

The former Cooma-Monaro Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS

for the period 1 July 2015 to 12 May 2016



The former Cooma-Monaro Shire Council

General Purpose Financial Statements

for the period 1 July 2015 to 12 May 2016

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Overview

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

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

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

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

- (iii) All figures presented in these financial statements are presented in Australian currency.
- (iv) These financial statements were authorised for issue by Snowy Monaro Regional Council on 10 November 2016. Council has the power to amend and reissue these financial statements.
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The former Cooma-Monaro Shire Council

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

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

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

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

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

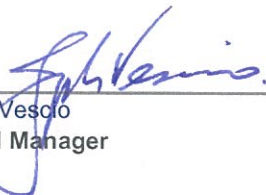
- present fairly the Council's operating result and financial position for the period, and
- accord with Council's accounting and other records.

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

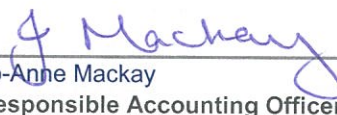
Signed in accordance with a resolution of Snowy Monaro Regional Council made on 31 August 2016.



Dean Lynch
Administrator



Joseph Vesco
General Manager



Jo-Anne Mackay
Responsible Accounting Officer

The former Cooma-Monaro Shire Council

Income Statement

for the period 1 July 2015 to 12 May 2016

Budget ¹ 1/7/15 to 30/6/16	\$ '000	Notes	Actual 1/7/15 to 12/5/16	Actual 1/7/14 to 30/6/15
Income from continuing operations				
Revenue:				
n/a	Rates and annual charges	3a	12,786 ²	12,198
n/a	User charges and fees	3b	4,023	4,325
n/a	Interest and investment revenue	3c	702	798
n/a	Other revenues	3d	468	413
n/a	Grants and contributions provided for operating purposes	3e,f	8,435 ³	7,163
n/a	Grants and contributions provided for capital purposes	3e,f	3,112	2,219
Other income:				
n/a	Net share of interests in joint ventures and associates using the equity method	19	–	18
n/a	Total income from continuing operations		29,526	27,134
Expenses from continuing operations				
n/a	Employee benefits and on-costs	4a	10,914	11,986
n/a	Borrowing costs	4b	39	51
n/a	Materials and contracts	4c	5,060	5,650
n/a	Depreciation and amortisation	4d	7,074	8,757
n/a	Impairment	4d	–	–
n/a	Other expenses	4e	2,276	2,630
n/a	Net losses from the disposal of assets	5	207	201
n/a	Net share of interests in joint ventures and associates using the equity method	19	7	–
n/a	Total expenses from continuing operations		25,577	29,275
n/a	Operating result from continuing operations		3,949	(2,141)
Discontinued operations				
n/a	Net profit/(loss) from discontinued operations	24	–	–
n/a	Net operating result for the period		3,949	(2,141)
n/a	Net operating result attributable to Council		3,949	(2,141)
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		837	(4,360)

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

² Rates are recognised as revenue at the commencement of the rating year for the period 1/7/15 to 30/6/16. No adjustments have been made for rates not earned during the period 13/05/2016 to 30/06/2016.

³ Federal Assistance Grants (FAGs) are recognised as revenue upon their receipt or upon earlier notification that the grant has been secured. As such the revenue for FAGS includes the last quarter FAGS payment received on 17 May 2016

The former Cooma-Monaro Shire Council

Statement of Comprehensive Income

for the period 1 July 2015 to 12 May 2016

\$ '000	Notes	Actual 1/7/15 to 12/5/16	Actual 1/7/14 to 30/6/15
Net operating result for the period (as per Income Statement)		3,949	(2,141)
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of I,PP&E	20b (ii)	322	22,427
Total items which will not be reclassified subsequently to the operating result		322	22,427
Amounts which will be reclassified subsequently to the operating result when specific conditions are met			
Nil			
Total other comprehensive income for the period		322	22,427
Total comprehensive income for the period		4,271	20,286
Total comprehensive income attributable to Council		4,271	20,286
Total comprehensive income attributable to non-controlling interests		–	–

The former Cooma-Monaro Shire Council

Statement of Financial Position

as at 12 May 2016

\$ '000	Notes	Actual 12/5/16	Actual 30/6/15
ASSETS			
Current assets			
Cash and cash equivalents	6a	5,706	4,922
Investments	6b	11,000	12,001
Receivables	7	5,733	2,030
Inventories	8	224	206
Other	8	153	7
Total current assets		22,816	19,166
Non-current assets			
Investments	6b	4,000	3,000
Receivables	7	–	–
Inventories	8	–	–
Infrastructure, property, plant and equipment	9	441,652	441,551
Investments accounted for using the equity method	19	357	364
Investment property	14	–	–
Intangible assets	25	–	–
Other	8	–	–
Total non-current assets		446,009	444,915
TOTAL ASSETS		468,825	464,081
LIABILITIES			
Current liabilities			
Payables	10	3,309	2,870
Borrowings	10	139	129
Provisions	10	2,845	2,705
Total current liabilities		6,293	5,704
Non-current liabilities			
Payables	10	–	–
Borrowings	10	–	139
Provisions	10	829	806
Total non-current liabilities		829	945
TOTAL LIABILITIES		7,122	6,649
Net assets		461,703	457,432
EQUITY			
Retained earnings	20	131,976	128,027
Revaluation reserves	20	329,727	329,405
Council equity interest		461,703	457,432
Non-controlling equity interests		–	–
Total equity		461,703	457,432

The former Cooma-Monaro Shire Council

Statement of Changes in Equity

for the period 1 July 2015 to 12 May 2016

\$ '000	Notes	Retained earnings	Reserves (Refer 20b)	Council interest	Non-controlling Interest	Total equity
1/7/15 to 12/5/16						
Opening balance (as per last year's audited accounts)		128,027	329,405	457,432	–	457,432
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)		128,027	329,405	457,432	–	457,432
c. Net operating result for the period		3,949	–	3,949	–	3,949
d. Other comprehensive income						
– Revaluations: IPP&E asset revaluation rsve	20b (ii)	–	322	322	–	322
Other comprehensive income		–	322	322	–	322
Total comprehensive income (c&d)		3,949	322	4,271	–	4,271
e. Distributions to/(contributions from) non-controlling Interests		–	–	–	–	–
f. Transfers between equity		–	–	–	–	–
Equity – balance at end of the reporting period		131,976	329,727	461,703	–	461,703

\$ '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)		129,828	306,978	436,806	–	436,806
a. Correction of prior period errors	20 (c)	–	–	–	–	–
b. Changes in accounting policies (prior year effects)	20 (d)	340	–	340	–	340
Revised opening balance (as at 1/7/14)		130,168	306,978	437,146	–	437,146
c. Net operating result for the year		(2,141)	–	(2,141)	–	(2,141)
d. Other comprehensive income						
– Revaluations: IPP&E asset revaluation rsve	20b (ii)	–	22,427	22,427	–	22,427
Other comprehensive income		–	22,427	22,427	–	22,427
Total comprehensive income (c&d)		(2,141)	22,427	20,286	–	20,286
e. Distributions to/(contributions from) non-controlling Interests		–	–	–	–	–
f. Transfers between equity		–	–	–	–	–
Equity – balance at end of the year		128,027	329,405	457,432	–	457,432

The former Cooma-Monaro Shire 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		10,791	12,250
n/a	User charges and fees		2,530	5,008
n/a	Investment and interest revenue received		751	717
n/a	Grants and contributions		11,931	9,193
n/a	Other		1,187	1,215
Payments:				
n/a	Employee benefits and on-costs		(10,739)	(11,647)
n/a	Materials and contracts		(5,872)	(6,235)
n/a	Borrowing costs		(16)	(23)
n/a	Other		(2,590)	(2,749)
n/a	Net cash provided (or used in) operating activities	11b	7,973	7,729
Cash flows from investing activities				
Receipts:				
n/a	Sale of investment securities		8,000	7,000
n/a	Sale of infrastructure, property, plant and equipment		377	707
Payments:				
n/a	Purchase of investment securities		(8,000)	(9,000)
n/a	Purchase of infrastructure, property, plant and equipment		(7,437)	(5,659)
n/a	Net cash provided (or used in) investing activities		(7,060)	(6,952)
Cash flows from financing activities				
Receipts:				
Nil				
Payments:				
n/a	Repayment of borrowings and advances		(129)	(121)
n/a	Net cash flow provided (used in) financing activities		(129)	(121)
n/a	Net increase/(decrease) in cash and cash equivalents		784	656
n/a	Plus: cash and cash equivalents – beginning of reporting period	11a	4,922	4,266
n/a	Cash and cash equivalents – end of reporting period	11a	5,706	4,922
Additional Information:				
	plus: Investments on hand – end of reporting period	6b	15,000	15,001
	Total cash, cash equivalents and investments		20,706	19,923

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

Please refer to Note 11 for additional cash flow information

The former Cooma-Monaro Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

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n/a – not applicable

The former Cooma-Monaro Shire 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 Cooma-Monaro Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Summary of significant accounting policies (continued)

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

(vii) Critical accounting estimates

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

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

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

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

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

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

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

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

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

- The business of the Council is continuing through the **Snowy Monaro Regional Council**

- The Local Government (Council Amalgamations) Proclamation 2016 ensures:

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

- The former **Cooma-Monaro Shire 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 – Council has made significant judgements about the impairment of a number of its receivables in Note 7.

(b) Revenue recognition

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

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

The former Cooma-Monaro Shire 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.

The former Cooma-Monaro Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Summary of significant accounting policies (continued)

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

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

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

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

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

Revenue is measured on major income categories as follows:

Rates, Annual Charges, Grants and Contributions

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

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

Rates and annual charges were levied for the period 1 July 2015 to 30 June 2016 by the former Cooma-Monaro Shire Council. No adjustment has been made for rates and annual charges not earned during the period 13/05/2016 to 30/06/2016.

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

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

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

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

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

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

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

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

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

User charges, fees and other Income

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

The former Cooma-Monaro Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Summary of significant accounting policies (continued)

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

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

Sale of infrastructure, property, plant and equipment

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

Interest and rents

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

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

Dividend income

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

Other Income

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

(c) Principles of consolidation

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

(i) The Consolidated Fund

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

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

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

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

- General Purpose Operations
- Water Supply
- Wastewater Service
- Yallambee Lodge

Due to their immaterial value and nature, the following committees, entities and operations have been excluded from consolidation:

- Art & Cultural Activities Committee
- Cemetery Committee
- Cooma-Monaro Tourism Advisory Committee
- Koala Plan of Management Committee
- Nimmitabel Showground Committee
- Noxious Weeds Committee
- Recreational Facilities Committee
- Bredbo Cemetery Committee
- Michelago Cemetery Committee
- Nimmitabel Cemetery Committee
- Numeralla Cemetery Committee
- Peakview/Jerangle Cemetery Committee
- Bredbo Hall Committee
- Kybean Hall Committee
- Michelago Hall Committee
- Numeralla Hall Committee
- Peakview Hall Committee
- Shannons Flat Hall Committee
- Smiths Road Hall Committee
- North Ridge Reserve Committee
- Old Cooma Common Grasslands Reserve Committee
- Yamaga Sister City 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.

The former Cooma-Monaro Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Summary of significant accounting policies (continued)

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

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

(iii) Interests in other entities

Subsidiaries

Council has no interest in any subsidiaries.

Joint arrangements

Council has no interest in any joint arrangements.

Joint ventures

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

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

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

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

Associates

Council has no interest in any associates.

County councils

Council is not a member of any county councils.

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

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

Finance leases

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

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

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

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

The interest element of the finance charge is costed to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

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

Operating Leases

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

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

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

The former Cooma-Monaro Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Summary of significant accounting policies (continued)

(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.

(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.

The former Cooma-Monaro Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Summary of significant accounting policies (continued)

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.

(ii) Subsequent measurement

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

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

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

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

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

Impairment

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

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

If there is evidence of impairment for any of Council's financial assets carried at amortised cost (eg. loans and receivables), the amount of the loss is measured

The former Cooma-Monaro Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Summary of significant accounting policies (continued)

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

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

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

(iii) Types of investments

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

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

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

(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.

The former Cooma-Monaro Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Summary of significant accounting policies (continued)

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.

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

Acquisition of assets

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

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

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

- **Operational land** (external valuation)
- **Community land** (internal valuation)
- **Land improvements**
(as approximated by depreciated historical cost)
- **Buildings – specialised/non-specialised**
(external valuation)
- **Other structures**
(as approximated by depreciated historical cost)
- **Roads assets including roads, bridges and footpaths** (internal valuation)
- **Bulk earthworks** (internal valuation)
- **Stormwater drainage** (internal valuation)
- **Water and sewerage networks** (internal valuation)
- **Swimming pools** (external valuation)
- **Other open space/recreational assets**
(external valuation)
- **Other infrastructure** (internal valuation)
- **Other assets**
(as approximated by depreciated historical cost)
- **Investment properties** – refer Note 1(p),

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

The former Cooma-Monaro Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Summary of significant accounting policies (continued)

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 & Equipment	
Office Furniture	> \$1,000
Office Equipment	> \$1,000
Other Plant & Equipment	> \$1,000

Buildings & Land Improvements	
Park Furniture & Equipment	> \$2,000
Building	
- construction/extensions	100% Capitalised
- renovations	> \$10,000

Other Structures	> \$2,000
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Water & Sewer Assets	
Reticulation extensions	> \$5,000
Other	> \$5,000

Stormwater Assets	
Drains & Culverts	> \$5,000
Other	> \$5,000

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

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

Depreciation

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

Land is not depreciated.

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

Plant & Equipment	
- Office Equipment	3 to 10 years

The former Cooma-Monaro Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Summary of significant accounting policies (continued)

- Office furniture	5 to 10 years
- Computer Equipment	2 to 5 years
- Vehicles	2 to 5 years
- Other plant and equipment	5 to 20 years

Other Equipment

- Playground equipment	15 years
- Benches, seats etc	10 years

Buildings

- Buildings	15 to 50 years
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Stormwater Drainage

- Drains & Culverts	30 to 60 years
- Flood Control Structure	100 years

Transportation Assets

- Sealed Roads: Surface	15 years
- Sealed Roads: Structure	80 years
- Unsealed roads	30 to 80 years
- Bridge: Concrete	85 years
- Bridge: Other	50 years

Water & Sewer Assets

- Dams and reservoirs	100 years
- Bores	30 - 40 years
- Water Mains	80 years
- Wastewater Mains	45 to 70 years
- Pumps and telemetry	15 to 50 years

Other Infrastructure Assets

- Bulk earthworks	Infinite
- Swimming Pools	15 to 50 years
- Other Open Space/ Recreational Assets	15 to 50 years

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

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

Disposal and derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further

future economic benefits are expected from its use or disposal.

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

(k) Land

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

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

(l) Land under roads

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

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

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

(m) Intangible assets

Council has not classified any assets as intangible.

(n) Crown reserves

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

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

The former Cooma-Monaro Shire Council

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

Note 1. Summary of significant accounting policies (continued)

Council 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 exclude the assets, their values and depreciation charges from these financial statements.

(p) Investment property

Council does not hold any investment properties.

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

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

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

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

Costs are estimated on the basis of a closure plan.

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

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

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

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

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

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

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

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

The former Cooma-Monaro Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Summary of significant accounting policies (continued)

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.

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.

The former Cooma-Monaro Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Summary of significant accounting policies (continued)

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,

- 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.

The former Cooma-Monaro Shire Council

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

Note 1. Summary of significant accounting policies (continued)

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

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

(ii) Other long-term obligations

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

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

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

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

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

(iii) Retirement benefit obligations

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

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

Defined benefit plans

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

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

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

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

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

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

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 \$ 271,837.

The former Cooma-Monaro Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Summary of significant accounting policies (continued)

The amount of additional contributions included in the total employer contribution advised above is \$139,872.

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.

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 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.

The former Cooma-Monaro Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Summary of significant accounting policies (continued)

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.

(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 Cooma-Monaro Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

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

Functions/activities	Income, expenses and assets have been directly attributed to the following functions/activities. Details of these functions/activities are provided in Note 2(b).													
	Income from continuing operations			Expenses from continuing operations			Operating result from continuing operations			Grants included in income from continuing operations		Total assets held (current & non-current)		
	Original budget 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	170	70	n/a	1,270	1,263	n/a	(1,100)	(1,193)	13	–	7,238	36,848	
Internal Support	n/a	1	–	n/a	979	1,296	n/a	(978)	(1,296)	35	27	360	419	
External Support	n/a	27	3	n/a	481	499	n/a	(454)	(496)	–	–	2,663	808	
Asset Support	n/a	246	236	n/a	2,699	3,114	n/a	(2,453)	(2,878)	70	43	18,228	18,434	
Economic Development	n/a	147	–	n/a	288	66	n/a	(141)	(66)	–	–	–	–	
Library	n/a	92	72	n/a	296	331	n/a	(204)	(259)	50	34	–	–	
Yallambee Lodge	n/a	2,051	2,218	n/a	2,277	2,120	n/a	(226)	98	1,208	1,255	8,123	8,386	
Saleyards	n/a	230	257	n/a	225	262	n/a	5	(5)	–	–	1,868	1,893	
Tourism	n/a	63	77	n/a	386	446	n/a	(323)	(369)	–	–	39	–	
Urban & Rural Roads	n/a	1,138	1,058	n/a	5,886	7,706	n/a	(4,748)	(6,648)	1,948	910	323,058	295,714	
Water	n/a	6,098	4,756	n/a	2,073	2,561	n/a	4,025	2,195	2,647	1,509	49,124	45,124	
Wastewater	n/a	3,562	3,279	n/a	1,975	2,226	n/a	1,587	1,053	29	32	38,563	37,037	
Private Works	n/a	60	184	n/a	50	49	n/a	10	135	–	–	–	–	
Recreation	n/a	265	282	n/a	2,113	2,180	n/a	(1,848)	(1,898)	188	169	12,688	13,072	
Fire & Emergency	n/a	364	310	n/a	498	632	n/a	(134)	(322)	–	–	986	1,000	
Waste Management	n/a	3,077	2,570	n/a	1,867	2,156	n/a	1,210	414	150	121	5,453	4,847	
Urban & Rural Planning	n/a	106	140	n/a	529	595	n/a	(423)	(455)	–	–	–	–	
Noxious Weeds	n/a	323	179	n/a	532	406	n/a	(209)	(227)	139	132	37	77	
Building	n/a	111	136	n/a	233	306	n/a	(122)	(170)	–	–	–	–	
Environment Protection	n/a	1	–	n/a	9	21	n/a	(8)	(21)	–	10	–	–	
Cemetery	n/a	66	42	n/a	35	31	n/a	31	11	–	–	3	4	

continued on next page...

