information**

Other information comprises the information included in the Council's annual report for the year ended 30 June 2018, other than the financial report and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the general purpose financial statements and Special Schedules (the Schedules).

My opinion on the financial report does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information. However, as required by the *Local Government Act 1993*, I have separately expressed an opinion on the general purpose financial statements and Special Schedule 2 - Permissible income for general rates.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

### **The Councillors' Responsibilities for the Financial Report**

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

In preparing the financial report, the Councillors are responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless it is not appropriate to do so.

### **Auditor's Responsibilities for the Audit of the Financial Report**

My objectives are to:

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

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error.

Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial report.

A description of my responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). The description forms part of my auditor's report.

My opinion does not provide assurance:

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



Lawrissa Chan  
Director, Financial Audit Services

29 October 2018  
SYDNEY

# Snowy Monaro Regional Council

SPECIAL SCHEDULES

for the year ended 30 June 2018

---



**A trusted community partner**

# Snowy Monaro Regional Council

## Special Schedules

for the year ended 30 June 2018

Contents		Page
<b>Special Schedules <sup>1</sup></b>		
<b>Special Schedule 1</b>	Net Cost of Services	2
<b>Special Schedule 2</b>	Permissible income for general rates	4
<b>Special Schedule 2</b>	Independent Auditors Report	6
<b>Special Schedule 3</b>	Water Supply Operations – incl. Income Statement	7
<b>Special Schedule 4</b>	Water Supply – Statement of Financial Position	10
<b>Special Schedule 5</b>	Sewerage Service Operations – incl. Income Statement	11
<b>Special Schedule 6</b>	Sewerage Service – Statement of Financial Position	14
<b>Notes to Special Schedules 3 and 5</b>		15
<b>Special Schedule 7</b>	Report on Infrastructure Assets	16

<sup>1</sup> Special Schedules are not audited (with the exception of Special Schedule 2).

---

### Background

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

## Snowy Monaro Regional Council

Special Schedule 1 – Net Cost of Services  
for the year ended 30 June 2018

\$'000

Function or activity	Expenses from continuing operations	Income from continuing operations		Net cost of services
		Non-capital	Capital	
<b>Governance</b>	<b>873</b>	<b>450</b>	<b>65</b>	<b>(358)</b>
<b>Administration</b>	<b>11,945</b>	<b>1,558</b>	<b>2</b>	<b>(10,385)</b>
<b>Public order and safety</b>				
Fire service levy, fire protection, emergency services	1,619	963	10	(646)
Beach control	–	–	–	–
Enforcement of local government regulations	38	19	–	(19)
Animal control	28	1	–	(27)
Other	–	–	–	–
<b>Total public order and safety</b>	<b>1,685</b>	<b>983</b>	<b>10</b>	<b>(692)</b>
<b>Health</b>	<b>463</b>	<b>137</b>	<b>–</b>	<b>(326)</b>
<b>Environment</b>				
Noxious plants and insect/vermin control	1,171	351	–	(820)
Other environmental protection	–	–	–	–
Solid waste management	6,209	6,378	53	222
Street cleaning	75	–	–	(75)
Drainage	–	–	–	–
Stormwater management	653	15	–	(638)
<b>Total environment</b>	<b>8,108</b>	<b>6,744</b>	<b>53</b>	<b>(1,311)</b>
<b>Community services and education</b>				
Administration and education	173	54	–	(119)
Social protection (welfare)	–	–	–	–
Aged persons and disabled	6,319	6,098	20	(201)
Children's services	155	41	–	(114)
<b>Total community services and education</b>	<b>6,647</b>	<b>6,193</b>	<b>20</b>	<b>(434)</b>
<b>Housing and community amenities</b>				
Public cemeteries	227	327	–	100
Public conveniences	268	–	–	(268)
Street lighting	248	47	–	(201)
Town planning	686	94	202	(390)
Other community amenities	1,636	132	–	(1,504)
<b>Total housing and community amenities</b>	<b>3,065</b>	<b>600</b>	<b>202</b>	<b>(2,263)</b>
<b>Water supplies</b>	<b>7,518</b>	<b>8,168</b>	<b>1,317</b>	<b>1,967</b>
<b>Sewerage services</b>	<b>6,474</b>	<b>8,345</b>	<b>442</b>	<b>2,313</b>

## Snowy Monaro Regional Council

Special Schedule 1 – Net Cost of Services (continued)  
for the year ended 30 June 2018

