

The former Bombala Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the period 1 July 2015 to 12 May 2016

*"Bombala Council Area - retaining visual beauty
whilst embracing a quiet relaxed lifestyle and a
progressive diversified community".*



The former Bombala Council

General Purpose Financial Statements

for the period 1 July 2015 to 12 May 2016

Contents	Page
1. Understanding Council's Financial Statements	2
2. Statement by Councillors and Management	3
3. Primary Financial Statements:	
– Income Statement	4
– Statement of Comprehensive Income	5
– Statement of Financial Position	6
– Statement of Changes in Equity	7
– Statement of Cash Flows	8
4. Notes to the Financial Statements	9
5. Independent Auditor's Reports:	
– On the Financial Statements (Sect 417 [2])	76
– On the Conduct of the Audit (Sect 417 [3])	78

Overview

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

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

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

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

- (iii) All figures presented in these financial statements are presented in Australian currency.
- (iv) These financial statements were authorised for issue by Snowy Monaro Regional Council on 02 December 2016. Council has the power to amend and reissue these financial statements.
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The former Bombala Council

General Purpose Financial Statements

for the period 1 July 2015 to 12 May 2016

Understanding Council's financial statements

Introduction

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

What you will find in the statements

The financial statements set out the financial performance, financial position and cash flows of Council for the reporting period 1/7/15 to 12/5/16.

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

About the Councillor/Management Statement

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

About the primary financial statements

The financial statements incorporate five 'primary' financial statements:

1. The Income Statement

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

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

2. The Statement of Comprehensive Income

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

3. The Statement of Financial Position

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

4. The Statement of Changes in Equity

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

5. The Statement of Cash Flows

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

About the Notes to the Financial Statements

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

About the Auditor's Reports

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

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

Who uses the financial statements?

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

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

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

The former Bombala Council

General Purpose Financial Statements

for the period 1 July 2015 to 12 May 2016

Statement by Councillors and Management

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

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

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

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

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

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

Signed in accordance with a resolution of Snowy Monaro Regional Council made on 26 October 2016.



Dean Lynch
Administrator



Joseph Vescio
Interim General Manager



Jo-Anne Mackay
Responsible Accounting Officer

The former Bombala Council

Income Statement

for the period 1 July 2015 to 12 May 2016

Budget ¹ 1/7/15 to 30/6/16	\$ '000	Notes	Actual 1/7/15 to 12/5/16	Actual 1/7/14 to 30/6/15
Income from continuing operations				
Revenue:				
n/a	Rates and annual charges ²	3a	3,319	3,410
n/a	User charges and fees	3b	1,007	2,283
n/a	Interest and investment revenue	3c	312	394
n/a	Other revenues	3d	901	461
n/a	Grants and contributions provided for operating purposes	3e,f	4,526	3,735
n/a	Grants and contributions provided for capital purposes	3e,f	931	572
Other income:				
n/a	Net share of interests in joint ventures and associates using the equity method	19	–	5
n/a	Total income from continuing operations		10,996	10,860
Expenses from continuing operations				
n/a	Employee benefits and on-costs	4a	3,123	3,639
n/a	Borrowing costs	4b	10	10
n/a	Materials and contracts	4c	2,482	3,997
n/a	Depreciation and amortisation	4d	2,563	2,705
n/a	Impairment	4d	–	–
n/a	Other expenses	4e	1,120	1,147
n/a	Net losses from the disposal of assets	5	6	101
n/a	Net share of interests in joint ventures and associates using the equity method	19	2	–
n/a	Total expenses from continuing operations		9,306	11,599
n/a	Operating result from continuing operations		1,690	(739)
Discontinued operations				
n/a	Net profit/(loss) from discontinued operations	24	–	–
n/a	Net operating result for the period		1,690	(739)
n/a	Net operating result attributable to Council		1,690	(739)
n/a	Net operating result attributable to non-controlling interests		–	–
n/a	Net operating result for the period before grants and contributions provided for capital purposes		759	(1,311)

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

² Rates are recognised as revenue at the commencement of the rating year for the period 1 July 2015 to 30 June 2016. No adjustments have been made for rates not earned during the period 13/05/2016 to 30/06/2016.

The former Bombala Council

Statement of Comprehensive Income

for the period 1 July 2015 to 12 May 2016

\$ '000	Notes	Actual 1/7/15 to 12/5/16	Actual 1/7/14 to 30/6/15
Net operating result for the period (as per Income Statement)		1,690	(739)
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of I,PP&E	20b (ii)	367	125,200
Total items which will not be reclassified subsequently to the operating result		367	125,200
Amounts which will be reclassified subsequently to the operating result when specific conditions are met			
Nil			
Total other comprehensive income for the period		367	125,200
Total comprehensive income for the period		2,057	124,461
Total comprehensive income attributable to Council		2,057	124,461

The former Bombala Council

Statement of Financial Position as at 12 May 2016

\$ '000	Notes	Actual 12/5/16	Actual 30/6/15
ASSETS			
Current assets			
Cash and cash equivalents	6a	2,317	5,142
Investments	6b	9,000	5,000
Receivables	7	2,142	1,565
Inventories	8	307	422
Other	8	50	–
Non-current assets classified as 'held for sale'	22	–	–
Total current assets		13,816	12,129
Non-current assets			
Investments	6b	–	–
Receivables	7	–	–
Inventories	8	–	–
Infrastructure, property, plant and equipment	9	267,687	267,458
Investments accounted for using the equity method	19	105	107
Investment property	14	–	–
Intangible assets	25	63	78
Total non-current assets		267,855	267,643
TOTAL ASSETS		281,671	279,772
LIABILITIES			
Current liabilities			
Payables	10	596	836
Borrowings	10	–	–
Provisions	10	1,289	1,218
Total current liabilities		1,885	2,054
Non-current liabilities			
Payables	10	–	1
Borrowings	10	–	–
Provisions	10	238	226
Total non-current liabilities		238	227
TOTAL LIABILITIES		2,123	2,281
Net assets		279,548	277,491
EQUITY			
Retained earnings	20	129,537	127,847
Revaluation reserves	20	150,011	149,644
Council equity interest		279,548	277,491
Non-controlling equity interests		–	–
Total equity		279,548	277,491

The former Bombala Council

Statement of Changes in Equity

for the period 1 July 2015 to 12 May 2016

\$ '000	Notes	Retained earnings	Reserves (Refer 20b)	Council interest	Non-controlling interest	Total equity
1/7/15 to 12/5/16						
Opening balance (as per last year's audited accounts)		127,847	149,644	277,491	–	277,491
a. Correction of prior period errors	20 (c)	–	–	–	–	–
b. Changes in accounting policies (prior year effects)	20 (d)	–	–	–	–	–
Revised opening balance (as at 1/7/15)		127,847	149,644	277,491	–	277,491
c. Net operating result for the period		1,690	–	1,690	–	1,690
d. Other comprehensive income						
– Revaluations: IPP&E asset revaluation rsve	20b (ii)	–	367	367	–	367
– Revaluations: other reserves	20b (ii)	–	–	–	–	–
– Transfers to Income Statement	20b (ii)	–	–	–	–	–
– Impairment (loss) reversal relating to I,PP&E	20b (ii)	–	–	–	–	–
– Joint ventures and associates	19b	–	–	–	–	–
Other comprehensive income		–	367	367	–	367
Total comprehensive income (c&d)		1,690	367	2,057	–	2,057
e. Distributions to/(contributions from) non-controlling Interests		–	–	–	–	–
f. Transfers between equity		–	–	–	–	–
Equity – balance at end of the reporting period		129,537	150,011	279,548	–	279,548

\$ '000	Notes	Retained earnings	Reserves (Refer 20b)	Council interest	Non-controlling interest	Total equity
1/7/14 to 30/6/15						
Opening balance (as per last year's audited accounts)		128,486	24,444	152,930	–	152,930
a. Correction of prior period errors	20 (c)	–	–	–	–	–
b. Changes in accounting policies (prior year effects)	20 (d)	100	–	100	–	100
Revised opening balance (as at 1/7/14)		128,586	24,444	153,030	–	153,030
c. Net operating result for the year		(739)	–	(739)	–	(739)
d. Other comprehensive income						
– Revaluations: IPP&E asset revaluation rsve	20b (ii)	–	125,200	125,200	–	125,200
– Revaluations: other reserves	20b (ii)	–	–	–	–	–
– Transfers to Income Statement	20b (ii)	–	–	–	–	–
– Impairment (loss) reversal relating to I,PP&E	20b (ii)	–	–	–	–	–
– Joint ventures and associates	19b	–	–	–	–	–
Other comprehensive income		–	125,200	125,200	–	125,200
Total comprehensive income (c&d)		(739)	125,200	124,461	–	124,461
e. Distributions to/(contributions from) non-controlling Interests		–	–	–	–	–
f. Transfers between equity		–	–	–	–	–
Equity – balance at end of the year		127,847	149,644	277,491	–	277,491

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

The former Bombala Council

Statement of Cash Flows

for the period 1 July 2015 to 12 May 2016

Budget ¹ 1/7/15 to 30/6/16	\$ '000	Notes	Actual 1/7/15 to 12/5/16	Actual 1/7/14 to 30/6/15
Cash flows from operating activities				
Receipts:				
n/a	Rates and annual charges		2,943	3,447
n/a	User charges and fees		1,677	1,710
n/a	Investment and interest revenue received		344	378
n/a	Grants and contributions		5,019	5,056
n/a	Bonds, deposits and retention amounts received		–	6
n/a	Other		935	566
Payments:				
n/a	Employee benefits and on-costs		(3,151)	(3,504)
n/a	Materials and contracts		(2,577)	(4,096)
n/a	Bonds, deposits and retention amounts refunded		(86)	–
n/a	Other		(1,513)	(1,065)
n/a	Net cash provided (or used in) operating activities	11b	3,591	2,498
Cash flows from investing activities				
Receipts:				
n/a	Sale of investment securities		–	1,500
n/a	Sale of infrastructure, property, plant and equipment		16	96
Payments:				
n/a	Purchase of investment securities		(4,000)	–
n/a	Purchase of infrastructure, property, plant and equipment		(2,432)	(1,761)
n/a	Net cash provided (or used in) investing activities		(6,416)	(165)
Cash flows from financing activities				
Nil				
n/a	Net increase/(decrease) in cash and cash equivalents		(2,825)	2,333
n/a	Plus: cash and cash equivalents – beginning of reporting period	11a	5,142	2,809
n/a	Cash and cash equivalents – end of reporting period	11a	2,317	5,142
Additional Information:				
	plus: Investments on hand – end of reporting period	6b	9,000	5,000
	Total cash, cash equivalents and investments		11,317	10,142

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

Please refer to Note 11 for information on the following:

- Non-cash financing and investing activities
- Financing arrangements
- Net cash flow disclosures relating to any discontinued operations

The former Bombala Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Contents of the notes accompanying the financial statements

Note	Details	Page
1	Summary of significant accounting policies	10
2(a)	Council functions/activities – financial information	27
2(b)	Council functions/activities – component descriptions	28
3	Income from continuing operations	29
4	Expenses from continuing operations	34
5	Gains or losses from the disposal of assets	37
6(a)	Cash and cash equivalent assets	38
6(b)	Investments	38
6(c)	Restricted cash, cash equivalents and investments – details	39
7	Receivables	41
8	Inventories and other assets	42
9(a)	Infrastructure, property, plant and equipment	43
9(b)	Externally restricted infrastructure, property, plant and equipment	44
9(c)	Infrastructure, property, plant and equipment – current period impairments	44 n/a
10(a)	Payables, borrowings and provisions	45
10(b)	Description of (and movements in) provisions	46
11	Statement of cash flows – additional information	47
12	Commitments for expenditure	48 n/a
13	Statement of performance measures:	
	13a (i) Local government industry indicators (consolidated)	49
	13a (ii) Local government industry graphs (consolidated)	50
	13b Local government industry indicators (by fund)	52
14	Investment properties	53 n/a
15	Financial risk management	53
16	Material budget variations	56 n/a
17	Statement of developer contributions	57
18	Contingencies and other liabilities/assets not recognised	58
19	Interests in other entities	60
20	Retained earnings, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors	64
21	Financial result and financial position by fund	65
22	'Held for sale' non-current assets and disposal groups	67 n/a
23	Events occurring after the reporting date	67
24	Discontinued operations	68 n/a
25	Intangible assets	68
26	Reinstatement, rehabilitation and restoration liabilities	69
27	Fair value measurement	70
Additional council disclosures		
28	Council information and contact details	75

n/a – not applicable

The former Bombala Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Summary of significant accounting policies

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

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

(a) Basis of preparation

(i) Background

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

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

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

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

Because AASBs are sector neutral, some standards either:

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

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

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

(iii) New and amended standards adopted by Council

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

(iv) Early adoption of accounting standards

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

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

(v) Basis of accounting

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

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

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

(vi) Changes in accounting policies

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

The former Bombala Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Summary of significant accounting policies (continued)

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

(vii) Critical accounting estimates

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

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

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

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

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

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

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

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

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

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

- all relevant staff, assets, rights, liabilities and responsibilities of former councils are transferred to new councils
- new councils can commence operations on day one with minimal disruption to the delivery of services, council operations and staff duties
- any reference in any document to a former council is to be read as a reference to the new council, and that anything done by a former council before the amalgamation is taken to have been done by the new council.

- The former **Bombala Council** has not been liquidated nor has trading ceased.
- (ii) Estimated fair values of infrastructure, property, plant and equipment,
- (iii) Estimated remediation provisions.

Significant judgements in applying Council's accounting policies include the impairment of receivables.

(b) Revenue recognition

Income recognition as a result of Council's amalgamation

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

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

The former Bombala Council has also recognised 100% of the Federal Assistance Grants (FAGs) revenue as grants are recognised upon receipt or upon earlier notification that the grant has been secured.

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

The former Bombala Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Summary of significant accounting policies (continued)

obligations only for the period 1 July 2015 to 12 May 2016.

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

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

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

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

Revenue is measured on major income categories as follows:

Rates, Annual Charges, Grants and Contributions

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

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

Rates are recognised as revenue for the period 1 July 2015 to 30 June 2016. No adjustments have been made for rates not earned during the period 13/05/2016 to 30/06/2016.

A provision for the impairment on rates receivables has been established.

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

Revenue from contributions is recognised when the Council either obtains control of the contribution or

the right to receive it, **(i)** it is probable that the economic benefits comprising the contribution will flow to the Council and **(ii)** the amount of the contribution can be measured reliably.

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

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

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

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

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

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

User charges, fees and other Income

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

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

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

The former Bombala Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Summary of significant accounting policies (continued)

Sale of infrastructure, property, plant and equipment

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

Interest and rents

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

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

Dividend income

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

Other Income

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

(c) Principles of consolidation

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

(i) The Consolidated Fund

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

The consolidated fund and other entities through which the Council controls resources to carry on its functions have been included in the financial statements forming part of this report.

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

- General Purpose Operations
- Water Supply

- Sewerage Service

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

- Bibbenluke Show and Sports Grounds
- Bombala Exhibition Ground
- Bombala Racecourse
- Cathcart School of Arts
- Craigie Hall
- Delegate Early Settlers Hut
- Delegate Preschool
- Delegate School of Arts
- Delegate Hall
- Delegate Sportsground
- Bombala & Mila Tennis Clubs
- Bungarby Hall
- Ando Tennis Club
- Bombala Railway Land
- Bombala Cemetery Committee

(ii) The trust fund

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

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

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

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

(iii) Interests in other entities

Council has no interest in any subsidiaries.

Joint arrangements

Joint ventures

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

The former Bombala Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Summary of significant accounting policies (continued)

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

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

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

Associates

Council has no interest in any associates.

County councils

Council is not a member of any county councils.

Unconsolidated structured entities

Unconsolidated structured entities represent 'special vehicles' that Council has an interest in but which are not controlled by Council and therefore not consolidated as a subsidiary, joint arrangement or associate. Attributes of structured entities include restricted activities.

Detailed information relating to Council's interest in unconsolidated structured entities can be found at Note 19 (d).

(d) Leases

Council did not have any finance or operating leases either during the year or at the period end.

(e) Cash and Cash Equivalents

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

- cash on hand,
- deposits held at call with financial institutions,
- other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash

and that are subject to an insignificant risk of changes in value, and

- bank overdrafts.

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

(f) Investments and other financial assets

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

- financial assets at fair value through profit or loss,
- loans and receivables,
- held-to-maturity investments, and
- available-for-sale financial assets.

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

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

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

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

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

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

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

The former Bombala Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Summary of significant accounting policies (continued)

(ii) Loans and receivables

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

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

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

(iii) Held-to-maturity investments

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

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

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

(iv) Available-for-sale financial assets

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

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

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

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

Financial assets – reclassification

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

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

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

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

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

General accounting and measurement of financial instruments:

(i) Initial recognition

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

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

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

The former Bombala Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Summary of significant accounting policies (continued)

(ii) Subsequent measurement

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

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

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

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

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

Impairment

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

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

(iii) Types of investments

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

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

Council maintains its Investment Policy in compliance with the Act and ensures that it or its representatives exercise care, diligence and skill that a prudent person would exercise in investing Council funds.

(g) Fair value estimation – financial instruments

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

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

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

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

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

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

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

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

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

The former Bombala Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Summary of significant accounting policies (continued)

(h) Receivables

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

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

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

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

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

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

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

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

(i) Inventories

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

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

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

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

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

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

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

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

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

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

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

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

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

Acquisition of assets

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

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

- Community land
- other assets

The former Bombala Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Summary of significant accounting policies (continued)

- land improvements

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

Initial recognition

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

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

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

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

Subsequent costs

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

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

Asset revaluations (including indexation)

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

- increases in the combined carrying amounts of asset classes arising on revaluation are credited to the asset revaluation reserve,

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

Water and sewerage network assets are indexed annually between full revaluations in accordance with the latest indices provided by DPI Water.

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

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

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

Capitalisation thresholds

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

Land	
- council land	100% Capitalised
- open space	100% Capitalised
- land under roads (purchases after 30/6/08)	100% Capitalised

Plant and Equipment	
Office Furniture	> \$2,000
Office Equipment	> \$2,000
Other Plant and Equipment	> \$2,000

Buildings and Land Improvements	
Park Furniture and Equipment	> \$2,000

Building	
- weather board	> \$5,000
- other	> \$5,000

Other Structures	> \$2,000
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The former Bombala Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Summary of significant accounting policies (continued)

Water and Sewer Assets

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

Stormwater Assets

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

Transport Assets

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

Bridge construction and reconstruction	> \$10,000
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Other Infrastructure Assets

Swimming Pools	> \$10,000
Other Open Space/Recreational Assets	> \$5,000

Depreciation

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

Land is not depreciated.

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

Plant and Equipment

- Office Equipment	5 to 10 years
- Office furniture	10 to 20 years
- Computer Equipment	4 years
- Vehicles	5 to 7 years
- Heavy Plant/Road Making equip.	5 to 15 years
- Other plant and equipment	5 to 15 years

Other Equipment

- Playground equipment	5 to 15 years
- Benches, seats etc	5 to 15 years

Buildings

- Buildings: Masonry	50 to 100 years
- Buildings: Other	30 to 50 years

Stormwater Drainage

- Drains	50 to 100 years
- Culverts	50 to 80 years

Transportation Assets

- Sealed Roads: Pavement	10 to 20 years
- Sealed Roads: Structure	30 to 100 years
- Unsealed roads Structure	30 to 100 years
- Earthworks	not depreciated
- Bridge: Concrete	60 to 100 years
- Bridge: Other	25 to 60 years
- Kerb, Gutter and Paths	50 to 100 years

Water and Sewer Assets

- Dams and reservoirs	70 to 100 years
- Bores	20 to 40 years
- Reticulation pipes: PVC	80 years
- Reticulation pipes: Other	80 years
- Pumps and telemetry	15 to 50 years

Other Infrastructure Assets

- Swimming Pools	50 years
- Other Open Space/ Recreational Assets	5 to 30 years

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

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

Disposal and derecognition

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

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

(k) Land

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

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

The former Bombala Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Summary of significant accounting policies (continued)

(l) Land under roads

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

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

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

(m) Intangible assets

IT development and software

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

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

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

IT development costs include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility and where Council has an intention and ability to use the asset.