The former Cooma-Monaro Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

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

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
Public Health	n/a	32	37	n/a	96	100	n/a	(64)	(63)	–	–	–	–
Animal	n/a	67	75	n/a	129	144	n/a	(62)	(69)	–	–	–	–
Community	n/a	606	597	n/a	644	765	n/a	(38)	(168)	528	494	37	54
Total functions and activities	n/a	18,903	16,578	n/a	25,570	29,275	n/a	(6,667)	(12,697)	7,005	4,736	468,468	463,717
Share of gains/(losses) in associates and joint ventures (using the equity method)	n/a	–	18	n/a	7	–	n/a	(7)	18	–	–	357	364
General purpose income ²	n/a	10,623	10,538	n/a	–	–	n/a	10,623	10,538	3,686	3,695	–	–
Operating result from continuing operations	n/a	29,526	27,134	n/a	25,577	29,275	n/a	3,949	(2,141)	10,691	8,431	468,825	464,081

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 Cooma-Monaro Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

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

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

Governance

Costs relating to councillors, management and administrative support, organisational planning, insurances and accounting.

Internal Support

Costs relating to information technology systems, information management systems, human resources, payroll and financial management.

External Support

Costs relating to customer service, collection of rates, payment of creditors and debt collection.

Asset Support

Costs relating to property management, stores and purchasing, vehicle and plant management, infrastructure policy and engineering design, and risk management.

Economic Development

Costs relating to facilitating enterprise growth in the local and regional economy.

Library

Costs relating to the provision of a public library.

Yallambee Lodge

Costs relating to the provision of an aged care facility.

Saleyards

Costs relating to the provision of a facility for the sale of livestock.

Tourism

Costs relating to visitor information services, local events, promoting Cooma-Monaro as a tourist destination, communicating opportunities and events to stakeholders and providing a booking service.

Urban and Rural Roads

Costs relating to the maintenance and construction of urban and rural roads, stormwater drainage, bridges, footpaths, carparks, bus shelters, street lighting, flood mitigation and roadside weed spraying.

Water

Costs relating to public water supply services at Bredbo, Cooma and Nimmitabel.

Wastewater

Costs relating to wastewater services.

Private Works

Costs relating to providing services to individual landowners, including roads and driveways and quarry operations.

The former Cooma-Monaro Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

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

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

Recreation

Costs relating to parks and gardens, sportsgrounds, showgrounds, the swimming pool, the basketball stadium, Nimmitabel caravan park and crown reserves.

Fire and Emergency

Costs relating to rural fire services, SES support and emergency management.

Waste Management

Costs relating to waste management services.

Urban and Rural Planning

Costs relating to statutory and strategic planning.

Noxious Weeds

Costs relating to noxious weeds inspections and public education.

Building

Costs relating to building approvals and inspections.

Environmental Protection

Costs relating to environmental monitoring and management, and catchment management.

Cemetery

Costs relating to Cooma and Rural cemeteries.

Public Health

Costs relating to food inspections, water quality monitoring, sewer management, and responding to complaints on health matters.

Animal

Costs relating to dog and cat control, stock control and pound management.

Community

Costs relating to youth support, aged care support services, social / community plan, regional health service, indigenous people affairs and other general community services.

The former Cooma-Monaro Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 3. Income from continuing operations

\$ '000	Notes	Actual 1/7/15 to 30/6/16	Actual 1/7/14 to 30/6/15
(a) Rates and annual charges ¹			
Ordinary rates ²			
Residential		3,616	3,446
Farmland		1,768	1,668
Business		1,236	1,335
Total ordinary rates		6,620	6,449
Special rates			
Nil			
<hr/>			
	Notes	1/7/15 to 12/5/16	1/7/14 to 30/6/15
Annual charges (pursuant to s.496, s.496A, s.496B, s.501 & s.611)			
Domestic waste management services		1,257	1,144
Water supply services		1,441	1,362
Waste management services (non-domestic)		323	292
Wastewater services		3,145	2,951
Total annual charges		6,166	5,749
TOTAL RATES AND ANNUAL CHARGES		12,786	12,198

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

² Rates and annual charges are recognised as revenue at the commencement of the rating year for the period 1/7/15 to 30/6/16. No adjustments have been made for rates not earned during the period 13/05/16 to 30/06/16.

The former Cooma-Monaro Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 3. Income from continuing operations (continued)

\$ '000	Notes	Actual 1/7/15 to 12/5/16	Actual 1/7/14 to 30/6/15
(b) User charges and fees			
Specific user charges (per s.502 – specific 'actual use' charges)			
Water supply services		1,641	1,470
Waste management services (non-domestic)		415	487
Total user charges		2,056	1,957
Other user charges and fees			
(i) Fees and charges – statutory and regulatory functions (per s.608)			
Inspection services		67	90
Private works – section 67		61	184
Regulatory/ statutory fees		210	263
Total fees and charges – statutory/regulatory		338	537
(ii) Fees and charges – other (incl. general user charges (per s.608))			
Animal control		21	12
Caravan park		3	12
Cemeteries		66	42
Home and Community Care services (aged care)		77	100
Leaseback fees – Council vehicles		65	71
Library fees		9	10
Residential aged care (Yallambee Lodge)		725	839
Saleyard dues and rents		210	237
Visitor centre sales		63	78
Waste disposal tipping fees		357	399
Water connection fees		9	13
Other		24	18
Total fees and charges – other		1,629	1,831
TOTAL USER CHARGES AND FEES		4,023	4,325

The former Cooma-Monaro Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 3. Income from continuing operations (continued)

\$ '000	Notes	Actual 1/7/15 to 12/5/16	Actual 1/7/14 to 30/6/15
(c) Interest and investment revenue (including losses)			
Interest			
– Interest on overdue rates and annual charges (incl. special purpose rates)		52	81
– Interest earned on investments (interest and coupon payment income)		646	711
– Interest (other)		5	7
Amortisation of premiums and discounts			
– ‘Held to maturity’ investments		(1)	(1)
<u>TOTAL INTEREST AND INVESTMENT REVENUE</u>		<u>702</u>	<u>798</u>
Interest revenue is attributable to:			
Unrestricted investments/financial assets:			
Overdue rates and annual charges (general fund)		52	81
General Council cash and investments		265	313
Restricted investments/funds – external:			
Development contributions			
– Section 94		18	22
– Section 64		4	2
Water fund operations		120	123
Sewerage fund operations		154	155
Domestic waste management operations		89	102
Total interest and investment revenue recognised		<u>702</u>	<u>798</u>
(d) Other revenues			
Rental income – other council properties		79	91
Fines – parking		14	16
Fines – other		34	43
Legal fees recovery – rates and charges (extra charges)		68	64
Legal fees recovery – other		15	16
Commissions and agency fees		–	1
NSW weeds conference registrations		166	30
Reimbursements		31	125
Refunds		–	10
Tourism Events		57	–
Other		4	17
<u>TOTAL OTHER REVENUE</u>		<u>468</u>	<u>413</u>

The former Cooma-Monaro Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 3. Income from continuing operations (continued)

\$ '000	1/7/15 to 12/5/16 Operating	1/7/14 to 30/6/15 Operating	1/7/15 to 12/5/16 Capital	1/7/14 to 30/6/15 Capital
(e) Grants ¹				
General purpose (untied)				
Financial assistance – general component	2,532 ¹	2,532	–	–
Financial assistance – local roads component	1,059 ¹	1,064	–	–
Pensioners' rates subsidies – general component	95	99	–	–
Total general purpose	3,686	3,695	–	–
Specific purpose				
Pensioners' rates subsidies:				
– Water	36	35	–	–
– Domestic waste management	29	28	–	–
– Wastewater	33	32	–	–
Water supplies	–	–	2,616	1,475
Domestic waste management	–	–	125	94
Employment and training programs	35	27	–	–
Environmental protection	–	9	–	–
Fuel	70	43	–	–
Home and community care services (aged care)	526	493	–	–
Library	50	34	–	–
Noxious weeds	139	132	–	–
Parks, sportsfields and reserves	4	–	184	169
Street lighting	26	25	–	–
Transport (roads to recovery)	1,434	399	–	–
Transport (other roads and bridges funding)	488	374	–	111
Yallambee Lodge residential aged care	1,208	1,165	–	90
Youth services	2	1	–	–
Total specific purpose	4,080	2,797	2,925	1,939
Total grants	7,766	6,492	2,925	1,939
Grant revenue is attributable to:				
– Commonwealth funding	6,291	5,244	–	90
– State funding	961	841	2,925	1,849
– Other funding	514	407	–	–
	7,766	6,492	2,925	1,939

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 FAGS payment received on 17 May 2016.

The former Cooma-Monaro Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 3. Income from continuing operations (continued)

\$ '000	1/7/15 to 12/5/16 Operating	1/7/14 to 30/6/15 Operating	1/7/15 to 12/5/16 Capital	1/7/14 to 30/6/15 Capital
(f) Contributions				
Developer contributions:				
(s93 & s94 – EP&A Act, s64 of the LGA):				
S 94 – contributions towards amenities/services	–	–	71	58
S 64 – water supply contributions	–	–	38	74
S 64 – sewerage service contributions	–	–	41	68
Total developer contributions	–	–	150	200
Other contributions:				
Buildings and property	–	10	8	–
Fire and emergency	363	370	–	–
Governance	207	115	–	–
Home and community care services (aged care)	–	1	–	–
Library	30	26	–	–
Parks, sportsfields and reserves	–	9	29	3
Risk management	66	138	–	–
Roads and bridges	–	–	–	77
Yallambee Lodge residential aged care	3	2	–	–
Total other contributions	669	671	37	80
Total contributions	669	671	187	280
TOTAL GRANTS AND CONTRIBUTIONS	8,435	7,163	3,112	2,219

\$ '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	1,309	1,314
Add: grants and contributions recognised in the current period but not yet spent:	620	335
Less: grants and contributions recognised in a previous reporting period now spent:	(429)	(340)
Net increase (decrease) in restricted assets during the period	191	(5)
Unexpended and held as restricted assets	1,500	1,309
Comprising:		
– Specific purpose unexpended grants	716	569
– Developer contributions	712	688
– Other contributions	72	52
	1,500	1,309

The former Cooma-Monaro Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 4. Expenses from continuing operations

\$ '000	Notes	Actual 1/7/15 to 12/5/16	Actual 1/7/14 to 30/6/15
(a) Employee benefits and on-costs			
Salaries and wages		8,861	9,342
Travel expenses		1	2
Employee leave entitlements (ELE)		1,152	1,398
Superannuation		1,058	1,130
Workers' compensation insurance		145	242
Fringe benefit tax (FBT)		28	28
Payroll tax		36	44
Training costs (other than salaries and wages)		93	128
Uniforms		44	52
Total employee costs		11,418	12,366
Less: capitalised costs		(504)	(380)
TOTAL EMPLOYEE COSTS EXPENSED		10,914	11,986
Number of 'full-time equivalent' employees (FTE) as at 12/5/2016		163	160
(b) Borrowing costs			
(i) Interest bearing liability costs			
Interest on loans		12	21
Total interest bearing liability costs expensed		12	21
(ii) Other borrowing costs			
Discount adjustments relating to movements in provisions (other than ELE)			
– Remediation liabilities	26	27	30
Total other borrowing costs		27	30
TOTAL BORROWING COSTS EXPENSED		39	51
(c) Materials and contracts			
Raw materials and consumables		4,711	5,158
Contractor and consultancy costs			
– Cleaning		62	120
– Fit for the future		–	126
Auditors remuneration ⁽¹⁾		60	42
Legal expenses:			
– Legal expenses: planning and development		35	35
– Legal expenses: debt recovery		98	70
– Legal expenses: other		26	34
Operating leases:			
– Operating lease rentals: minimum lease payments ⁽²⁾		68	65
TOTAL MATERIALS AND CONTRACTS		5,060	5,650

(continued on the next page...)

The former Cooma-Monaro Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 4. Expenses from continuing operations (continued)

\$ '000	Notes	Actual	Actual
		1/7/15 to 12/5/16	1/7/14 to 30/6/15
(c) Materials and contracts (continued)			
1. Auditor remuneration			
During the period, the following fees were incurred for services provided by the Council's Auditor:			
Audit and other assurance services			
Audit and review of financial statements: Council's Auditor		60	42
Remuneration for audit and other assurance services		60	42
Total Auditor remuneration		60	42
2. Operating lease payments are attributable to:			
Computers		68	65
		68	65

\$ '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
(d) Depreciation, amortisation and impairment					
Plant and equipment		–	–	629	599
Office equipment		–	–	66	63
Furniture and fittings		–	–	1	2
Infrastructure:					
– Buildings – non-specialised		–	–	711	767
– Buildings – specialised		–	–	223	257
– Other structures		–	–	429	355
– Roads		–	–	2,317	3,826
– Bridges and culverts		–	–	554	499
– Footpaths		–	–	275	284
– Stormwater drainage		–	–	264	288
– Water supply network		–	–	864	971
– Wastewater		–	–	736	813
– Swimming pools		–	–	38	45
– Other open space/recreational assets		–	–	29	33
Asset reinstatement costs	9 & 26	–	–	2	2
Total depreciation and impairment costs		–	–	7,138	8,804
Less: capitalised costs		–	–	(64)	(47)
TOTAL DEPRECIATION AND IMPAIRMENT COSTS EXPENSED		–	–	7,074	8,757

The former Cooma-Monaro Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 4. Expenses from continuing operations (continued)

\$ '000	Notes	Actual 1/7/15 to 12/5/16	Actual 1/7/14 to 30/6/15
(e) Other expenses			
Advertising		82	83
Bad and doubtful debts		2	–
Bank charges		39	45
Contributions/levies to other levels of government			
– HAC Transport		–	28
– Monaro Regional Library		170	195
– NSW Fire Brigade levy		27	29
– NSW Rural Fire Service levy		230	284
– NSW State Emergency Services		15	15
Councillor expenses – mayoral fee		20	24
Councillor expenses – councillors' fees		75	96
Councillors' expenses (incl. mayor) – other (excluding fees above)		22	25
Donations, contributions and assistance to other organisations (Section 356)			
– Boco Rock community grants		73	75
– Monaro Regional Weeds committee		2	2
– South East Arts		8	8
– Southern Phone community grants		23	–
– Tourism Snowy Mountains		30	25
– Weight of loads		18	18
– Other		50	73
Electricity and heating		430	681
Insurance		365	454
Memberships and subscriptions – local government association		22	26
Memberships and subscriptions – other		42	45
Postage		33	32
Printing and stationery		129	118
Refund of grants		–	23
Street lighting		54	82
Telephone and communications		100	101
Tourism expenses (excluding employee costs)		167	–
Valuation fees		48	43
<u>TOTAL OTHER EXPENSES</u>		<u>2,276</u>	<u>2,630</u>

The former Cooma-Monaro Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 5. Gains or losses from the disposal of assets

\$ '000	Notes	Actual 1/7/15 to 12/5/16	Actual 1/7/14 to 30/6/15
Property (excl. investment property)			
Proceeds from disposal – property		–	289
Less: carrying amount of property assets sold/written off		–	(403)
Net gain/(loss) on disposal		–	(114)
Plant and equipment			
Proceeds from disposal – plant and equipment		377	418
Less: carrying amount of plant and equipment assets sold/written off		(372)	(457)
Net gain/(loss) on disposal		5	(39)
Infrastructure			
Less: carrying amount of infrastructure assets sold/written off		(212)	(48)
Net gain/(loss) on disposal		(212)	(48)
Financial assets			
Proceeds from disposal/redemptions/maturities – financial assets		8,000	7,000
Less: carrying amount of financial assets sold/redeemed/matured		(8,000)	(7,000)
Net gain/(loss) on disposal		–	–
NET GAIN/(LOSS) ON DISPOSAL OF ASSETS		(207)	(201)