\$'000

Function or activity	Expenses from continuing operations	Income from continuing operations		Net cost of services
		Non-capital	Capital	
<b>Recreation and culture</b>				
Public libraries	697	122	19	(556)
Museums	–	–	–	–
Art galleries	–	–	–	–
Community centres and halls	431	27	–	(404)
Performing arts venues	–	–	–	–
Other performing arts	–	–	–	–
Other cultural services	–	–	–	–
Sporting grounds and venues	932	18	171	(743)
Swimming pools	1,101	115	–	(986)
Parks and gardens (lakes)	2,186	38	103	(2,045)
Other sport and recreation	40	50	–	10
<b>Total recreation and culture</b>	<b>5,387</b>	<b>370</b>	<b>293</b>	<b>(4,724)</b>
<b>Fuel and energy</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Agriculture</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Mining, manufacturing and construction</b>				
Building control	–	–	–	–
Other mining, manufacturing and construction	294	508	–	214
<b>Total mining, manufacturing and const.</b>	<b>294</b>	<b>508</b>	<b>–</b>	<b>214</b>
<b>Transport and communication</b>				
Urban roads (UR) – local	1,967	13	160	(1,794)
Urban roads – regional	35	–	–	(35)
Sealed rural roads (SRR) – local	2,065	–	–	(2,065)
Sealed rural roads (SRR) – regional	1,527	(154)	–	(1,681)
Unsealed rural roads (URR) – local	4,159	–	–	(4,159)
Unsealed rural roads (URR) – regional	317	–	–	(317)
Bridges on UR – local	156	39	–	(117)
Bridges on SRR – local	1,044	–	–	(1,044)
Bridges on URR – local	186	–	–	(186)
Bridges on regional roads	589	–	–	(589)
Parking areas	178	–	–	(178)
Footpaths	431	5	–	(426)
Aerodromes	–	–	–	–
Other transport and communication	5,156	8,832	1,414	5,090
<b>Total transport and communication</b>	<b>17,810</b>	<b>8,735</b>	<b>1,574</b>	<b>(7,501)</b>
<b>Economic affairs</b>				
Camping areas and caravan parks	433	423	–	(10)
Other economic affairs	1,818	734	–	(1,084)
<b>Total economic affairs</b>	<b>2,251</b>	<b>1,157</b>	<b>–</b>	<b>(1,094)</b>
<b>Totals – functions</b>	<b>72,520</b>	<b>43,948</b>	<b>3,978</b>	<b>(24,594)</b>
<b>General purpose revenues<sup>(1)</sup></b>		<b>26,093</b>		<b>26,093</b>
<b>Share of interests – joint ventures and associates using the equity method</b>	<b>–</b>	<b>–</b>		<b>–</b>
<b>NET OPERATING RESULT<sup>(2)</sup></b>	<b>72,520</b>	<b>70,041</b>	<b>3,978</b>	<b>1,499</b>

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

## Snowy Monaro Regional Council

Special Schedule 2 – Permissible income for general rates  
for the year ended 30 June 2019

\$'000		2018/19				2017/18				
		Bombala Council	Cooma-Monaro Shire Council	Snowy River Shire Council	Snowy Monaro Regional	Bombala Council	Cooma-Monaro Shire Council	Snowy River Shire Council	Snowy Monaro Regional	
<b>Notional general income calculation <sup>(1)</sup></b>										
	Last year notional general income yield	a	2,367	7,140	5,892	15,399	2,340	6,989	5,803	15,132
	Plus or minus adjustments <sup>(2)</sup>	b	3	47	53	103	(10)	(11)	76	55
	<b>Notional general income</b>	c = (a + b)	<b>2,370</b>	<b>7,187</b>	<b>5,945</b>	<b>15,502</b>	<b>2,330</b>	<b>6,978</b>	<b>5,879</b>	<b>15,187</b>
<b>Permissible income calculation</b>										
	Special variation percentage <sup>(3)</sup>	d	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Or	rate peg percentage	e	2.30%	2.30%	2.30%	2.30%	1.50%	1.50%	1.50%	1.50%
Or	crown land adjustment (incl. rate peg percentage)	f	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	Less expiring special variation amount	g	–	–	–	–	–	–	–	–
	Plus special variation amount	h = d x (c – g)	–	–	–	–	–	–	–	–
Or	plus rate peg amount	i = c x e	55	165	137	357	35	105	88	228
Or	plus Crown land adjustment and rate peg amount	j = c x f	–	–	–	–	–	–	–	–
	<b>Sub-total</b>	k = (c + g + h + i + j)	<b>2,425</b>	<b>7,352</b>	<b>6,082</b>	<b>15,859</b>	<b>2,365</b>	<b>7,083</b>	<b>5,967</b>	<b>15,415</b>
	Plus (or minus) last year's carry forward total	l	2	(42)	10	(30)	4	15	(65)	(46)
	Less valuation objections claimed in the previous year	m	–	–	–	–	–	–	–	–
	<b>Sub-total</b>	n = (l + m)	<b>2</b>	<b>(42)</b>	<b>10</b>	<b>(30)</b>	<b>4</b>	<b>15</b>	<b>(65)</b>	<b>(46)</b>
	<b>Total permissible income</b>	o = k + n	<b>2,426</b>	<b>7,310</b>	<b>6,092</b>	<b>15,828</b>	<b>2,369</b>	<b>7,098</b>	<b>5,902</b>	<b>15,369</b>
	Less notional general income yield	p	2,426	7,227	6,078	15,731	2,367	7,140	5,892	15,399
	<b>Catch-up or (excess) result</b>	q = o – p	<b>0</b>	<b>83</b>	<b>14</b>	<b>97</b>	<b>2</b>	<b>(42)</b>	<b>10</b>	<b>(30)</b>
	Plus income lost due to valuation objections claimed in the previous year	r	–	–	–	–	–	–	–	–
	Less unused catch-up <sup>(5)</sup>	s	–	–	–	–	–	–	–	–
	<b>Carry forward to next year</b>	t = q + r – s	<b>0</b>	<b>83</b>	<b>14</b>	<b>97</b>	<b>2</b>	<b>(42)</b>	<b>10</b>	<b>(30)</b>