(n) Crown reserves

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

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

Improvements on Crown reserves are also recorded as assets, while maintenance costs incurred by

Council and revenues relating to the reserves are recognised within Council's Income Statement.

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

(o) Rural fire service assets

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

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

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

(p) Investment property

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

Council has not classified any land or buildings as 'Investment Properties'.

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

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

Estimated close down and restoration costs are provided for in the accounting period when the obligation arising from the related disturbance occurs, whether this occurs during the development

The former Bombala Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Summary of significant accounting policies (continued)

or during the operation phase, based on the net present value of estimated future costs.

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

Costs are estimated on the basis of a closure plan.

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

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

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

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

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

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

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

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

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

These costs are charged to the Income Statement.

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

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

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

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

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

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

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

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

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

The former Bombala Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Summary of significant accounting policies (continued)

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

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

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

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

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

(s) Impairment of assets

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

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

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

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

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

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

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

(t) Payables

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

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

(u) Borrowings

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

Borrowings are subsequently measured at amortised cost.

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

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

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

(v) Borrowing costs

Borrowing costs are expensed.

(w) Provisions

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

- Council has a present legal or constructive obligation as a result of past events,

The former Bombala Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Summary of significant accounting policies (continued)

- it is more likely than not that an outflow of resources will be required to settle the obligation, and
- the amount has been reliably estimated.

Provisions are not recognised for future operating losses.

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

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

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

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

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

(x) Employee benefits

(i) Short-term obligations

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

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

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

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

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

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

(ii) Other long-term obligations

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

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

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

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

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

(iii) Retirement benefit obligations

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

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

Defined benefit plans

A liability or asset in respect of defined benefit superannuation plans would ordinarily be recognised

The former Bombala Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Summary of significant accounting policies (continued)

in the balance sheet, and measured as the present value of the defined benefit obligation at the reporting date plus unrecognised actuarial gains (less unrecognised actuarial losses) less the fair value of the superannuation fund's assets at that date and any unrecognised past service cost.

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

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

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

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

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

The last valuation of the scheme was performed by Richard Boyfield FIAA of Mercer Consulting (Aust) Pty Ltd on 24/02/2016 and covers the period ended 30/06/2015.

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

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

The amount of employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense and disclosed as part of superannuation expenses at Note 4 (a) for the period ending 12 May 2016 was \$71,521.03.

The amount of additional contributions included in the total employer contribution advised above is \$30,021.01.

The share of this deficit that can be broadly attributed to Council is estimated to be in the order of \$64,000 as at 12 May 2016.

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

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

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

Defined contribution plans

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

(iv) Employee benefit on-costs

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

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

(y) Self-insurance

Council does not self-insure.

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

In the determination of whether an asset or liability is classified as current or non-current, consideration is

The former Bombala Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Summary of significant accounting policies (continued)

given to the time when each asset or liability is expected to be settled.

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

Exceptions

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

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

(aa) Taxes

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

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

Goods and Services Tax (GST)

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

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

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

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

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

Investing and financing cash flows are treated on a net basis (where recoverable from the ATO), i.e.

they are exclusive of GST. Instead, the GST component of investing and financing activity cash flows that are recoverable from or payable to the ATO are classified as operating cash flows.

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

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

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

Council has not adopted any of these standards early.

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

AASB 9 – Financial Instruments

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

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

AASB16 – Leases

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

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

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

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

The former Bombala Council

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

Note 1. Summary of significant accounting policies (continued)

(ac) Rounding of amounts

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

(ad) Comparative figures

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

(ae) Disclaimer

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

The former Bombala Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

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

Functions/activities	Income, expenses and assets have been directly attributed to the following functions/activities. Details of these functions/activities are provided in Note 2(b).												
	Income from continuing operations			Expenses from continuing operations			Operating result from continuing operations			Grants included in income from continuing operations		Total assets held (current & non-current)	
	Original budget ¹	Actual	Actual	Original budget ¹	Actual	Actual	Original budget ¹	Actual	Actual	Actual	Actual	Actual	Actual
	1/7/15 to 30/6/16	1/7/15 to 12/5/16	1/7/14 to 30/6/15	1/7/15 to 30/6/16	1/7/15 to 12/5/16	1/7/14 to 30/6/15	1/7/15 to 30/6/16	1/7/15 to 12/5/16	1/7/14 to 30/6/15	1/7/15 to 12/5/16	1/7/14 to 30/6/15	1/7/15 to 12/5/16	1/7/14 to 30/6/15
Governance	n/a	–	–	n/a	290	364	n/a	(290)	(364)	–	–	238	–
Administration	n/a	225	142	n/a	1,359	2,109	n/a	(1,134)	(1,967)	8	–	12,027	15,485
Public order and safety	n/a	181	256	n/a	315	580	n/a	(134)	(324)	173	253	570	566
Health	n/a	–	1	n/a	4	1	n/a	(4)	–	–	–	–	–
Environment	n/a	380	443	n/a	465	575	n/a	(85)	(132)	55	83	1,225	1,242
Community services and education	n/a	331	470	n/a	281	444	n/a	50	26	359	330	471	488
Housing and community amenities	n/a	145	197	n/a	432	424	n/a	(287)	(227)	5	31	2,151	2,167
Water supplies	n/a	630	738	n/a	726	756	n/a	(96)	(18)	28	10	13,897	11,400
Sewerage services	n/a	472	515	n/a	593	649	n/a	(121)	(134)	8	9	15,539	13,378
Recreation and culture	n/a	257	174	n/a	616	608	n/a	(359)	(434)	142	126	4,803	4,775
Mining, manufacturing and construction	n/a	482	275	n/a	231	112	n/a	251	163	–	–	274	274
Transport and communication	n/a	2,849	3,020	n/a	3,228	4,543	n/a	(379)	(1,523)	2,026	634	229,529	229,040
Economic affairs	n/a	696	338	n/a	764	434	n/a	(68)	(96)	–	30	842	850
Total functions and activities	n/a	6,648	6,569	n/a	9,304	11,599	n/a	(2,656)	(5,030)	2,804	1,506	281,566	279,665
Share of gains/(losses) in associates and joint ventures (using the equity method)	n/a	–	5	n/a	2	–	n/a	(2)	5	–	–	105	107
General purpose income ²	n/a	4,348	4,286	n/a	–	–	n/a	4,348	4,286	1,878	1,865	–	–
Operating result from continuing operations	n/a	10,996	10,860	n/a	9,306	11,599	n/a	1,690	(739)	4,682	3,371	281,671	279,772

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

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

The former Bombala Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

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

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

GOVERNANCE

Costs relating to the Council's role as a component of democratic government, including elections, members' fees and expenses, subscriptions to local authority associations, meetings of council and policy making committees, area representation and public disclosure and compliance.

ADMINISTRATION

Corporate Support and Other Support Services (not otherwise attributed to the listed functions / activities).

PUBLIC ORDER AND SAFETY

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

HEALTH

Inspection, food control, other, administration.

ENVIRONMENT

Noxious plants and insect/vermin control, other environmental protection, solid waste management, street cleaning, drainage, stormwater management.

COMMUNITY SERVICES AND EDUCATION

Administration, youth services, other family and children, aged and disabled, other community services, education.

HOUSING AND COMMUNITY AMENITIES

Housing, town planning, street lighting, other sanitation and garbage, public cemeteries, public conveniences, other community amenities.

WATER SUPPLIES

SEWERAGE SERVICES

RECREATION AND CULTURE

Public libraries, art galleries, community centres, public halls, other cultural services, swimming pools, sporting grounds, parks and gardens (lakes), other sport and recreation.

MINING, MANUFACTURING AND CONSTRUCTION

Building control, quarries & pits, other.

TRANSPORT AND COMMUNICATION

Urban roads, sealed rural roads, unsealed rural roads, bridges, footpaths, aerodromes, parking areas, bus shelters and services, RMS works, other.

ECONOMIC AFFAIRS

Camping areas, caravan parks, tourism and area promotion, industrial development promotion, saleyards and markets, real estate development, other business undertakings.

The former Bombala Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 3. Income from continuing operations

\$ '000	Notes	Actual	Actual
		1/7/15 to 30/6/16	1/7/14 to 30/6/15
(a) Rates and annual charges ^{1,2}			
Ordinary rates			
Residential		662	603
Farmland		1,432	1,438
Business		107	143
Total ordinary rates		2,201	2,184

\$ '000	Notes	Actual	Actual
		1/7/15 to 12/5/16	1/7/14 to 30/6/15
Special rates			
Nil			
Annual charges (pursuant to s.496, s.496A, s.496B, s.501 & s.611)			
Domestic waste management services		245	308
Stormwater management services		13	–
Water supply services		394	455
Sewerage services		416	430
Waste management services (non-domestic)		50	33
Total annual charges		1,118	1,226
TOTAL RATES AND ANNUAL CHARGES		3,319	3,410

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

² Rates are recognised as revenue at the commencement of the rating year for the period 1 July 2015 to 30 June 2016. No adjustments have been made for rates not earned during the period 13/05/2016 to 30/06/2016

The former Bombala Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 3. Income from continuing operations (continued)

\$ '000	Notes	Actual 1/7/15 to 12/5/16	Actual 1/7/14 to 30/6/15
(b) User charges and fees			
Specific user charges (per s.502 – specific 'actual use' charges)			
Domestic waste management services		–	1
Water supply services		180	195
Sewerage services		3	–
Total user charges		183	196
Other user charges and fees			
(i) Fees and charges – statutory and regulatory functions (per s.608)			
Animal control		2	3
Noxious weeds regulation		2	2
Planning and building regulation		53	55
Private works – section 67		49	40
Regulatory/ statutory fees		2	–
Regulatory fees		–	1
Road opening permits		2	2
Section 603 certificates		5	6
Total fees and charges – statutory/regulatory		115	109
(ii) Fees and charges – other (incl. general user charges (per s.608))			
Caravan park		71	78
Cemeteries		36	61
Community services		50	60
Laundromat		5	6
Leaseback fees – Council vehicles		21	22
Quarry revenues		–	8
RMS (formerly RTA) charges (state roads not controlled by Council)		490	1,685
Saleyards		11	23
Sundry sales		–	3
Swimming centres		22	20
Tourism		3	12
Total fees and charges – other		709	1,978
TOTAL USER CHARGES AND FEES		1,007	2,283

The former Bombala Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 3. Income from continuing operations (continued)

\$ '000	Notes	Actual 1/7/15 to 12/5/16	Actual 1/7/14 to 30/6/15
(c) Interest and investment revenue (including losses)			
Interest			
– Interest on overdue rates and annual charges (incl. special purpose rates)		23	35
– Interest earned on investments (interest and coupon payment income)		266	338
Dividend income		22	21
Other		1	–
<u>TOTAL INTEREST AND INVESTMENT REVENUE</u>		<u>312</u>	<u>394</u>
Interest revenue is attributable to:			
Unrestricted investments/financial assets:			
Overdue rates and annual charges (general fund)		14	35
General Council cash and investments		174	155
Restricted investments/funds – external:			
Water fund operations		44	77
Sewerage fund operations		43	74
Domestic waste management operations		6	6
Restricted investments/funds – internal:			
Internally restricted assets		31	47
Total interest and investment revenue recognised		<u>312</u>	<u>394</u>
(d) Other revenues			
Rental income – other council properties		71	69
Legal fees recovery – rates and charges (extra charges)		11	12
Commissions and agency fees		61	65
Diesel rebate		29	36
Insurance claim recoveries		–	3
Quarry sales		474	267
Recycling income (non-domestic)		–	5
Sales – general		6	4
Other – including reimbursements/rebates		249	–
<u>TOTAL OTHER REVENUE</u>		<u>901</u>	<u>461</u>

The former Bombala Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 3. Income from continuing operations (continued)

\$ '000	1/7/15 to 12/5/16 Operating	1/7/14 to 30/6/15 Operating	1/7/15 to 12/5/16 Capital	1/7/14 to 30/6/15 Capital
(e) Grants				
General purpose (untied)				
Financial assistance – general component	1,182 ¹	1,166	–	–
Financial assistance – local roads component	668 ¹	672	–	–
Pensioners' rates subsidies – general component	28	27	–	–
Total general purpose	1,878	1,865	–	–
Specific purpose				
Pensioners' rates subsidies:				
– Water	10	10	–	–
– Sewerage	9	9	–	–
– Domestic waste management	12	12	–	–
Animal control	–	1	–	–
Community care	281	334	–	–
Employment and training programs	8	–	–	–
Flood restoration	429	–	–	–
Heritage and cultural	–	–	–	30
Library	–	10	–	22
Library – per capita	20	–	–	–
Library – special projects	1	–	–	–
Noxious weeds	52	71	–	–
NSW rural fire services	179	252	–	–
Planning	–	25	–	–
Recreation and culture	121	–	85	61
Street lighting	–	6	–	–
Tourism	–	–	–	30
Transport (roads to recovery)	751	340	–	–
Transport (other roads and bridges funding)	–	–	846	293
Total specific purpose	1,873	1,070	931	436
Total grants	3,751	2,935	931	436
Grant revenue is attributable to:				
– Commonwealth funding	2,788	2,338	–	25
– State funding	833	597	846	406
– Other funding	130	–	85	5
	3,751	2,935	931	436

¹ Federal Assistance Grants (FAGs) are recognised as revenue upon their receipt or upon earlier notification that the grant has been secured. As such the revenue for FAGS includes the last quarter FAG payment received on 17 May 2016.

The former Bombala Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 3. Income from continuing operations (continued)

\$ '000	1/7/15 to 12/5/16 Operating	1/7/14 to 30/6/15 Operating	1/7/15 to 12/5/16 Capital	1/7/14 to 30/6/15 Capital
(f) Contributions				
Developer contributions:				
(s93 & s94 – EP&A Act, s64 of the LGA):				
Nil				
Other contributions:				
Community services	–	2	–	–
Dedications (other than by S94)	–	78	–	–
Heritage/cultural	–	1	–	–
Noxious weeds	2	5	–	–
RMS contributions (regional roads, block grant)	770	714	–	136
Tourism	1	–	–	–
Other	2	–	–	–
Total other contributions	775	800	–	136
Total contributions	775	800	–	136
TOTAL GRANTS AND CONTRIBUTIONS	4,526	3,735	931	572

\$ '000	Actual 1/7/15 to 12/5/16	Actual 1/7/14 to 30/6/15
(g) Restrictions relating to grants and contributions		
Certain grants and contributions are obtained by Council on condition that they be spent in a specified manner:		
Unexpended at the close of the previous reporting period	338	188
Add: grants and contributions recognised in the current period but not yet spent:	107	229
Less: grants and contributions recognised in a previous reporting period now spent:	(105)	(79)
Net increase (decrease) in restricted assets during the period	2	150
Unexpended and held as restricted assets	340	338
Comprising:		
– Specific purpose unexpended grants	255	253
– Developer contributions	85	85
	340	338

The former Bombala Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 4. Expenses from continuing operations

\$ '000	Notes	Actual 1/7/15 to 12/5/16	Actual 1/7/14 to 30/6/15
(a) Employee benefits and on-costs			
Salaries and wages		2,423	2,798
Travel expenses		6	15
Employee leave entitlements (ELE)		515	565
Superannuation – defined contribution plans		249	264
Superannuation – defined benefit plans		52	74
Workers' compensation insurance		92	89
Fringe benefit tax (FBT)		9	7
Training costs (other than salaries and wages)		31	43
Protective clothing		8	–
Other		9	7
Total employee costs		3,394	3,862
Less: capitalised costs		(271)	(223)
TOTAL EMPLOYEE COSTS EXPENSED		3,123	3,639
Number of 'full-time equivalent' employees (FTE) as at 12/5/2016		45	42
(b) Borrowing costs			
(i) Interest bearing liability costs			
Nil			
(ii) Other borrowing costs			
Discount adjustments relating to movements in provisions (other than ELE)			
– Remediation liabilities	26	10	10
Total other borrowing costs		10	10
TOTAL BORROWING COSTS EXPENSED		10	10
(c) Materials and contracts			
Raw materials and consumables		715	1,064
Contractor and consultancy costs			
– Private works		27	120
– RMS road maintenance council contracts		327	1,290
– Waste collection		159	147
– Contractor and consultancy costs other		1,176	1,290
Auditors remuneration ⁽¹⁾		28	26
Legal expenses:			
– Legal expenses: planning and development		4	–
– Legal expenses: debt recovery		14	–
– Legal expenses: other		4	29
Operating leases:			
– Operating lease rentals: sub lease payments ⁽²⁾		28	31
TOTAL MATERIALS AND CONTRACTS		2,482	3,997

(continued on the next page...)

The former Bombala Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 4. Expenses from continuing operations (continued)

\$ '000	Notes	Actual	
		1/7/15 to 12/5/16	1/7/14 to 30/6/15
(c) Materials and contracts			
1. Auditor remuneration			
During the period, the following fees were incurred for services provided by the Council's Auditor (and the Auditors of other consolidated entities):			
(i) Audit and other assurance services			
		26	25
		–	1
		2	–
		28	26
		28	26
2. Operating lease payments are attributable to:			
Computers		28	31
		28	31

\$ '000	Notes	Impairment costs		Depreciation/amortisation	
		Actual	Actual	Actual	Actual
		1/7/15 to 12/5/16	1/7/14 to 30/6/15	1/7/15 to 12/5/16	1/7/14 to 30/6/15
Plant and equipment		–	–	166	203
Office equipment		–	–	9	9
Furniture and fittings		–	–	6	6
Infrastructure:					
– Buildings – non-specialised		–	–	168	215
– Buildings – specialised		–	–	143	166
– Other structures		–	–	3	3
– Roads		–	–	1,084	802
– Bridges		–	–	339	560
– Footpaths		–	–	35	39
– Stormwater drainage		–	–	13	24
– Water supply network		–	–	243	275
– Sewerage network		–	–	314	359
– Swimming pools		–	–	8	8
– Other open space/recreational assets		–	–	5	6
Asset reinstatement costs	9 & 26	–	–	4	4
Intangible assets	25	–	–	23	26
TOTAL DEPRECIATION AND IMPAIRMENT COSTS EXPENSED		–	–	2,563	2,705

The former Bombala Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 4. Expenses from continuing operations (continued)

\$ '000	Notes	Actual 1/7/15 to 12/5/16	Actual 1/7/14 to 30/6/15
(e) Other expenses			
Other expenses for the period include the following:			
Advertising		27	30
Bad and doubtful debts		–	23
Bank charges		6	8
Cleaning		7	–
Computer software charges		113	49
Contributions/levies to other levels of government			
– Emergency Services levy (includes FRNSW, SES, and RFS levies)		3	4
– NSW Fire Brigade levy		17	22
– NSW Rural Fire Service levy		122	163
– Other councils and government		93	92
– Other contributions/levies		7	–
Councillor expenses – mayoral fee		17	20
Councillor expenses – councillors' fees		56	66
Councillors' expenses (incl. mayor) – other (excluding fees above)		12	3
Donations, contributions and assistance to other organisations (Section 356)		78	77
Electricity and heating		125	121
Fire control expenses		79	–
Insurance		181	276
Motor vehicle registration		24	47
Office expenses (including computer expenses)		6	–
Postage		8	6
Printing and stationery		21	–
Street lighting		22	26
Subscriptions and publications		15	19
Telephone and communications		62	70
Valuation fees		19	17
Other		–	8
<u>TOTAL OTHER EXPENSES</u>		<u>1,120</u>	<u>1,147</u>

The former Bombala Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 5. Gains or losses from the disposal of assets

