

# The former Tumbarumba Shire Council

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

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Tumbarumba will be a vibrant, caring, safe, secure and progressive community with a vigorous economy, where residents experience a good quality of life in a beautiful and sustainable environment.



## The former Tumbarumba Shire Council

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

Contents	Page
<b>1. Understanding Council's Financial Statements</b>	2
<b>2. Statement by Councillors and Management</b>	3
<b>3. Primary Financial Statements:</b>	
– Income Statement	4
– Statement of Comprehensive Income	5
– Statement of Financial Position	6
– Statement of Changes in Equity	7
– Statement of Cash Flows	8
<b>4. Notes to the Financial Statements</b>	9
<b>5. Independent Auditor's Reports:</b>	
– On the Financial Statements (Sect 417 [2])	67
– On the Conduct of the Audit (Sect 417 [3])	70

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#### Overview

(i) These financial statements are General Purpose Financial Statements and cover the operations for the former Tumbarumba Shire Council.

(ii) The former Tumbarumba 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 Valleys Council on 15 December 2016. Council has the power to amend and reissue these financial statements.

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## The former Tumbarumba Shire Council

### General Purpose Financial Statements

for the period 1 July 2015 to 12 May 2016

## Understanding Council's financial statements

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### Introduction

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

### What you will find in the statements

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

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

### About the Councillor/Management Statement

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

### About the primary financial statements

The financial statements incorporate five 'primary' financial statements:

#### 1. The Income Statement

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

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

#### 2. The Statement of Comprehensive Income

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

#### 3. The Statement of Financial Position

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

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

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

#### 5. The Statement of Cash Flows

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

### About the Notes to the Financial Statements

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

### About the Auditor's Reports

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

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

### Who uses the financial statements?

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

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

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

## The former Tumbarumba 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:**

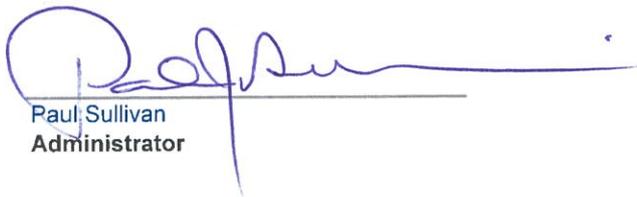
- the *Local Government Act 1993 (NSW)* (as amended) and the regulations made thereunder,
- the Australian Accounting Standards and professional pronouncements, and
- the Local Government Code of Accounting Practice and Financial Reporting.

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

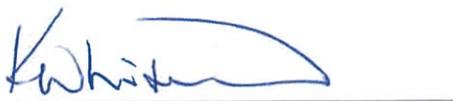
- present fairly the Council's operating result and financial position for the period, and
- accord with Council's accounting and other records.

**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 Valleys Council made on 27 October 2016.**



Paul Sullivan  
Administrator



Kay Whitehead  
Interim General Manager



John Proctor  
Responsible Accounting Officer

## The former Tumbarumba Shire Council

### Income Statement

for the period 1 July 2015 to 12 May 2016

Budget <sup>1</sup> 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
<b>Income from continuing operations</b>				
<i>Revenue:</i>				
4,059	Rates and annual charges	3a	3,653 <sup>2</sup>	3,768
7,421	User charges and fees	3b	6,620	7,876
412	Interest and investment revenue	3c	369	358
160	Other revenues	3d	262	255
3,936	Grants and contributions provided for operating purposes	3e,f	4,620 <sup>3</sup>	5,630
691	Grants and contributions provided for capital purposes	3e,f	2,328	5,592
<i>Other income:</i>				
30	Net gains from the disposal of assets	5	33	–
16,709	<b>Total income from continuing operations</b>		<b>17,885</b>	<b>23,479</b>
<b>Expenses from continuing operations</b>				
6,903	Employee benefits and on-costs	4a	6,051	6,264
385	Borrowing costs	4b	326	241
3,332	Materials and contracts	4c	5,229	7,029
3,518	Depreciation and amortisation	4d	3,572	3,654
1,871	Other expenses	4e	1,076	1,193
–	Net losses from the disposal of assets	5	–	198
16,009	<b>Total expenses from continuing operations</b>		<b>16,254</b>	<b>18,579</b>
700	<b>Operating result from continuing operations</b>		<b>1,631</b>	<b>4,900</b>
700	<b>Net operating result for the period</b>		<b>1,631</b>	<b>4,900</b>
700	<b>Net operating result attributable to Council</b>		<b>1,631</b>	<b>4,900</b>
9	<b>Net operating result for the period before grants and contributions provided for capital purposes</b>		<b>(697)</b>	<b>(692)</b>

<sup>1</sup> Original budget as approved by Council is not required for these financial statements