## Snowy Monaro Regional Council

### Special Schedule 2 – Permissible income for general rates

for the year ended 30 June 2019

---

#### Notes

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



## INDEPENDENT AUDITOR'S REPORT

### Special Schedule 2 - Permissible Income for general rates

#### Snowy Monaro Regional Council

To the Councillors of Snowy Monaro Regional Council

### Opinion

I have audited the accompanying Special Schedule 2 – Permissible Income for general rates (the Schedule) of Snowy Monaro Regional Council (the Council) for the year ending 30 June 2019.

In my opinion, the Schedule of the Council for the year ending 30 June 2019 is prepared, in all material respects in accordance with the requirements of the Local Government Code of Accounting Practice and Financial Reporting (LG Code) issued by the Office of Local Government (OLG), and is in accordance with the books and records of the Council.

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

### Basis for Opinion

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

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

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

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

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

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

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

### Emphasis of Matter – Basis of Accounting

Without modifying my opinion, I draw attention to the special purpose framework used to prepare the Schedule. The Schedule had been prepared for the purpose of fulfilling the Council's reporting obligations under the LG Code. As a result, the Schedule may not be suitable for another purpose.

## **Other Information**

Other information comprises the information included in the Council's annual report for the year ended 30 June 2018, other than the Schedule and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the general purpose financial statements, special purpose financial statements and the Special Schedules excluding Special Schedule 2 (the other Schedules).

My opinion on the Schedule does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information. However, as required by the *Local Government Act 1993*, I have separately expressed an opinion on the general purpose financial statements and the special purpose financial statements.

In connection with my audit of the Schedule, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Schedule or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

## **The Councillors' Responsibilities for the Schedule**

The Councillors are responsible for the preparation of the Schedule in accordance with the LG Code. The Councillors' responsibility also includes such internal control as the Councillors determine is necessary to enable the preparation of the Schedule that is free from material misstatement, whether due to fraud or error.

In preparing the Schedule, the Councillors are responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless it is not appropriate to do so.

## **Auditor's Responsibilities for the Audit of the Schedule**

My objectives are to:

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

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

A description of my responsibilities for the audit of the Schedule is located at the Auditing and Assurance Standards Board website at: [www.auasb.gov.au/auditors\\_responsibilities/ar8.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar8.pdf). The description forms part of my auditor's report.

My opinion does *not* provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited Schedule on any website where it may be presented
- about any other information which may have been hyperlinked to/from the Schedule.



Lawrissa Chan  
Director, Financial Audit Services

29 October 2018  
SYDNEY

## Snowy Monaro Regional Council

## Special Schedule 3 – Water Supply Income Statement

Includes all internal transactions, i.e. prepared on a gross basis  
for the year ended 30 June 2018

\$'000	2018	13/5/16 to 30/6/17
<b>A Expenses and income</b>		
<b>Expenses</b>		
<b>1. Management expenses</b>		
a. Administration	814	991
b. Engineering and supervision	352	652
<b>2. Operation and maintenance expenses</b>		
– <b>dams and weirs</b>		
a. Operation expenses	–	–
b. Maintenance expenses	–	63
– <b>Mains</b>		
c. Operation expenses	4	25
d. Maintenance expenses	935	1,266
– <b>Reservoirs</b>		
e. Operation expenses	148	75
f. Maintenance expenses	55	123
– <b>Pumping stations</b>		
g. Operation expenses (excluding energy costs)	159	181
h. Energy costs	265	290
i. Maintenance expenses	81	129
– <b>Treatment</b>		
j. Operation expenses (excluding chemical costs)	584	305
k. Chemical costs	21	464
l. Maintenance expenses	320	301
– <b>Other</b>		
m. Operation expenses	453	155
n. Maintenance expenses	112	75
o. Purchase of water	–	–
<b>3. Depreciation expenses</b>		
a. System assets	3,283	2,321
b. Plant and equipment	65	88
<b>4. Miscellaneous expenses</b>		
a. Interest expenses	26	35
b. Revaluation decrements	–	–
c. Other expenses	–	–
d. Impairment – system assets	–	–
e. Impairment – plant and equipment	–	–
f. Aboriginal Communities Water and Sewerage Program	–	–
g. Tax equivalents dividends (actually paid)	–	–
<b>5. Total expenses</b>	<b>7,677</b>	<b>7,539</b>