\$ '000	Notes	Actual 1/7/15 to 12/5/16	Actual 1/7/14 to 30/6/15
Plant and equipment			
Proceeds from disposal – plant and equipment		16	96
Less: carrying amount of plant and equipment assets sold/written off		(22)	(197)
Net gain/(loss) on disposal		(6)	(101)
Financial assets			
Proceeds from disposal/redemptions/maturities – financial assets		–	1,500
Less: carrying amount of financial assets sold/redeemed/matured		–	(1,500)
Net gain/(loss) on disposal		–	–
<u>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</u>		<u>(6)</u>	<u>(101)</u>

The former Bombala Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

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

\$ '000	Notes	12/5/16 Actual Current	12/5/16 Actual Non-current	30/6/15 Actual Current	30/6/15 Actual Non-current
Cash and cash equivalents (Note 6a)					
Cash on hand and at bank		1,297	–	1,642	–
Cash-equivalent assets ¹					
– Deposits at call		1,020	–	–	–
– Short-term deposits		–	–	3,500	–
Total cash and cash equivalents		2,317	–	5,142	–
Investments (Note 6b)					
– Long term deposits		9,000	–	5,000	–
Total investments		9,000	–	5,000	–
TOTAL CASH ASSETS, CASH EQUIVALENTS AND INVESTMENTS		11,317	–	10,142	–

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

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

Cash and cash equivalents

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

2,317	–	5,142	–
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Investments

b. 'Held to maturity'

6(b-ii)

Investments

9,000	–	5,000	–
9,000	–	5,000	–

Note 6(b-i)**Reconciliation of investments**

classified as 'held to maturity'

Balance at beginning of period	5,000	–	6,500	–
Additions	4,000	–	–	–
Disposals (sales and redemptions)	–	–	(1,500)	–
Balance at end of period	9,000	–	5,000	–

Comprising:

– Long term deposits	9,000	–	5,000	–
Total	9,000	–	5,000	–

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

The former Bombala Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

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

\$ '000	12/5/16	12/5/16	30/6/15	30/6/15
	Actual Current	Actual Non-current	Actual Current	Actual Non-current
Total cash, cash equivalents and investments	11,317	–	10,142	–
attributable to:				
External restrictions (refer below)	5,328	–	5,031	–
Internal restrictions (refer below)	5,269	–	4,815	–
Unrestricted	720	–	296	–
	11,317	–	10,142	–

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

Details of restrictions

External restrictions – included in liabilities

Nil

External restrictions – other

Developer contributions – general	(D)	22	–	–	22
Developer contributions – water fund	(D)	40	–	–	40
Developer contributions – sewer fund	(D)	23	–	–	23
Specific purpose unexpended grants	(F)	253	100	(98)	255
Water supplies	(G)	2,211	78	–	2,289
Sewerage services	(G)	2,123	192	–	2,315
Domestic waste management	(G)	82	10	–	92
Home and community care		277	107	(92)	292
External restrictions – other		5,031	487	(190)	5,328
Total external restrictions		5,031	487	(190)	5,328

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

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

G Water, sewerage, domestic waste management (DWM) and other special rates/levies/charges are externally restricted assets and must be applied for the purposes for which they were raised.

The former Bombala Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

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

1/7/15 to 12/5/16 \$ '000	Opening balance	Transfers to restrictions	Transfers from restrictions	Closing balance
Internal restrictions				
Plant and vehicle replacement	23	327	(84)	266
Infrastructure replacement	–	550	–	550
IR – Bombala caravan park	150	–	(150)	–
IR – Bombala pool complex	300	–	–	300
IR – Bundian way infrastructure	100	–	–	100
IR – delegate caravan park	100	–	(100)	–
IR – delegate main street upgrade	119	–	–	119
IR – saleyards infrastructure	100	–	–	100
IR – seal racecourse road	50	–	–	50
IR – town and villages drainage	200	–	–	200
IR – town and villages shared pathways	60	–	–	60
IR – town and villages urban reseals	300	–	–	300
IR – upgrade sport and recreation facilities	100	–	(75)	25
Employees leave entitlement	550	100	–	650
Carry over works	1,061	931	(637)	1,355
Community development	15	–	–	15
Deposits, retentions and bonds	162	–	(86)	76
Delegate disadvantaged units	54	20	(36)	38
Economic development	80	–	–	80
Emergency services	20	–	–	20
SRWI – Bombala CBD	300	–	–	300
SRWI – Bombala river park	150	–	–	150
SRWI – community buildings	411	108	(462)	57
SRWI – delegate main street upgrade	60	–	–	60
SRWI – endeavour reserve viewing platform	40	–	–	40
SRWI – seal racecourse road	200	–	–	200
SRWI – sport and recreation facilities	15	113	(13)	115
SRWI – town and villages shared pathways	95	–	(52)	43
Total internal restrictions	4,815	2,149	(1,695)	5,269
TOTAL RESTRICTIONS	9,846	2,636	(1,885)	10,597

The former Bombala Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 7. Receivables

\$ '000	Notes	12/5/16 Current	12/5/16 Non-current	30/6/15 Current	30/6/15 Non-current
Purpose					
Rates and annual charges ⁽¹⁾		827	–	451	–
Interest and extra charges		47	–	46	–
User charges and fees		79	–	692	–
Accrued revenues					
– Interest on investments		53	–	86	–
– Other income accruals		392	–	196	–
Government grants and subsidies		602	–	154	–
Net GST receivable		71	–	31	–
Other debtors		139	–	–	–
Total		2,210	–	1,656	–
Less: provision for impairment					
Rates and annual charges		(65)	–	(65)	–
User charges and fees		(3)	–	(26)	–
Total provision for impairment – receivables		(68)	–	(91)	–
TOTAL NET RECEIVABLES		2,142	–	1,565	–
Externally restricted receivables					
Water supply					
– Rates and availability charges		53	–	41	–
– Other		203	–	202	–
Sewerage services					
– Rates and availability charges		36	–	23	–
Total external restrictions		292	–	266	–
Internally restricted receivables					
Nil					
Unrestricted receivables		1,850	–	1,299	–
TOTAL NET RECEIVABLES		2,142	–	1,565	–

Notes on debtors above:

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

(1) Rates are recognised as revenue at the commencement of the rating year for the period 1 July 2015 to 30 June 2016. No adjustments have been made for rates not earned during the period 13/05/2016 to 30/06/2016.

The former Bombala Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 8. Inventories and other assets

\$ '000	Notes	12/5/16 Current	12/5/16 Non-current	30/6/15 Current	30/6/15 Non-current
(a) Inventories					
(i) Inventories at cost					
Real estate for resale (refer below)		16	–	16	–
Stores and materials		197	–	224	–
Trading stock		94	–	182	–
Total inventories at cost		307	–	422	–
(ii) Inventories at net realisable value (NRV)					
Nil					
TOTAL INVENTORIES		307	–	422	–
(b) Other assets					
Prepayments		50	–	–	–
TOTAL OTHER ASSETS		50	–	–	–

Externally restricted assets

There are no restrictions applicable to the above assets.

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

Industrial/commercial		16	–	16	–
Total real estate for resale		16	–	16	–

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

Represented by:

Acquisition costs		16	–	16	–
Total costs		16	–	16	–
Total real estate for resale		16	–	16	–

Movements:

Real estate assets at beginning of period		16	–	16	–
Total real estate for resale		16	–	16	–

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

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

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

(c) Inventory write downs

There were no amounts recognised as an expense relating to the write down of inventory balances held during the period.

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

The former Bombala Council

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

Note 9a. Infrastructure, property, plant and equipment

\$ '000	as at 30/6/2015					Asset movements during the reporting period						as at 12/5/2016				
	At cost	At fair value	Accumulated		Carrying value	Additions renewals	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Revaluation increments to equity (ARR)	At cost	At fair value	Accumulated		Carrying value
			depreciation	impairment										depreciation	impairment	
Capital work in progress	177	–	–	–	177	56	–	–	–	(45)	–	188	–	–	–	188
Plant and equipment	–	4,385	1,816	–	2,569	100	–	(22)	(166)	–	–	–	4,455	1,974	–	2,481
Office equipment	–	52	15	–	37	–	5	–	(9)	–	–	–	57	24	–	33
Furniture and fittings	–	67	8	–	59	–	2	–	(6)	–	–	–	69	14	–	55
Land:																
– Operational land	–	1,828	–	–	1,828	–	2	–	–	–	–	–	1,830	–	–	1,830
– Community land	–	1,088	–	–	1,088	–	–	–	–	–	–	–	1,088	–	–	1,088
Infrastructure:																
– Buildings – non-specialised	–	11,410	7,157	–	4,253	24	20	–	(168)	–	–	–	11,455	7,326	–	4,129
– Buildings – specialised	–	9,746	7,325	–	2,421	149	45	–	(143)	20	–	–	9,959	7,467	–	2,492
– Other structures	–	117	15	–	102	6	5	–	(4)	14	–	–	141	18	–	123
– Roads	–	34,807	11,717	–	23,090	1,553	–	–	(1,084)	–	–	–	36,360	12,801	–	23,559
– Bridges	–	31,914	11,451	–	20,463	–	–	–	(339)	–	–	–	31,914	11,790	–	20,124
– Footpaths	–	1,986	882	–	1,104	12	12	–	(35)	–	–	–	2,010	917	–	1,093
– Bulk earthworks (non-depreciable)	–	184,305	–	–	184,305	–	369	–	–	–	–	–	184,674	–	–	184,674
– Stormwater drainage	–	1,203	361	–	842	–	–	–	(13)	–	–	–	1,203	374	–	829
– Water supply network	–	19,675	8,440	–	11,235	25	32	–	(243)	–	169	–	19,901	8,683	–	11,218
– Sewerage network	–	28,953	15,732	–	13,221	7	–	–	(314)	–	198	–	29,159	16,047	–	13,112
– Swimming pools	–	436	97	–	339	–	–	–	(8)	11	–	–	447	105	–	342
– Other open space/recreational assets	–	97	39	–	58	–	–	–	(4)	–	–	–	99	45	–	54
Reinstatement, rehabilitation and restoration assets (refer Note 26):																
– Tip assets	–	296	62	–	234	–	–	–	(4)	–	–	–	296	66	–	230
– Quarry assets	–	38	5	–	33	–	–	–	–	–	–	–	38	5	–	33
TOTAL INFRASTRUCTURE, PROPERTY, PLANT AND EQUIP.	177	332,403	65,122	–	267,458	1,932	492	(22)	(2,540)	–	367	188	335,155	67,656	–	267,687

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

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

The former Bombala Council

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

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

\$ '000	Actual 12/5/16				Actual 30/6/15			
	At cost	At fair value	A/Dep & impairm't	Carrying value	At cost	At fair value	A/Dep & impairm't	Carrying value
Water supply								
WIP	32	–	–	32	2	–	–	2
Plant and equipment	–	7	7	–	–	7	7	–
Land								
– Operational land	–	130	–	130	–	130	–	130
Buildings	–	291	242	49	–	291	241	50
Infrastructure	–	19,902	8,683	11,219	–	19,676	8,440	11,236
Total water supply	32	20,330	8,932	11,430	2	20,104	8,688	11,418
Sewerage services								
Plant and equipment	–	101	39	62	–	101	33	68
Land								
– Operational land	–	155	–	155	–	155	–	155
Infrastructure	–	29,158	16,047	13,111	–	28,952	15,732	13,220
Total sewerage services	–	29,414	16,086	13,328	–	29,208	15,765	13,443
TOTAL RESTRICTED I,PP&E	32	49,744	25,018	24,758	2	49,312	24,453	24,861

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

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

The former Bombala Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 10a. Payables, borrowings and provisions

\$ '000	Notes	12/5/16 Current	12/5/16 Non-current	30/6/15 Current	30/6/15 Non-current
Payables					
Goods and services – operating expenditure		185	–	148	–
Payments received in advance		42	–	62	–
Accrued expenses:					
– Salaries and wages		223	–	163	1
– Other expenditure accruals		70	–	301	–
Security bonds, deposits and retentions		76	–	162	–
Total payables		596	–	836	1
Borrowings					
Nil					
Provisions					
Employee benefits:					
Annual leave		497	1	437	–
Long service leave		759	48	731	47
Other leave		33	–	50	–
Sub-total – aggregate employee benefits		1,289	49	1,218	47
Asset remediation/restoration (future works)	26	–	189	–	179
Total provisions		1,289	238	1,218	226
TOTAL PAYABLES, BORROWINGS AND PROVISIONS		1,885	238	2,054	227
(i) Liabilities relating to restricted assets					
		12/5/16 Current	12/5/16 Non-current	30/6/15 Current	30/6/15 Non-current
Externally restricted assets					
Water		2	–	3	–
Liabilities relating to externally restricted assets		2	–	3	–
Internally restricted assets					
Nil					
Total liabilities relating to restricted assets		2	–	3	–
Total liabilities relating to unrestricted assets		1,883	238	2,051	227
TOTAL PAYABLES, BORROWINGS AND PROVISIONS		1,885	238	2,054	227

The former Bombala Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

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

\$ '000	Actual 12/5/16	Actual 30/6/15
(ii) Current liabilities not anticipated to be settled within the next twelve months		
The following liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	1,036	876
Payables – security bonds, deposits and retentions	55	159
	<u>1,091</u>	<u>1,035</u>

Note 10b. Description of and movements in provisions

Class of provision	Opening balance as at 1/7/15	1/7/15 to 12/5/16				Unused amounts reversed	Closing balance as at 12/5/16
		Additional provisions	Decrease due to payments	Remeasurement effects due to discounting			
Annual leave	437	61	–	–	–	498	
Long service leave	778	29	–	–	–	807	
Other leave (enter detai	50	(17)	–	–	–	33	
Asset remediation	179	10	–	–	–	189	
TOTAL	<u>1,444</u>	<u>83</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>1,527</u>	

- a. Employees leave entitlements and on-costs represents those benefits accrued and payable and an estimate of those that will become payable in the future as a result of past service.
- b. Asset remediation, reinstatement and restoration provisions represent the present value estimate of future costs Council will incur in order to remove, restore and remediate assets and/or activities as a result of past operations.

The former Bombala Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 11. Statement of cash flows – additional information

\$ '000	Notes	Actual 12/5/16	Actual 30/6/15
(a) Reconciliation of cash assets			
Total cash and cash equivalent assets	6a	2,317	5,142
Less bank overdraft	10	–	–
Balance as per the Statement of Cash Flows		2,317	5,142
(b) Reconciliation of net operating result to cash provided from operating activities			
Net operating result from Income Statement		1,690	(739)
Adjust for non-cash items:			
Depreciation and amortisation		2,563	2,705
Net losses/(gains) on disposal of assets		6	101
Unwinding of discount rates on reinstatement provisions		10	10
Share of net (profits) or losses of associates/joint ventures		2	(5)
+/- Movement in operating assets and liabilities and other cash items:			
Decrease/(increase) in receivables		(554)	264
Increase/(decrease) in provision for doubtful debts		(23)	23
Decrease/(increase) in inventories		115	(118)
Decrease/(increase) in other assets		(50)	33
Increase/(decrease) in payables		37	19
Increase/(decrease) in other accrued expenses payable		(172)	64
Increase/(decrease) in other liabilities		(106)	21
Increase/(decrease) in employee leave entitlements		73	120
Net cash provided from/(used in) operating activities from the Statement of Cash Flows		3,591	2,498
(c) Non-cash investing and financing activities			
Nil			
(d) Financing arrangements			
(i) Unrestricted access was available at balance date to the following lines of credit:			
Credit cards/purchase cards		10	10
Total financing arrangements		10	10
(ii) Secured loan liabilities			

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

The former Bombala Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 12. Commitments for expenditure

\$ '000

(a) Capital commitments (exclusive of GST)

Nil

(b) Finance lease commitments

Nil

(c) Operating lease commitments (non-cancellable)

Nil

(d) Investment property commitments

Nil

(e) Investment in joint operations – commitments

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

The former Bombala Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

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

\$ '000	Amounts	Indicator	Prior periods	
	12/5/16	12/5/16	30/6/15	30/6/14
Local government industry indicators – consolidated				
1. Operating performance ratio				
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions less operating expenses	<u>767</u>	7.62%	-11.82%	-22.41%
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions	<u>10,065</u>			
2. Own source operating revenue ratio				
Total continuing operating revenue ⁽¹⁾ excluding all grants and contributions	<u>5,539</u>	50.37%	60.32%	58.49%
Total continuing operating revenue ⁽¹⁾	<u>10,996</u>			
3. Unrestricted current ratio				
Current assets less all external restrictions ⁽²⁾	<u>8,180</u>	10.33x	6.71x	7.14x
Current liabilities less specific purpose liabilities ^(3, 4)	<u>792</u>			
4. Debt service cover ratio				
Operating result ⁽¹⁾ before capital excluding interest and depreciation/impairment/amortisation	<u>3,340</u>	334.00x	150.00x	50.20x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	<u>10</u>			
5. Rates, annual charges, interest and extra charges outstanding percentage				
Rates, annual and extra charges outstanding ⁽⁵⁾	<u>809</u>	21.37%	11.02%	12.44%
Rates, annual and extra charges collectible ⁽⁵⁾	<u>3,785</u>			
6. Cash expense cover ratio				
Current period's cash and cash equivalents plus all term deposits	<u>11,317</u>	18.53 mths	14.0 mths	12.5 mths
Payments from cash flow of operating and financing activities	<u>611</u>			

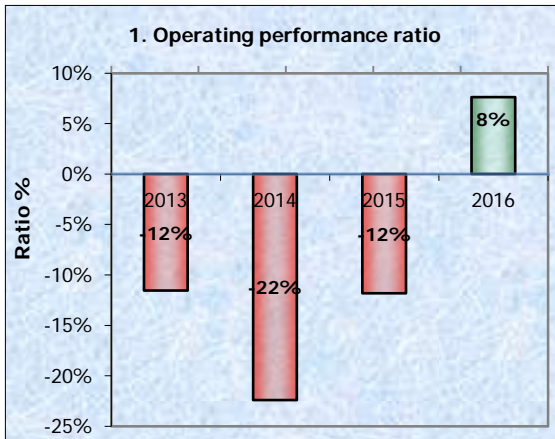
Notes

- ⁽¹⁾ Excludes fair value adjustments and reversal of revaluation decrements, net gain/(loss) on sale of assets and the net share of interests in joint ventures and associates.
- ⁽²⁾ Refer Notes 6-8 inclusive.
Also excludes any real estate and land for resale not expected to be sold in the next 12 months.
- ⁽³⁾ Refer to Note 10(a).
- ⁽⁴⁾ Refer to Note 10(a)(ii) – excludes all payables and provisions not expected to be paid in the next 12 months (incl. ELE).
- ⁽⁵⁾ Rates are recognised as revenue at the commencement of the rating year for the period 1 July 2015 to 30 June 2016. No adjustments have been made for rates not earned during the period 13/05/2016 to 30/06/2016.