The former Cooma-Monaro Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

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

\$ '000	Notes	12/5/16	12/5/16	30/6/15	30/6/15
		Actual Current	Actual Non-current	Actual Current	Actual Non-current
Cash and cash equivalents (Note 6a)					
Cash on hand and at bank		106	–	107	–
Cash-equivalent assets ¹					
– Deposits at call		548	–	2,888	–
– Short-term deposits		5,052	–	1,927	–
Total cash and cash equivalents		5,706	–	4,922	–
Investments (Note 6b)					
– Long term deposits		11,000	4,000	7,000	3,000
– NCD's, FRN's (with maturities > 3 months)		–	–	5,001	–
Total investments		11,000	4,000	12,001	3,000
TOTAL CASH ASSETS, CASH EQUIVALENTS AND INVESTMENTS		16,706	4,000	16,923	3,000

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'		5,706	–	4,922	–
---	--	--------------	----------	--------------	----------

Investments

b. 'Held to maturity'	6(b-i)	11,000	4,000	12,001	3,000
Investments		11,000	4,000	12,001	3,000

Note 6(b-i)

Reconciliation of investments classified as 'held to maturity'

Balance at beginning of period		12,001	3,000	7,000	6,002
Amortisation of premiums and discounts		(1)	–	(1)	–
Additions		6,000	2,000	6,000	3,000
Disposals (sales and redemptions)		(8,000)	–	(7,000)	–
Transfers between current/non-current		1,000	(1,000)	6,002	(6,002)
Balance at end of period		11,000	4,000	12,001	3,000

Comprising:

– Long term deposits		7,000	4,000	7,000	3,000
– NCD's, FRN's (with maturities > 3 months)		4,000	–	5,001	–
Total		11,000	4,000	12,001	3,000

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

The former Cooma-Monaro Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

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

\$ '000	12/5/16	12/5/16	30/6/15	30/6/15
	Actual Current	Actual Non-current	Actual Current	Actual Non-current
Total cash, cash equivalents and investments	16,706	4,000	16,923	3,000
attributable to:				
External restrictions (refer below)	11,305	4,000	10,264	3,000
Internal restrictions (refer below)	5,390	–	6,647	–
Unrestricted	11	–	12	–
	16,706	4,000	16,923	3,000

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

Yallabee Lodge accommodation bonds	1,536	679	(613)	1,602
External restrictions – included in liabilities	1,536	679	(613)	1,602

External restrictions – other

Developer contributions – general (D)	588	130	(148)	570
Developer contributions – water fund (D)	100	42	–	142
Specific purpose unexpended grants (F)	475	138	–	613
Water supplies (G)	3,671	370	–	4,041
Water supplies – employee leave entitlements (G)	185	–	–	185
Sewerage services (G)	4,068	1,064	–	5,132
Sewerage services – employee leave entitlements (G)	95	–	–	95
Domestic waste management (G)	2,243	350	–	2,593
Specific purpose unexpended grants – waste fund (F)	94	125	(116)	103
Boco Rock community reserve	15	19	–	34
Kamoto-Cooma Friendship Scholarship Fund	37	1	–	38
Waste fund – employee leave entitlements (G)	157	–	–	157
External restrictions – other	11,728	2,239	(264)	13,703
Total external restrictions	13,264	2,918	(877)	15,305

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 Cooma-Monaro Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

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

1/7/15 to 12/5/16 \$ '000	Opening balance	Transfers to restrictions	Transfers from restrictions	Closing balance
Internal restrictions				
Plant and vehicle replacement	1,323	–	(94)	1,229
Infrastructure replacement	784	–	(756)	28
Employees leave entitlement	1,338	80	–	1,418
Carry over works	250	–	(250)	–
Building renewal	23	–	(23)	–
Business incentive scheme	44	5	–	49
Cemetery	140	33	–	173
Community services building	77	2	–	79
Development	329	–	–	329
Election	60	20	–	80
Quarries	33	–	(1)	32
Risk management program	137	–	(24)	113
Yallambee Lodge building/equipment replacement	1,984	(352)	–	1,632
Yallambee lodge employee leave entitlements	125	10	–	135
Strategic planning	–	40	–	40
Saleyards	–	53	–	53
Total internal restrictions	6,647	(109)	(1,148)	5,390
TOTAL RESTRICTIONS	19,911	2,809	(2,025)	20,695

The former Cooma-Monaro Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 7. Receivables

\$ '000	Notes	12/5/16 Current	12/5/16 Non-current	30/6/15 Current	30/6/15 Non-current
Purpose					
Rates and annual charges		2,663 ¹	–	668	–
Interest and extra charges		155	–	211	–
User charges and fees		2,106	–	451	–
Accrued revenues					
– Interest on investments		181	–	173	–
– Other income accruals		–	–	89	–
Government grants and subsidies		–	–	303	–
Net GST receivable		140	–	138	–
Other debtors		491	–	–	–
Total		5,736	–	2,033	–
Less: provision for impairment					
User charges and fees		(3)	–	(3)	–
Total provision for impairment – receivables		(3)	–	(3)	–
<u>TOTAL NET RECEIVABLES</u>		<u>5,733</u>	<u>–</u>	<u>2,030</u>	<u>–</u>
Externally restricted receivables					
Water supply					
– Specific purpose grants		–	–	208	–
– Rates and availability charges		301	–	90	–
– Other		562	–	–	–
Sewerage services					
– Rates and availability charges		706	–	230	–
Domestic waste management		472	–	131	–
Total external restrictions		2,041	–	659	–
Internally restricted receivables					
– Yallambee Lodge		45	–	27	–
Internally restricted receivables		45	–	27	–
Unrestricted receivables		3,647	–	1,344	–
<u>TOTAL NET RECEIVABLES</u>		<u>5,733</u>	<u>–</u>	<u>2,030</u>	<u>–</u>

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

Notes on debtors above:

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

The former Cooma-Monaro Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 8. Inventories and other assets

\$ '000	Notes	12/5/16 Current	12/5/16 Non-current	30/6/15 Current	30/6/15 Non-current
(a) Inventories					
(i) Inventories at cost					
Stores and materials		185	–	165	–
Trading stock		39	–	41	–
Total inventories at cost		224	–	206	–
(ii) Inventories at net realisable value (NRV)					
Nil					
TOTAL INVENTORIES		224	–	206	–
(b) Other assets					
Prepayments		153	–	7	–
TOTAL OTHER ASSETS		153	–	7	–
Externally restricted assets					
Water					
Stores and materials		64	–	56	–
Total water		64	–	56	–
Sewerage					
Stores and materials		28	–	28	–
Total sewerage		28	–	28	–
Total externally restricted assets		92	–	84	–
Total internally restricted assets		–	–	–	–
Total unrestricted assets		285	–	129	–
TOTAL INVENTORIES AND OTHER ASSETS		377	–	213	–

Other disclosures

	12/5/16	30/6/15
(a) Inventories recognised as an expense for the period included:		
– Stores and materials	220	207
– Trading stock	34	42

(b) 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 Cooma-Monaro Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 9a. Infrastructure, property, plant and equipment

\$ '000	as at 30/6/2015					Asset movements during the reporting period							as at 12/5/2016				
	At cost	At fair value	Accumulated		Carrying value	Additions renewals	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	At cost	At fair value	Accumulated		Carrying value
			depreciation	impairment											depreciation	impairment	
Capital work in progress	446	–	–	–	446	1,201	2,951	–	–	(446)	–	–	4,152	–	–	–	4,152
Plant and equipment	–	8,131	3,134	–	4,997	1,176	–	(372)	(629)	–	–	–	–	8,298	3,126	–	5,172
Office equipment	–	1,261	847	–	414	10	–	–	(66)	–	–	–	–	696	338	–	358
Furniture and fittings	–	158	139	–	19	–	–	–	(1)	–	–	–	–	56	38	–	18
Land:																	
– Operational land	–	10,627	–	–	10,627	–	160	–	–	–	–	–	–	10,787	–	–	10,787
– Community land	–	3,170	–	–	3,170	–	–	–	–	–	–	–	–	3,170	–	–	3,170
Infrastructure:																	
– Buildings – non-specialised	–	27,835	15,506	–	12,329	108	–	–	(711)	–	–	–	–	27,943	16,217	–	11,726
– Buildings – specialised	–	9,567	5,404	–	4,163	–	46	–	(223)	–	–	–	–	9,613	5,627	–	3,986
– Other structures	–	8,754	3,191	–	5,563	146	107	(2)	(429)	55	29	–	–	9,106	3,637	–	5,469
– Roads	–	165,560	57,333	–	108,227	264	–	(98)	(2,317)	299	(276)	–	–	165,594	59,495	–	106,099
– Bridges and culverts	–	48,935	24,829	–	24,106	267	–	–	(554)	–	–	–	–	49,201	25,382	–	23,819
– Footpaths	–	11,205	5,916	–	5,289	4	–	–	(275)	–	–	–	–	11,208	6,190	–	5,018
– Bulk earthworks (non-depreciable)	–	177,721	–	–	177,721	249	–	–	–	–	(496)	–	–	177,474	–	–	177,474
– Stormwater drainage	–	19,768	8,939	–	10,829	83	–	–	(264)	–	–	–	–	19,851	9,203	–	10,648
– Water supply network	–	80,941	41,415	–	39,526	450	31	(112)	(864)	26	579	–	–	82,337	42,701	–	39,636
– Wastewater network	–	55,268	23,484	–	31,784	238	10	–	(736)	66	470	–	–	56,415	24,583	–	31,832
– Swimming pools	–	2,180	442	–	1,738	–	–	–	(38)	–	16	–	–	2,209	493	–	1,716
– Other open space/recreational assets	–	1,433	865	–	568	–	–	–	(29)	–	–	–	–	1,433	894	–	539
Other assets:																	
– Other	–	18	11	–	7	–	–	–	–	–	–	–	–	18	11	–	7
Reinstatement, rehabilitation and restoration assets (refer Note 26):																	
– Tip assets	–	97	69	–	28	–	–	–	(2)	–	–	–	–	97	71	–	26
TOTAL INFRASTRUCTURE, PROPERTY, PLANT AND EQUIP.	446	632,629	191,524	–	441,551	4,196	3,305	(584)	(7,138)	–	(772)	1,094	4,152	635,506	198,006	–	441,652

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 Cooma-Monaro Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

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

\$ '000	Actual 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	2,932	–	–	2,932	25	–	–	25
Plant and equipment	–	293	78	215	–	286	69	217
Office equipment	–	–	–	–	–	8	8	–
Land								
– Operational land	–	1,046	–	1,046	–	1,046	–	1,046
– Community land	–	1	–	1	–	1	–	1
Infrastructure	–	82,337	42,702	39,635	–	80,940	41,415	39,525
Total water supply	2,932	83,677	42,780	43,829	25	82,281	41,492	40,814
Sewerage services								
WIP	34	–	–	34	66	–	–	66
Plant and equipment	–	434	180	254	–	425	143	282
Office equipment	–	–	–	–	–	6	5	1
Land								
– Operational land	–	483	–	483	–	483	–	483
Infrastructure	–	56,415	24,584	31,831	–	55,268	23,484	31,784
Total sewerage services	34	57,332	24,764	32,602	66	56,182	23,632	32,616
Domestic waste management								
WIP	22	–	–	22	–	–	–	–
Plant and equipment	–	2,136	794	1,342	–	1,876	495	1,381
Office equipment	–	–	–	–	–	6	6	–
Land								
– Operational land	–	270	–	270	–	270	–	270
Buildings	–	413	190	223	–	411	177	234
Other structures	–	351	105	246	–	252	96	156
Other assets	–	97	72	25	–	97	70	27
Total DWM	22	3,267	1,161	2,128	–	2,912	844	2,068
TOTAL RESTRICTED I,PP&E	2,988	144,276	68,705	78,559	91	141,375	65,968	75,498

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 Cooma-Monaro Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 10a. Payables, borrowings and provisions

\$ '000	Notes	12/5/16 Current	12/5/16 Non-current	30/6/15 Current	30/6/15 Non-current
Payables					
Goods and services – operating expenditure		1,555	–	1,209	–
Payments received in advance		38	–	76	–
Accrued expenses:					
– Borrowings		2	–	6	–
– Salaries and wages		112	–	43	–
Yallambee Lodge accommodation bonds		1,602	–	1,536	–
Total payables		3,309	–	2,870	–
Borrowings					
Loans – secured ¹		139	–	129	139
Total borrowings		139	–	129	139
Provisions					
Employee benefits:					
Annual leave		995	–	972	–
Long service leave		1,850	275	1,733	279
Sub-total – aggregate employee benefits		2,845	275	2,705	279
Asset remediation/restoration (future works)	26	–	554	–	527
Total provisions		2,845	829	2,705	806
TOTAL PAYABLES, BORROWINGS AND PROVISIONS		6,293	829	5,704	945
(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		363	7	548	9
Sewer		267	4	270	144
Domestic waste management		312	559	245	544
Yallambee Lodge accommodation bonds		1,602	–	1,536	–
Liabilities relating to externally restricted assets		2,544	570	2,599	697
Internally restricted assets					
Nil					
Total liabilities relating to restricted assets		2,544	570	2,599	697
Total liabilities relating to unrestricted assets		3,749	259	3,105	248
TOTAL PAYABLES, BORROWINGS AND PROVISIONS		6,293	829	5,704	945

¹ Loans are secured over the general rating income of Council

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

The former Cooma-Monaro Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

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

\$ '000	Actual 12/5/16	Actual 30/6/15
(ii) Current liabilities not anticipated to be settled within the next twelve months		
The following liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	1,903	1,905
Yallabee Lodge accommodation bonds	1,000	1,336
	<u>2,903</u>	<u>3,241</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				Closing balance as at 12/5/16
		Additional provisions	Decrease due to payments	Remeasurement effects due to discounting	Unused amounts reversed	
Asset remediation	527	27	–	–	–	554
TOTAL	3,511	163	–	–	–	3,674

- 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 Cooma-Monaro Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 11. Statement of cash flows – additional information

\$ '000	Notes	Actual 12/5/16	Actual 30/6/15
(a) Reconciliation of cash assets			
Total cash and cash equivalent assets	6a	5,706	4,922
Less bank overdraft	10	–	–
Balance as per the Statement of Cash Flows		5,706	4,922
(b) Reconciliation of net operating result to cash provided from operating activities			
Net operating result from Income Statement		3,949	(2,141)
Adjust for non-cash items:			
Depreciation and amortisation		7,074	8,757
Net losses/(gains) on disposal of assets		207	201
Amortisation of premiums, discounts and prior period fair valuations			
– ‘Held to maturity’ financial assets		1	1
Unwinding of discount rates on reinstatement provisions		27	30
Share of net (profits) or losses of associates/joint ventures		7	(18)
+/- Movement in operating assets and liabilities and other cash items:			
Decrease/(increase) in receivables		(3,703)	(36)
Decrease/(increase) in inventories		(18)	11
Decrease/(increase) in other assets		(146)	2
Increase/(decrease) in payables		346	562
Increase/(decrease) in accrued interest payable		(4)	(2)
Increase/(decrease) in other accrued expenses payable		69	(14)
Increase/(decrease) in other liabilities		28	(19)
Increase/(decrease) in employee leave entitlements		136	395
Net cash provided from/(used in) operating activities from the Statement of Cash Flows		7,973	7,729
(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		37	37
Total financing arrangements		37	37
(ii) Secured loan liabilities			
Loans are secured by a mortgage over future years rate revenue only.			

The former Cooma-Monaro Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 12. Commitments for expenditure

\$ '000	Notes	Actual 12/5/16	Actual 30/6/15
(a) Capital commitments (exclusive of GST)			
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
Property, plant and equipment			
Lake Wallace dam		567	2,708
Total commitments		567	2,708
These expenditures are payable as follows:			
Within the next year		567	2,708
Total payable		567	2,708
Sources for funding of capital commitments:			
Future grants and contributions		567	2,708
Total sources of funding		567	2,708

(b) Finance lease commitments

Nil

(c) Operating lease commitments (non-cancellable)

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

Within the next year	79	73
Later than one year and not later than 5 years	115	61
Total non-cancellable operating lease commitments	194	134

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

Computer hardware

Conditions relating to operating leases:

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

(d) Investment property commitments

Nil

The former Cooma-Monaro Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 13a. 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>1,051</u>	3.98%	-16.78%	-24.72%
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions	<u>26,414</u>			
2. Own source operating revenue ratio				
Total continuing operating revenue ⁽¹⁾ excluding all grants and contributions	<u>17,979</u>	60.89%	65.40%	71.43%
Total continuing operating revenue ⁽¹⁾	<u>29,526</u>			
3. Unrestricted current ratio				
Current assets less all external restrictions ⁽²⁾	<u>9,378</u>	5.08x	6.80x	8.21x
Current liabilities less specific purpose liabilities ^(3, 4)	<u>1,846</u>			
4. Debt service cover ratio				
Operating result ⁽¹⁾ before capital excluding interest and depreciation/impairment/amortisation	<u>8,164</u>	48.60x	26.92x	18.75x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	<u>168</u>			
5. Rates, annual charges, interest and extra charges outstanding percentage				
Rates, annual and extra charges outstanding	<u>2,818</u>	20.44%	6.64%	7.02%
Rates, annual and extra charges collectible	<u>13,785</u>			
6. Cash expense cover ratio				
Current period's cash and cash equivalents plus all term deposits	<u>20,706</u>	12.84 mths	8.6 mths	5.9 mths
Payments from cash flow of operating and financing activities	<u>1,612</u>			

Notes

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

⁽²⁾ Refer Notes 6-8 inclusive.