## Snowy Monaro Regional Council

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

Includes all internal transactions, i.e. prepared on a gross basis  
for the year ended 30 June 2018

\$'000	2018	13/5/16 to 30/6/17
<b>Income</b>		
<b>6. Residential charges</b>		
a. Access (including rates)	2,083	3,143
b. Usage charges	3,540	1,179
<b>7. Non-residential charges</b>		
a. Access (including rates)	337	625
b. Usage charges	1,630	2,914
<b>8. Extra charges</b>	77	6
<b>9. Interest income</b>	324	320
<b>10. Other income</b>	190	316
<b>10a. Aboriginal Communities Water and Sewerage Program</b>	–	–
<b>11. Grants</b>		
a. Grants for acquisition of assets	966	1,174
b. Grants for pensioner rebates	37	55
c. Other grants	–	–
<b>12. Contributions</b>		
a. Developer charges	351	326
b. Developer provided assets	–	–
c. Other contributions	–	–
<b>13. Total income</b>	<b>9,535</b>	<b>10,058</b>
<b>14. Gain (or loss) on disposal of assets</b>	(5)	(166)
<b>15. Operating result</b>	<b>1,853</b>	<b>2,353</b>
<b>15a. Operating result (less grants for acquisition of assets)</b>	887	1,179

## Snowy Monaro Regional Council

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

Includes all internal transactions, i.e. prepared on a gross basis  
for the year ended 30 June 2018

\$'000	2018	13/5/16 to 30/6/17
<b>B Capital transactions</b>		
<b>Non-operating expenditures</b>		
<b>16. Acquisition of fixed assets</b>		
a. New assets for improved standards	846	615
b. New assets for growth	–	1,170
c. Renewals	513	949
d. Plant and equipment	175	120
<b>17. Repayment of debt</b>	79	92
<b>18. Totals</b>	<u>1,613</u>	<u>2,946</u>
<b>Non-operating funds employed</b>		
<b>19. Proceeds from disposal of assets</b>	–	15
<b>20. Borrowing utilised</b>	–	–
<b>21. Totals</b>	<u>–</u>	<u>15</u>
<b>C Rates and charges</b>		
<b>22. Number of assessments</b>		
a. Residential (occupied)	7,335	7,389
b. Residential (unoccupied, ie. vacant lot)	323	292
c. Non-residential (occupied)	902	918
d. Non-residential (unoccupied, ie. vacant lot)	24	11
<b>23. Number of ETs for which developer charges were received</b>	63 ET	37 ET
<b>24. Total amount of pensioner rebates (actual dollars)</b>	\$ 96,035	\$ 102,665

## Snowy Monaro Regional Council

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

Includes internal transactions, i.e. prepared on a gross basis  
as at 30 June 2018

\$'000	Current	Non-current	Total
<b>ASSETS</b>			
<b>25. Cash and investments</b>			
a. Developer charges	–	1,857	1,857
b. Special purpose grants	–	–	–
c. Accrued leave	–	–	–
d. Unexpended loans	–	–	–
e. Sinking fund	–	–	–
f. Other	9,732	4,107	13,839
<b>26. Receivables</b>			
a. Specific purpose grants	–	–	–
b. Rates and availability charges	1,270	–	1,270
c. User charges	2,350	–	2,350
d. Other	16	–	16
<b>27. Inventories</b>	–	–	–
<b>28. Property, plant and equipment</b>			
a. System assets	–	91,687	91,687
b. Plant and equipment	–	3,251	3,251
<b>29. Other assets</b>	–	–	–
<b>30. Total assets</b>	<u>13,368</u>	<u>100,902</u>	<u>114,270</u>
<b>LIABILITIES</b>			
<b>31. Bank overdraft</b>	–	–	–
<b>32. Creditors</b>	72	–	72
<b>33. Borrowings</b>	85	264	349
<b>34. Provisions</b>			
a. Tax equivalents	–	–	–
b. Dividend	–	–	–
c. Other	–	–	–
<b>35. Total liabilities</b>	<u>157</u>	<u>264</u>	<u>421</u>
<b>36. NET ASSETS COMMITTED</b>	<u>13,211</u>	<u>100,638</u>	<u>113,849</u>
<b>EQUITY</b>			
<b>37. Accumulated surplus</b>			97,589
<b>38. Asset revaluation reserve</b>			16,260
<b>39. Other reserves</b>			–
<b>40. TOTAL EQUITY</b>			<u>113,849</u>
<b>Note to system assets:</b>			
<b>41. Current replacement cost</b> of system assets			201,185
<b>42. Accumulated current cost</b> depreciation of system assets			(109,498)
<b>43. Written down current cost</b> of system assets			<u>91,687</u>