The former Bombala Council

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

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



Purpose of operating performance ratio

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

Commentary on 12/5/16 result

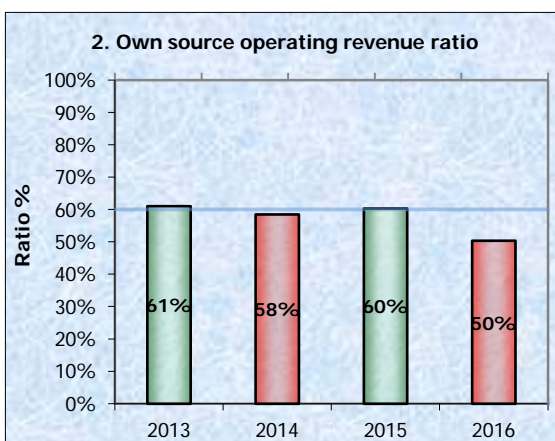
12/5/16 ratio 7.62%

Council's operating performance ratio has improved significantly on the prior year, and is now above benchmark. This improvement is magnified by the inclusion of 12 months rates levied but only 86.85% of expenses to 12 May 2016 as required

Benchmark: ——— Minimum $\geq 0.00\%$

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

Ratio achieves benchmark
 Ratio is outside benchmark



Purpose of own source operating revenue ratio

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

Commentary on 12/5/16 result

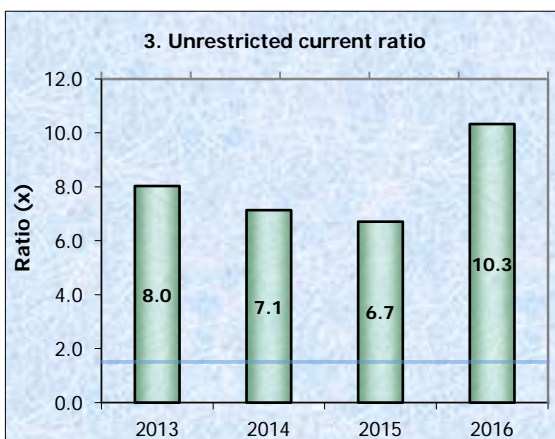
12/5/16 ratio 50.37%

Council fell short of the benchmark during this financial year. The fluctuation from year to year reflects the variations in grant funding as a proportion of revenue.

Benchmark: ——— Minimum $\geq 60.00\%$

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

Ratio achieves benchmark
 Ratio is outside benchmark



Purpose of unrestricted current ratio

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

Commentary on 12/5/16 result

12/5/16 ratio 10.33x

Council's unrestricted ratio was trending down, reflecting a reduction in council's working capital but is still well above the required benchmark. The significant improvement is due to the shorter reporting period for all but rates raised as required by AAS

Benchmark: ——— Minimum ≥ 1.50

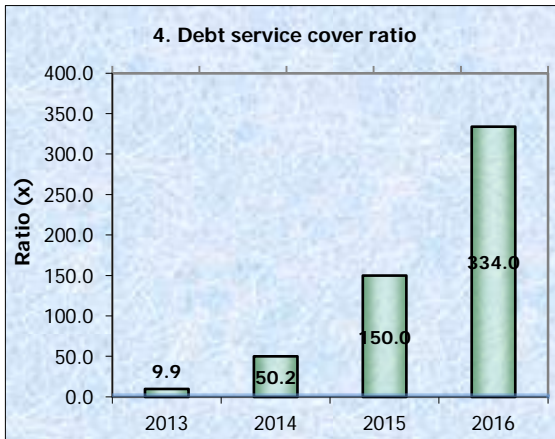
Source for benchmark: Code of Accounting Practice and Financial Reporting #24

Ratio achieves benchmark
 Ratio is outside benchmark

The former Bombala Council

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

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



Purpose of debt service cover ratio

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



Commentary on 12/5/16 result

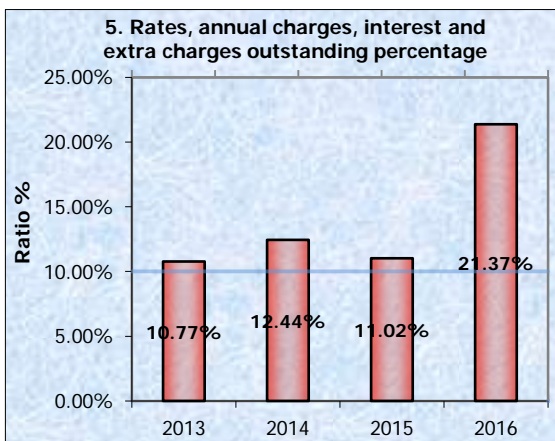
12/5/16 ratio 334.00x

Council continues to maintain very low to nil levels of debt.

Benchmark: Minimum ≥ 2.00

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

 Ratio achieves benchmark
 Ratio is outside benchmark



Purpose of rates and annual charges outstanding ratio

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



Commentary on 12/5/16 result

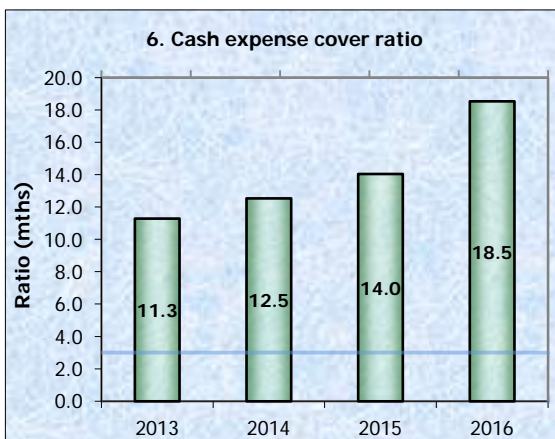
12/5/16 ratio 21.37%

Although generally the large percentage of outstanding rates is attributable to one particular ratepayer who owns multiple properties, this year's ratio also reflects the early closure of the financial year, prior to the fourth quarter of the rates instalment being due, and this distorts the figure.

Benchmark: Maximum $< 10.00\%$

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

 Ratio is within Benchmark
 Ratio is outside Benchmark



Purpose of cash expense cover ratio

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



Commentary on 12/5/16 result

12/5/16 ratio 18.53 mths

This ratio is trending upwards and remains well above the minimum benchmark of 3 months.

Benchmark: Minimum ≥ 3.00

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

 Ratio achieves benchmark
 Ratio is outside benchmark

The former Bombala Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

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

\$ '000	Water 12/5/16	Sewer 12/5/16	General ⁵ 12/5/16
Local government industry indicators – by fund			
1. Operating performance ratio			
<u>Total continuing operating revenue⁽¹⁾ excluding capital grants and contributions less operating expenses</u>	-9.98%	-22.52%	10.56%
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions	prior period: -2.44%	-26.02%	-11.77%
2. Own source operating revenue ratio			
<u>Total continuing operating revenue⁽¹⁾ excluding all grants and contributions</u>	98.49%	98.14%	44.80%
Total continuing operating revenue ⁽¹⁾	prior period: 98.64%	98.25%	55.34%
3. Unrestricted current ratio			
<u>Current assets less all external restrictions⁽²⁾</u>	1272.50x	No liabilities	10.33x
Current liabilities less specific purpose liabilities ^(3, 4)	prior period: 818.00x	No liabilities	6.71x
4. Debt service cover ratio			
<u>Operating result⁽¹⁾ before capital excluding interest and depreciation/impairment/amortisation</u>	0.00	0.00	295.60x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	prior period: 0.00x	0.00x	101.30x
5. Rates, annual charges, interest and extra charges outstanding percentage			
<u>Rates, annual and extra charges outstanding⁽⁶⁾</u>	9.27%	1.26%	25.66%
Rates, annual and extra charges collectible ⁽⁶⁾	prior period: 9.01%	5.35%	12.12%
6. Cash expense cover ratio			
<u>Current period's cash and cash equivalents plus all term deposits</u> x12	6.67 mths	17.08 mths	19.47 mths
Payments from cash flow of operating and financing activities	prior period: 28.58 mths	45.49 mths	12.02 mths

Notes

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

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

(6) Rates are recognised as revenue at the commencement of the rating year for the period 1 July 2015 to 30 June 2016. No adjustments have been made for rates not earned during the period 13/05/2016 to 30/06/2016

The former Bombala Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 14. Investment properties

\$ '000

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

Note 15. Financial risk management

Risk management

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

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

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

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

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

	Carrying value		Fair value	
	12/5/16	30/6/15	12/5/16	30/6/15
Financial assets				
Cash and cash equivalents	2,317	5,142	2,317	5,142
Investments				
– 'Held to maturity'	9,000	5,000	9,000	5,000
Receivables	2,142	1,565	2,142	1,565
Total financial assets	13,459	11,707	13,459	11,707
Financial liabilities				
Payables	554	775	554	837
Total financial liabilities	554	775	554	837

Fair value is determined as follows:

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

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

The former Bombala Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 15. Financial risk management (continued)

\$ '000

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

Council's finance area manages the cash and Investments portfolio.

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

The risks associated with the investments held are:

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

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

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

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

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

	Increase of values/rates		Decrease of values/rates	
	Profit	Equity	Profit	Equity
1/7/15 to 12/5/16				
Possible impact of a 1% movement in interest rates	113	113	(113)	(113)
1/7/14 to 30/6/15				
Possible impact of a 1% movement in interest rates	101	101	(101)	(101)

The former Bombala Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 15. Financial risk management (continued)

\$ '000

(b) Credit risk

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

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

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

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

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

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

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

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

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

	12/5/16 Rates and annual charges	12/5/16 Other receivables	30/6/15 Rates and annual charges	30/6/15 Other receivables
(i) Ageing of receivables – %				
Current (not yet overdue)	25%	51%	5%	37%
Overdue	75%	49%	95%	63%
	100%	100%	100%	100%
(ii) Ageing of receivables – value				
Rates and annual charges	Rates and annual charges	Other receivables	Rates and annual charges	Other receivables
Current	207	792	23	442
< 1 year overdue	620	561	428	588
1 – 2 years overdue	–	30	–	35
2 – 5 years overdue	–	–	–	128
> 5 years overdue	–	–	–	12
	827	1,383	451	1,205
(iii) Movement in provision for impairment of receivables			12/5/16	30/6/15
Balance at the beginning of the period			91	68
+ new provisions recognised during the period			–	23
– amounts already provided for and written off this period			(23)	–
Balance at the end of the period			68	91

The former Bombala Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 15. Financial risk management (continued)

\$ '000

(c) Liquidity risk

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

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

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

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

\$ '000	Subject to no maturity	payable in:						Total cash outflows	Actual carrying values
		≤ 1 Year	1-2 Yrs	2-3 Yrs	3-4 Yrs	4-5 Yrs	> 5 Yrs		
1/7/15 to 12/5/16									
Trade/other payables	76	465	–	–	–	–	–	541	554
Total financial liabilities	76	465	–	–	–	–	–	541	554
1/7/14 to 30/6/15									
Trade/other payables	162	613	–	–	–	–	–	775	775
Total financial liabilities	162	613	–	–	–	–	–	775	775

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

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

	12/5/16 Carrying value	12/5/16 Average interest rate	30/6/15 Carrying value	30/6/15 Average interest rate
Trade/other payables	554	0.00%	775	0.00%
	<u>554</u>		<u>775</u>	

Note 16. Material budget variations

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

The former Bombala Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 17. Statement of developer contributions

\$ '000

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

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

SUMMARY OF CONTRIBUTIONS AND LEVIES

PURPOSE	Opening balance	Contributions received during the period		Interest earned during period	Expenditure during period	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
S94A levies – under a plan	22	–	–	–	–	–	22	–
Total S94 revenue under plans	22	–	–	–	–	–	22	–
S64 contributions	63	–	–	–	–	–	63	–
Total contributions	85	–	–	–	–	–	85	–

S94A LEVIES – UNDER A PLAN

CONTRIBUTION PLAN NUMBER 1

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

The former Bombala Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 18. Contingencies and other assets/liabilities not recognised

\$ '000

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

LIABILITIES NOT RECOGNISED:

1. Guarantees

(i) Defined benefit superannuation contribution plans

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

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

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

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

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

(ii) Statewide Limited

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

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

The future realisation and finalisation of claims incurred but not reported to 12/5/2016 may result in future liabilities or benefits as a result of past events that Council will be required to fund or share in respectively.

(iii) StateCover Limited

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

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

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

These future equity contributions would be required to maintain the company's minimum level of net assets in accordance with its licence requirements.

(iv) Other guarantees

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

The former Bombala Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

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

\$ '000

LIABILITIES NOT RECOGNISED (continued):

2. Other liabilities

(i) Third party claims

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

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

(ii) S94 plans

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

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

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

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

ASSETS NOT RECOGNISED:

(i) Land Under Roads

As permitted under AASB 1051, Council has elected not to bring to account Land Under Roads that it owned or controlled up to & including 30/6/08.

(ii) Infringement Notices/Fines

Fines & Penalty Income, the result of Council issuing Infringement Notices is followed up and collected by the Infringement Processing Bureau.

Councils Revenue Recognition policy for such income is to account for it as revenue on receipt.

Accordingly, at Year End, there is a potential asset due to Council representing issued but unpaid Infringement Notices.

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

The former Bombala Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 19. Interests in other entities

\$ '000

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

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

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

Controlled entities (subsidiaries)

Note 19(a)

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

Joint ventures and associates

Note 19(b)

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

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

Joint operations

Note 19(c)

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

Unconsolidated structured entities

Note 19(d)

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

Subsidiaries, joint arrangements and associates not recognised

Note 19(e)

Accounting recognition:

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

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

	Council's share of net income		Council's share of net assets	
	Actual 1/7/15 to 12/5/16	Actual 1/7/14 to 30/6/15	Actual 12/5/16	Actual 30/6/15
Joint ventures	(2)	5	105	107
Associates	—	—	—	—
Total	(2)	5	105	107

The former Bombala Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 19. Interests in other entities (continued)

\$ '000

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

Council controls a number of subsidiaries as listed in Note 1 (c) (i). Due to their immaterial value and nature these committees have been excluded from consolidation.

(b) Joint ventures and associates

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

(a) Net carrying amounts – Council's share

Name of entity	Nature of relationship	Measurement method	12/5/16	30/6/15
Monaro Regional Library Service	Joint venture	Equity	105	107
Total carrying amounts – material joint ventures and associates			105	107

(b) Details

Name of entity	Principal activity	Place of business
Monaro Regional Library Service	Library services in the regional area	Cooma

(c) Relevant interests and fair values

Name of entity	Quoted fair value		Interest in outputs		Interest in ownership		Proportion of voting power	
	12/5/16	30/6/15	2016	2015	2016	2015	2016	2015
Monaro Regional Library Service	n/a	n/a	13%	13%	13%	13%	13%	13%

(d) Summarised financial information for joint ventures and associates

Reporting dates of joint ventures and associates

The financial position and performance of joint ventures and associates for the period ended 12 May 2016 have been used in these consolidated financial statements.

The joint ventures and arrangements did not have any significant transactions occurring in the period from 13 May 2016 to 30 June 2016 that would have materially affected the consolidated financial statements.

The former Bombala Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 19. Interests in other entities (continued)

\$ '000

(b) Joint ventures and associates

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

	Monaro Regional Library Service	
	12/5/16	30/6/15
Statement of financial position		
Current assets		
Cash and cash equivalents	618	551
Other current assets	2	–
Total current assets	620	551
Non-current assets	376	360
Current liabilities		
Other current liabilities	162	56
Total current liabilities	162	56
Non-current liabilities	5	9
Net assets	829	846
Reconciliation of the carrying amount		
Opening net assets (1 July)	846	805
Profit/(loss) for the period	(17)	41
Closing net assets	829	846
Council's share of net assets (%)	12.7%	12.7%
Council's share of net assets (\$)	105	107
Statement of comprehensive income	1/7/15 to 12/5/16	1/7/14 to 30/6/15
Income	387	484
Interest income	20	20
Depreciation and amortisation	(76)	(94)
Other expenses	(348)	(369)
Profit/(loss) from continuing operations	(17)	41
Profit/(loss) for period	(17)	41
Total comprehensive income	(17)	41
Share of income – Council (%)	12.7%	12.7%
Profit/(loss) – Council (\$)	(2)	5
Total comprehensive income – Council (\$)	(2)	5

(e) The nature and extent of significant restrictions relating to joint ventures and associates

The operation of the Monaro Regional Library is governed by the Monaro Regional Libraries Agreement between the Bombala Council, Cooma-Monaro Shire Council and Snowy River Shire Council. On termination of the agreement the net assets are to be divided proportionally in the ratio of the contribution paid by each Council in the preceding 3 years. Until termination, all assets are held by the joint venture.

The former Bombala Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 19. Interests in other entities (continued)

\$ '000

(c) Joint operations

Council has no interest in any joint operations.

(d) Unconsolidated structured entities

Council did not consolidate the following structured entities:

1. Statewide Limited

Statewide Limited is a mutual pool scheme providing liability insurance to Local Government

Nature of risks relating to the Unconsolidated Structured Entity

Statewide Limited spreads the risk of exposure across 147 member Councils. Additionally the scheme is part of a National Local Government placement in the Lloyds and London market, which effectively spreads the risk over 500+ Councils nationally.

Council contributed to the scheme by way of annual premiums, with excesses returned to the member Councils. Since 1998, all Council have received a rebate in premiums each year.

	12/5/16	30/6/15
Income received by Council relating to the Structured Entity		
Insurance rebate	8	16

2. State Cover Limited

StateCover is a company providing workers compensation insurance cover to the NSW Local Government. Council is a member and holds a partly paid share in the entity.

Nature of risks relating to the Unconsolidated Structured Entity

StateCover is a public company with a share capital and limited liability. Shareholders are the Local Government Shires Association and member Councils. Shareholders liability is limited to the value of the fully paid shares.

	12/5/16	30/6/15
Income received by Council relating to the Structured Entity		
WHS incentive payment	12	11

(e) Subsidiaries, joint arrangements and associates not recognised

None.

The former Bombala Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

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

\$ '000	Notes	Actual 12/5/16	Actual 30/6/15
(a) Retained earnings			
Movements in retained earnings were as follows:			
Balance at beginning of period (from previous year's audited accounts)		127,847	128,486
a. Changes in accounting policies (prior period effects)	20 (d)	–	100
b. Net operating result for the period		1,690	(739)
Balance at end of the reporting period		129,537	127,847
(b) Revaluation reserves			
(i) Reserves are represented by:			
– Infrastructure, property, plant and equipment revaluation reserve		150,011	149,644
Total		150,011	149,644
(ii) Reconciliation of movements in reserves:			
Infrastructure, property, plant and equipment revaluation reserve			
– Opening balance		149,644	24,444
– Revaluations for the period	9(a)	367	125,200
– Balance at end of period		150,011	149,644
TOTAL VALUE OF RESERVES		150,011	149,644
(iii) Nature and purpose of reserves			
Infrastructure, property, plant and equipment revaluation reserve			
– The infrastructure, property, plant and equipment revaluation reserve is used to record increments/decrements of non-current asset values due to their revaluation.			
(c) Correction of error/s relating to a previous reporting period			
Council made no correction of errors during the current reporting period.			
(d) Voluntary changes in accounting policies			
– Adoption of AASB 128		–	100
In accordance with AASB 108 – Accounting Policies, Changes in Accounting Estimates and Errors, the above changes in accounting policy have been recognised retrospectively.			
These amounted to the following equity adjustments:			
– Adjustments to opening equity – 1/7/14 (relating to adjustments for the 30/6/14 reporting year end and prior periods)		–	100
Total prior period adjustments – accounting policy changes		–	100

The former Bombala Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 21. Financial result and financial position by fund

Income Statement by fund	Actual 1/7/15 to 12/5/16	Actual 1/7/15 to 12/5/16	Actual 1/7/15 to 12/5/16
\$ '000			
<u>Continuing operations</u>	Water	Sewer	General¹
Income from continuing operations			
Rates and annual charges ⁽²⁾	415	428	2,476
User charges and fees	192	4	811
Interest and investment revenue	44	43	225
Other revenues	–	–	901
Grants and contributions provided for operating purposes	10	9	4,507
Grants and contributions provided for capital purposes	–	–	931
Total income from continuing operations	661	484	9,851
Expenses from continuing operations			
Employee benefits and on-costs	146	118	2,859
Borrowing costs	–	–	10
Materials and contracts	211	47	2,224
Depreciation and amortisation	244	315	2,004
Impairment	–	–	–
Other expenses	126	113	881
Net losses from the disposal of assets	–	–	6
Share of interests in joint ventures and associates using the equity method	–	–	2
Total expenses from continuing operations	727	593	7,986
Operating result from continuing operations	(66)	(109)	1,865
<u>Discontinued operations</u>			
Net profit/(loss) from discontinued operations	–	–	–
Net operating result for the period	(66)	(109)	1,865
Net operating result attributable to each council fund	(66)	(109)	1,865
Net operating result attributable to non-controlling interests	–	–	–
Net operating result for the period before grants and contributions provided for capital purposes	(66)	(109)	934

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

² Rates are recognised as revenue at the commencement of the rating year for the period 1 July 2015 to 30 June 2016. No adjustments have been made for rates not earned during the period 13/05/2016 to 30/06/2016

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

The former Bombala Council

Notes to the Financial Statements

as at 12 May 2016

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

Statement of Financial Position by fund \$ '000	Actual 12/5/16	Actual 12/5/16	Actual 12/5/16
ASSETS	Water	Sewer	General¹
Current assets			
Cash and cash equivalents	269	407	1,641
Investments	2,059	1,931	5,010
Receivables	257	36	1,849
Inventories	–	–	307
Other	–	–	50
Non-current assets classified as 'held for sale'	–	–	–
Total current assets	2,585	2,374	8,857
Non-current assets			
Investments	–	–	–
Receivables	–	–	–
Inventories	–	–	–
Infrastructure, property, plant and equipment	11,430	13,328	242,929
Investments accounted for using the equity method	–	–	105
Investment property	–	–	–
Intangible assets	–	–	63
Total non-current assets	11,430	13,328	243,097
TOTAL ASSETS	14,015	15,702	251,954
LIABILITIES			
Current liabilities			
Payables	2	–	594
Borrowings	–	–	–
Provisions	–	–	1,289
Total current liabilities	2	–	1,883
Non-current liabilities			
Payables	–	–	–
Borrowings	–	–	–
Provisions	–	–	238
Total non-current liabilities	–	–	238
TOTAL LIABILITIES	2	–	2,121
Net assets	14,013	15,702	249,833
EQUITY			
Retained earnings	4,530	4,037	120,970
Revaluation reserves	9,483	11,665	128,863
Total equity	14,013	15,702	249,833

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

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

The former Bombala Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

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

\$ '000

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

Note 23. Events occurring after the reporting date

Events that occur between the end of the reporting period (12 May 2016) and the date when the financial statements are 'authorised for issue' have been taken into account in preparing these statements.