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

⁽³⁾ Refer to Note 10(a).

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

The former Cooma-Monaro Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

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

\$ '000	Water 12/5/16	Sewer 12/5/16	General ⁵ 12/5/16
Local government industry indicators – by fund			
1. Operating performance ratio			
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions less operating expenses	29.77%	32.92%	-6.12%
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions	prior period: 8.36%	18.95%	-27.89%
2. Own source operating revenue ratio			
Total continuing operating revenue ⁽¹⁾ excluding all grants and contributions	56.98%	97.87%	55.45%
Total continuing operating revenue ⁽¹⁾	prior period: 67.66%	96.88%	59.14%
3. Unrestricted current ratio			
Current assets less all external restrictions ⁽²⁾	8.69x	18.58x	5.08x
Current liabilities less specific purpose liabilities ^(3, 4)	prior period: 5.86x	10.82x	6.80x
4. Debt service cover ratio			
Operating result ⁽¹⁾ before capital excluding interest and depreciation/impairment/amortisation	0.00	13.84x	161.89x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	prior period: 0.00x	10.37x	68.85x
5. Rates, annual charges, interest and extra charges outstanding percentage			
Rates, annual and extra charges outstanding	19.48%	21.84%	20.10%
Rates, annual and extra charges collectible	prior period: 6.17%	7.63%	6.37%
6. Cash expense cover ratio			
Current period's cash and cash equivalents plus all term deposits	2.69	15.65	13.58
Payments from cash flow of operating and financing activities	prior period: 5.33	4.07	9.55
	mths	mths	mths

Notes

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

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

The former Cooma-Monaro Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 14. Investment properties

\$ '000

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

Note 15. Financial risk management

Risk management

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

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

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

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

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	5,706	4,922	5,706	4,922
Investments				
– 'Held to maturity'	15,000	15,001	15,000	15,000
Receivables	5,733	2,030	5,282	2,030
Total financial assets	26,439	21,953	25,988	21,952
Financial liabilities				
Payables	3,271	2,794	3,271	2,870
Loans/advances	139	268	139	268
Total financial liabilities	3,410	3,062	3,410	3,138

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 Cooma-Monaro Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 15. Financial risk management (continued)

\$ '000

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

Council 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 10% movement in market values	400	400	(400)	(400)
Possible impact of a 1% movement in interest rates	205	205	(205)	(205)
1/7/14 to 30/6/15				
Possible impact of a 10% movement in market values	500	500	(500)	(500)
Possible impact of a 1% movement in interest rates	198	198	(198)	(198)

The former Cooma-Monaro Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 15. Financial risk management (continued)

\$ '000

(b) Credit risk

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

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

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

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

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

Council makes suitable provision for doubtful receivables as required.

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)	90%	96%	0%	93%
Overdue	10%	4%	100%	7%
	100%	100%	100%	100%

	Rates and annual charges	Other receivables	Rates and annual charges	Other receivables
(ii) Ageing of receivables – value				
Rates and annual charges				
Current	2,394	2,959	–	1,265
< 1 year overdue	163	–	448	30
1 – 2 years overdue	56	54	95	–
2 – 5 years overdue	27	20	102	12
> 5 years overdue	23	40	23	58
	2,663	3,073	668	1,365

(iii) Movement in provision for impairment of receivables

	12/5/16	30/6/15
Balance at the beginning of the period	3	3
Balance at the end of the period	3	3

The former Cooma-Monaro Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 15. Financial risk management (continued)

\$ '000

(c) Liquidity risk

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

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

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

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

\$ '000	Subject to no maturity	payable in:						Total cash outflows	Actual carrying values
		≤ 1 Year	1-2 Yrs	2-3 Yrs	3-4 Yrs	4-5 Yrs	> 5 Yrs		
1/7/15 to 12/5/16									
Trade/other payables	1,602	1,872	–	–	–	–	–	3,474	3,271
Loans and advances	–	145	–	–	–	–	–	145	139
Total financial liabilities	1,602	2,017	–	–	–	–	–	3,619	3,410
1/7/14 to 30/6/15									
Trade/other payables	1,536	1,258	–	–	–	–	–	2,794	2,794
Loans and advances	–	145	145	–	–	–	–	290	268
Total financial liabilities	1,536	1,403	145	–	–	–	–	3,084	3,062

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

The following interest rates were applicable to Council's borrowings at balance date:	12/5/16	12/5/16	30/6/15	30/6/15
	Carrying value	Average interest rate	Carrying value	Average interest rate
Trade/other payables	3,271	0.00%	2,794	0.00%
Loans and advances – fixed interest rate	139	6.60%	268	6.60%
	<u>3,410</u>		<u>3,062</u>	

Note 16. Material budget variations

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

The former Cooma-Monaro Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 17. Statement of developer contributions

\$ '000

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

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

SUMMARY OF CONTRIBUTIONS AND LEVIES

PURPOSE	Opening balance	Contributions received during the period		Interest earned during period	Expenditure during period	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Roads	469	31	–	14	(92)	–	422	–
Parking	13	22	–	1	–	–	36	–
Open space	79	17	–	2	(15)	–	83	–
Community facilities	27	1	–	1	–	–	29	–
S94 contributions – under a plan	588	71	–	18	(107)	–	570	–
Total S94 revenue under plans	588	71	–	18	(107)	–	570	–
S64 contributions	100	79	–	4	(41)	–	142	–
Total contributions	688	150	–	22	(148)	–	712	–

S94 CONTRIBUTIONS – 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					
Roads	469	31	–	14	(92)	–	422	–
Parking	13	22	–	1	–	–	36	–
Open space	79	17	–	2	(15)	–	83	–
Community facilities	27	1	–	1	–	–	29	–
Total	588	71	–	18	(107)	–	570	–

The former Cooma-Monaro Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 18. Contingencies and other assets/liabilities not recognised

\$ '000

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

LIABILITIES NOT RECOGNISED:

1. Guarantees

(i) Defined benefit superannuation contribution plans

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

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

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

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

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

(ii) Statewide Limited

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

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

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

(iii) StateCover Limited

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

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

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

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

(iv) Other guarantees

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

The former Cooma-Monaro Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

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

\$ '000

LIABILITIES NOT RECOGNISED (continued):

2. Other liabilities

(i) Third party claims

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

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

(ii) S94 plans

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

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

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

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

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

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

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

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

ASSETS NOT RECOGNISED:

(i) Land under roads

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

(ii) Infringement notices/fines

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

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

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

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

The former Cooma-Monaro Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 19. Interests in other entities

\$ '000

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

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

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

Controlled entities (subsidiaries)

Note 19(a)

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

Joint ventures and associates

Note 19(b)

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

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

Joint operations

Note 19(c)

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

Unconsolidated structured entities

Note 19(d)

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

Subsidiaries, joint arrangements and associates not recognised

Note 19(e)

Accounting recognition:

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

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

	Council's share of net income		Council's share of net assets	
	Actual 1/7/15 to 12/5/16	Actual 1/7/14 to 30/6/15	Actual 12/5/16	Actual 30/6/15
Joint ventures	(7)	18	357	364
Total	(7)	18	357	364

The former Cooma-Monaro Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 19. Interests in other entities (continued)

\$ '000

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

Council controls a number of subsidiaries as listed in Note 1 (c). 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	357	364
Total carrying amounts – material joint ventures and associates			357	364

(b) Details

Name of entity	Principal activity	Place of business
Monaro Regional Library Service	Regional and mobile library services	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	43%	43%	43%	43%	43%	43%

continued on next page

The former Cooma-Monaro Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 19. Interests in other entities (continued)

\$ '000

(b) Joint ventures and associates (continued)

(d) Summarised financial information for joint ventures and associates

	Monaro Regional Library Service	
	12/5/16	30/6/15
Statement of financial position		
Current assets		
Cash and cash equivalents	620	551
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 (%)	43.0%	43.0%
Council's share of net assets (\$)	357	364
Statement of comprehensive income		
Income	387	484
Interest income	20	20
Depreciation and amortisation	(76)	(94)
Other expenses	(348)	(369)
Profit/(loss) for period	(17)	41
Total comprehensive income	(17)	41
Share of income – Council (%)	43.0%	43.0%
Profit/(loss) – Council (\$)	(7)	18
Total comprehensive income – Council (\$)	(7)	18

(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 Cooma-Monaro Shire Council, Bombala 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 contributions paid by each Council in the preceding 3 years. Until termination, all assets are held by the joint venture.

The former Cooma-Monaro Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 19. Interests in other entities (continued)

\$ '000

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

	12/5/16	30/6/15
Losses (or expenses) incurred by Council relating to the Structured Entity	–	–
Income received by Council relating to the Structured Entity		
- Insurance rebate	31	31

2. StateCover 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 and Shires Association and member Councils. Shareholders liability is limited to the value of the fully paid shares.

	12/5/16	30/6/15
Losses (or expenses) incurred by Council relating to the Structured Entity	–	–
Income received by Council relating to the Structured Entity		
- OHS Incentive	35	35

(e) Subsidiaries, joint arrangements and associates not recognised

None.

The former Cooma-Monaro Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

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

\$ '000	Notes	Actual 12/5/16	Actual 30/6/15
(a) Retained earnings			
Movements in retained earnings were as follows:			
Balance at beginning of period (from previous year's audited accounts)		128,027	129,828
a. Changes in accounting policies (prior period effects)	20 (d)	–	340
b. Net operating result for the period		3,949	(2,141)
Balance at end of the reporting period		<u>131,976</u>	<u>128,027</u>
(b) Revaluation reserves			
(i) Reserves are represented by:			
– Infrastructure, property, plant and equipment revaluation reserve		<u>329,727</u>	<u>329,405</u>
Total		<u>329,727</u>	<u>329,405</u>
(ii) Reconciliation of movements in reserves:			
Infrastructure, property, plant and equipment revaluation reserve			
– Opening balance		329,405	306,978
– Revaluations for the period	9(a)	<u>322</u>	<u>22,427</u>
– Balance at end of period		<u>329,727</u>	<u>329,405</u>
TOTAL VALUE OF RESERVES		<u>329,727</u>	<u>329,405</u>

(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.

The former Cooma-Monaro Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

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

\$ '000	Notes	Actual 12/5/16	Actual 30/6/15
(d) Voluntary changes in accounting policies			
Due to changes in AASB 12 adopted this financial year, the Monaro Regional Library has been consolidated into these Financial Statements. This adjustment represents the opening net assets at 1 July 2013.			
		–	340
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)			
		–	340
– Adjustments to closing equity – 30/6/15 (relating to adjustments for the 30/6/15 year end)			
		–	–
		<u>–</u>	<u>340</u>
Total prior period adjustments – accounting policy changes		–	340

(e) Changes in accounting estimates

Council made no changes in accounting estimates during the reporting period.

The former Cooma-Monaro Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 21. Financial result and financial position by fund

Income Statement by fund	Actual 1/7/15 to 12/5/16	Actual 1/7/15 to 12/5/16	Actual 1/7/15 to 12/5/16
\$ '000			
<u>Continuing operations</u>	Water	Sewer	General¹
Income from continuing operations			
Rates and annual charges	1,545 ²	3,232 ²	8,009 ²
User charges and fees	1,798	2	1,907
Interest and investment revenue	124	154	424
Other revenues	97	99	272
Grants and contributions provided for operating purposes	37	34	8,364
Grants and contributions provided for capital purposes	2,654	41	417
Total income from continuing operations	6,255	3,562	19,393
Expenses from continuing operations			
Employee benefits and on-costs	665	381	9,868
Borrowing costs	–	12	27
Materials and contracts	537	739	3,468
Depreciation and amortisation	888	782	5,404
Impairment	–	–	–
Other expenses	439	447	1,390
Net losses from the disposal of assets	119	3	85
Share of interests in joint ventures and associates using the equity method	–	–	7
Total expenses from continuing operations	2,648	2,364	20,249
Operating result from continuing operations	3,607	1,198	(856)
<u>Discontinued operations</u>			
Net profit/(loss) from discontinued operations	–	–	–
Net operating result for the period	3,607	1,198	(856)
Net operating result attributable to each council fund	3,607	1,198	(856)
Net operating result attributable to non-controlling interests	–	–	–
Net operating result for the period before grants and contributions provided for capital purposes	953	1,157	(1,273)

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

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

² Rates are recognised as revenue at the commencement of the rating year for the period 1/7/15 to 30/6/16. No adjustments have been made for rates not earned during the period 13/05/16 to 30/06/16.

The former Cooma-Monaro Shire Council

Notes to the Financial Statements

as at 12 May 2016

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

Statement of Financial Position by fund \$ '000	Actual 12/5/16	Actual 12/5/16	Actual 12/5/16
ASSETS	Water	Sewer	General¹
Current assets			
Cash and cash equivalents	368	2,227	3,111
Investments	2,000	2,000	7,000
Receivables	863	706	4,164
Inventories	64	28	132
Other	–	–	153
Total current assets	3,295	4,961	14,560
Non-current assets			
Investments	2,000	1,000	1,000
Receivables	–	–	–
Inventories	–	–	–
Infrastructure, property, plant and equipment	43,829	32,602	365,221
Investments accounted for using the equity method	–	–	357
Investment property	–	–	–
Intangible assets	–	–	–
Other	–	–	–
Total non-current assets	45,829	33,602	366,578
TOTAL ASSETS	49,124	38,563	381,138
LIABILITIES			
Current liabilities			
Payables	98	37	3,174
Borrowings	–	139	–
Provisions	265	91	2,489
Total current liabilities	363	267	5,663
Non-current liabilities			
Payables	–	–	–
Borrowings	–	–	–
Provisions	7	4	818
Total non-current liabilities	7	4	818
TOTAL LIABILITIES	370	271	6,481
Net assets	48,754	38,292	374,657
EQUITY			
Retained earnings	24,362	19,438	88,176
Revaluation reserves	24,392	18,854	286,481
Total equity	48,754	38,292	374,657

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 Cooma-Monaro Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

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

\$ '000

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

Note 23. Events occurring after the reporting date

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

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

Accordingly, the 'authorised for issue' date is 10/11/16.

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

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

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

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

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

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

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

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

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

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

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

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

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

The former Cooma-Monaro Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 24. Discontinued operations

\$ '000

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

Note 25. Intangible assets

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

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

Note 26. Reinstatement, rehabilitation and restoration liabilities

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
Cooma Landfill	2027	554	527
Balance at end of the reporting period	10(a)	<u>554</u>	<u>527</u>

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	527	497
Amortisation of discount (expensed to borrowing costs)	27	30
Total – reinstatement, rehabilitation and restoration provision	<u>554</u>	<u>527</u>

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 Cooma-Monaro Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 26. Reinstatement, rehabilitation and restoration liabilities (continued)

\$ '000

Provisions for close down and restoration and for environmental clean up costs – tips and quarries

Restoration

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

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

Close down and restoration costs are a normal consequence of tip and quarry operations, and the majority of close down and restoration expenditure is incurred at the end of the life of the operations. Although the ultimate cost to be incurred is uncertain, Council estimates the respective costs based on feasibility and engineering studies using current restoration standards and techniques.

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

Rehabilitation

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

Provision is made for the estimated present value of the costs of environmental clean up obligations outstanding at the reporting date. These costs are charged to the Income Statement. Movements in the environmental clean up provisions are presented as an operating cost, except for the unwinding of the discount which is shown as a borrowing cost.

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

As noted above, the ultimate cost of environmental remediation is uncertain and cost estimates can vary in response to many factors including changes to the relevant legal requirements, the emergence of new restoration techniques or experience at other locations. The expected timing of expenditure can also change, for example in response to changes in quarry reserves or production rates. As a result there could be significant adjustments to the provision for close down and restoration and environmental clean up, which would affect future financial results.