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

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

## The former Tumbarumba 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
<b>Net operating result for the period</b> (as per Income Statement)		<b>1,631</b>	<b>4,900</b>
<b>Other comprehensive income:</b>			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of I,PP&E	20b (ii)	472	54,430
<b>Total items which will not be reclassified subsequently to the operating result</b>		<b>472</b>	<b>54,430</b>
Amounts which will be reclassified subsequently to the operating result when specific conditions are met			
Nil			
<b>Total other comprehensive income for the period</b>		<b>472</b>	<b>54,430</b>
<b>Total comprehensive income for the period</b>		<b>2,103</b>	<b>59,330</b>
<b>Total comprehensive income attributable to Council</b>		<b>2,103</b>	<b>59,330</b>

## The former Tumbarumba Shire Council

Statement of Financial Position  
as at 12 May 2016

\$ '000	Notes	Actual 12/5/16	Actual 30/6/15
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	6a	2,029	2,557
Investments	6b	10,508	8,021
Receivables	7	4,817	5,790
Inventories	8	559	510
Other	8	61	39
Non-current assets classified as 'held for sale'	22	–	–
<b>Total current assets</b>		<b>17,974</b>	<b>16,917</b>
<b>Non-current assets</b>			
Receivables	7	11	11
Infrastructure, property, plant and equipment	9	230,766	226,359
<b>Total non-current assets</b>		<b>230,777</b>	<b>226,370</b>
<b>TOTAL ASSETS</b>		<b>248,751</b>	<b>243,287</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	10	2,588	2,611
Borrowings	10	366	203
Provisions	10	1,979	1,706
<b>Total current liabilities</b>		<b>4,933</b>	<b>4,520</b>
<b>Non-current liabilities</b>			
Borrowings	10	6,425	3,438
Provisions	10	204	243
<b>Total non-current liabilities</b>		<b>6,629</b>	<b>3,681</b>
<b>TOTAL LIABILITIES</b>		<b>11,562</b>	<b>8,201</b>
<b>Net assets</b>		<b>237,189</b>	<b>235,086</b>
<b>EQUITY</b>			
Retained earnings	20	112,041	110,410
Revaluation reserves	20	125,148	124,676
Council equity interest		237,189	235,086
<b>Total equity</b>		<b>237,189</b>	<b>235,086</b>

## The former Tumbarumba 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
<b>1/7/15 to 12/5/16</b>						
<b>Opening balance</b> (as per last year's audited accounts)		110,410	124,676	<b>235,086</b>	–	<b>235,086</b>
<b>a. Net operating result for the period</b>		<b>1,631</b>	–	<b>1,631</b>	–	<b>1,631</b>
<b>b. Other comprehensive income</b>						
– Revaluations: IPP&E asset revaluation rsv	20b (ii)	–	472	<b>472</b>	–	<b>472</b>
<b>Other comprehensive income</b>		–	<b>472</b>	<b>472</b>	–	<b>472</b>
<b>Total comprehensive income (c&amp;d)</b>		<b>1,631</b>	<b>472</b>	<b>2,103</b>	–	<b>2,103</b>
<b>Equity – balance at end of the reporting period</b>		<b>112,041</b>	<b>125,148</b>	<b>237,189</b>	–	<b>237,189</b>

\$ '000	Notes	Retained earnings	Reserves (Refer 20b)	Council interest	Non-controlling interest	Total equity
<b>1/7/14 to 30/6/15</b>						
<b>Opening balance</b> (as per last year's audited accounts)		105,510	70,246	<b>175,756</b>	–	<b>175,756</b>
<b>a. Net operating result for the year</b>		4,900	–	<b>4,900</b>	–	<b>4,900</b>
<b>b. Other comprehensive income</b>						
– Revaluations: IPP&E asset revaluation rsv	20b (ii)	–	54,430	<b>54,430</b>	–	<b>54,430</b>
<b>Other comprehensive income</b>		–	<b>54,430</b>	<b>54,430</b>	–	<b>54,430</b>
<b>Total comprehensive income (c&amp;d)</b>		<b>4,900</b>	<b>54,430</b>	<b>59,330</b>	–	<b>59,330</b>
<b>Equity – balance at end of the year</b>		<b>110,410</b>	<b>124,676</b>	<b>235,086</b>	–	<b>235,086</b>