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

Accordingly, the 'authorised for issue' date is 02/12/16.

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

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

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

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

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

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

Amalgamation of consolidated operations for the former Bombala Council to form Snowy Monaro Regional Council

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

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

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

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

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

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

The former Bombala Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 24. Discontinued operations

\$ '000

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

Note 25. Intangible assets

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

Intangible assets are as follows:

Opening values:

Gross book value (1/7)	130	130
Accumulated amortisation (1/7)	(52)	(26)
Accumulated impairment (1/7)	–	–
Net book value – opening balance	78	104

Movements for the period

– Purchases	8	–
– Amortisation charges	(23)	(26)

Closing values:

Gross book value (12/5/16)	138	130
Accumulated amortisation (12/5/16)	(75)	(52)
Accumulated impairment (12/5/16)	–	–

TOTAL INTANGIBLE ASSETS – NET BOOK VALUE¹

63	78
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¹ The net book value of intangible assets represent:

– Software	63	78
	63	78

The former Bombala Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 26. Reinstatement, rehabilitation and restoration liabilities

\$ '000

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

Asset/operation	Estimated year of restoration	Net Present Value of provision	
		12/5/16	30/6/15
Waste management – beginning of year	2031	147	139
+ amortisation of discount (expensed to borrowing costs)		8	8
Quarry/pit – beginning of year	2056	32	30
+ amortisation of discount (expensed to borrowing costs)		2	2
Balance at end of the reporting period	10(a)	189	179

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

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

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

Reconciliation of movement in provision for the period:	12/5/16	30/6/15
Balance at beginning of period	179	169
Amortisation of discount (expensed to borrowing costs)	10	10
Total – reinstatement, rehabilitation and restoration provision	189	179

Amount of expected reimbursements

Of the above provisions for reinstatement, rehabilitation and restoration works, those applicable to garbage services and waste management are able to be funded through future charges incorporated within Council's annual domestic waste management charge.

The former Bombala Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 27. Fair value measurement

\$ '000

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

– Infrastructure, property, plant and equipment

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

The objective of using a valuation technique is to estimate the price at which an orderly transaction to sell or to transfer the liability would take place between market participants at the measurement date under current market conditions. Three widely used valuation techniques are the market approach, the cost approach and the income approach. Bombala Council use valuation techniques consistent with one or more of those approaches to measure fair value.

'Cost Approach' – A valuation technique that reflects the amount that would be required to replace the service capacity of an asset (current replacement cost)

Income Approach: Valuation technique that converts future amounts (cash flows inflows/outflows) to signal current (i.e. discounted) amount. The fair value measurement is determined on the basis of the value indicated by current market expectations about these future amounts.

Market Approach: A valuation technique that uses prices and other relevant information generated by the market transactions involving identical or comparable (similar) assets, liabilities or a group of assets and liabilities such as a business.

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

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).

The former Bombala Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 27. Fair value measurement (continued)

\$ '000

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

1/7/15 to 12/5/16	Date of latest valuation	Fair value measurement hierarchy			Total
		Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	
Recurring fair value measurements					
Infrastructure, property, plant and equipment					
Capital work in progress		–	–	188	188
Plant and equipment	30/06/14	–	–	2,481	2,481
Office equipment	30/06/14	–	–	33	33
Furniture and fittings	30/06/14	–	–	55	55
Operational land	30/06/13	–	1,830	–	1,830
Community land		–	–	1,088	1,088
Buildings – non-specialised	30/06/13	–	4,129	–	4,129
Buildings – specialised	30/06/13	–	–	2,492	2,492
Other structures	30/06/13	–	–	123	123
Roads	30/06/15	–	–	23,559	23,559
Bridges	30/06/15	–	–	20,124	20,124
Footpaths	30/06/15	–	–	1,093	1,093
Bulk-earthworks	30/06/15	–	–	184,674	184,674
Stormwater drainage	30/06/12	–	–	829	829
Water supply network	30/06/15	–	–	11,218	11,218
Sewerage network	30/06/15	–	–	13,112	13,112
Swimming pools	30/06/13	–	–	342	342
Other open space/recreational assets	30/06/13	–	–	54	54
Other infrastructure		–	–	–	–
Tip assets		–	–	230	230
Quarry assets		–	–	33	33
Total infrastructure, property, plant and equipment		–	5,959	261,728	267,687
1/7/14 to 30/6/15					
Infrastructure, property, plant and equipment					
Capital work in progress	30/06/15	–	–	177	177
Plant and equipment	30/06/14	–	–	2,569	2,569
Office equipment	30/06/14	–	–	37	37
Furniture and fittings	30/06/14	–	–	59	59
Operational land	30/06/13	–	1,828	–	1,828
Community land		–	–	1,088	1,088
Buildings – non-specialised	30/06/13	–	4,253	–	4,253
Buildings – specialised	30/06/13	–	–	2,421	2,421
Other structures	30/06/13	–	–	102	102
Roads	30/06/15	–	–	23,508	23,090
Bridges	30/06/15	–	–	20,463	20,463
Footpaths	30/06/15	–	–	1,104	1,104
Bulk-earthworks	30/06/15	–	–	184,305	184,305
Stormwater drainage	30/06/15	–	–	842	842
Water supply network	30/06/15	–	–	11,235	11,235
Sewerage network	30/06/15	–	–	13,221	13,221
Swimming pools	30/06/13	–	–	339	339
Other open space/recreational assets	30/06/13	–	–	58	58
Other infrastructure		–	–	–	–
Tip assets		–	–	234	234
Quarry assets		–	–	33	33
Total infrastructure, property, plant and equipment		–	6,081	261,795	267,458

The former Bombala Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 27. Fair value measurement (continued)

\$ '000

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

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

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

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

	I,PP and E ¹	Total
Opening balance – 1/7/14	137,197	137,197
Transfers from/(to) level 2 FV hierarchy ^{27 4(b)}	(15)	(15)
Purchases (GBV)	1,656	1,656
Disposals (WDV)	(197)	(197)
Depreciation and impairment	(2,464)	(2,464)
FV gains – other comprehensive income	125,618	125,618
Closing balance – 30/6/15	261,795	261,795
Purchases (GBV) (including indexation and adj)	2,327	2,327
Disposals (WDV)	(22)	(22)
Depreciation and impairment	(2,372)	(2,372)
Closing balance – 12/5/16	261,728	261,728

¹ Further details for the individual asset classes is available in Note 9a

b. Information relating to the transfers into and out of the level 3 fair valuation hierarchy (as disclosed in the table above) includes:

Non Specialised building previously classified under Capital Work in Progress has been commissioned during financial year

The former Bombala Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 27. Fair value measurement (continued)

\$ '000

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

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

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

Class	Fair value (12/5/16) \$'000	Valuation technique/s	Unobservable inputs
I,PP&E			
Works in progress	188	Current replacement cost	Cost per sq metre, Consumption rate, Condition, Useful Life
Plant and equipment	2,478	Depreciated replacement cost	Cost per unit, useful life, residual value, condition of asset,
Office equipment	33	Depreciated replacement cost	Cost per unit, useful life, condition of asset
Furniture and fittings	55	Depreciated replacement cost	Cost per unit, useful life, condition of asset
Community land	1,088	Current replacement cost	Cost per sq metre, Valuer General's valuation
Specialised buildings	2,463	Depreciated replacement cost	Cost per sq metre, Consumption rate, Condition, Useful Life
Other structures	31	Depreciated replacement cost	Cost per sq metre, Consumption rate, Condition, Useful Life
Road infrastructure	23,559	Depreciated replacement cost	Cost per sq metre, dimensions and specification, pattern of consumption, components, useful life, residual value, asset condition
Bulk earthworks	184,673	Current replacement cost	Cost per sq metre

The former Bombala Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 27. Fair value measurement (continued)

\$ '000

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

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

Class	Fair value (12/5/16) \$'000	Valuation technique/s	Unobservable inputs
I,PP&E (continued)			
Footpaths/cycleways	1,094	Depreciated replacement cost	Cost per sq metre, pattern of consumption, components, useful life, asset condition
Bridges	20,124	Depreciated replacement cost	Cost per sq metre, dimensions and specification, pattern of consumption, components, useful life, asset condition
Stormwater drainage	829	Depreciated replacement cost	Cost per unit / per metre
Water supply network	11,219	Depreciated replacement cost	Unit rates, pattern of consumption, components, useful life, residual value, asset condition
Sewerage network	13,112	Depreciated replacement cost	Unit rates, pattern of consumption, components, useful life, residual value, asset condition
Swimming pools	342	Depreciated replacement cost	Cost per unit
Open space assets	53	Depreciated replacement cost	Unit rates, pattern of consumption, components, useful life, asset condition
Restoration assets	264	Depreciated replacement cost	Discount Rate

(4). Highest and best use

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

The former Bombala Council

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

Note 28. Council information and contact details

Principal place of business:

71 Caveat Street
Bombala NSW 2632

Contact details

Mailing address:

PO Box 105
Bombala NSW 2632

Opening hours:

Monday - Friday 8:00am - 5:00pm

Telephone: 02 6458 3555

Facsimile: 02 6458 3777

Internet: <http://www.bombala.nsw.gov.au>

Email: council@bombala.nsw.gov.au

Officers

INTERIM GENERAL MANAGER

Joseph Vescio

RESPONSIBLE ACCOUNTING OFFICER

Jo-Anne Mackay

Members

ADMINISTRATOR

Dean Lynch

Other information

ABN: 21 570 922 668



Independent auditor's report to the Administrator of the former Bombala Council and the Chief Executive Officer of the Office of Local Government

We have audited the accompanying general purpose financial report of the former Bombala Council, which comprises the Statement by Councillors and Management, Statement of Financial Position as at 12th May, 2016, Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the period ended on that date, a summary of significant accounting policies and other explanatory notes.

Councils' Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

Our audit responsibility does not extend to the projected future developer contributions and costs disclosed in Note 17. Accordingly, no opinion is expressed on these matters. In addition, our audit did not include an analysis of the prudence of business decisions made by Council or management.

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

Independence

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

Auditor's Opinion

In our opinion,

- (a) The Council's accounting records have been kept in accordance with the requirements of the Local Government Act, 1993 Chapter 13 Part 3 Office 2; and
- (b) The general purpose financial report
 - (i) has been prepared in accordance with the requirements of this Division;
 - (ii) is consistent with the Council's accounting records;
 - (iii) presents fairly the Council's financial position, the results of its operations and its cash flows; and
 - (iv) is in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia.
- (c) all information relevant to the conduct of the audit has been obtained; and
- (d) there are no material deficiencies in the accounting records or financial report that have come to light during the course of the audit.

AUSWILD & CO.

G.J. BRADLEY
Principal

Registered Auditor No: 1249

CANBERRA
2nd December, 2016

FORMER
BOMBALA COUNCIL

REPORT ON THE CONDUCT
OF THE AUDIT

for the period

1st July 2015 to 12th May, 2016



Auswild & Co

CHARTERED ACCOUNTANTS

ABN: 29 725 771 792

2nd December, 2016

Mr Dean Lynch
Administrator
Snowy Monaro Regional Council
P.O. Box 105
BOMBALA, N.S.W. 2632

Dear Mr Lynch,

Having completed an audit examination of the books of account and associated records of the former Bombala Council for the period 1 July 2015 to 12 May 2016 we have pleasure in submitting our report on the conduct of the audit in accordance with Section 417 (3) of the Local Government Act 1993.

BACKGROUND

The Bombala Council was dissolved by the Local Government (Council Amalgamations) Proclamation 2016 (The Proclamation) on the 12th May, 2016. From the 13th May, 2016 the Bombala Council was amalgamated into Snowy Monaro Regional Council and the elected members were replaced by the appointed Administrator.

The former Bombala Council has not been liquidated nor has trading ceased. The business of the former Bombala Council has continued through the Snowy Monaro Regional Council.

The Proclamation ensures:

- all relevant staff, assets, rights, liabilities and responsibilities of former Councils are transferred to new Councils
- new Councils can commence operations on day one with minimal disruption to the delivery of services, Council operations and staff duties
- any reference in any document to a former Council is to be read as a reference to the new Council, and that anything done by a former Council before the amalgamation is to be taken to have been done by the new Council.

We again emphasise that these financial statements for the former Bombala Council are for the period 1st July 2015 to the 12th May, 2016 and we note that the comparative figures are for the twelve months period 1st July 2014 to 30th June, 2015. Consequently, we express caution when analysing these financial comparisons.

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

General Purpose Financial Statements

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

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

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

Except for the shortened financial period, these financial statements have been prepared in much the same manner as those of the previous year.

Special Purpose Financial Statements

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

- Water Fund Operations
- Sewer Fund Operations

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

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

Except for the shortened financial period, these financial statements have been prepared in much the same manner as those of the previous year.



Auditor’s Responsibility

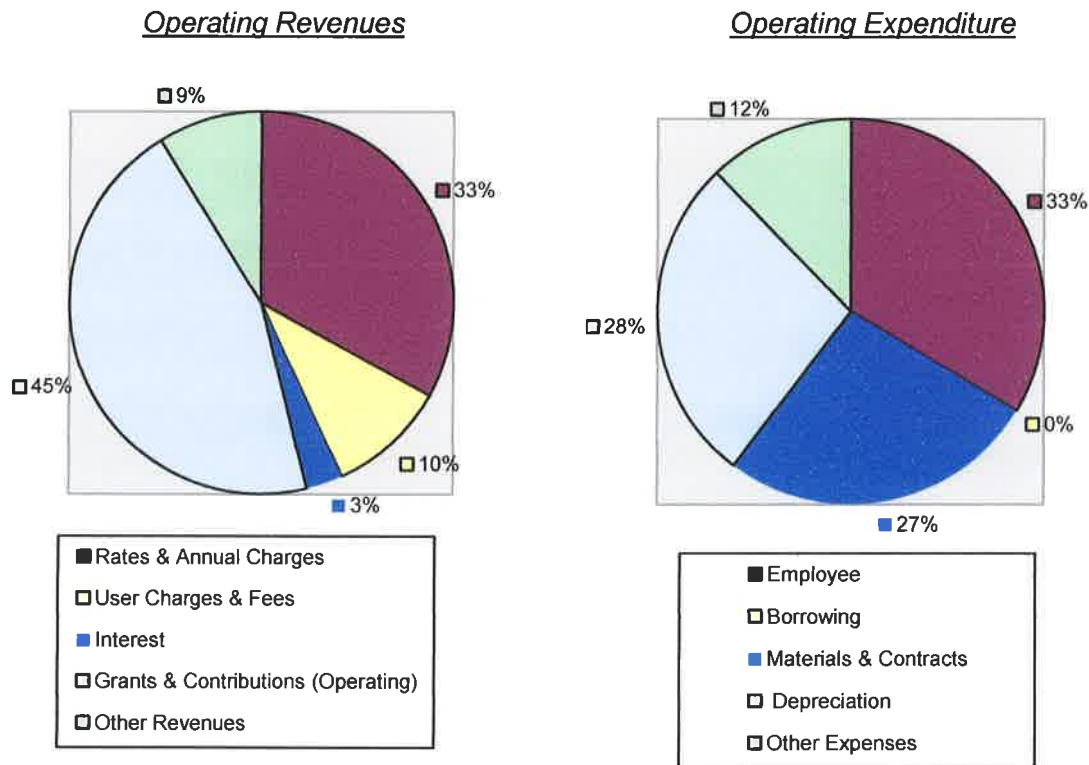
As part of our role as auditor of Council, Section 415 (3) of the *Local Government Act 1993* and the *Local Government (General) Regulation* requires us to consider and provide comment on the material items affecting the general purpose financial statements and other matters pertinent to the audit.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

FINANCIAL RESULTS

Council reported an operating surplus before capital grants and contributions of \$759,000 for the period to 12 May, 2016 (2015 – deficit of \$1.31 million for the 12 months period).

Excluding capital grants and contributions, operating revenues (\$10.07 million) decreased approximately 2.17% on those of the previous year (\$10.29 million) whilst during the same period operating expenses (\$9.31 million), including depreciation expenses of \$2.56 million, decreased approximately 19.77%.

A breakdown of Council’s revenues and expenses from continuing operations for the year is as follows:



In addition to operating revenues, Council received capital grants and contributions of \$931,000 (2015 - \$572,000).

In the period to 12 May, 2016, Council's operating result from continuing operations' (**including** capital grants and contributions) was a surplus of \$1.69 million compared with a deficit of \$739,000 in the previous year.

BUDGET COMPARISON

Council's original budget had been prepared and adopted for the twelve months period ended 30th June, 2016. Due to the shortened accounting period ended 12th May, 2016 resulting from the Proclamation, budget figures have not been disclosed nor commentary for variations provided.

Such disclosures are in accordance with the Supplementary Code of Accounting Practice 24(a).



DETAILED AUDIT OBSERVATIONS

OPERATING INCOME

Rates and Annual Charges

Revenue from rates and annual charges (including Council owned properties) amounted to \$3.32 million for the period ended 12th May, 2016 (2015 - \$3.41 million).

In setting the **ordinary rates** for the year Council resolved to adopt the maximum increase available of 2.40%. This action has resulted in revenues from ordinary rates amounting to \$2.20 million.

Council's ordinary rating base remained fairly static in the current year with 1,989 assessments subject to ordinary rates.

Council further resolved that other major charges be varied as follows:

- Bombala water availability charges increased \$27 to \$565.
- Delegate water availability charges increased \$21 to \$433.
- Bombala sewer access charges (Residential) increased \$84 to \$646.
- Delegate sewer access charges (Residential) increased \$68 to \$524.
- Domestic waste fees increased \$17 to \$362.

Such increases have resulted in revenues as follows:

<u>Annual Charges</u>	2016	2015
	1/7/15 to	1/7/14 to
	12/5/16	30/6/15
	\$	\$
Water	394,000	455,000
Sewerage	416,000	430,000
Domestic Waste	245,000	308,000

Rebates of \$104,000 were provided to eligible pensioners and a subsidy of \$59,000 was received from the Office of Local Government towards the cost of these rebates.