The former Cooma-Monaro Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 27. Fair value measurement

\$ '000

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

– Infrastructure, property, plant and equipment

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

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

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

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

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

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

1/7/15 to 12/5/16	Date of latest valuation	Fair value measurement hierarchy			Total
		Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	
Recurring fair value measurements					
Infrastructure, property, plant and equipment					
Plant & Equipment	30/06/15	–	–	5,172	5,172
Office Equipment	30/06/15	–	–	358	358
Furniture & Fittings	30/06/15	–	–	18	18
Operational Land	30/06/13	–	10,787	–	10,787
Community Land	30/06/11	–	–	3,170	3,170
Buildings - Specialised	30/06/13	–	–	3,986	3,986
Buildings - Non Specialised	30/06/13	–	11,726	–	11,726
Other Structures	12/05/16	–	–	5,485	5,485
Roads	30/06/15	–	–	106,099	106,099
Bridges	30/06/15	–	–	23,819	23,819
Footpaths	30/06/15	–	–	5,018	5,018
Bulk Earthworks	30/06/15	–	–	177,474	177,474
Stormwater Drainage	30/06/15	–	–	10,648	10,648
Water Supply Network	12/05/16	–	–	39,636	39,636
Wastewater Network	12/05/16	–	–	31,832	31,832
Swimming Pools	30/06/13	–	–	1,700	1,700
Other Open Space/Recreational Assets	30/06/13	–	–	539	539
Tip Restoration Asset	30/06/14	–	–	26	26
Other Assets	30/06/11	–	–	7	7
Works in Progress	12/05/16	–	4,152	–	4,152
Total infrastructure, property, plant and equipment		–	26,665	414,987	441,652

The former Cooma-Monaro Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 27. Fair value measurement (continued)

\$ '000

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

1/7/14 to 30/6/15	Date of latest valuation	Fair value measurement hierarchy			Total
		Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	
Recurring fair value measurements					
Infrastructure, property, plant and equipment					
Plant & Equipment	30/06/15	–	–	4,997	4,997
Office Equipment	30/06/15	–	–	414	414
Furniture & Fittings	30/06/15	–	–	19	19
Operational Land	30/06/13	–	10,627	–	10,627
Community Land	30/06/11	–	–	3,170	3,170
Buildings - Specialised	30/06/13	–	–	4,163	4,163
Buildings - Non Specialised	30/06/13	–	12,329	–	12,329
Other Structures	30/06/13	–	–	5,563	5,563
Roads	30/06/15	–	–	108,227	108,227
Bridges	30/06/15	–	–	24,106	24,106
Footpaths	30/06/15	–	–	5,289	5,289
Bulk Earthworks	30/06/15	–	–	177,721	177,721
Stormwater Drainage	30/06/15	–	–	10,829	10,829
Water Supply Network	30/06/15	–	–	39,526	39,526
Sewerage Network	30/06/15	–	–	31,784	31,784
Swimming Pools	30/06/13	–	–	1,738	1,738
Other Open Space/Recreational Assets	30/06/13	–	–	568	568
Tip Restoration Asset	30/06/14	–	–	28	28
Other Assets	30/06/11	–	–	7	7
Works in Progress	30/06/15	–	446	–	446
Total infrastructure, property, plant and equipment		–	23,402	418,149	441,551

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

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

The former Cooma-Monaro Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 27. Fair value measurement (continued)

\$ '000

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

Where Council is unable to derive fair valuations using quoted market prices of identical assets (ie. level 1 inputs) Council instead utilises a spread of both observable inputs (level 2 inputs) and unobservable inputs (level 3 inputs).

The fair valuation techniques Council has employed while utilising level 2 and level 3 inputs are as follows:

Infrastructure, property, plant and equipment (IPP&E)

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

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

Specialised Buildings - Valued at depreciated replacement cost by an independent qualified valuer

Other Structures - valued at depreciated replacement cost by qualified Council staff

Roads Assets - valued at depreciated replacement cost by qualified Council staff

Recreational Assets (other than buildings) - valued at depreciated replacement cost by qualified Council staff

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

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

Where appropriate, disposal costs are taken into account when calculating the depreciated replacement cost.

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

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

	IPP&E	Total
Opening balance – 1/7/14	399,760	399,760
Purchases (GBV)	4,448	4,448
Disposals (WDV)	(505)	(505)
Depreciation and impairment	(8,037)	(8,037)
FV gains – other comprehensive income	22,483	22,483
Closing balance – 30/6/15	418,149	418,149
Purchases (GBV)	3,527	3,527
Disposals (WDV)	(584)	(584)
Depreciation and impairment	(6,427)	(6,427)
FV gains – other comprehensive income	322	322
Closing balance – 12/5/16	414,987	414,987

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

There were no transfers into or out of the Level 3 Fair Valuation hierarchy.

The former Cooma-Monaro Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 27. Fair value measurement (continued)

\$ '000

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

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			
Plant & Equipment	5,172	Depreciated replacement cost	Cost per unit, useful life, residual value, condition of asset
Office Equipment	358	Depreciated replacement cost	Cost per unit, useful life, condition of asset
Furniture & Fittings	18	Depreciated replacement cost	Cost per unit, useful life, condition of asset
Community Land	3,170	Current replacement cost	Cost per sq metre, Valuer General's valuation
Specialised Buildings	3,986	Depreciated replacement cost	Cost per sq metre, dimensions & specification, pattern of consumption, components, useful life, residual life, condition of asset
Other Structures	5,485	Depreciated replacement cost	Unit rates, pattern of consumption, components, useful life, asset condition
Road infrastructure	106,099	Depreciated replacement cost	Cost per sq metre, dimensions & specification, pattern of consumption, components, useful life, residual life, condition of asset
Bridges	23,819	Depreciated replacement cost	Cost per sq metre, dimensions & specification, pattern of consumption, components, useful life, residual life, condition of asset
Footpaths	5,018	Depreciated replacement cost	Cost per sq metre, pattern of consumption, components, useful life, asset condition
Bulk Earthworks	177,474	Current replacement cost	Cost per sq metre
Stormwater Drainage	10,648	Depreciated replacement cost	Cost per unit/per metre

The former Cooma-Monaro Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 27. Fair value measurement (continued)

\$ '000

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

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 (cont'd)			
Water Supply Network	39,636	Depreciated replacement cost	Unit rates, pattern of consumption, components, useful life, residual value, asset condition
Sewerage Network	31,832	Depreciated replacement cost	Unit rates, pattern of consumption, components, useful life, residual value, asset condition
Swimming Pools	1,700	Depreciated replacement cost	Cost per unit
Open Space Assets	539	Depreciated replacement cost	Unit rates, pattern of consumption, components, useful life, asset condition
Tip Restoration Asset	26	Depreciated replacement cost	Cost per sq metre
Other Assets	7	Depreciated replacement cost	Unit costs

The former Cooma-Monaro Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 27. Fair value measurement (continued)

\$ '000

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

d. The valuation process for level 3 fair value measurements

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

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

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

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

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

Roads Assets - valued at Depreciated Replacement Cost by qualified Council staff.

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

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

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

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

(5). Highest and best use

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

The former Cooma-Monaro Shire 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:

81 Commissioner Street
Cooma NSW 2630

Contact details

Mailing address:

PO Box 714
Cooma NSW 2630

Opening hours:

8:35am - 4:45pm, Monday - Friday
Closed on Public Holidays

Telephone: 02 6455 1777

Facsimile: 02 6455 1799

Internet: www.snowymonaro.nsw.gov.au

Email: council@snowymonaro.nsw.gov.au

Officers

GENERAL MANAGER

Joseph Vescio

RESPONSIBLE ACCOUNTING OFFICER

Jo-Anne Mackay

Members

ADMINISTRATOR

Dean Lynch

Other information

ABN: 19 204 741 100

Crowe Horwath Auswild

ABN 73 735 149 969
Member Crowe Horwath International

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Fax 02 6884 2242

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Bathurst NSW 2795 Australia

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

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the former Cooma-Monaro Shire Council ('the Council'), which comprises the statement of financial position as at 12 May 2016 and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the period ended on that date, a summary of significant accounting policies and other explanatory notes 1 to 28 and the Statement by Councillors and Management of the Council. The financial statements and Council's statement are in the approved form as required by Section 413(2)(c) of the Local Government Act, 1993.

COUNCIL'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

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

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

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

Our audit responsibilities do not extend to the Original Budget figures disclosed in the income statement, cash flow statement, Notes 2(a) and 16 to the financial statements nor the attached Special Schedules. Our audit opinion does not extend to 13a(i) & 13a(ii) nor the projections data in Note 17 and accordingly, we express no opinion on them.

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

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

AUDITOR'S OPINION

In our opinion:

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

Crowe Horwath Auswild
CROWE HORWATH AUSWILD

Clare Wagner

Clare Wagner
Audit Partner

Dated at Dubbo this 10th day of November 2016

Report on the Conduct of the Audit

The former Cooma-Monaro Shire Council

For the period ended 12 May 2016

10 November 2016

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

Dear Joseph

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

BACKGROUND

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

General Purpose Financial Statements

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

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

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

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

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

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

Special Purpose Financial Statements

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

- Waste Supply Operations
- Water Supply Operations
- Sewerage Operations
- Saleyard Operations
- Yallambee Lodge

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

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

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

Auditor's Responsibility

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

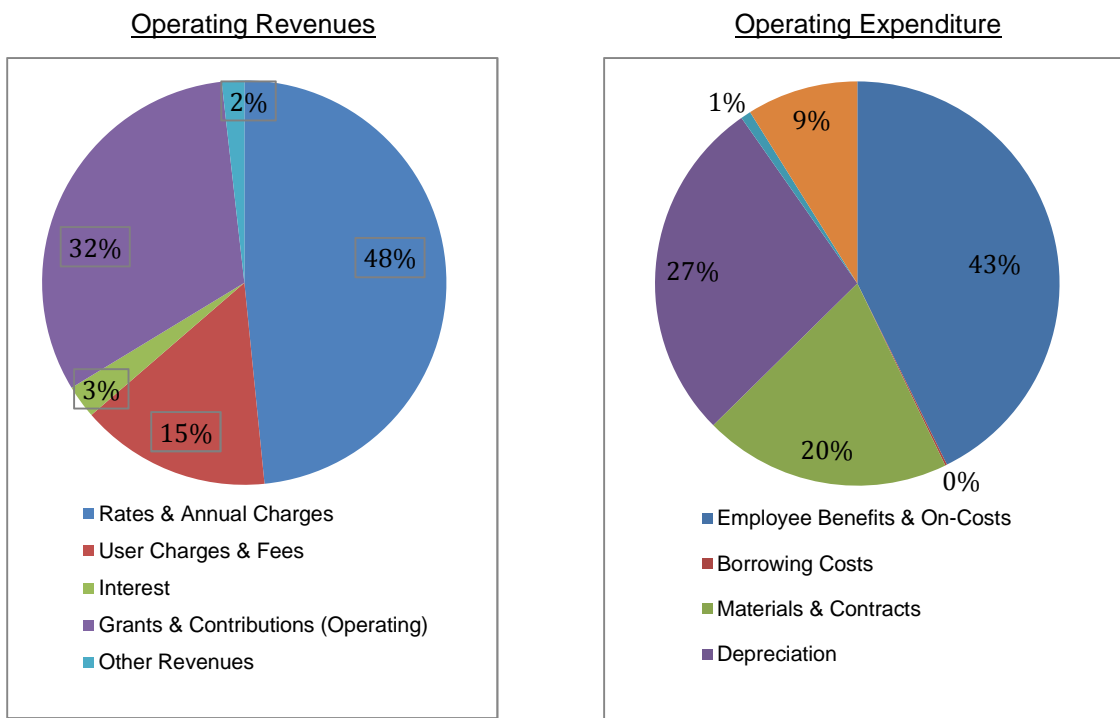
FINANCIAL RESULTS

The net operating result for the period before grants and contributions provided for capital purposes is a \$837,000 surplus (2015: \$4,360,000 deficit). The significant variance in Council's reported financial results for the current year has been due to a number of major factors including:

- The increases in rates and annual charges being attributable to the increase based on the IPART rate peg of 2.4% in the 2015/16 year. This contributed an additional \$588,000 in revenue for rates and annual charges. (The full rating income for period 1 July - 30 June 2016 has been recognised in the current financial period, in line with recommendation from the Office of Local Government).
- Whilst revenue from rates income has been recognised at 12 months, operating expenditure is only recognised until the 12th May 2016, being the date the Council merged. This is approximately 86.85% of the full year expenditure balance. This has had a significant impact on the bottom line, and the reader should take note of this when reviewing financial statements and key ratios.
- Also worth noting is the \$1,272,000 increase in Grants and Contributions for Operating purposes received this financial period. Largely due to the return of \$1,434,000 on Roads to Recovery. (\$1,035,000 increase since the prior year).

Excluding capital grants and contributions operating revenues for the year (\$26,414,000) has increased approximately 6.02% on those of the previous year (\$24,915,000). As noted earlier, operating expenses have decreased approximately 12.63% from \$29,275,000 to \$25,577,000 in the same period. For comparison sake, if we are to apply the 86.85% to the comparative expenditure has increased by 0.60%. (\$25,577,000 in 2016 compared with adjusted expenditure of \$25,425,000 in 2015).

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



In addition to operating revenues, Council received capital grants and contributions amounting to \$3,112,000 (2014: \$2,219,000). In the period 1 July 2015 to 12 May 2016 Council's operating result from continuing operations' (including capital grants and contributions) was a surplus of \$3,949,000 compared with a deficit of \$2,141,000 in the previous year.

BUDGET COMPARISON

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

DETAILED AUDIT OBSERVATIONS

OPERATING INCOME

Rates and Annual Charges

Revenue from rates and annual charges (excluding Council owned properties) amounted to \$12,786,000 (2015: \$12,198,000).

In setting the **ordinary rates** for the year Council resolved to adopt the approved maximum increase available of 2.4%. This action has resulted in revenues from ordinary rates increasing from \$6,449,000 in 2014/2015 to \$6,620,000 in the current financial period.

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

Council further resolved that other charges be adjusted as follows:

- Domestic Waste Management access charges increased 3.5% to \$296.
- Water availability charges for residential and farms increased 5.08% to \$331 per meter.
- Non-Domestic Wastewater charges increased 5.03% to \$919.
- Domestic Wastewater charges have increased 5.0% to \$861

Such increases have resulted in revenues as follows:

Annual Charges	2016	2015
	\$	\$
Domestic Waste Management	1,257,000	1,144,000
Water Supply Services	1,441,000	1,362,000
Waste Management (non-domestic)	323,000	292,000
Wastewater Services	3,145,000	2,951,000

Interest and extra charges on overdue rates for the year was \$52,000 and outstanding rates were subject to interest at the rate of 8.50% pa (2015: 8.50%).

User Charges and Fees

Council derived \$2,056,000 from **specific user charges** (2015: \$1,957,000) and a further \$338,000 from **other user charges and fees** (2015: \$537,000) imposed during the period ended 12 May 2016.

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

Water Consumption Charges (increased \$99,000)

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

	2016	2015
	\$	\$
Usage charge 0-300 kilolitres	\$1.62 per kl	\$1.54 per kl
Usage charge over 300 kilolitres	\$2.56 per kl	\$2.44 per kl

Revenue from domestic water consumption charges amounted to \$1,641,000 (2015: \$1,470,000).

Other Fees and Charges for Statutory and Regulatory Functions (decreased \$199,000)

The movements are attributable to variances in the Inspection Services and Private Works – section 67 categories. The nature of these categories is that they would fluctuate from year to year.

Other major revenues received from user charges and fees included:

	2016	2015
	\$	\$
Residential Aged Care (Yallabee Lodge)	725,000	839,000
Saleyard Dues & Rents	210,000	237,000
Waste Disposal Tipping Fees	357,000	399,000

Interest

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

	2016	2015
	\$	\$
Overdue Rates and Charges	52,000	81,000
General Council Investments	646,000	711,000
Development Contributions – s94	18,000	22,000
Development Contributions – s64	4,000	2,000
Water Fund Operations	120,000	123,000
Sewerage Fund Operations	154,000	155,000
Domestic Waste Management Operations	89,000	102,000
	702,000	798,000

Interest on investments for the period represented approximately 9.76% (2015: 11.02%) of ordinary rating income.

Other Revenues

Other revenue income in the current period (\$468,000) is higher than previous year (\$413,000). A major contributor is the \$166,000 received for registrations for the Weed Conference held in Cooma in October 2015.

Grants, Subsidies and Contributions

Operating Grants and Contributions

Operating grants and contributions amounting to \$8,435,000 were received during period 1 July 2015 to 12 May 2016 compared with \$7,163,000 received in the previous year.

The predominant increase was attributable to the Transport (Roads to Recovery) Grant. In the current period \$1,434,000 was recognised, compared with \$399,000 in the prior year.

Capital Grants and Contributions

Total capital grants and contributions received for the year amounted to \$3,112,000 compared with \$2,219,000 received in the previous year. This increase is predominantly due to the Capital Grant for Water Supplies increasing from \$1,475,000 in 2015 to \$2,616,000 in 2016. Council was approved with a Restart Funding Deed, designed to fund the Nimmitable Lake Wallace Project to construct a 320ML storage dam on Pigring Creek in the prior year.

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

Grants and contributions recognised as revenues in the current reporting period but not yet expended in accordance with the conditions attached thereto, amounted to \$620,000. At year end Council held unexpended grants and contributions amounting to \$1,500,000 (2015 - \$1,309,000) and such funds have been identified as an externally restricted asset.

OPERATING EXPENDITURE

Expenses from continuing operations (\$25,577,000) were lower than those of the previous year (\$29,275,000).

Impacting significantly on operating expenses for the year was:

- The shortened period end. The previous year had 6 weeks of additional expenditure. If we are to apply the rate of 86.85% against the comparative amount, the balance would be \$25,425,000 meaning that, theoretically, expenditure has increased by \$152,000. (Approximately 5.9%).

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

Employee Costs

Total employee costs (\$10,914,000) decreased approximately 8.94% in the period 1 July 2016 to 12 May 2016 principally due to:

- Due to the timing of period end, the current financial period only had 23 full fortnightly pay runs, compared to 26 in the previous financial year.
- Offsetting this decrease was the salaries and wage increases with the award.
- Employee leave entitlements increased from \$2,984,000 to \$3,120,000, as the result of movements in the Long Service Leave provision. This is largely attributable to change in the present value rates based on lower interest rates.

At year end Council's full time equivalent employees numbered 163 (2015:160).

Materials and Contracts

Materials and contracts expenditure (\$5,060,000) decreased by approximately 10.44%. The major movement was seen in raw materials and contracts which declined by 8.67%. This is the result the shortened financial period and the fact that no new projects entered into during the financial period. The only existing project is the Avon Lake Road Project. Also, contributing to the decrease was the \$126,000 spent on Fit for the future expenditure in the prior year.