## Snowy Monaro Regional Council

## Special Schedule 5 – Sewerage Service Income Statement

Includes all internal transactions, i.e. prepared on a gross basis  
for the year ended 30 June 2018

\$'000	2018	13/5/16 to 30/6/17
<b>A Expenses and income</b>		
<b>Expenses</b>		
<b>1. Management expenses</b>		
a. Administration	705	760
b. Engineering and supervision	188	305
<b>2. Operation and maintenance expenses</b>		
– mains		
a. Operation expenses	4	87
b. Maintenance expenses	513	505
– Pumping stations		
c. Operation expenses (excluding energy costs)	188	142
d. Energy costs	100	131
e. Maintenance expenses	223	222
– Treatment		
f. Operation expenses (excl. chemical, energy, effluent and biosolids management costs)	784	652
g. Chemical costs	123	150
h. Energy costs	272	314
i. Effluent management	46	67
j. Biosolids management	139	78
k. Maintenance expenses	440	952
– Other		
l. Operation expenses	531	520
m. Maintenance expenses	33	53
<b>3. Depreciation expenses</b>		
a. System assets	2,342	2,708
b. Plant and equipment	61	85
<b>4. Miscellaneous expenses</b>		
a. Interest expenses	99	135
b. Revaluation decrements	–	2,886
c. Other expenses	–	–
d. Impairment – system assets	–	–
e. Impairment – plant and equipment	–	–
f. Aboriginal Communities Water and Sewerage Program	–	–
g. Tax equivalents dividends (actually paid)	–	–
<b>5. Total expenses</b>	<b>6,791</b>	<b>10,752</b>

## Snowy Monaro Regional Council

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

Includes all internal transactions, i.e. prepared on a gross basis  
for the year ended 30 June 2018

\$'000	2018	13/5/16 to 30/6/17
<b>Income</b>		
<b>6. Residential charges</b> (including rates)	6,682	6,773
<b>7. Non-residential charges</b>		
a. Access (including rates)	739	842
b. Usage charges	388	299
<b>8. Trade waste charges</b>		
a. Annual fees	95	99
b. Usage charges	63	18
c. Excess mass charges	–	–
d. Re-inspection fees	–	–
<b>9. Extra charges</b>	55	4
<b>10. Interest income</b>	383	358
<b>11. Other income</b>	145	147
<b>11a. Aboriginal Communities Water and Sewerage Program</b>	–	–
<b>12. Grants</b>		
a. Grants for acquisition of assets	35	–
b. Grants for pensioner rebates	42	53
c. Other grants	–	–
<b>13. Contributions</b>		
a. Developer charges	407	397
b. Developer provided assets	–	–
c. Other contributions	–	–
<b>14. Total income</b>	<u>9,034</u>	<u>8,990</u>
<b>15. Gain (or loss) on disposal of assets</b>	(2)	(32)
<b>16. Operating result</b>	<u>2,241</u>	<u>(1,794)</u>
<b>16a. Operating result (less grants for acquisition of assets)</b>	2,206	(1,794)

## Snowy Monaro Regional Council

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

Includes all internal transactions, i.e. prepared on a gross basis  
for the year ended 30 June 2018

\$'000	2018	13/5/16 to 30/6/17
<b>B Capital transactions</b>		
<b>Non-operating expenditures</b>		
<b>17. Acquisition of fixed assets</b>		
a. New assets for improved standards	379	52
b. New assets for growth	–	–
c. Renewals	3	410
d. Plant and equipment	214	43
<b>18. Repayment of debt</b>	304	355
<b>19. Totals</b>	<b>900</b>	<b>860</b>
<b>Non-operating funds employed</b>		
<b>20. Proceeds from disposal of assets</b>	–	15
<b>21. Borrowing utilised</b>	–	–
<b>22. Totals</b>	<b>–</b>	<b>15</b>
<b>C Rates and charges</b>		
<b>23. Number of assessments</b>		
a. Residential (occupied)	6,526	6,537
b. Residential (unoccupied, ie. vacant lot)	411	321
c. Non-residential (occupied)	736	751
d. Non-residential (unoccupied, ie. vacant lot)	19	10
<b>24. Number of ETs for which developer charges were received</b>	63 ET	37 ET
<b>25. Total amount of pensioner rebates (actual dollars)</b>	\$ 96,486	\$ 96,291