Interest and extra charges on overdue rates for the year were \$23,000 and outstanding rates were subject to interest at the rate of 8.50% pa (2015 – 8.50%).

User Charges and Fees

Council derived \$183,000 from **specific user charges** and a further \$824,000 from **fees** during the period ended 12th May, 2016.

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

Water Consumption Charges

Water usage charges were increased as follows in the current period.

	2016	2015
<u>Usage (kl)</u>		
0 - 350 kl	\$1.30 kl	\$1.20 kl
Over 350 kl	\$1.80 kl	\$1.75 kl

Revenue from water consumption charges amounted to \$180,000 for the period to 12th May, 2016.

RMS Charges

Works requested by the RMS (\$490,000) continued to decline in the current period and remain substantially below the works undertaken for the RMS in previous years. Such income has been an important component of Council's budget and its diminution has of course impacted adversely on Council's operating result.

Other revenues received from user charges and fees included:-

	2016 1/7/15 to 12/5/16	2015 1/7/14 to 30/6/15
	\$	\$
Caravan Park	71,000	78,000
Cemeteries	36,000	61,000

Interest

Falling interest rates experienced during the period have again contributed to reduced interest income reported by Council. Interest and investment revenues during the reporting period were earned as follows:



	2016 1/7/15 to 12/5/16 \$	2015 1/7/14 to 30/6/15 \$
Overdue Rates & Charges	23,000	35,000
General investments	174,000	181,000
Water investments	44,000	77,000
Sewerage investments	43,000	74,000
DWM	6,000	6,000
Dividends	22,000	21,000
	\$ 312,000	\$ 394,000

Interest revenues for the period represented approximately 14.18% (2015 – 18.04%) of Council's ordinary rating income and therefore remains an important component of Council's budget.

Other Operating Income

Bombala Council has once again received important income from a number of non-core activities. Predominantly, such income has been earned from diesel rebates (\$29,000), rental income (\$71,000), quarry sales (\$474,000) and legal costs awarded (\$136,000).

Grants, Subsidies and Contributions

Operating Grants and Contributions

Operating grants and contributions amounting to \$4.53 million were received in the period ended 12th May, 2016.

The principal grants and contributions received for the period were:

	2016 1/7/15 to 12/5/16 \$	2015 1/7/14 to 30/6/15 \$
Financial Assistance Grant	1,850,000	1,838,000
Community Care	281,000	334,000
Flood restoration	429,000	-
NSW Rural Fire Services	179,000	252,000
Roads to Recovery	751,000	340,000
RMS	770,000	714,000



Capital Grants and Contributions

Total capital grants and contributions received for the period amounted to \$931,000 and principally related to Transport (\$846,000).

In accordance with the Code of Accounting Practice, all grant and contribution monies received in the period (both expended and unexpended) have been brought to account as income. Grants and contributions recognised as revenues in the current reporting period but not yet expended in accordance with the conditions attaching thereto amounted to \$107,000. At the 12th May, 2016 Council held unexpended grants and contributions amounting to \$340,000 and such funds have been identified as an externally restricted asset.

OPERATING EXPENDITURE

Expenses from continuing operations for the period amounted to \$9.31 million.

Impacting significantly on operating expenses for the year were:

Employee Costs

Employee costs amounted to \$3.12 million for the period and at the 12th May, 2016 Council's "Equivalent Full Time" employees totalled 45 (2015 - 42).

Materials and Contracts

Materials and contracts expenditure (\$2.48 million) continued to decrease in the current year primarily in response to reduced RMS road maintenance contracts.

Depreciation Expenses

Depreciation expenses remained fairly consistent in the current period and amounted to \$2.56 million.

Depreciation expenses account for approximately 28.00% of Council's total expenses which is comparable with most rural Councils with whom we are associated.

ASSETS

Cash and Investments

At balance date Council controlled cash & investments totalling \$11.32 million (2015 - \$10.14 million).

Council utilises its investments to cover both externally and internally imposed requirements and comprises developer contributions (\$85,000), specific purpose unexpended grants (\$255,000), water investments (\$2.29 million); sewerage investments (\$2.32 million); employee entitlements (\$650,000) and monies for future capital expenditure.

Externally restricted investments amounted to \$5.33 million whilst Council has "earmarked" a further \$5.27 million towards the funding of its future long-term objectives.

Council's cash and investments were held as follows:

	2016	2015
	\$	\$
General Fund	5,989,000	5,111,000
Water Fund	2,289,000	2,211,000
Sewerage Fund	2,315,000	2,123,000
Externally Restricted Funds	724,000	697,000
	<u>\$11,317,000</u>	<u>\$10,142,000</u>

and comprised:

	2016	2015
	\$	\$
Cash on Hand and at Bank	1,297,000	1,642,000
Deposits at Call	1,020,000	-
Short Term Deposits	-	3,500,000
Long Term Investments	9,000,000	5,000,000
	<u>\$11,317,000</u>	<u>\$10,142,000</u>



The combined action of asset movements and revaluations has resulted in the written down value of property, plant and equipment increasing from \$267.46 million in 2014/2015 to \$267.69 million as at 12th May, 2016.

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

Provisions

At 12th May, 2016 the Provision for Employee' Accrued Entitlements totalled \$1.34 million.

The components of the liability are: -

	2016	2015
	\$	\$
Annual Leave	498,000	437,000
Long Service Leave	807,000	778,000
Other	33,000	50,000

The average leave entitlement per employee as at 12th May, 2016 was \$29,700 (2015 - \$30,120).

At 12th May, 2016 Council had set aside funds amounting to \$650,000 or 48.5% of the employee leave entitlement liability. Such funds have been identified as an internally restricted asset.

Loans and Debt Servicing

Once again, Council has been able to conduct its operations without the need for external loan borrowings and has therefore maintained its enviable debt free status.

SUMMARY

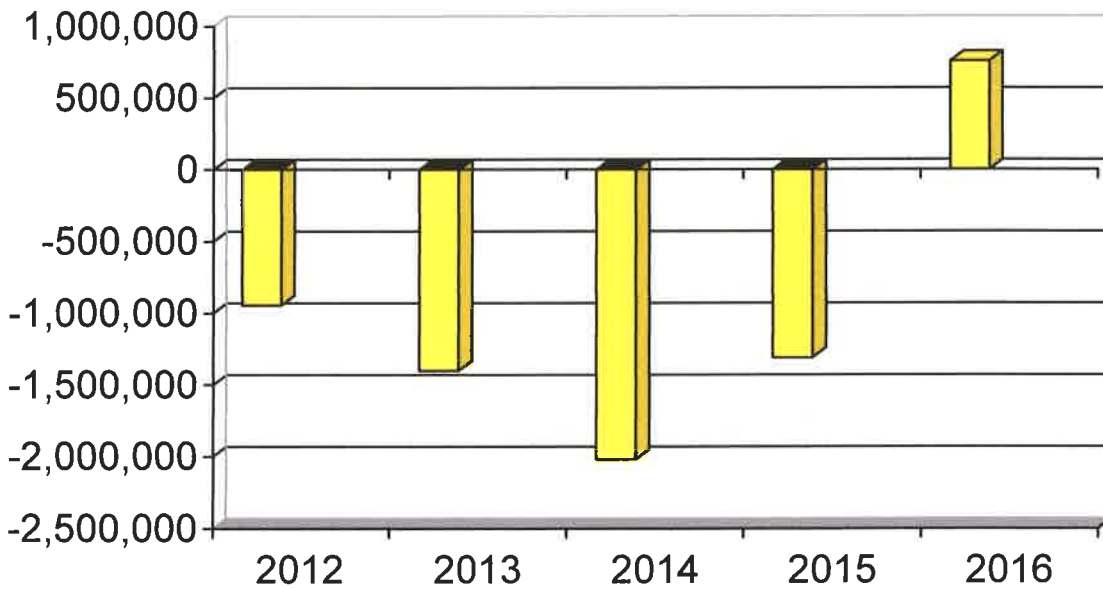
In analysing Council's financial results for the period to 12th May, 2016, particular attention must be given to the following: -

- Operating result before capital amounts (surplus \$759,000)
- Net increase in cash and investments held (\$1,175,000)
- Internal and unrestricted investments amounting to \$5,989,000
- Performance ratios

Operating Result

Council reported an operating surplus before capital amounts of \$759,000 for the period to 12th May, 2016. This surplus result has been reported after allowing for depreciation expenses of \$2.56 million.

Operating Surplus before Capital Amounts



The contribution of the individual Funds to the consolidated operating result before capital grants and contributions was as follows:

	Surplus/(Deficit)	
	2016	2015
	1/7/15 to	1/7/14 to
	12/5/16	30/6/15
	\$	\$
General Fund	934,000	(1,159,000)
Water Fund	(66,000)	(18,000)
Sewerage Fund	(109,000)	(134,000)
	\$ 759,000	(\$1,311,000)

As illustrated, this is the second consecutive period in which Council has reported an improved operating result and the first surplus achieved since 2010/2011. In our opinion Council has demonstrated responsible financial management, which if maintained will position Council well for the future.



Income and expenditure items that have materially impacted on Council's operating result for the period included:

<u>Income</u>	2016 1/7/15 to 12/5/16 \$	2015 1/7/14 to 30/6/15 \$
Rates & Annual Charges	3,319,000	3,410,000
Financial Assistance Grant	1,850,000	1,838,000
Water Usage	180,000	195,000
Interest on Investments	312,000	394,000
Quarry Sales	474,000	267,000
RMS Works	490,000	1,685,000
Specific Purpose Operating Grants	1,873,000	1,070,000
RMS Contrib. – Regional Rds/Block Grant	770,000	714,000
Profit/Loss on Sale	(6,000)	(101,000)
<u>Expenses</u>		
Employee Costs	3,123,000	3,639,000
Materials & Contracts	2,482,000	3,997,000
Depreciation	2,563,000	2,705,000

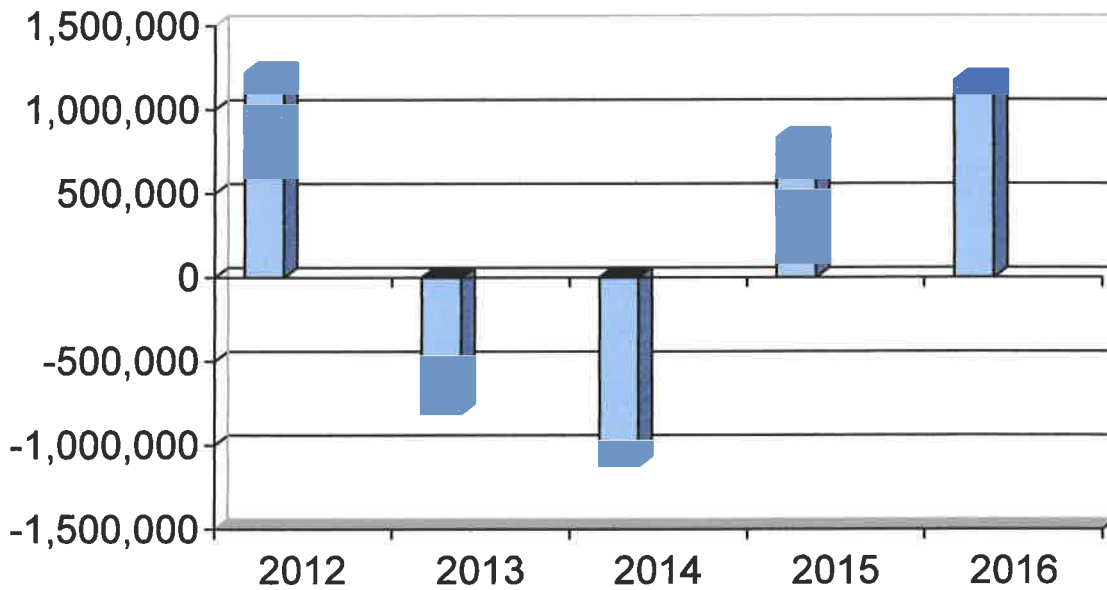


Cash Flow

Council achieved a cash surplus of \$3.59 million from its general operating activities, which was principally utilised to purchase assets.

These actions together with the proceeds from the sale of property, plant and equipment have resulted in Council recording an increase in cash and investments held of \$1,175,000 for the period.

Cash Flow Surplus



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

Activity	Surplus/(Deficit)	
	2016 \$	2015 \$
<u>Externally Restricted</u>		
Water Fund	78,000	167,000
Sewerage Fund	192,000	198,000
Other	27,000	158,000
<u>Internally Restricted and Unrestricted</u>		
General Fund	878,000	310,000



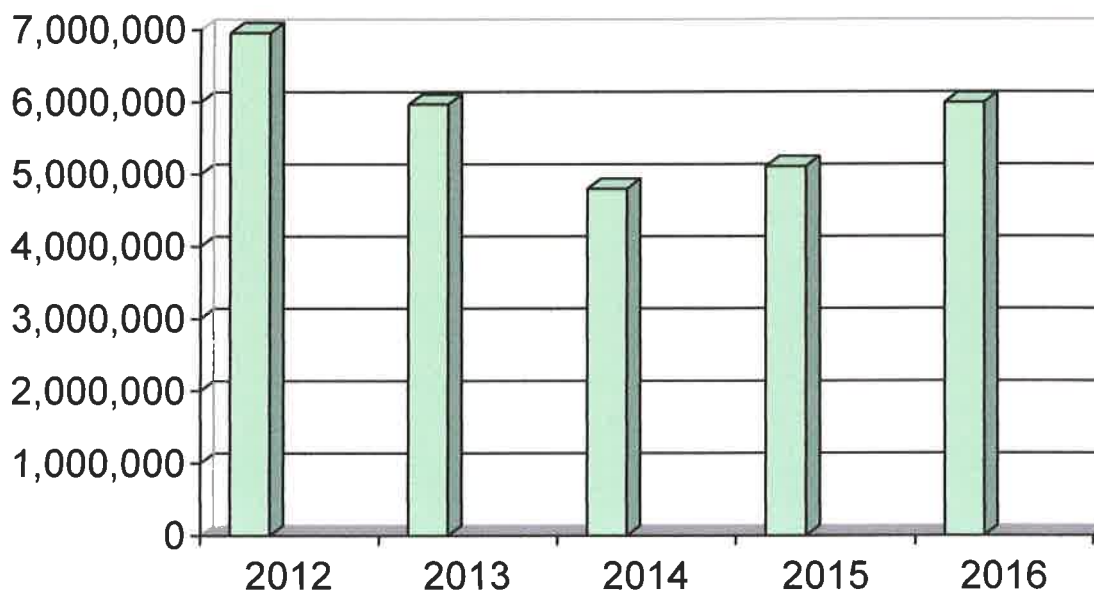
For comparative purposes, we note the following factors that have impacted on the cash flow surplus in 2015/2016.

- Capital expenditure amounted to \$2.43 million in the current year compared to \$1.76 million in 2014/2015.
- Receivables increased \$554,000.
- Payables decreased \$241,000
- Reduced materials and contract expenditure

Reserves (Internally Restricted and Unrestricted Assets)

As noted previously, Council's internal and unrestricted funds increased by \$878,000 during the period and at 12th May, 2016 Council held internally restricted investments amounting to \$5.27 million whilst a further \$720,000 was maintained as unrestricted investments. Additionally, we report that the water and sewerage funds held cash and investments of \$2.29 and \$2.32 million respectively.

Internal and Unrestricted Reserve Funds



The continued improvement in the level of Council's reserves is welcomed and has enhanced Council's ability to fund its operations going forward.

We again reiterate that the adequate funding of reserves need to be commensurable with Council's long term plans is probably the greatest challenge facing local government.



Performance Ratios

Council's relatively sound financial position is reflected in its performance ratios.

In particular, we note the unrestricted current ratio (which is a measurement of Council's ability to meet its financial obligations) of 10.33 and Council's debt free status at 12th May, 2016.

In addition to the above, a number of matters of a minor nature were discussed with the appropriate staff who have actioned or undertaken to see that appropriate action is taken with respect to each.

Council's books of account and other records appear to have been maintained in a satisfactory and up-to-date manner and the requirements of the Local Government Act and Regulations well observed.

In conclusion, we wish to acknowledge the courteous assistance and co-operation extended to us by the General Manager and staff during the conduct of the audit, from whom we have obtained all the information and explanations which we required.

Yours faithfully,

AUSWILD & CO.

Per:



G.J. BRADLEY
Registered Auditor No 1249

The former Bombala Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the period 1 July 2015 to 12 May 2016

*"Bombala Council Area - retaining visual beauty
whilst embracing a quiet relaxed lifestyle and a
progressive diversified community".*



The former Bombala Council

Special Purpose Financial Statements

for the period 1 July 2015 to 12 May 2016

Contents	Page
1. Statement by Councillors and Management	2
2. Special Purpose Financial Statements:	
Income Statement – Water Supply Business Activity	3
Income Statement – Sewerage Business Activity	4
Income Statement – Other Business Activities	n/a
Statement of Financial Position – Water Supply Business Activity	5
Statement of Financial Position – Sewerage Business Activity	6
Statement of Financial Position – Other Business Activities	n/a
3. Notes to the Special Purpose Financial Statements	7
4. Auditor’s Report	16

Background

- (i) These Special Purpose Financial Statements have been prepared for the use by both Council and the Office of Local Government in fulfilling their requirements under National Competition Policy.
 - (ii) The principle of competitive neutrality is based on the concept of a 'level playing field' between persons/entities competing in a market place, particularly between private and public sector competitors.

Essentially, the principle is that government businesses, whether Commonwealth, state or local, should operate without net competitive advantages over other businesses as a result of their public ownership.
 - (iii) For Council, the principle of competitive neutrality and public reporting applies only to declared business activities.

These include **(a)** those activities classified by the Australian Bureau of Statistics as business activities being water supply, sewerage services, abattoirs, gas production and reticulation, and **(b)** those activities with a turnover of more than \$2 million that Council has formally declared as a business activity (defined as Category 1 activities).
 - (iv) In preparing these financial statements for Council's self-classified Category 1 businesses and ABS-defined activities, councils must **(a)** adopt a corporatisation model and **(b)** apply full cost attribution including tax-equivalent regime payments and debt guarantee fees (where the business benefits from Council's borrowing position by comparison with commercial rates).
-

The former Bombala Council

Special Purpose Financial Statements

for the period 1 July 2015 to 12 May 2016

Statement by Councillors and Management

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

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


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

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


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

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

Signed in accordance with a resolution of Snowy Monaro Regional Council made on 26 October 2016.