Depreciation Expenses

Depreciation expenses (\$7,074,000) have dropped by \$1,683,000 or 19.22% from the previous year (\$8,757,000). If we are to adjust the comparative by 86.85%, to account for the shortened period end, depreciation expense would still be 6% lower than previous year. (\$7,605,000 compared with \$7,074,000). This is largely the result of a decrease in depreciation on road assets, due to movement in road assets during the year.

Depreciation expenses account for approximately 27.66% of Council's total expenses which is comparable with most Councils with whom we are associated.

ASSETS

Cash & Investments

At balance date Council controlled cash and investments totalling \$20,706,000 (2015: \$19,923,000).

Council utilises its investments to cover both externally and internally imposed requirements and comprises of developer contributions - general (\$570,000), specific purpose unexpended grants (\$613,000), domestic waste management (\$2,593,000), employee leave entitlements (\$1,418,000), water supplies (\$4,226,000), sewerage services (\$5,227,000), Yallambie Lodge building/equipment replacement (\$1,632,000), Yallambie Lodge Accommodation Bonds (\$1,602,000) and Kamota-Cooma Friendship Scholarship Fund (\$38,000).

Externally restricted investments amounted to \$15,305,000 whilst internally restricted investments amounted to \$5,390,000.

Council's cash and investments were held as follows:

	2016	2015
	\$	\$
Cash on Hand and at Bank	106,000	107,000
Deposits at Call	548,000	2,888,000
Short Term Deposits	5,052,000	1,927,000
Long Term Deposits	15,000,000	10,000,000
Floating-Rate Note	-	5,001,000
	20,706,000	19,923,000

Debtors

Rates and Annual Charges

At balance date outstanding rates and annual charges and interest amounted to \$2,818,000 (2015: \$879,000) which represented 20.44% of total receivable (2015: 6.64%).

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

Property, Plant & Equipment

During the reporting period Council expended / acquired assets with the value of \$7,501,000 (2015: \$5,706,000).

The principal items being:

	2016 \$	2016 \$	2015 \$
	Asset Renewals	Asset Additions	Asset Additions
Capital Works in Progress:	1,201,000	2,951,000	446,000
Plant and Equipment	1,176,000	-	1,562,000
Office Equipment	10,000	-	50,000
Land	-	160,000	611,000
Buildings	108,000	46,000	263,000
Other Structures	146,000	107,000	107,000
Infrastructure:			
Roads, Bridges, Footpaths	535,000	-	1,008,000
Stormwater Drainage	83,000	-	1,000
Water Supply Network	450,000	31,000	1,285,000
Wastewater Network	238,000	10,000	330,000
Bulk Earthworks (non depreciable)	249,000	-	30,000
Swimming Pools	-	-	13,000

Additionally, we note that Council sold assets with a written down value of \$584,000. The sale of these assets has resulted in a loss of \$207,000 being brought to account (2015: loss of \$201,000).

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

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

Water Supply Network	increased \$579,000 to \$39,636,000
Sewerage Network	increased \$470,000 to \$31,832,000

In 2016 Council is required to complete a revaluation of Community Land, other assets and land improvements. The revaluation increases for each is shown below:

Other structures revalued increased \$29,000 to \$5,469,000

Swimming pools increased \$16,000 to \$1,716,000

During the financial year, an error was found in the calculation of Roads and Bulk Earthworks. This resulted in backing out reserve increments recognised in the prior year financial statements.

These asset balances have been adjusted for as follows:

Roads	decreased \$276,000 to \$106,099,000
Bulk earthworks (non-depreciable)	decreased \$496,000 to \$177,474,000

The total amount of all valuations was a \$322,000 increment and is shown as other comprehensive income and increases the revaluation reserve from \$329,405,000 to \$329,727,000.

The combined action of asset movements and revaluations has resulted in the written down value of property plant and equipment increasing from \$441,551,000 in 2014/2015 to \$441,652,000 as at 12 May 2016.

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

Provisions

At 12 May 2016 the Provision for Employee Accrued Entitlements totalled \$3,120,000.

The components of the liability are:

	2016	2015
	\$	\$
Annual Leave	995,000	972,000
Long Service Leave	2,125,000	2,012,000
	3,120,000	2,984,000

The average leave entitlement per full time employee as at 12 May 2016 was \$19,141 (2015: \$18,650).

Council's provision for asset remediation/restoration increased by \$27,000 in the current year and amounted to \$554,000 at period end.

Loans and Debt Servicing

During the year there were no new loans raised.

Council repaid borrowings of \$129,000 and at year end Council's borrowings amounted to \$138,064 (2015: \$268,289).

The loan liability is apportioned as follows:

	2016	2015
	\$	\$
Current	139,000	129,000
Non Current	-	139,000

Council required \$168,000 to service its loan commitments in 2015/2016, which has given Council a very favourable debt service ratio of 48.60.

SUMMARY

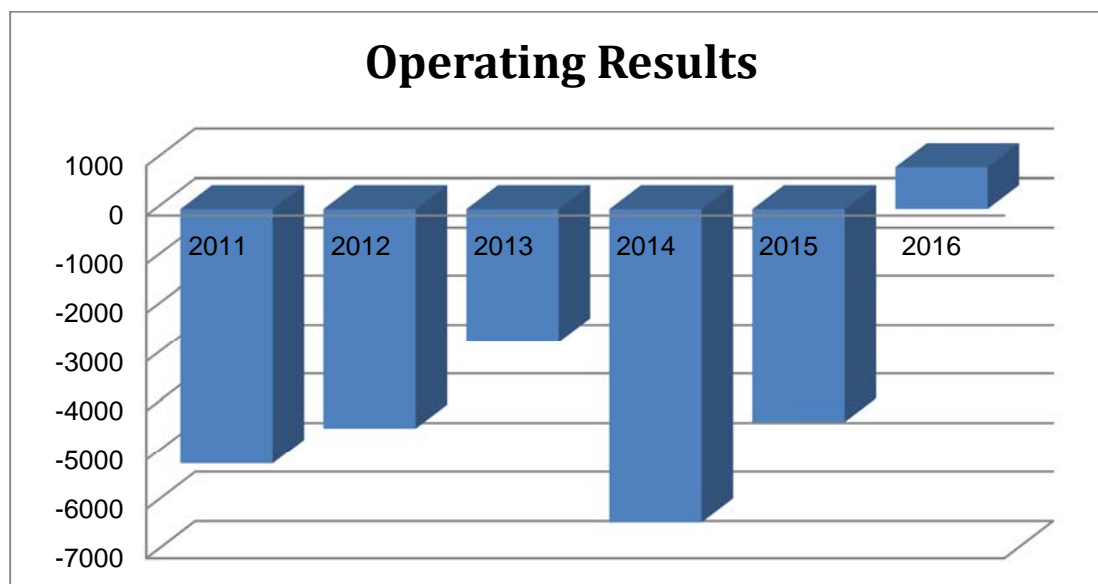
In analysing Council's financial results for the year, particular attention must be given to the following:

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

Operating Result

Council reported an operating surplus before capital amounts of \$837,000 for the period ended 12 May 2016. This surplus result has been reported after allowing for depreciation expenses of \$7,074,000. The result has improved since the operating deficit of \$4,360,000 reported in 2014/2015. As previously mentioned the timing of period end has heavily impacted upon the operating result for the year.

Operating Surplus/(Deficit) before Capital Amounts

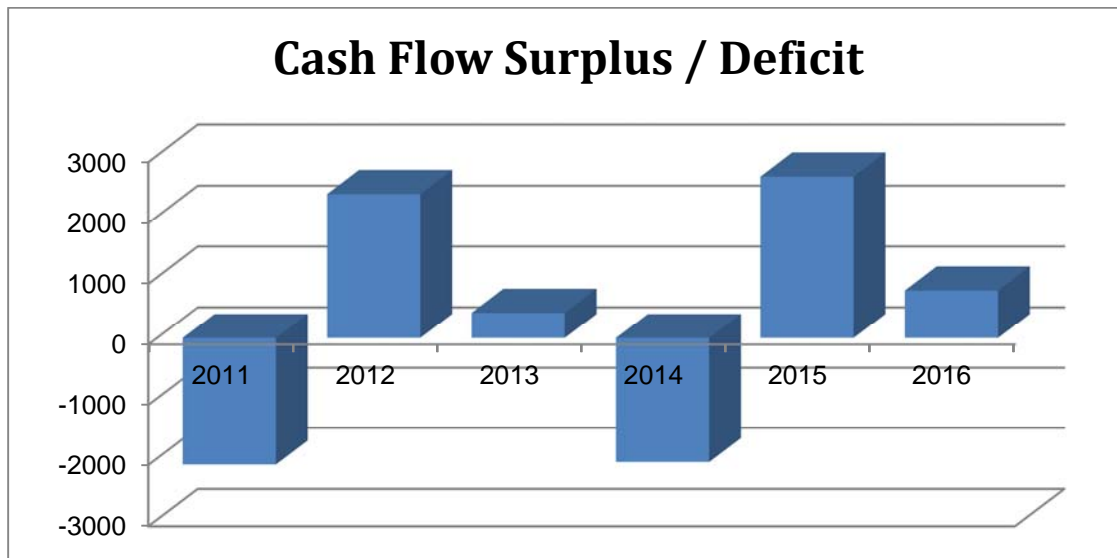


Cash Flow

Council achieved a cash surplus of \$7,973,000 (2015: 7,729,000) from its general operating activities which was principally utilised to purchase assets and repay loans.

These actions together have resulted in Council having a net increase in cash and investments of \$783,000 for the year (2015: \$2,655,000 increase).

Cash Flow Surplus/Deficit (movement)



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

- Capital expenditure amounted to \$7,501,000 in the current year compared to \$5,706,000 in 2014/2015.
- Grants and contributions have increased from \$9,382,000 in the previous year to \$11,547,000 in the 2016 financial period. This increase is attributable to the overall increase in specific purpose grants, in particular the Roads to Recovery Grant. In the current period \$1,434,000 was recognised, this was a \$1,035,000 increase from the previous period. In addition the funding for Lake Wallace of \$2,616,000 increased from \$1,475,000 in the previous year.

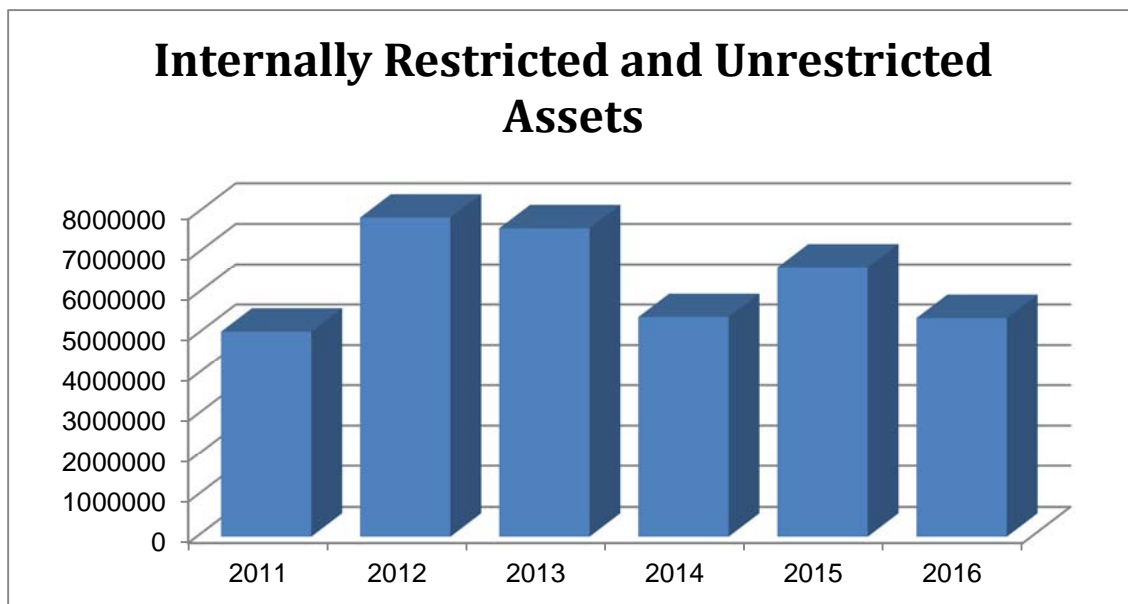
Upon analysis the cash flow surplus can be identified as follows:

<u>Activity</u>	<u>Surplus/(Deficit)</u>	
	2016 \$	2015 \$
Externally Restricted	2,041,000	1,455,000
Internally Restricted & Unrestricted	(1,258,000)	1,200,000

Reserves (Internally Restricted and Unrestricted Assets)

As noted previously, Council’s internal and unrestricted funds have decreased by \$1,258,000 during the period and at period end Council held internally restricted investments amounting to \$5,390,000 (2015 - \$6,647,000) whilst a further \$11,000 was maintained as unrestricted investments (2015 - \$12,000).

Internal and Unrestricted Reserve Funds



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

Performance Ratios

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

Operating Performance Ratio

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

The ratio of 3.98% (2015 – 16.78% deficit) is inside the benchmark of 0%. We note that the timing of period end has impacted on this ratio, as operating expenditure is 6 weeks less to the previous year, and rates income has been recognised for the full 12 months. The comparability of this ratio with the prior year is therefore slightly skewed.

Own Source Operating Revenue

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

The ratio of 60.89% (2015 – 65.40%) is above the benchmark of 60% and indicates Council is not reliant on government grants and contributions to provide services to the community. This is a sound position.

Unrestricted Current Ratio

The unrestricted current ratio is a measure of Council's liquidity and demonstrates Council's ability to satisfy obligations out short-term and immediate asset balances. Council's ratio of 5.08:1 (2015 – 6.80:1) is again this year, considered strong, as the benchmark is a minimum of 1.5:1.

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

Debt Service Cover Ratio

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

Council's ratio of 48.60% (2015 – 26.92%) is considered sound, as the benchmark is a minimum of 2.00%. This result indicates that Council has the ability to borrow further if required.

Rates and Annual Charges Outstanding Ratio

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

Council's rates and annual charges outstanding percentage of 20.44% (2015 – 6.64%) is not comparable with the prior year, due to the timing of period end. Final rates notices were due 31 May 2016 and therefore were not due for payment on the date that the Council amalgamated, contributing to a high rates and charges outstanding ratio.

Cash Expense Cover Ratio

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

Council's ratio of 12.84 months (2015 – 8.6 months) is well above the minimum benchmark of 3 months and indicates that Council is in a very strong cash and investment position.

OTHER MATTERS

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

Independence

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

Reliance on the Report

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

Crowe Horwath Auswild
CROWE HORWATH AUSWILD

Clare Wagner

Clare Wagner
Audit Partner

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The former Cooma-Monaro Shire Council

SPECIAL PURPOSE FINANCIAL STATEMENTS

for the period 1 July 2015 to 12 May 2016



The former Cooma-Monaro Shire Council

Special Purpose Financial Statements

for the period 1 July 2015 to 12 May 2016

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Background

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

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

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

The former Cooma-Monaro Shire 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.

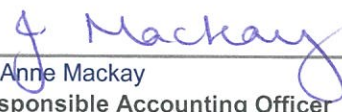
Signed in accordance with a resolution of Snowy Monaro Regional Council made on 31 August 2016.