## The former Tumbarumba Shire Council

## Statement of Cash Flows

for the period 1 July 2015 to 12 May 2016

Budget <sup>1</sup> 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
<b>Cash flows from operating activities</b>				
<b>Receipts:</b>				
4,076	Rates and annual charges		3,179	3,867
7,600	User charges and fees		9,303	9,164
411	Investment and interest revenue received		420	324
4,635	Grants and contributions		7,364	14,663
–	Bonds, deposits and retention amounts received		–	122
146	Other		276	1,415
<b>Payments:</b>				
(6,917)	Employee benefits and on-costs		(5,899)	(6,302)
(3,041)	Materials and contracts		(6,727)	(10,654)
(384)	Borrowing costs		(319)	(232)
(1,871)	Other		(1,160)	(1,235)
4,655	<b>Net cash provided (or used in) operating activities</b>	11b	6,226	11,132
<b>Cash flows from investing activities</b>				
<b>Receipts:</b>				
16	Sale of investment securities		–	–
–	Sale of real estate assets		158	30
225	Sale of infrastructure, property, plant and equipment		925	524
<b>Payments:</b>				
–	Purchase of investment securities		(2,487)	(1,521)
(4,915)	Purchase of infrastructure, property, plant and equipment		(8,500)	(10,194)
(4,674)	<b>Net cash provided (or used in) investing activities</b>		(9,904)	(11,161)
<b>Cash flows from financing activities</b>				
<b>Receipts:</b>				
500	Proceeds from borrowings and advances		3,380	125
<b>Payments:</b>				
(301)	Repayment of borrowings and advances		(230)	(249)
199	<b>Net cash flow provided (used in) financing activities</b>		3,150	(124)
180	<b>Net increase/(decrease) in cash and cash equivalents</b>		(528)	(153)
5,290	Plus: <b>cash and cash equivalents – beginning of reporting period</b>	11a	2,557	2,710
5,470	<b>Cash and cash equivalents – end of reporting period</b>	11a	2,029	2,557
Additional Information:				
	plus: <b>Investments on hand – end of reporting period</b>	6b	10,508	8,021
	<b>Total cash, cash equivalents and investments</b>		12,537	10,578

<sup>1</sup> 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 Tumbarumba Shire Council

### Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

### Contents of the notes accompanying the financial statements

Note	Details	Page
1	Summary of significant accounting policies	10
2(a)	Council functions/activities – financial information	26
2(b)	Council functions/activities – component descriptions	27
3	Income from continuing operations	28
4	Expenses from continuing operations	33
5	Gains or losses from the disposal of assets	35
6(a)	Cash and cash equivalent assets	36
6(b)	Investments	36
6(c)	Restricted cash, cash equivalents and investments – details	37
7	Receivables	39
8	Inventories and other assets	40
9(a)	Infrastructure, property, plant and equipment	41
9(b)	Externally restricted infrastructure, property, plant and equipment	42
9(c)	Infrastructure, property, plant and equipment – current period impairments	42 n/a
10(a)	Payables, borrowings and provisions	43
10(b)	Description of (and movements in) provisions	44
11	Statement of cash flows – additional information	45
12	Commitments for expenditure	46
13	Statement of performance measures:	
13a	Local government industry indicators (consolidated)	47
13b	Local government industry indicators (by fund)	48
14	Investment properties	49 n/a
15	Financial risk management	49
16	Material budget variations	52 n/a
17	Statement of developer contributions	53 n/a
18	Contingencies and other liabilities/assets not recognised	53
19	Interests in other entities	55 n/a
20	Retained earnings, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors	56
21	Financial result and financial position by fund	57
22	'Held for sale' non-current assets and disposal groups	59 n/a
23	Events occurring after the reporting date	59
24	Discontinued operations	60 n/a
25	Intangible assets	60 n/a
26	Reinstatement, rehabilitation and restoration liabilities	60
27	Fair value measurement	61
 <b>Additional council disclosures</b>		
28	Council information and contact details	66

n/a – not applicable

## The former Tumbarumba 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) 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.

###### (iii) 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 (aa).

###### (iv) 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.

###### (v) Changes in accounting policies

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

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

###### (vi) 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.

## The former Tumbarumba 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)

##### **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) Estimated fair values of infrastructure, property, plant and equipment,
- (ii) Estimated remediation provisions.

##### **Critical judgements in applying Council's accounting policies**

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.

##### **(vii) 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 Tumbarumba Shire Council has been amalgamated into Snowy Valleys 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 Valleys 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 Tumbarumba Shire Council has not been liquidated nor has trading ceased.

##### **(b) Revenue recognition**

##### **Income recognition as a result of Council's amalgamation**

The former Tumbarumba Shire Council was amalgamated on 12 May 2016 with the former Tumut Shire Council to form the new Snowy Valleys Council.

In accordance with the Australian Accounting Standards the former Tumbarumba 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 Tumbarumba 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.

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 Valleys 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.

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

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

Revenue is measured on major income categories as follows:

#### **Rates, Annual Charges, Grants and Contributions**

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

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

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

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

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

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

Where grants or contributions recognised as revenues during the financial year were obtained on condition that they be expended in a particular manner or used over a particular period and those conditions were undischarged at balance date, the

unused grant or contribution is disclosed in Note 3 (g).