Dean Lynch
Administrator

Joseph Vesco
Interim General Manager

Jo-Anne Mackay
Responsible Accounting Officer

The former Bombala Council

Income Statement of Council's Water Supply Business Activity

for the period 1 July 2015 to 12 May 2016

\$ '000	Actual 1/7/15 to 12/5/16	Actual 1/7/14 to 30/6/15
Income from continuing operations		
Access charges	415	455
User charges	192	195
Fees	–	–
Interest	44	77
Grants and contributions provided for non-capital purposes	10	10
Profit from the sale of assets	–	–
Other income	–	1
Total income from continuing operations	661	738
Expenses from continuing operations		
Employee benefits and on-costs	146	153
Borrowing costs	–	–
Materials and contracts	211	273
Depreciation and impairment	244	277
Water purchase charges	–	–
Loss on sale of assets	–	–
Calculated taxation equivalents	–	–
Debt guarantee fee (if applicable)	–	–
Other expenses	126	53
Total expenses from continuing operations	727	756
Surplus (deficit) from continuing operations before capital amounts	(66)	(18)
Grants and contributions provided for capital purposes	–	–
Surplus (deficit) from continuing operations after capital amounts	(66)	(18)
Surplus (deficit) from discontinued operations	–	–
Surplus (deficit) from all operations before tax	(66)	(18)
Less: corporate taxation equivalent (30%) [based on result before capital]	–	–
SURPLUS (DEFICIT) AFTER TAX	(66)	(18)
Plus opening retained profits	4,596	4,614
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	–	–
– Debt guarantee fees	–	–
– Corporate taxation equivalent	–	–
Less:		
– Tax equivalent dividend paid	–	–
– Surplus dividend paid	–	–
Closing retained profits	4,530	4,596
Return on capital %	-0.6%	-0.2%
Subsidy from Council	330	363
Calculation of dividend payable:		
Surplus (deficit) after tax	(66)	(18)
Less: capital grants and contributions (excluding developer contributions)	–	–
Surplus for dividend calculation purposes	–	–
Potential dividend calculated from surplus	–	–

The former Bombala Council

Income Statement of Council's Sewerage Business Activity

for the period 1 July 2015 to 12 May 2016

\$ '000	Actual 1/7/15 to 12/5/16	Actual 1/7/14 to 30/6/15
Income from continuing operations		
Access charges	428	430
User charges	4	2
Liquid trade waste charges	–	–
Fees	–	–
Interest	43	74
Grants and contributions provided for non-capital purposes	9	9
Profit from the sale of assets	–	–
Other income	–	–
Total income from continuing operations	484	515
Expenses from continuing operations		
Employee benefits and on-costs	118	110
Borrowing costs	–	–
Materials and contracts	47	153
Depreciation and impairment	315	362
Loss on sale of assets	–	–
Calculated taxation equivalents	–	–
Debt guarantee fee (if applicable)	–	–
Other expenses	113	24
Total expenses from continuing operations	593	649
Surplus (deficit) from continuing operations before capital amounts	(109)	(134)
Grants and contributions provided for capital purposes	–	–
Surplus (deficit) from continuing operations after capital amounts	(109)	(134)
Surplus (deficit) from discontinued operations	–	–
Surplus (deficit) from all operations before tax	(109)	(134)
Less: corporate taxation equivalent (30%) [based on result before capital]	–	–
SURPLUS (DEFICIT) AFTER TAX	(109)	(134)
Plus opening retained profits	4,146	4,280
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	–	–
– Debt guarantee fees	–	–
– Corporate taxation equivalent	–	–
Less:		
– Tax equivalent dividend paid	–	–
– Surplus dividend paid	–	–
Closing retained profits	4,037	4,146
Return on capital %	-0.8%	-1.0%
Subsidy from Council	417	540
Calculation of dividend payable:		
Surplus (deficit) after tax	(109)	(134)
Less: capital grants and contributions (excluding developer contributions)	–	–
Surplus for dividend calculation purposes	–	–
Potential dividend calculated from surplus	–	–

The former Bombala Council

Statement of Financial Position – Council's Water Supply Business Activity
as at 12 May 2016

\$ '000	Actual 12/5/16	Actual 30/6/15
ASSETS		
Current assets		
Cash and cash equivalents	269	1,141
Investments	2,059	1,110
Receivables	257	243
Inventories	–	–
Other	–	–
Non-current assets classified as held for sale	–	–
Total current assets	2,585	2,494
Non-current assets		
Investments	–	–
Receivables	–	–
Inventories	–	–
Infrastructure, property, plant and equipment	11,430	11,418
Investments accounted for using equity method	–	–
Investment property	–	–
Intangible assets	–	–
Other	–	–
Total non-current assets	11,430	11,418
TOTAL ASSETS	14,015	13,912
LIABILITIES		
Current liabilities		
Bank overdraft	–	–
Payables	2	3
Borrowings	–	–
Provisions	–	–
Total current liabilities	2	3
Non-current liabilities		
Payables	–	–
Borrowings	–	–
Provisions	–	–
Total non-current liabilities	–	–
TOTAL LIABILITIES	2	3
NET ASSETS	14,013	13,909
EQUITY		
Retained earnings	4,530	4,596
Revaluation reserves	9,483	9,313
Council equity interest	14,013	13,909
Non-controlling equity interest	–	–
TOTAL EQUITY	14,013	13,909

The former Bombala Council

Statement of Financial Position – Council's Sewerage Business Activity
as at 12 May 2016

\$ '000	Actual 12/5/16	Actual 30/6/15
ASSETS		
Current assets		
Cash and cash equivalents	407	1,088
Investments	1,931	1,058
Receivables	36	23
Inventories	–	–
Other	–	–
Non-current assets classified as held for sale	–	–
Total Current Assets	2,374	2,169
Non-current assets		
Investments	–	–
Receivables	–	–
Inventories	–	–
Infrastructure, property, plant and equipment	13,328	13,443
Investments accounted for using equity method	–	–
Investment property	–	–
Intangible assets	–	–
Other	–	–
Total non-current assets	13,328	13,443
TOTAL ASSETS	15,702	15,612
LIABILITIES		
Current liabilities		
Bank overdraft	–	–
Payables	–	–
Borrowings	–	–
Provisions	–	–
Total current liabilities	–	–
Non-current liabilities		
Payables	–	–
Borrowings	–	–
Provisions	–	–
Total non-current liabilities	–	–
TOTAL LIABILITIES	–	–
NET ASSETS	15,702	15,612
EQUITY		
Retained earnings	4,037	4,146
Revaluation reserves	11,665	11,466
Council equity interest	15,702	15,612
Non-controlling equity interest	–	–
TOTAL EQUITY	15,702	15,612

The former Bombala Council

Special Purpose Financial Statements

for the period 1 July 2015 to 12 May 2016

Contents of the notes accompanying the financial statements

Note	Details	Page
1	Summary of significant accounting policies	8
2	Water Supply Business Best-Practice Management disclosure requirements	11
3	Sewerage Business Best-Practice Management disclosure requirements	13

The former Bombala Council

Notes to the Special Purpose Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Significant accounting policies

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

These financial statements have been prepared for the period 1 July 2015 – 12 May 2016, comparatives are for the year ended 30 June 2015.

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

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

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

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

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

The statements are also prepared on an accruals basis, based on historic costs and do not take into account changing money values nor current values of non-current assets (except where specifically stated).

Certain taxes and other costs (appropriately described) have been imputed for the purposes of the National Competition Policy.

National Competition Policy

Council has adopted the principle of 'competitive neutrality' to its business activities as part of the national competition policy which is being applied throughout Australia at all levels of government.

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

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

The pricing and costing guidelines outline the process for identifying and allocating costs to activities and provide standards for disclosure. These disclosures are reflected in Council's pricing and/or financial reporting systems and include taxation equivalents, Council subsidies, return on investments (rate of return), and dividends paid.

Declared business activities

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

Category 1

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

Council has no Category 1 Business Activities.

Category 2

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

a. Water Supplies

Supply of water and associated activities - Bombala & Delegate

b. Sewer Services

Reticulation, treatment and associated activities - Bombala & Delegate Sewer Systems.

Monetary amounts

Amounts shown in the financial statements are in Australian currency and rounded to the nearest thousand dollars, with the exception of some figures disclosed in Note 2 (Water Supply Best-Practice Management Disclosures) and Note 3 (Sewerage Best-Practice Management Disclosures).

As required by the NSW Office of Water (Department of Primary Industries) the amounts shown in Note 2 and Note 3 are disclosed in whole dollars.

The former Bombala Council

Notes to the Special Purpose Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Significant accounting policies (continued)

(i) Taxation-equivalent charges

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

However, where Council is exempt from paying taxes which are generally paid by private sector businesses (such as income tax), equivalent tax payments have been applied to all Council-nominated business activities and are reflected in these financial statements.

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

Notional rate applied (%)

Corporate income tax rate – 30%

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

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

In accordance with the Best-Practice Management of Water Supply and Sewerage Guidelines, a payment for the amount calculated as the annual tax equivalent charges (excluding income tax) must be paid from water supply and sewerage business activities.

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

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

Income tax

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

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

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

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

Since this taxation equivalent is notional – that is, it is payable to Council as the 'owner' of business operations, it represents an internal payment and has no effect on the operations of the Council. Accordingly, there is no need for disclosure of internal charges in Council's General Purpose Financial Statements.

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

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.

The former Bombala Council

Notes to the Special Purpose Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Significant accounting policies (continued)

(ii) Subsidies

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

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

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

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

(iii) Return on investments (rate of return)

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

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

The rate of return on capital is calculated as follows:

Operating result before capital income + interest expense

Written down value of I,PP&E as at 12 May

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 2.31% at 12/5/16.

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

(iv) Dividends

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

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

The dividend, calculated and approved in accordance with the Best-Practice Management of Water Supply and Sewerage Guidelines, must not exceed either:

- (i) 50% of this surplus in any one year, or
- (ii) the number of water supply or sewerage assessments at 12 May 2016 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

In accordance with the Best-Practice Management of Water Supply and Sewerage Guidelines, a Dividend Payment Form, Statement of Compliance, Unqualified Independent Financial Audit Report and Compliance Audit Report are required to be submitted to the NSW Office of Water prior to making the dividend and only after it has approved the payment.

The former Bombala Council

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

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

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

12/5/16

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	2,817
(iii)	Amounts payable for tax equivalents [lesser of (i) and (ii)]	-
(iv)	Amounts actually paid for tax equivalents	-

2. Dividend from surplus

(i)	50% of surplus before dividends [calculated in accordance with Best-Practice Management for Water Supply and Sewerage Guidelines]	-
(ii)	Number of assessments multiplied by \$30/assessment, less tax equivalent charges/assessment	28,170
(iii)	Cumulative surplus before dividends for the 3 years to 12 May 2016, less the cumulative dividends paid for the 2 years to 30 June 2015 and 30 June 2014	(158,000)

2016 Surplus	(66,000)	2015 Surplus	(18,000)	2014 Surplus	(74,000)
		2015 Dividend	-	2014 Dividend	-

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

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]	NO
	– Complying charges [item 2 (b) in table 1]	NO
	– DSP with commercial developer charges [item 2 (e) in table 1]	NO
	– If dual water supplies, complying charges [item 2 (g) in table 1]	NO
(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

The former Bombala Council

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

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

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

12/5/16

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	617
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)]	%	25.00%
NWI F9	Written down replacement cost of fixed assets (water) Written down current cost of system assets (w47)	\$'000	11,430
NWI F11	Operating cost (OMA) (water) Management expenses (w1) + operational and maintenance expenses (w2)	\$'000	482
NWI F14	Capital expenditure (water) Acquisition of fixed assets (w16)	\$'000	88
NWI F17	Economic real rate of return (water) [total income (w13) – interest income (w9) – grants for acquisition of assets (w11a) – operating costs (NWI F11) – current cost depreciation (w3)] x 100 divided by [written down current cost of system assets (w47) + plant and equipment (w33b)]	%	-0.95%
NWI F26	Capital works grants (water) Grants for the acquisition of assets (w11a)	\$'000	–

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

The former Bombala Council

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

Note 3. Sewerage business best-practice management disclosure requirements

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

12/5/16

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	2,424
(iii)	Amounts payable for tax equivalents [lesser of (i) and (ii)]	-
(iv)	Amounts actually paid for tax equivalents	-

2. Dividend from surplus

(i)	50% of surplus before dividends [calculated in accordance with Best-Practice Management for Water Supply and Sewerage Guidelines]	-
(ii)	Number of assessments x (\$30 less tax equivalent charges per assessment)	24,240
(iii)	Cumulative surplus before dividends for the 3 years to 12 May 2016, less the cumulative dividends paid for the 2 years to 30 June 2015 and 30 June 2014	(358,000)

2016 Surplus	(109,000)	2015 Surplus	(134,000)	2014 Surplus	(115,000)
		2015 Dividend	-	2014 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? ^a	<input type="checkbox"/>

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]	NO
	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

The former Bombala Council

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

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

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

12/5/16

National Water Initiative (NWI) financial performance indicators

NWI F2	Total revenue (sewerage) Total income (s14) – grants for acquisition of assets (s12a) – interest income (s10) – Aboriginal Communities W&S Program income (w10a)	\$'000	449
NWI F10	Written down replacement cost of fixed assets (sewerage) Written down current cost of system assets (s48)	\$'000	13,267
NWI F12	Operating cost (sewerage) Management expenses (s1) + operational and maintenance expenses (s2)	\$'000	286
NWI F15	Capital expenditure (sewerage) Acquisition of fixed assets (s17)	\$'000	7
NWI F18	Economic real rate of return (sewerage) [total income (s14) – interest income (s10) – grants for acquisition of assets (s12a) – operating cost (NWI F12) – current cost depreciation (s3)] x 100 divided by [written down current cost (i.e. WDCC) of system assets (s48) + plant and equipment (s34b)]	%	-1.14%
NWI F27	Capital works grants (sewerage) Grants for the acquisition of assets (12a)	\$'000	–

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

NWI F3	Total income (water and sewerage) Total income (w13 + s14) + gain/loss on disposal of assets (w14 + s15) minus grants for acquisition of assets (w11a + s12a) – interest income (w9 + s10)	\$'000	1,066
NWI F8	Revenue from community service obligations (water and sewerage) Community service obligations (NWI F25) x 100 divided by total income (NWI F3)	%	1.78%
NWI F16	Capital expenditure (water and sewerage) Acquisition of fixed assets (w16 + s17)	\$'000	95
NWI F19	Economic real rate of return (water and sewerage) [total income (w13 + s14) – interest income (w9 + s10) – grants for acquisition of assets (w11a + s12a) – operating cost (NWI F11 + NWI F12) – current cost depreciation (w3 + s3)] x 100 divided by [written down replacement cost of fixed assets (NWI F9 + NWI F10) + plant and equipment (w33b + s34b)]	%	-1.05%
NWI F20	Dividend (water and sewerage) Dividend paid from surplus (2 (v) of Note 2 + 2 (v) of Note 3)	\$'000	–
NWI F21	Dividend payout ratio (water and sewerage) Dividend (NWI F20) x 100 divided by net profit after tax (NWI F24)	%	0.00%

The former Bombala Council

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

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

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

12/5/16

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)]	%	-15.71%
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
NWI F24	Net profit after tax (water and sewerage) Surplus before dividends (w15a + s16a) – tax equivalents paid (Note 2-1 (iv) + Note 3-1 (iv))	\$'000	(175)
NWI F25	Community service obligations (water and sewerage) Grants for pensioner rebates (w11b + s12b)	\$'000	19

- 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 to the Administrator of the former Bombala Council and the Chief Executive Officer of the Office of Local Government

We have audited the accompanying financial report, being a special purpose financial report, of the former Bombala Council, which comprises the statement by councillors and management, statement of financial position as at 12th May, 2016, and the income statement for the year then ended, a summary of significant accounting policies and other explanatory notes.

Councils' Responsibility for the Financial Report

The council is responsible for the preparation and fair presentation of the financial report and have determined that the accounting policies described in Note 1 to the financial statements which form part of the financial report are appropriate to meet the financial requirements of National Competition Policy reporting and are appropriate to meet the needs of the council. The council's responsibility also includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that it is free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. No opinion is expressed as to whether the accounting policies used, as described in Note 1, are appropriate to meet the needs of the members. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

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

The financial report has been prepared for distribution to the former council and the Office of Local Government for the purpose of fulfilling council's financial reporting requirements under National Competition Policy reporting. We disclaim any assumption of responsibility for any reliance on this report or on the financial report to which it relates to any person other than the former council or the Office of Local Government or for any purpose other than that for which it was prepared.

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

Independence

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

Auditor's Opinion

In our opinion, the special purpose financial report presents fairly, in all material respects the financial position of the former Bombala Council as at 12th May, 2016 and its financial performance for the period then ended in accordance with the accounting policies described in Note 1 to the financial statements.

AUSWILD & CO.



G.J. BRADLEY

Principal

Registered Auditor No: 1249

CANBERRA
2nd December, 2016

The former Bombala Council

SPECIAL SCHEDULES

for the period 1 July 2015 to 12 May 2016

*"Bombala Council Area - retaining visual beauty
whilst embracing a quiet relaxed lifestyle and a
progressive diversified community".*



The former Bombala Council

Special Schedules

for the period 1 July 2015 to 12 May 2016

Contents		Page
Special Schedules¹		
Special Schedule 1	Net Cost of Services	2
Special Schedule 2(a)	Statement of Long Term Debt (all purposes)	n/a
Special Schedule 2(b)	Statement of Internal Loans (Sect. 410(3) LGA 1993)	n/a
Special Schedule 3	Water Supply Operations – incl. Income Statement	4
Special Schedule 4	Water Supply – Statement of Financial Position	7
Special Schedule 5	Sewerage Service Operations – incl. Income Statement	8
Special Schedule 6	Sewerage Service – Statement of Financial Position	11
Notes to Special Schedules 3 and 5		12
Special Schedule 7	Report on Infrastructure Assets	13

¹ Special Schedules are not audited.

Background

- (i) These Special Schedules have been designed to meet the requirements of special purpose users such as;
- the NSW Grants Commission
 - the Australian Bureau of Statistics (ABS),
 - the NSW Office of Water (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.

The former Bombala Council

Special Schedule 1 – Net Cost of Services
for the period 1 July 2015 to 12 May 2016

\$'000

Function or activity	Expenses from continuing operations	Income from continuing operations		Net cost of services
		Non-capital	Capital	
Governance	290	–	–	(290)
Administration	1,359	264	–	(1,095)
Public order and safety				
Fire service levy, fire protection, emergency services	302	179	–	(123)
Beach control	–	–	–	–
Enforcement of local government regulations	–	–	–	–
Animal control	19	2	–	(17)
Other	–	–	–	–
Total public order and safety	321	181	–	(140)
Health	4	–	–	(4)
Environment				
Noxious plants and insect/vermin control	115	56	–	(59)
Other environmental protection	8	–	–	(8)
Solid waste management	320	332	–	12
Street cleaning	–	–	–	–
Drainage	–	–	–	–
Stormwater management	26	13	–	(13)
Total environment	469	401	–	(68)
Community services and education				
Administration and education	28	52	–	24
Social protection (welfare)	–	–	–	–
Aged persons and disabled	253	279	–	26
Children's services	–	–	–	–
Total community services and education	281	331	–	50
Housing and community amenities				
Public cemeteries	53	36	–	(17)
Public conveniences	44	–	–	(44)
Street lighting	22	–	–	(22)
Town planning	117	53	–	(64)
Other community amenities	222	56	–	(166)
Total housing and community amenities	458	145	–	(313)
Water supplies	729	662	–	(67)
Sewerage services	600	492	–	(108)

The former Bombala Council

Special Schedule 1 – Net Cost of Services (continued)
for the period 1 July 2015 to 12 May 2016

\$'000

Function or activity	Expenses from continuing operations	Income from continuing operations		Net cost of services
		Non-capital	Capital	
Recreation and culture				
Public libraries	83	21	–	(62)
Museums	–	–	–	–
Art galleries	–	–	–	–
Community centres and halls	239	127	–	(112)
Performing arts venues	–	–	–	–
Other performing arts	–	–	–	–
Other cultural services	86	2	–	(84)
Sporting grounds and venues	–	–	85	85
Swimming pools	149	22	–	(127)
Parks and gardens (lakes)	109	–	–	(109)
Other sport and recreation	–	–	–	–
Total recreation and culture	666	172	85	(409)
Fuel and energy	–	–	–	–
Agriculture	–	–	–	–
Mining, manufacturing and construction				
Building control	–	–	–	–
Other mining, manufacturing and construction	234	482	–	248
Total mining, manufacturing and const.	234	482	–	248
Transport and communication				
Urban roads (UR) – local	395	4	–	(391)
Urban roads – regional	–	–	–	–
Sealed rural roads (SRR) – local	315	751	712	1,148
Sealed rural roads (SRR) – regional	718	770	134	186
Unsealed rural roads (URR) – local	1,226	429	–	(797)
Unsealed rural roads (URR) – regional	110	–	–	(110)
Bridges on UR – local	–	–	–	–
Bridges on SRR – local	390	–	–	(390)
Bridges on URR – local	–	–	–	–
Bridges on regional roads	39	–	–	(39)
Parking areas	–	–	–	–
Footpaths	35	–	–	(35)
Aerodromes	5	–	–	(5)
Other transport and communication	(5)	49	–	54
Total transport and communication	3,228	2,003	846	(379)
Economic affairs				
Camping areas and caravan parks	68	71	–	3
Other economic affairs	709	625	–	(84)
Total economic affairs	777	696	–	(81)
Totals – functions	9,416	5,829	931	(2,656)
General purpose revenues ⁽¹⁾		4,348		4,348
Share of interests – joint ventures and associates using the equity method	2	–		(2)
NET OPERATING RESULT ⁽²⁾	9,418	10,177	931	1,690