Dean Lynch
Administrator



Joseph Vesco
General Manager



Jo-Anne Mackay
Responsible Accounting Officer

The former Cooma-Monaro Shire 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	1,545	1,459
User charges	1,771	1,559
Fees	27	34
Interest	124	125
Grants and contributions provided for non-capital purposes	37	36
Profit from the sale of assets	–	–
Other income	97	126
Total income from continuing operations	3,601	3,339
Expenses from continuing operations		
Employee benefits and on-costs	665	773
Borrowing costs	–	–
Materials and contracts	537	608
Depreciation and impairment	888	989
Loss on sale of assets	119	33
Other expenses	439	656
Total expenses from continuing operations	2,648	3,059
Surplus (deficit) from continuing operations before capital amounts	953	280
Grants and contributions provided for capital purposes	2,654	1,543
Surplus (deficit) from continuing operations after capital amounts	3,607	1,823
Surplus (deficit) from discontinued operations	–	–
Surplus (deficit) from all operations before tax	3,607	1,823
Less: corporate taxation equivalent (30%) [based on result before capital]	(286)	(84)
SURPLUS (DEFICIT) AFTER TAX	3,321	1,739
Plus opening retained profits	20,755	18,932
Plus/less: prior period adjustments	–	–
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	–	–
– Debt guarantee fees	–	–
– Corporate taxation equivalent	286	84
Less:		
– Tax equivalent dividend paid	–	–
– Surplus dividend paid	–	–
Closing retained profits	24,362	20,755
Return on capital %	2.2%	0.7%
Subsidy from Council	59	953
Calculation of dividend payable:		
Surplus (deficit) after tax	3,321	1,739
Less: capital grants and contributions (excluding developer contributions)	(2,616)	(1,474)
Surplus for dividend calculation purposes	705	265
Potential dividend calculated from surplus	353	133

The former Cooma-Monaro Shire 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	3,232	3,015
User charges	–	–
Liquid trade waste charges	–	–
Fees	2	3
Interest	154	155
Grants and contributions provided for non-capital purposes	34	33
Other income	99	119
Total income from continuing operations	3,521	3,325
Expenses from continuing operations		
Employee benefits and on-costs	381	495
Borrowing costs	12	21
Materials and contracts	739	810
Depreciation and impairment	782	850
Loss on sale of assets	3	21
Other expenses	447	498
Total expenses from continuing operations	2,364	2,695
Surplus (deficit) from continuing operations before capital amounts	1,157	630
Grants and contributions provided for capital purposes	41	73
Surplus (deficit) from continuing operations after capital amounts	1,198	703
Surplus (deficit) from discontinued operations	–	–
Surplus (deficit) from all operations before tax	1,198	703
Less: corporate taxation equivalent (30%) [based on result before capital]	(347)	(189)
SURPLUS (DEFICIT) AFTER TAX	851	514
Plus opening retained profits	18,240	17,537
Plus/less: prior period adjustments	–	–
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	–	–
– Debt guarantee fees	–	–
– Corporate taxation equivalent	347	189
Less:		
– Tax equivalent dividend paid	–	–
– Surplus dividend paid	–	–
Closing retained profits	19,438	18,240
Return on capital %	3.6%	2.0%
Subsidy from Council	–	334
Calculation of dividend payable:		
Surplus (deficit) after tax	851	514
Less: capital grants and contributions (excluding developer contributions)	–	–
Surplus for dividend calculation purposes	851	514
Potential dividend calculated from surplus	425	257

The former Cooma-Monaro Shire Council

Income Statement of Council's Other Business Activities

for the period 1 July 2015 to 12 May 2016

	Waste Management		Saleyards	
	Category 1		Category 2	
	Actual 1/7/15 to 12/5/16	Actual 1/7/14 to 30/6/15	Actual 1/7/15 to 12/5/16	Actual 1/7/14 to 30/6/15
\$ '000				
Income from continuing operations				
Access charges	1,467	1,384	–	–
User charges	530	543	–	–
Fees	764	873	230	257
Interest	89	103	–	–
Grants and contributions provided for non-capital purposes	75	130	–	–
Profit from the sale of assets	18	6	–	–
Other income	9	15	–	–
Total income from continuing operations	2,952	3,054	230	257
Expenses from continuing operations				
Employee benefits and on-costs	1,051	1,137	61	26
Borrowing costs	27	30	–	–
Materials and contracts	962	1,210	84	153
Depreciation and impairment	217	137	76	84
Loss on sale of assets	–	–	–	–
Calculated taxation equivalents	–	–	–	–
Debt guarantee fee (if applicable)	–	–	–	–
Other expenses	295	320	32	39
Total expenses from continuing operations	2,552	2,834	253	302
Surplus (deficit) from continuing operations before capital amounts	400	220	(23)	(45)
Grants and contributions provided for capital purposes	125	–	–	–
Surplus (deficit) from continuing operations after capital amounts	525	220	(23)	(45)
Surplus (deficit) from discontinued operations	–	–	–	–
Surplus (deficit) from all operations before tax	525	220	(23)	(45)
Less: corporate taxation equivalent (30%) [based on result before capital]	(120)	(66)	–	–
SURPLUS (DEFICIT) AFTER TAX	405	154	(23)	(45)
Plus opening retained profits	4,117	3,897	177	222
Plus/less: prior period adjustments	–	–	–	–
Plus adjustments for amounts unpaid:				
– Taxation equivalent payments	–	–	–	–
– Debt guarantee fees	–	–	–	–
– Corporate taxation equivalent	120	66	–	–
Add:				
– Subsidy paid/contribution to operations	–	–	–	–
Less:				
– TER dividend paid	–	–	–	–
– Dividend paid	–	–	–	–
Closing retained profits	4,642	4,117	154	177
Return on capital %	20.1%	12.1%	-1.3%	-2.4%
Subsidy from Council	–	–	65	102

The former Cooma-Monaro Shire Council

Income Statement of Council's Other Business Activities

for the period 1 July 2015 to 12 May 2016

Yallambee Lodge

	Category 1	
	Actual 1/7/15 to 12/5/16	Actual 1/7/14 to 30/6/15
\$ '000		
Income from continuing operations		
Access charges	–	–
User charges	–	–
Fees	725	839
Interest	109	141
Grants and contributions provided for non-capital purposes	1,211	1,165
Profit from the sale of assets	–	–
Other income	5	3
Total income from continuing operations	2,050	2,148
Expenses from continuing operations		
Employee benefits and on-costs	1,711	1,478
Borrowing costs	–	–
Materials and contracts	257	301
Depreciation and impairment	189	194
Loss on sale of assets	4	–
Calculated taxation equivalents	–	–
Debt guarantee fee (if applicable)	–	–
Other expenses	264	317
Total expenses from continuing operations	2,425	2,290
Surplus (deficit) from continuing operations before capital amounts	(375)	(142)
Grants and contributions provided for capital purposes	–	90
Surplus (deficit) from continuing operations after capital amounts	(375)	(52)
Surplus (deficit) from discontinued operations	–	–
Surplus (deficit) from all operations before tax	(375)	(52)
Less: corporate taxation equivalent (30%) [based on result before capital]	–	–
SURPLUS (DEFICIT) AFTER TAX	(375)	(52)
Plus opening retained profits	5,137	5,189
Plus/less: prior period adjustments	–	–
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	–	–
– Debt guarantee fees	–	–
– Corporate taxation equivalent	–	–
Add:		
– Subsidy paid/contribution to operations	–	–
Less:		
– TER dividend paid	–	–
– Dividend paid	–	–
Closing retained profits	4,762	5,137
Return on capital %	-8.0%	-3.0%
Subsidy from Council	484	284

The former Cooma-Monaro Shire 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	368	904
Investments	2,000	2,052
Receivables	863	298
Inventories	64	56
Other	–	–
Non-current assets classified as held for sale	–	–
Total current assets	3,295	3,310
Non-current assets		
Investments	2,000	1,000
Receivables	–	–
Inventories	–	–
Infrastructure, property, plant and equipment	43,829	40,814
Investments accounted for using equity method	–	–
Investment property	–	–
Intangible assets	–	–
Other	–	–
Total non-current assets	45,829	41,814
TOTAL ASSETS	49,124	45,124
LIABILITIES		
Current liabilities		
Bank overdraft	–	–
Payables	98	316
Borrowings	–	–
Provisions	265	232
Total current liabilities	363	548
Non-current liabilities		
Payables	–	–
Borrowings	–	–
Provisions	7	9
Total non-current liabilities	7	9
TOTAL LIABILITIES	370	557
NET ASSETS	48,754	44,567
EQUITY		
Retained earnings	24,362	20,755
Revaluation reserves	24,392	23,812
Council equity interest	48,754	44,567
Non-controlling equity interest	–	–
TOTAL EQUITY	48,754	44,567

The former Cooma-Monaro Shire 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	2,227	659
Investments	2,000	2,004
Receivables	706	230
Inventories	28	28
Other	–	–
Non-current assets classified as held for sale	–	–
Total Current Assets	4,961	2,921
Non-current assets		
Investments	1,000	1,500
Receivables	–	–
Inventories	–	–
Infrastructure, property, plant and equipment	32,602	32,616
Investments accounted for using equity method	–	–
Investment property	–	–
Intangible assets	–	–
Other	–	–
Total non-current assets	33,602	34,116
TOTAL ASSETS	38,563	37,037
LIABILITIES		
Current liabilities		
Bank overdraft	–	–
Payables	37	52
Borrowings	139	129
Provisions	91	89
Total current liabilities	267	270
Non-current liabilities		
Payables	–	–
Borrowings	–	139
Provisions	4	5
Total non-current liabilities	4	144
TOTAL LIABILITIES	271	414
NET ASSETS	38,292	36,623
EQUITY		
Retained earnings	19,438	18,240
Revaluation reserves	18,854	18,383
Council equity interest	38,292	36,623
Non-controlling equity interest	–	–
TOTAL EQUITY	38,292	36,623

The former Cooma-Monaro Shire Council

Statement of Financial Position – Council's Other Business Activities

as at 12 May 2016

\$ '000	Waste Management		Saleyards	
	Category 1		Category 2	
	Actual 12/5/16	Actual 30/6/15	Actual 12/5/16	Actual 30/6/15
ASSETS				
Current assets				
Cash and cash equivalents	1,103	542	–	–
Investments	1,750	1,951	37	–
Receivables	472	277	–	–
Inventories	–	–	–	–
Other	–	–	–	–
Non-current assets classified as held for sale	–	–	–	–
Total Current Assets	3,325	2,770	37	–
Non-current assets				
Investments	–	–	–	–
Receivables	–	–	–	–
Inventories	–	–	–	–
Infrastructure, property, plant and equipment	2,128	2,068	1,831	1,893
Investments accounted for using equity method	–	–	–	–
Investment property	–	–	–	–
Other	–	–	–	–
Total non-current assets	2,128	2,068	1,831	1,893
TOTAL ASSETS	5,453	4,838	1,868	1,893
LIABILITIES				
Current liabilities				
Bank overdraft	–	–	–	–
Payables	90	45	334	336
Borrowings	–	–	–	–
Provisions	234	200	–	–
Total current liabilities	324	245	334	336
Non-current liabilities				
Payables	–	–	–	–
Borrowings	–	–	–	–
Provisions	559	544	–	–
Other Liabilities	–	–	–	–
Total non-current liabilities	559	544	–	–
TOTAL LIABILITIES	883	789	334	336
NET ASSETS	4,570	4,049	1,534	1,557
EQUITY				
Retained earnings	4,642	4,117	154	177
Revaluation reserves	(72)	(68)	1,380	1,380
Council equity interest	4,570	4,049	1,534	1,557
Non-controlling equity interest	–	–	–	–
TOTAL EQUITY	4,570	4,049	1,534	1,557

The former Cooma-Monaro Shire Council

Statement of Financial Position – Council's Other Business Activities

as at 12 May 2016

Yallambee Lodge

Category 1

\$ '000	Actual 12/5/16	Actual 30/6/15
ASSETS		
Current assets		
Cash and cash equivalents	127	894
Investments	2,750	2,250
Receivables	45	27
Inventories	–	–
Other	–	–
Non-current assets classified as held for sale	–	–
Total Current Assets	2,922	3,171
Non-current assets		
Investments	500	500
Receivables	–	–
Inventories	–	–
Infrastructure, property, plant and equipment	4,701	4,715
Investments accounted for using equity method	–	–
Investment property	–	–
Other	–	–
Total non-current assets	5,201	5,215
TOTAL ASSETS	8,123	8,386
LIABILITIES		
Current liabilities		
Bank overdraft	–	–
Payables	1,626	1,572
Borrowings	–	–
Provisions	170	125
Total current liabilities	1,796	1,697
Non-current liabilities		
Payables	–	–
Borrowings	–	–
Provisions	76	64
Other Liabilities	–	–
Total non-current liabilities	76	64
TOTAL LIABILITIES	1,872	1,761
NET ASSETS	6,251	6,625
EQUITY		
Retained earnings	4,762	5,137
Revaluation reserves	1,489	1,488
Council equity interest	6,251	6,625
Non-controlling equity interest	–	–
TOTAL EQUITY	6,251	6,625

The former Cooma-Monaro Shire 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	12
2	Water Supply Business Best-Practice Management disclosure requirements	15
3	Sewerage Business Best-Practice Management disclosure requirements	17

The former Cooma-Monaro Shire 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)

- a. **Water Supply**
Water supply services
- b. **Wastewater Network**
Sewerage disposal
- c. **Waste Management**
Waste services
- d. **Yallambee Lodge**
Aged care services

Category 2

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

- a. **Saleyards**
Stock selling centre

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 Cooma-Monaro Shire 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%

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.

Local government rates and charges

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

Loan and debt guarantee fees

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

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

(ii) Subsidies

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

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

Accordingly, 'subsidies disclosed' (in relation to National Competition Policy) represents the

The former Cooma-Monaro Shire Council

Notes to the Special Purpose Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Significant accounting policies (continued)

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 Cooma-Monaro Shire 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	11,562
(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]	352,550
(ii)	Number of assessments multiplied by \$30/assessment, less tax equivalent charges/assessment	115,620
(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	995,000

2016 Surplus	705,100	2015 Surplus	265,000	2014 Surplus	24,900
		2015 Dividend	-	2014 Dividend	-

(iv)	Maximum dividend from surplus [least of (i), (ii) and (iii) above]	115,620
(v)	Dividend actually paid from surplus [refer below for required pre-dividend payment criteria]	-
(vi)	Are the overhead reallocation charges to the water business fair and reasonable? ^a	YES

3. Required outcomes for 6 criteria

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

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

The former Cooma-Monaro Shire 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	3,515
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)]	%	48.12%
NWI F9	Written down replacement cost of fixed assets (water) Written down current cost of system assets (w47)	\$'000	43,614
NWI F11	Operating cost (OMA) (water) Management expenses (w1) + operational and maintenance expenses (w2)	\$'000	1,605
NWI F14	Capital expenditure (water) Acquisition of fixed assets (w16)	\$'000	3,500
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)]	%	2.33%
NWI F26	Capital works grants (water) Grants for the acquisition of assets (w11a)	\$'000	2,616

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

The former Cooma-Monaro Shire 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	10,323
(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]	425,450
(ii)	Number of assessments x (\$30 less tax equivalent charges per assessment)	103,230
(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	1,298,900

2016 Surplus	850,900	2015 Surplus	514,000	2014 Surplus	(66,000)
		2015 Dividend	-	2014 Dividend	-

(iv)	Maximum dividend from surplus [least of (i), (ii) and (iii) above]	103,230
(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	YES

3. Required outcomes for 4 criteria

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

(i)	Completion of strategic business plan (including financial plan)	YES
(ii)	Pricing with full cost-recovery, without significant cross subsidies [refer item 2 (a) in table 1 on page 22 of the Best-Practice Guidelines]	YES
	Complying charges	
	(a) Residential [item 2 (c) in table 1]	YES
	(b) Non-residential [item 2 (c) in table 1]	YES
	(c) Trade waste [item 2 (d) in table 1]	NO
	DSP with commercial developer charges [item 2 (e) in table 1]	YES
	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	YES
	b. Complete and implement integrated water cycle management strategy	NO

The former Cooma-Monaro Shire 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	3,408
NWI F10	Written down replacement cost of fixed assets (sewerage) Written down current cost of system assets (s48)	\$'000	32,348
NWI F12	Operating cost (sewerage) Management expenses (s1) + operational and maintenance expenses (s2)	\$'000	1,525
NWI F15	Capital expenditure (sewerage) Acquisition of fixed assets (s17)	\$'000	377
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)]	%	3.38%
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	6,801
NWI F8	Revenue from community service obligations (water and sewerage) Community service obligations (NWI F25) x 100 divided by total income (NWI F3)	%	1.00%
NWI F16	Capital expenditure (water and sewerage) Acquisition of fixed assets (w16 + s17)	\$'000	3,877
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)]	%	2.78%
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 Cooma-Monaro Shire 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)]	%	-10.86%
NWI F23	Interest cover (water and sewerage) Earnings before interest and tax (EBIT) divided by net interest Earnings before interest and tax (EBIT): 2,122 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: - 266 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	2,189
NWI F25	Community service obligations (water and sewerage) Grants for pensioner rebates (w11b + s12b)	\$'000	68

- 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

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**INDEPENDENT AUDITORS' REPORT TO THE FORMER COOMA-MONARO SHIRE
COUNCIL
REPORT ON THE SPECIAL PURPOSE FINANCIAL STATEMENTS**

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements, being special purpose financial statements, of the former Cooma-Monaro Shire Council (the Council), which comprises the statements of financial position by business activity as at 12 May 2016, and the income statements by business activity for the period ended on that date, a summary of significant accounting policies and other explanatory notes and the Statement by Councillors and Management.

COUNCIL'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Councillors' and management of the Council are responsible for the preparation and fair presentation of the financial statements and have determined that the basis of preparation described in Note 1 to the financial statements, are appropriate to meet the requirements of the NSW Government Policy Statement "Application of National Competition Policy to Local Government", Division of Local Government Guidelines "Pricing & Costing for Council Businesses: A Guide to Competitive Neutrality", The Local Government Code of Accounting Practice and Financial Reporting and The Department of Water and Energy Practice Management of Water Supply and Sewerage Guidelines and are appropriate to meet the needs of the Council and the Division of Local Government.

AUDITORS' RESPONSIBILITY

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

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

OPINION

In our opinion the financial statements of the former Cooma-Monaro Shire Council are in accordance with the Local Government Code of Accounting Practice and Financial Reporting, including:

- (i) giving a true and fair view of the Council's financial position as at 12 May 2016 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards to the extent described in Note 1 and the Local Government Code of Accounting Practice and Financial Reporting

BASIS OF ACCOUNTING

Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the Councils' financial reporting responsibilities under the Local Government Code of Accounting Practice and Financial Reporting. As a result, the financial report may not be suitable for another purpose.

The financial statements have been prepared for distribution to Council for the purpose of fulfilling the Council's financial reporting obligations under the Local Government Code of Accounting Practice and Financial Reporting. We disclaim any assumption of responsibility for any reliance on this report or on the financial statements to which it relates to any person other than the Council and the Division of Local Government, or for any purpose other than that for which it was prepared.