## Snowy Monaro Regional Council

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

Includes internal transactions, i.e. prepared on a gross basis  
as at 30 June 2018

\$'000	Current	Non-current	Total
<b>ASSETS</b>			
<b>26. Cash and investments</b>			
a. Developer charges	–	1,273	1,273
b. Special purpose grants	–	–	–
c. Accrued leave	–	–	–
d. Unexpended loans	–	–	–
e. Sinking fund	–	–	–
f. Other	11,441	5,738	17,179
<b>27. Receivables</b>			
a. Specific purpose grants	–	–	–
b. Rates and availability charges	2,800	–	2,800
c. User charges	220	–	220
d. Other	58	123	181
<b>28. Inventories</b>	–	–	–
<b>29. Property, plant and equipment</b>			
a. System assets	–	72,462	72,462
b. Plant and equipment	–	1,897	1,897
<b>30. Other assets</b>	–	–	–
<b>31. Total assets</b>	<u>14,519</u>	<u>81,493</u>	<u>96,012</u>
<b>LIABILITIES</b>			
<b>32. Bank overdraft</b>	16	–	16
<b>33. Creditors</b>	–	–	–
<b>34. Borrowings</b>	324	1,104	1,428
<b>35. Provisions</b>			
a. Tax equivalents	–	–	–
b. Dividend	–	–	–
c. Other	–	–	–
<b>36. Total liabilities</b>	<u>340</u>	<u>1,104</u>	<u>1,444</u>
<b>37. NET ASSETS COMMITTED</b>	<u>14,179</u>	<u>80,389</u>	<u>94,568</u>
<b>EQUITY</b>			
<b>38. Accumulated surplus</b>			93,597
<b>39. Asset revaluation reserve</b>			971
<b>40. Other reserves</b>			–
<b>41. TOTAL EQUITY</b>			<u>94,568</u>
<b>Note to system assets:</b>			
<b>42. Current replacement cost</b> of system assets			140,530
<b>43. Accumulated current cost</b> depreciation of system assets			(68,068)
<b>44. Written down current cost</b> of system assets			<u>72,462</u>

## Snowy Monaro Regional Council

### Notes to Special Schedules 3 and 5 for the year ended 30 June 2018

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

#### Notes:

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

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

## Snowy Monaro Regional Council

## Special Schedule 7 – Report on Infrastructure Assets as at 30 June 2018

**\$'000**

Asset class	Asset category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2017/18 Required maintenance <sup>a</sup>	2017/18 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
								1	2	3	4	5
<b>Buildings</b>	Buildings	4,344	2,484	900	937	42,217	117,251	30%	11%	27%	22%	10%
	<b>Sub-total</b>	<b>4,344</b>	<b>2,484</b>	<b>900</b>	<b>937</b>	<b>42,217</b>	<b>117,251</b>	<b>30.0%</b>	<b>11.0%</b>	<b>27.0%</b>	<b>22.0%</b>	<b>10.0%</b>
<b>Other structures</b>	Other structures	546	287	102	139	7,693	14,756	28%	23%	38%	7%	4%
	<b>Sub-total</b>	<b>546</b>	<b>287</b>	<b>102</b>	<b>139</b>	<b>7,693</b>	<b>14,756</b>	<b>28.0%</b>	<b>23.0%</b>	<b>38.0%</b>	<b>7.0%</b>	<b>4.0%</b>
<b>Roads</b>	Sealed roads	11,845	5,702	3,089	1,856	119,057	202,012	16%	31%	42%	10%	1%
	Unsealed roads	11,420	7,354	2,372	2,021	89,024	160,813	16%	16%	47%	20%	1%
	Bridges	5,785	3,550	675	520	58,314	113,154	12%	32%	44%	4%	8%
	Footpaths	230	140	87	22	8,201	16,745	14%	24%	20%	42%	0%
	Other road assets	1,450	770	748	12	47,637	57,991	10%	48%	36%	6%	0%
	Bulk earthworks	–	–	–	–	515,602	515,602	100%	0%	0%	0%	0%
	<b>Sub-total</b>	<b>30,730</b>	<b>17,516</b>	<b>6,970</b>	<b>4,431</b>	<b>837,835</b>	<b>1,066,317</b>	<b>55.8%</b>	<b>14.7%</b>	<b>22.0%</b>	<b>6.3%</b>	<b>1.2%</b>