(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 per the Income Statement

The former Bombala Council

Special Schedule 3 – Water Supply Income Statement

Includes all internal transactions, i.e. prepared on a gross basis
for the period 1 July 2015 to 12 May 2016

\$'000	Actuals 1/7/15 to 12/5/16	Actuals 1/7/14 to 30/6/15
A Expenses and income		
Expenses		
1. Management expenses		
a. Administration	108	113
b. Engineering and supervision	–	–
2. Operation and maintenance expenses		
– dams and weirs		
a. Operation expenses	–	–
b. Maintenance expenses	3	2
– Mains		
c. Operation expenses	–	–
d. Maintenance expenses	124	69
– Reservoirs		
e. Operation expenses	–	–
f. Maintenance expenses	2	–
– Pumping stations		
g. Operation expenses (excluding energy costs)	4	–
h. Energy costs	31	28
i. Maintenance expenses	10	14
– Treatment		
j. Operation expenses (excluding chemical costs)	172	160
k. Chemical costs	–	48
l. Maintenance expenses	28	45
– Other		
m. Operation expenses	–	–
n. Maintenance expenses	–	–
o. Purchase of water	–	–
3. Depreciation expenses		
a. System assets	244	277
b. Plant and equipment	–	–
4. Miscellaneous expenses		
a. Interest expenses	–	–
b. Revaluation decrements	–	–
c. Other expenses	1	–
d. Impairment – system assets	–	–
e. Impairment – plant and equipment	–	–
g. Tax equivalents dividends (actually paid)	–	–
5. Total expenses	727	756

The former Bombala Council

Special Schedule 3 – Water Supply Income Statement (continued)

Includes all internal transactions, i.e. prepared on a gross basis
for the period 1 July 2015 to 12 May 2016

\$'000	Actuals 1/7/15 to 12/5/16	Actuals 1/7/14 to 30/6/15
Income		
6. Residential charges		
a. Access (including rates)	336	376
b. Usage charges	112	104
7. Non-residential charges		
a. Access (including rates)	82	79
b. Usage charges	77	91
8. Extra charges	–	–
9. Interest income	44	77
10. Other income	–	1
10a. Aboriginal Communities Water and Sewerage Program	–	–
11. Grants		
a. Grants for acquisition of assets	–	–
b. Grants for pensioner rebates	10	10
c. Other grants	–	–
12. Contributions		
a. Developer charges	–	–
b. Developer provided assets	–	–
c. Other contributions	–	–
13. Total income	661	738
14. Gain (or loss) on disposal of assets	–	–
15. Operating result	(66)	(18)
15a. Operating result (less grants for acquisition of assets)	(66)	(18)

The former Bombala Council

Special Schedule 3 – Water Supply Income Statement (continued)

Includes all internal transactions, i.e. prepared on a gross basis
for the period 1 July 2015 to 12 May 2016

\$'000	Actuals 1/7/15 to 12/5/16	Actuals 1/7/14 to 30/6/15
B Capital transactions		
Non-operating expenditures		
16. Acquisition of fixed assets		
a. New assets for improved standards	–	–
b. New assets for growth	–	–
c. Renewals	88	49
d. Plant and equipment	–	–
17. Repayment of debt	–	–
18. Totals	88	49
Non-operating funds employed		
19. Proceeds from disposal of assets	–	–
20. Borrowing utilised	–	–
21. Totals	–	–
C Rates and charges		
22. Number of assessments		
a. Residential (occupied)	757	757
b. Residential (unoccupied, ie. vacant lot)	28	28
c. Non-residential (occupied)	152	152
d. Non-residential (unoccupied, ie. vacant lot)	2	2
23. Number of ETs for which developer charges were received	– ET	– ET
24. Total amount of pensioner rebates (actual dollars)	\$ 8,850	\$ 16,821

The former Bombala Council

Special Schedule 4 – Water Supply Statement of Financial Position

Includes internal transactions, i.e. prepared on a gross basis
as at 12 May 2016

\$'000	Actuals Current	Actuals Non-current	Actuals Total
ASSETS			
25. Cash and investments			
a. Developer charges	40	–	40
b. Special purpose grants	–	–	–
c. Accrued leave	–	–	–
d. Unexpended loans	–	–	–
e. Sinking fund	–	–	–
f. Other	2,289	–	2,289
26. Receivables			
a. Specific purpose grants	–	–	–
b. Rates and availability charges	53	–	53
c. User charges	11	–	11
d. Other	192	–	192
27. Inventories	–	–	–
28. Property, plant and equipment			
a. System assets	–	11,430	11,430
b. Plant and equipment	–	–	–
29. Other assets	–	–	–
30. Total assets	<u>2,585</u>	<u>11,430</u>	<u>14,015</u>
LIABILITIES			
31. Bank overdraft	–	–	–
32. Creditors	2	–	2
33. Borrowings	–	–	–
34. Provisions			
a. Tax equivalents	–	–	–
b. Dividend	–	–	–
c. Other	–	–	–
35. Total liabilities	<u>2</u>	<u>–</u>	<u>2</u>
36. NET ASSETS COMMITTED	<u>2,583</u>	<u>11,430</u>	<u>14,013</u>
EQUITY			
37. Accumulated surplus			4,532
38. Asset revaluation reserve			9,481
39. TOTAL EQUITY			<u>14,013</u>
Note to system assets:			
40. Current replacement cost of system assets			20,362
41. Accumulated current cost depreciation of system assets			(8,932)
42. Written down current cost of system assets			<u>11,430</u>

The former Bombala Council

Special Schedule 5 – Sewerage Service Income Statement

Includes all internal transactions, i.e. prepared on a gross basis
for the period 1 July 2015 to 12 May 2016

\$'000	Actuals 1/7/15 to 12/5/16	Actuals 1/7/14 to 30/6/15
A Expenses and income		
Expenses		
1. Management expenses		
a. Administration	31	100
b. Engineering and supervision	–	–
2. Operation and maintenance expenses		
– mains		
a. Operation expenses	–	–
b. Maintenance expenses	7	17
– Pumping stations		
c. Operation expenses (excluding energy costs)	29	–
d. Energy costs	22	14
e. Maintenance expenses	48	29
– Treatment		
f. Operation expenses (excl. chemical, energy, effluent and biosolids management costs)	–	–
g. Chemical costs	–	–
h. Energy costs	3	4
i. Effluent management	–	–
j. Biosolids management	–	–
k. Maintenance expenses	146	123
– Other		
l. Operation expenses	–	–
m. Maintenance expenses	–	–
3. Depreciation expenses		
a. System assets	315	362
b. Plant and equipment	–	–
4. Miscellaneous expenses		
a. Interest expenses	–	–
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)	–	–
5. Total expenses	601	649

The former Bombala Council

Special Schedule 5 – Sewerage Service Income Statement (continued)

Includes all internal transactions, i.e. prepared on a gross basis
for the period 1 July 2015 to 12 May 2016

\$'000	Actuals 1/7/15 to 12/5/16	Actuals 1/7/14 to 30/6/15
Income		
6. Residential charges (including rates)	341	345
7. Non-residential charges		
a. Access (including rates)	75	66
b. Usage charges	3	2
8. Trade waste charges		
a. Annual fees	20	19
b. Usage charges	–	–
c. Excess mass charges	–	–
d. Re-inspection fees	–	–
9. Extra charges	–	–
10. Interest income	43	74
11. Other income	1	–
11a. Aboriginal Communities Water and Sewerage Program	–	–
12. Grants		
a. Grants for acquisition of assets	–	–
b. Grants for pensioner rebates	9	9
c. Other grants	–	–
13. Contributions		
a. Developer charges	–	–
b. Developer provided assets	–	–
c. Other contributions	–	–
14. Total income	<u>492</u>	<u>515</u>
15. Gain (or loss) on disposal of assets	–	–
16. Operating result	<u>(109)</u>	<u>(134)</u>
16a. Operating result (less grants for acquisition of assets)	(109)	(134)

The former Bombala Council

Special Schedule 5 – Sewerage Service Income Statement (continued)

Includes all internal transactions, i.e. prepared on a gross basis
for the period 1 July 2015 to 12 May 2016

\$'000	Actuals 1/7/15 to 12/5/16	Actuals 1/7/14 to 30/6/15
B Capital transactions		
Non-operating expenditures		
17. Acquisition of fixed assets		
a. New assets for improved standards	–	–
b. New assets for growth	–	–
c. Renewals	7	39
d. Plant and equipment	–	–
18. Repayment of debt	–	–
19. Totals	<u>7</u>	<u>39</u>
Non-operating funds employed		
20. Proceeds from disposal of assets	–	–
21. Borrowing utilised	–	–
22. Totals	<u>–</u>	<u>–</u>
C Rates and charges		
23. Number of assessments		
a. Residential (occupied)	683	685
b. Residential (unoccupied, ie. vacant lot)	125	125
c. Non-residential (occupied)	–	–
d. Non-residential (unoccupied, ie. vacant lot)	–	–
24. Number of ETs for which developer charges were received	– ET	– ET
25. Total amount of pensioner rebates (actual dollars)	\$ 8,047	\$ 18,463

The former Bombala Council

Special Schedule 6 – Sewerage Service Statement of Financial Position

Includes internal transactions, i.e. prepared on a gross basis
as at 12 May 2016

\$'000	Actuals Current	Actuals Non-current	Actuals Total
ASSETS			
26. Cash and investments			
a. Developer charges	23	–	23
b. Special purpose grants	–	–	–
c. Accrued leave	–	–	–
d. Unexpended loans	–	–	–
e. Sinking fund	–	–	–
f. Other	2,315	–	2,315
27. Receivables			
a. Specific purpose grants	–	–	–
b. Rates and availability charges	36	–	36
c. User charges	–	–	–
d. Other	–	–	–
28. Inventories	–	–	–
29. Property, plant and equipment			
a. System assets	–	13,267	13,267
b. Plant and equipment	–	61	61
30. Other assets	–	–	–
31. Total assets	<u>2,374</u>	<u>13,328</u>	<u>15,702</u>
LIABILITIES			
32. Bank overdraft	–	–	–
33. Creditors	–	–	–
34. Borrowings	–	–	–
35. Provisions			
a. Tax equivalents	–	–	–
b. Dividend	–	–	–
c. Other	–	–	–
36. Total liabilities	<u>–</u>	<u>–</u>	<u>–</u>
37. NET ASSETS COMMITTED	<u>2,374</u>	<u>13,328</u>	<u>15,702</u>
EQUITY			
38. Accumulated surplus			4,038
39. Asset revaluation reserve			11,664
40. TOTAL EQUITY			<u>15,702</u>
Note to system assets:			
41. Current replacement cost of system assets			29,314
42. Accumulated current cost depreciation of system assets			(16,047)
43. Written down current cost of system assets			<u>13,267</u>

The former Bombala Council

Notes to Special Schedules 3 and 5

for the period 1 July 2015 to 12 May 2016

Administration ⁽¹⁾

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

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

Engineering and supervision ⁽¹⁾

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

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

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

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

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

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

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

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

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

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

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

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

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

Notes:

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

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

The former Bombala Council

Special Schedule 7 – Report on Infrastructure Assets as at 12 May 2016

\$'000

Asset class	Asset category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2015/16 Required maintenance ^a	2015/16 Actual maintenance to 12/5/16	Carrying value	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
								1	2	3	4	5
Buildings	Buildings – non-specialised	42	42	42	22	4,129	11,455	70%	13%	17%		0%
	Buildings – specialised	53	53	53	27	2,492	9,959	74%	12%	13%	1%	0%
	Sub-total	95	95	95	49	6,621	21,414	71.9%	12.5%	15.1%	0.5%	0.0%
Other structures	Other structures	–	–	–	–	123	141			100%		0%
	Sub-total	–	–	–	–	123	141	0.0%	0.0%	100.0%	0.0%	0.0%
Roads	Sealed roads	2,100	2,100	1,100	853	17,665	26,327	5%	63%	32%		0%
	Unsealed roads	1,050	1,050	580	670	5,893	10,033		27%	56%	17%	0%
	Bridges	2,100	2,100	80	89	20,124	31,914		94%	6%		0%
	Footpaths	25	25	15	–	1,094	2,010		9%	91%		0%
	Bulk earthworks	–	–	–	–	184,674	184,674	95%	1%	4%		0%
	Sub-total	5,275	5,275	1,775	1,612	229,450	254,958	69.3%	20.1%	9.9%	0.7%	0.0%
Water supply network	Dams/Weirs	1,050	1,050	15	3	399	633			100%		0%
	Reservoirs	55	55	15	2	1,522	2,626			100%		0%
	Pumping Stations	55	55	25	10	452	835			100%		0%
	Treatment Plant	1,050	1,050	25	28	1,186	2,096			100%		0%
	Pipeline	525	525	25	125	7,659	13,711			100%		0%
	Sub-total	2,735	2,735	105	168	11,218	19,901	0.0%	0.0%	100.0%	0.0%	0.0%
Sewerage network	Pumping stations	65	65	15	48	363	636			100%		0%
	Treatment Plants	7,880	7,880	30	40	1,301	2,910			100%		0%
	Pipeline	420	420	15	7	11,448	25,613			100%		0%
	Sub-total	8,365	8,365	60	95	13,112	29,159	0.0%	0.0%	100.0%	0.0%	0.0%

The former Bombala Council

Special Schedule 7 – Report on Infrastructure Assets as at 12 May 2016 (continued)

\$'000

Asset class	Asset category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2015/16 Required maintenance ^a	2015/16 Actual maintenance to 12/5/16	Carrying value	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
								1	2	3	4	5
Stormwater drainage	Stormwater drainage	105	105	20	–	829	1,203			100%		0%
	Sub-total	105	105	20	–	829	1,203	0.0%	0.0%	100.0%	0.0%	0.0%
Open space/recreational assets	Swimming pools	90	90	15	–	342	447			100%		0%
	BBQ Areas/Playgrounds	35	35	10	–	54	99		55%	45%		0%
	Sub-total	125	125	25	–	396	546	0.0%	10.0%	90.0%	0.0%	0.0%
	TOTAL – ALL ASSETS	16,700	16,700	2,080	1,924	261,749	327,322	58.7%	16.5%	24.2%	0.6%	0.0%

Notes:

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

Infrastructure asset condition assessment 'key'

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

The former Bombala Council

Special Schedule 7 – Report on Infrastructure Assets (continued)
for the period 1 July 2015 to 12 May 2016

\$ '000	Amounts	Indicator	Prior periods	
	12/5/16	12/5/16	30/6/15	30/6/14
Infrastructure asset performance indicators * consolidated				
1. Infrastructure renewals ratio				
Asset renewals ⁽¹⁾	<u>1,932</u>	82.04%	57.67%	73.24%
Depreciation, amortisation and impairment	<u>2,355</u>			
2. Infrastructure backlog ratio				
Estimated cost to bring assets to a satisfactory standard	<u>16,700</u>	21.67%	20.67%	25.45%
Carrying value of infrastructure assets	<u>77,075</u>			
3. Asset maintenance ratio				
Actual asset maintenance	<u>1,924</u>	0.93	0.60	0.56
Required asset maintenance	<u>2,080</u>			

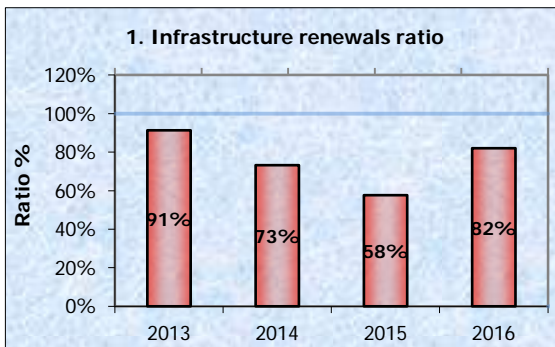
Notes

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

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

The former Bombala Council

Special Schedule 7 – Report on Infrastructure Assets (continued) for the period 1 July 2015 to 12 May 2016



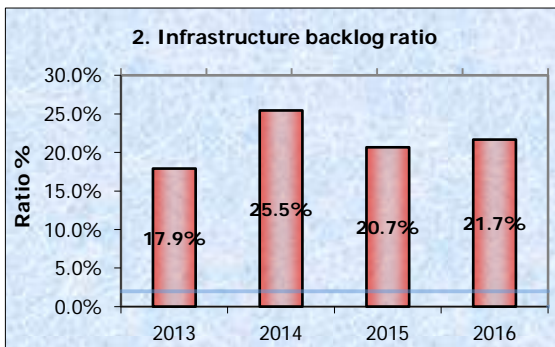
Purpose of asset renewals ratio

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

Commentary on 12/5/16 result	
12/5/16 ratio	82.04%
The current year focus was more an asset renewals, particularly in the road asset class	

Benchmark: ——— Minimum $\geq 100.00\%$
Source for benchmark: Code of Accounting Practice and Financial Reporting #24

Ratio achieves benchmark
 Ratio is outside benchmark



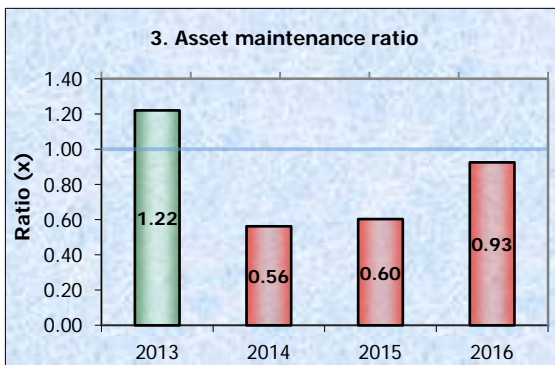
Purpose of infrastructure backlog ratio

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

Commentary on 12/5/16 result	
12/5/16 ratio	21.67%
This ratio is a slight improvement on the 2014/2015 result, and is well above the backlog benchmark of 2%	

Benchmark: ——— Maximum $< 2.00\%$
Source for benchmark: Code of Accounting Practice and Financial Reporting #24

Ratio achieves benchmark
 Ratio is outside benchmark



Purpose of asset maintenance ratio

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

Commentary on 12/5/16 result	
12/5/16 ratio	0.93 x
The increase in this ratio reflects the continuing reduction to the infrastructure backlog ratio	

Benchmark: ——— Minimum > 1.00
Source for benchmark: Code of Accounting Practice and Financial Reporting #24

Ratio achieves benchmark
 Ratio is outside benchmark

The former Bombala Council

Special Schedule 7 – Report on Infrastructure Assets (continued) for the period 1 July 2015 to 12 May 2016

\$ '000	Water 12/5/16	Sewer 12/5/16	General ⁽¹⁾ 12/5/16
Infrastructure asset performance indicators by fund			
1. Infrastructure renewals ratio			
Asset renewals ⁽²⁾	10.29%	2.23%	105.67%
Depreciation, amortisation and impairment	prior period: 17.82%	10.86%	72.90%
2. Infrastructure backlog ratio			
Estimated cost to bring assets to a satisfactory standard	24.38%	63.80%	10.62%
Carrying value of infrastructure assets	prior period: 23.14%	60.21%	10.21%
3. Asset maintenance ratio			
Actual asset maintenance	1.60	1.58	0.87
Required asset maintenance	prior period: 0.20	0.64	0.62

Notes

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