Crowe Horwath Auswild
CROWE HORWATH AUSWILD

Clare Wagner

Clare Wagner
Audit Partner

Dated at Dubbo this 10th day of November 2016

The former Cooma-Monaro Shire Council

SPECIAL SCHEDULES

for the period 1 July 2015 to 12 May 2016



The former Cooma-Monaro Shire Council

Special Schedules

for the period 1 July 2015 to 12 May 2016

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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 Cooma-Monaro Shire 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	1,270	170	–	(1,100)
Administration	4,793	–	–	(4,793)
Public order and safety				
Fire service levy, fire protection, emergency services	497	347	17	(133)
Beach control	–	–	–	–
Enforcement of local government regulations	96	32	–	(64)
Animal control	129	67	–	(62)
Other	–	–	–	–
Total public order and safety	722	446	17	(259)
Health	–	–	–	–
Environment				
Noxious plants and insect/vermin control	532	323	–	(209)
Other environmental protection	9	1	–	(8)
Solid waste management	1,867	2,952	125	1,210
Street cleaning	–	–	–	–
Drainage	–	–	–	–
Stormwater management	–	–	–	–
Total environment	2,408	3,276	125	993
Community services and education				
Administration and education	200	3	–	(197)
Social protection (welfare)	–	–	–	–
Aged persons and disabled	2,731	2,654	–	(77)
Children's services	–	–	–	–
Total community services and education	2,931	2,657	–	(274)
Housing and community amenities				
Public cemeteries	35	66	–	31
Public conveniences	–	–	–	–
Street lighting	96	26	–	(70)
Town planning	529	106	–	(423)
Other community amenities	–	–	–	–
Total housing and community amenities	660	198	–	(462)
Water supplies	2,073	3,601	2,654	4,182
Sewerage services	1,974	3,521	41	1,588

The former Cooma-Monaro Shire 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	297	92	–	(205)
Museums	–	–	–	–
Art galleries	–	–	–	–
Community centres and halls	64	–	–	(64)
Performing arts venues	–	–	–	–
Other performing arts	–	–	–	–
Other cultural services	–	–	–	–
Sporting grounds and venues	–	–	–	–
Swimming pools	333	5	–	(328)
Parks and gardens (lakes)	773	–	202	(571)
Other sport and recreation	606	8	–	(598)
Total recreation and culture	2,073	105	202	(1,766)
Fuel and energy	–	–	–	–
Agriculture	–	–	–	–
Mining, manufacturing and construction				
Building control	233	111	–	(122)
Other mining, manufacturing and construction	182	60	–	(122)
Total mining, manufacturing and const.	415	171	–	(244)
Transport and communication				
Urban roads (UR) – local	813	–	–	(813)
Urban roads – regional	–	–	–	–
Sealed rural roads (SRR) – local	676	–	–	(676)
Sealed rural roads (SRR) – regional	547	326	–	(221)
Unsealed rural roads (URR) – local	1,886	–	–	(1,886)
Unsealed rural roads (URR) – regional	85	457	73	445
Bridges on UR – local	–	–	–	–
Bridges on SRR – local	–	–	–	–
Bridges on URR – local	–	–	–	–
Bridges on regional roads	666	–	–	(666)
Parking areas	115	–	–	(115)
Footpaths	277	7	–	(270)
Aerodromes	–	–	–	–
Other transport and communication	649	475	–	(174)
Total transport and communication	5,714	1,265	73	(4,376)
Economic affairs				
Camping areas and caravan parks	24	4	–	(20)
Other economic affairs	513	377	–	(136)
Total economic affairs	537	381	–	(156)
Totals – functions	25,570	15,791	3,112	(6,667)
General purpose revenues ⁽¹⁾		10,623		10,623
Share of interests – joint ventures and associates using the equity method	7	–		(7)
NET OPERATING RESULT ⁽²⁾	25,577	26,414	3,112	3,949

(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 Cooma-Monaro Shire Council

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

for the period 1 July 2015 to 12 May 2016

\$'000

Classification of debt	Principal outstanding at beginning of the period			New loans raised during the period	Debt redemption during the period		Transfers to sinking funds	Interest applicable for period	Principal outstanding at the end of the period		
	Current	Non-current	Total		From revenue	Sinking funds			Current	Non-current	Total
Loans (by source)											
Commonwealth government	–	–	–	–	–	–	–	–	–	–	–
Treasury corporation	–	–	–	–	–	–	–	–	–	–	–
Other state government	–	–	–	–	–	–	–	–	–	–	–
Public subscription	–	–	–	–	–	–	–	–	–	–	–
Financial institutions	129	139	268	–	129	–	–	12	139	–	139
Other	–	–	–	–	–	–	–	–	–	–	–
Total loans	129	139	268	–	129	–	–	12	139	–	139
Other long term debt											
Ratepayers advances	–	–	–	–	–	–	–	–	–	–	–
Government advances	–	–	–	–	–	–	–	–	–	–	–
Finance leases	–	–	–	–	–	–	–	–	–	–	–
Deferred payments	–	–	–	–	–	–	–	–	–	–	–
Total long term debt	–	–	–	–	–	–	–	–	–	–	–
Total debt	129	139	268	–	129	–	–	12	139	–	139

Notes: excludes (i) internal loans and (ii) principal inflows/outflows relating to loan re-financing.

This schedule is prepared using the **face value** of debt obligations, rather than **fair value** (which is reported in the GPFS).

The former Cooma-Monaro Shire 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	418	455
b. Engineering and supervision	377	381
2. Operation and maintenance expenses		
– dams and weirs		
a. Operation expenses	–	–
b. Maintenance expenses	–	–
– Mains		
c. Operation expenses	245	313
d. Maintenance expenses	4	14
– Reservoirs		
e. Operation expenses	43	70
f. Maintenance expenses	45	52
– Pumping stations		
g. Operation expenses (excluding energy costs)	17	45
h. Energy costs	14	25
i. Maintenance expenses	16	15
– Treatment		
j. Operation expenses (excluding chemical costs)	101	94
k. Chemical costs	62	61
l. Maintenance expenses	82	276
– Other		
m. Operation expenses	160	167
n. Maintenance expenses	21	13
o. Purchase of water	–	–
3. Depreciation expenses		
a. System assets	865	971
b. Plant and equipment	24	18
4. Miscellaneous expenses		
a. Interest expenses	–	–
b. Revaluation decrements	–	–
c. Other expenses	35	56
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	2,529	3,026

The former Cooma-Monaro Shire 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)	1,133	1,067
b. Usage charges	1,051	1,029
7. Non-residential charges		
a. Access (including rates)	412	392
b. Usage charges	720	530
8. Extra charges	–	–
9. Interest income	124	125
10. Other income	124	160
10a. Aboriginal Communities Water and Sewerage Program	–	–
11. Grants		
a. Grants for acquisition of assets	2,616	1,475
b. Grants for pensioner rebates	34	34
c. Other grants	3	1
12. Contributions		
a. Developer charges	38	69
b. Developer provided assets	–	–
c. Other contributions	–	–
13. Total income	6,255	4,882
14. Gain (or loss) on disposal of assets	(119)	(33)
15. Operating result	3,607	1,823
15a. Operating result (less grants for acquisition of assets)	991	348

The former Cooma-Monaro Shire 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	2,926	1,648
c. Renewals	512	271
d. Plant and equipment	62	45
17. Repayment of debt	–	–
18. Totals	3,500	1,964
Non-operating funds employed		
19. Proceeds from disposal of assets	33	–
20. Borrowing utilised	–	–
21. Totals	33	–
C Rates and charges		
22. Number of assessments		
a. Residential (occupied)	3,268	3,275
b. Residential (unoccupied, ie. vacant lot)	109	109
c. Non-residential (occupied)	477	476
d. Non-residential (unoccupied, ie. vacant lot)	–	–
23. Number of ETs for which developer charges were received	– ET	– ET
24. Total amount of pensioner rebates (actual dollars)	\$ 62,414	\$ 63,732

The former Cooma-Monaro Shire 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	142	–	142
b. Special purpose grants	–	–	–
c. Accrued leave	185	–	185
d. Unexpended loans	–	–	–
e. Sinking fund	–	–	–
f. Other	2,041	2,000	4,041
26. Receivables			
a. Specific purpose grants	–	–	–
b. Rates and availability charges	301	–	301
c. User charges	562	–	562
d. Other	–	–	–
27. Inventories	64	–	64
28. Property, plant and equipment			
a. System assets	–	43,614	43,614
b. Plant and equipment	–	215	215
29. Other assets	–	–	–
30. Total assets	3,295	45,829	49,124
LIABILITIES			
31. Bank overdraft	–	–	–
32. Creditors	98	–	98
33. Borrowings	–	–	–
34. Provisions			
a. Tax equivalents	–	–	–
b. Dividend	–	–	–
c. Other	265	7	272
35. Total liabilities	363	7	370
36. NET ASSETS COMMITTED	2,932	45,822	48,754
EQUITY			
37. Accumulated surplus			24,362
38. Asset revaluation reserve			24,392
39. TOTAL EQUITY			48,754
Note to system assets:			
40. Current replacement cost of system assets			86,316
41. Accumulated current cost depreciation of system assets			(42,702)
42. Written down current cost of system assets			43,614

The former Cooma-Monaro Shire 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	334	341
b. Engineering and supervision	182	238
2. Operation and maintenance expenses		
– mains		
a. Operation expenses	294	391
b. Maintenance expenses	19	11
– Pumping stations		
c. Operation expenses (excluding energy costs)	62	54
d. Energy costs	36	28
e. Maintenance expenses	2	4
– Treatment		
f. Operation expenses (excl. chemical, energy, effluent and biosolids management costs)	294	339
g. Chemical costs	71	43
h. Energy costs	129	169
i. Effluent management	45	50
j. Biosolids management	1	1
k. Maintenance expenses	53	78
– Other		
l. Operation expenses	–	–
m. Maintenance expenses	3	3
3. Depreciation expenses		
a. System assets	738	813
b. Plant and equipment	44	37
4. Miscellaneous expenses		
a. Interest expenses	12	24
b. Revaluation decrements	–	–
c. Other expenses	42	50
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	2,361	2,674

The former Cooma-Monaro Shire 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)	2,719	2,567
7. Non-residential charges		
a. Access (including rates)	513	449
b. Usage charges	–	–
8. Trade waste charges		
a. Annual fees	–	–
b. Usage charges	–	–
c. Excess mass charges	–	–
d. Re-inspection fees	–	–
9. Extra charges	–	–
10. Interest income	154	155
11. Other income	100	121
11a. Aboriginal Communities Water and Sewerage Program	–	–
12. Grants		
a. Grants for acquisition of assets	–	–
b. Grants for pensioner rebates	34	32
c. Other grants	1	1
13. Contributions		
a. Developer charges	41	73
b. Developer provided assets	–	–
c. Other contributions	–	–
14. Total income	<u>3,562</u>	<u>3,398</u>
15. Gain (or loss) on disposal of assets	(3)	(21)
16. Operating result	<u>1,198</u>	<u>703</u>
16a. Operating result (less grants for acquisition of assets)	1,198	703

The former Cooma-Monaro Shire 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	–	86
b. New assets for growth	–	–
c. Renewals	347	310
d. Plant and equipment	30	112
18. Repayment of debt	129	121
19. Totals	506	629
Non-operating funds employed		
20. Proceeds from disposal of assets	11	–
21. Borrowing utilised	–	–
22. Totals	11	–
C Rates and charges		
23. Number of assessments		
a. Residential (occupied)	2,854	2,856
b. Residential (unoccupied, ie. vacant lot)	193	199
c. Non-residential (occupied)	394	408
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)	\$ 57,835	\$ 59,066

The former Cooma-Monaro Shire 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	–	–	–
b. Special purpose grants	–	–	–
c. Accrued leave	95	–	95
d. Unexpended loans	–	–	–
e. Sinking fund	–	–	–
f. Other	4,132	1,000	5,132
27. Receivables			
a. Specific purpose grants	–	–	–
b. Rates and availability charges	706	–	706
c. User charges	–	–	–
d. Other	–	–	–
28. Inventories	28	–	28
29. Property, plant and equipment			
a. System assets	–	32,348	32,348
b. Plant and equipment	–	254	254
30. Other assets	–	–	–
31. Total assets	<u>4,961</u>	<u>33,602</u>	<u>38,563</u>
LIABILITIES			
32. Bank overdraft	–	–	–
33. Creditors	37	–	37
34. Borrowings	139	–	139
35. Provisions			
a. Tax equivalents	–	–	–
b. Dividend	–	–	–
c. Other	91	4	95
36. Total liabilities	<u>267</u>	<u>4</u>	<u>271</u>
37. NET ASSETS COMMITTED	<u>4,694</u>	<u>33,598</u>	<u>38,292</u>
EQUITY			
38. Accumulated surplus			19,438
39. Asset revaluation reserve			18,854
40. TOTAL EQUITY			<u>38,292</u>
Note to system assets:			
41. Current replacement cost of system assets			56,932
42. Accumulated current cost depreciation of system assets			(24,584)
43. Written down current cost of system assets			<u>32,348</u>

The former Cooma-Monaro Shire 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 Cooma-Monaro Shire 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	Non-Specialised Buildings	89	89	69	84	11,726	27,943	12%	15%	13%	37%	23%
	Specialised Buildings	39	39	10	16	3,986	9,613	12%	19%	19%	28%	22%
	Sub-total	128	128	79	100	15,712	37,556	12.0%	16.0%	14.5%	34.7%	22.7%
Other structures	Other structures	–	–	–	–	5,469	9,135	33%	32%	24%	10%	1%
	Sub-total	–	–	–	–	5,469	9,135	33.0%	32.0%	24.0%	10.0%	1.0%
Roads	Sealed Roads Surface	59	59	667	660	3,553	11,978	16%	11%	21%	52%	0%
	Sealed Roads Structure	14	14	215	313	42,032	53,622	48%	26%	23%	2%	1%
	Unsealed Roads	1,990	1,990	1,085	1,163	48,990	79,517	31%	13%	30%	20%	6%
	Bridges	470	470	54	77	23,819	49,201	15%	23%	37%	8%	17%
	Footpaths	28	28	36	26	5,018	11,208	12%	24%	3%	60%	1%
	Kerb and gutter	10	10	7	2	8,778	15,223	7%	70%	22%	1%	0%
	Other Road Assets	132	132	566	448	2,746	5,254	31%	12%	53%	4%	0%
	Bulk earthworks	–	–	–	–	177,474	177,474	100%	0%	0%	0%	0%
Sub-total	2,703	2,703	2,630	2,689	312,410	403,477	59.8%	12.6%	15.7%	8.5%	3.4%	

The former Cooma-Monaro Shire 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
Water supply network	Dams/Weirs	–	–	4	–	1,696	1,711	100%	0%	0%	0%	0%
	Mains	–	–	394	249	22,081	49,406	13%	21%	4%	62%	0%
	Reservoirs	4,500	4,500	129	88	10,592	16,402	13%	21%	4%	62%	0%
	Pumping Stations	–	–	67	47	455	742	34%	10%	41%	15%	0%
	Treatment	–	–	265	245	4,810	14,074	19%	41%	19%	5%	16%
	Other	–	–	189	181	2	2					100%
	Sub-total		4,500	4,500	1,048	810	39,636	82,337	16.0%	23.9%	6.8%	50.5%
Sewerage network	Mains	–	–	447	313	18,467	34,908	6%	52%	11%	12%	19%
	Pumping Stations	–	–	65	100	3,222	4,296	0%	93%	7%	0%	0%
	Treatment	–	–	571	593	10,143	17,212	2%	77%	0%	20%	1%
	Sub-total			1,083	1,006	31,832	56,416	4.3%	62.7%	7.3%	13.5%	12.1%
Stormwater drainage	Stormwater drainage	190	190	109	198	10,648	19,851	8%	55%	3%	26%	8%
	Sub-total	190	190	109	198	10,648	19,851	8.0%	55.0%	3.0%	26.0%	8.0%
Open space/recreational assets	Swimming pools	80	80	50	59	1,716	2,180	74%	18%	6%	1%	1%
	Other	–	–	–	415	539	1,433	8%	39%	4%	41%	8%
	Sub-total	80	80	50	474	2,255	3,613	47.8%	26.3%	5.2%	16.9%	3.8%
	TOTAL – ALL ASSETS	7,601	7,601	4,999	5,277	417,962	612,385	43.7%	20.7%	13.3%	16.9%	5.4%

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 Cooma-Monaro Shire 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>3,010</u>	46.74%	22.71%	56.22%
Depreciation, amortisation and impairment	<u>6,440</u>			
2. Infrastructure backlog ratio				
Estimated cost to bring assets to a satisfactory standard	<u>7,601</u>	3.16%	3.10%	17.35%
Carrying value of infrastructure assets	<u>240,488</u>			
3. Asset maintenance ratio				
Actual asset maintenance	<u>5,277</u>	1.06	1.14	0.95
Required asset maintenance	<u>4,999</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 Cooma-Monaro Shire 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⁾	52.08%	32.34%	47.98%
Depreciation, amortisation and impairment			
	prior period: 27.09%	36.41%	20.29%
2. Infrastructure backlog ratio			
Estimated cost to bring assets to a satisfactory standard	11.35%	0.00%	1.83%
Carrying value of infrastructure assets			
	prior period: 11.38%	0.00%	1.78%
3. Asset maintenance ratio			
Actual asset maintenance	0.77	0.93	1.21
Required asset maintenance			
	prior period: 0.97	0.97	1.24

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.