## Snowy Monaro Regional Council

## Special Schedule 7 – Report on Infrastructure Assets as at 30 June 2018 (continued)

\$'000

Asset class	Asset category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2017/18 Required maintenance <sup>a</sup>	2017/18 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
								1	2	3	4	5
Water supply network	Water supply network	13,249.86	13,250	2,012	1,503	91,687	201,185	12%	18%	38%	32%	0%
	<b>Sub-total</b>	<b>13,250</b>	<b>13,250</b>	<b>2,012</b>	<b>1,503</b>	<b>91,687</b>	<b>201,185</b>	<b>12.0%</b>	<b>18.0%</b>	<b>38.0%</b>	<b>32.0%</b>	<b>0.0%</b>
Sewerage network	Sewerage network	18,318.89	18,319	1,405	1,209	72,462	140,530	13%	34%	32%	14%	7%
	<b>Sub-total</b>	<b>18,319</b>	<b>18,319</b>	<b>1,405</b>	<b>1,209</b>	<b>72,462</b>	<b>140,530</b>	<b>13.0%</b>	<b>34.0%</b>	<b>32.0%</b>	<b>14.0%</b>	<b>7.0%</b>
Stormwater drainage	Stormwater drainage	670	560	235	27	16,416	31,389	7%	61%	9%	17%	6%
	<b>Sub-total</b>	<b>670</b>	<b>560</b>	<b>235</b>	<b>27</b>	<b>16,416</b>	<b>31,389</b>	<b>7.0%</b>	<b>61.0%</b>	<b>9.0%</b>	<b>17.0%</b>	<b>6.0%</b>
Open space/recreational assets	Swimming pools	1,178	345	160	87	4,860	13,644	13%	4%	79%	3%	1%
	Other	345	148	40	90	1,904	5,053	4%	28%	47%	19%	2%
	<b>Sub-total</b>	<b>1,523</b>	<b>493</b>	<b>200</b>	<b>177</b>	<b>6,764</b>	<b>18,697</b>	<b>10.6%</b>	<b>10.5%</b>	<b>70.4%</b>	<b>7.3%</b>	<b>1.3%</b>
<b>TOTAL – ALL ASSETS</b>		<b>69,382</b>	<b>52,909</b>	<b>11,824</b>	<b>8,423</b>	<b>1,075,074</b>	<b>1,590,125</b>	<b>42.8%</b>	<b>17.5%</b>	<b>25.7%</b>	<b>11.6%</b>	<b>2.3%</b>

## Notes:

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

## Infrastructure asset condition assessment 'key'

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

## Snowy Monaro Regional Council

Special Schedule 7 – Report on Infrastructure Assets (continued)  
for the year ended 30 June 2018

	Amounts 2018	Indicator 2018	Indicator 2017	Benchmark
<b>Infrastructure asset performance indicators * consolidated</b>				
<b>1. Buildings and infrastructure renewals ratio<sup>(1)</sup></b>				
Asset renewals <sup>(2)</sup>	<u>7,856</u>	<b>44.74%</b>	55.12%	>= 100%
Depreciation, amortisation and impairment	17,561			
<b>2. Infrastructure backlog ratio<sup>(1)</sup></b>				
Estimated cost to bring assets to a satisfactory standard	<u>69,382</u>	<b>12.36%</b>	11.89%	< 2.00%
Net carrying amount of infrastructure assets	561,223			
<b>3. Asset maintenance ratio</b>				
Actual asset maintenance	<u>8,423</u>	<b>71.24%</b>	96.93%	> 100%
Required asset maintenance	11,824			
<b>4. Cost to bring assets to agreed service level</b>				
Estimated cost to bring assets to an agreed service level set by Council	<u>52,909</u>	<b>3.33%</b>	3.31%	
Gross replacement cost	1,590,125			

## Notes

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

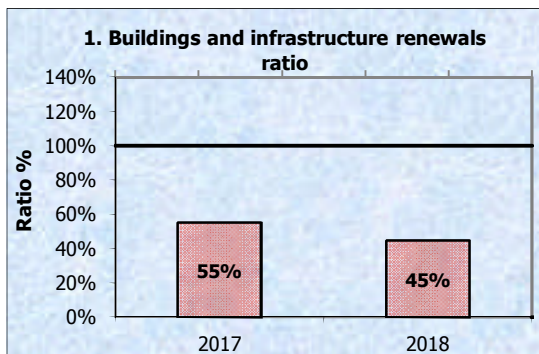
(1) Excludes Work In Progress (WIP)

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



# Snowy Monaro Regional Council

## Special Schedule 7 – Report on Infrastructure Assets (continued) for the year ended 30 June 2018



Benchmark: Minimum  $\geq 100.00\%$   
Source for benchmark: Code of Accounting Practice and Financial Reporting #26

**Purpose of asset renewals ratio**

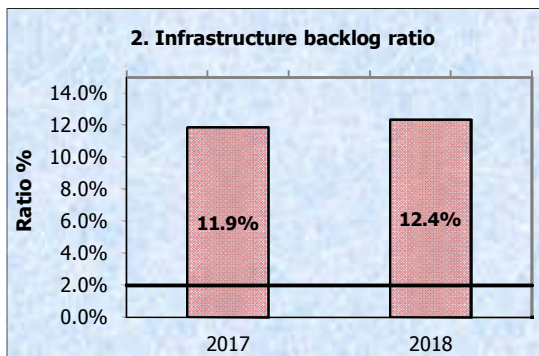
To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.

**Commentary on 2017/18 result**

**2017/18 Ratio 44.74%**

This ratio indicates the gap between the deterioration of council's infrastructure and the required funding to renew these assets.

Ratio achieves benchmark  
Ratio is outside benchmark



Benchmark: Maximum  $< 2.00\%$   
Source for benchmark: Code of Accounting Practice and Financial Reporting #26

**Purpose of infrastructure backlog ratio**

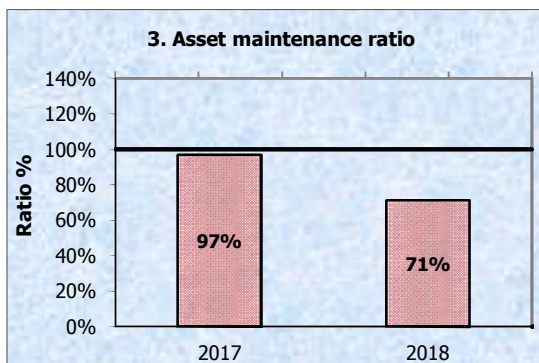
This ratio shows what proportion the backlog is against the total value of a Council's infrastructure.

**Commentary on 2017/18 result**

**2017/18 Ratio 12.36%**

This ratio is based on bringing assets up to a condition 2 satisfactory standard as required by the OLG. There is work still in progress to review condition and risk ratings of councils assets and improving alignment with Council's Long Term Financial Plan (LTFP).

Ratio achieves benchmark  
Ratio is outside benchmark



Benchmark: Minimum  $> 100.00\%$   
Source for benchmark: Code of Accounting Practice and Financial Reporting #26

**Purpose of asset maintenance ratio**

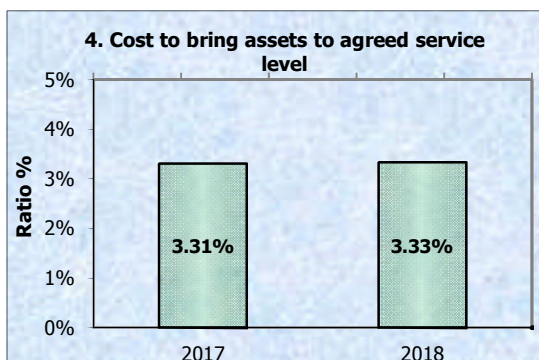
Compares actual vs. required annual asset maintenance. A ratio above 100% indicates Council is investing enough funds to stop the infrastructure backlog growing.

**Commentary on 2017/18 result**

**2017/18 Ratio 71.24%**

This indicates the current level of investment in asset maintenance is not sufficient to prevent an increase to the infrastructure backlog.

Ratio achieves benchmark  
Ratio is outside benchmark



**Purpose of agreed service level ratio**

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

**Commentary on 2017/18 result**

**2017/18 Ratio 3.33%**

This ratio is based on bringing assets up to a condition 3 standard for all assets except condition 2 for water and sewer infrastructure. Plans to address this cost need to be priorities based on social, economic and environmental factors including risk to the community.

## Snowy Monaro Regional Council

Special Schedule 7 – Report on Infrastructure Assets (continued)  
for the year ended 30 June 2018

	General indicators <sup>(1)</sup>		Water indicators		Sewer indicators		Benchmark
	2018	2017	2018	2017	2018	2017	
<b>Infrastructure asset performance indicators by fund</b>							
<b>1. Buildings and infrastructure renewals ratio <sup>(2)</sup></b>							
Asset renewals <sup>(3)</sup>	<b>52.51%</b>	57.81%	<b>36.77%</b>	89.87%	<b>16.27%</b>	12.21%	>= 100%
Depreciation, amortisation and impairment							
<b>2. Infrastructure backlog ratio <sup>(2)</sup></b>							
Estimated cost to bring assets to a satisfactory standard	<b>9.52%</b>	9.09%	<b>14.45%</b>	14.02%	<b>25.28%</b>	24.60%	< 2.00%
Net carrying amount of infrastructure assets							
<b>3. Asset maintenance ratio</b>							
Actual asset maintenance	<b>67.93%</b>	88.29%	<b>74.71%</b>	117.44%	<b>86.03%</b>	114.30%	> 100%
Required asset maintenance							
<b>4. Cost to bring assets to agreed service level</b>							
Estimated cost to bring assets to an agreed service level set by Council	<b>1.71%</b>	1.69%	<b>6.59%</b>	6.59%	<b>13.04%</b>	13.04%	
Gross replacement cost							

**Notes**

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