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

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

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

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

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

#### **User charges, fees and other Income**

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

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.

## The former Tumbarumba 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)

##### 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 financial statements incorporate (i) the assets and liabilities of Council and any entities (or operations) that it **controls** (as at 12 May 2016) and (ii) all the related operating results (for the financial year ended the 12 May 2016).

Detailed information relating to the entities that Council Controls can be found at Note 19.

In the process of reporting on Council's activities as a single unit, all inter-entity year end balances and reporting period transactions have been eliminated in full between Council and its controlled entities.

##### (i) The Consolidated Fund

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

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

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

- General Purpose Operations
- Water Supply
- Sewerage Service

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

- *Glenroy Recreation Reserve*
- *Khancoban Community Hall*
- *Khancoban Op Shop*
- *Tumbarumba Voices*
- *Tumbarumba Men's Shed*
- *Tumbarumba Friends of the Library*
- *Pioneers Women Hut*
- *RSL Youth Club*
- *Tooma Recreation Reserve*
- *Tumbarumba Historical Society*
- *ThatCo*
- *Rosewood Community Shed*
- *Khancoban Artisans Art Gallery*

The (i) total income and expenditure from continuing operations and (ii) net assets held by these excluded committees and operations is as follows:

<b>Total income from continuing operations</b>	\$41,006
<b>Total expenditure from continuing operations</b>	\$43,986
<b>Total net assets held (i.e. equity)</b>	\$119,659

##### Note:

Where actual figures are not known, best estimates have been applied.

##### (ii) The trust fund

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

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

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

## The former Tumbarumba 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 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 material interest in any subsidiaries.

##### Joint arrangements

Council has no material interest in any joint arrangements.

##### Associates

Council has no material interest in any associates.

##### County councils

Council is not a member of any county councils.

#### (d) Leases

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

##### Operating Leases

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

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

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

#### (e) Cash and Cash Equivalents

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

- cash on hand,
- deposits held at call with financial institutions,

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

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

#### (f) Investments and other financial assets

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

- **financial assets at fair value through profit or loss,**
- **loans and receivables,**
- **held-to-maturity investments,** and

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.

##### (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.

## The former Tumbarumba 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)

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.

##### 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

## The former Tumbarumba 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 is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

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

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

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

#### (iii) Types of investments

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

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

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

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

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

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

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

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

#### (i) Inventories

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

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

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

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

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

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

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

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

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

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

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

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

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

###### Acquisition of assets

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

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** (external valuation)
- **Land improvements**  
(as approximated by depreciated historical cost)
- **Buildings – specialised/non-specialised**  
(external valuation)
- **Other structures** (External valuation)
- **Roads assets including roads, bridges and footpaths** (internal valuation)

## The former Tumbarumba 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)

- **Bulk earthworks** (internal valuation)
- **Stormwater drainage** (internal valuation)
- **Water and sewerage networks** (external valuation)
- **Other assets**  
(as approximated by depreciated historical cost)

#### Initial recognition

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

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

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

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

#### Subsequent costs

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

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

#### Asset revaluations (including indexation)

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

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

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

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;

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

<b>Plant and Equipment</b>	
Office Furniture	> \$1,500
Office Equipment	> \$1,500
Other Plant and Equipment	> \$1,500

<b>Buildings and Land Improvements</b>	
Park Furniture and Equipment	> \$1,500
Building	
- construction/extensions	100% Capitalised
- renovations	> \$1,500

## The former Tumbarumba 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)

Other Structures	> \$1,500	- Footpaths (Concrete)	60 years
		- Culverts	50 to 100 years
<b>Water and Sewer Assets</b>		<b>Water and Sewer Assets</b>	
Reticulation extensions	> \$1,500	- Water mains	10 to 80 years
Other	> \$1,500	- Water inlet works	80 years
		- Reservoirs	100 years
		- Water Pumping stations	33 years
		- Water treatment works	24 to 54 years
<b>Stormwater Assets</b>		<b>Sewer Assets</b>	
Drains and Culverts	> \$1,500	- Sewerage treatment works	54 to 63 years
Other	> \$1,500	- Sewer Mains	56 to 89 years
		- Sewerage pumping stations	37 years
		- Sewerage wet weather detention	50 years
<b>Transport Assets</b>			
Road construction and reconstruction	> \$1,500		
Reseal/Re-sheet and major repairs:	> \$1,500		
Bridge construction and reconstruction	> \$1,500		

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

#### Depreciation

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

Land is not depreciated.

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

<b>Plant and Equipment</b>	
- Office Furniture	2 to 10 years
- Office Equipment	2 to 10 years
- Small/minor plant	2 to 12 years
- Vehicles	2 to 7 years
<b>Other Equipment</b>	
- Earth moving equipment	7 to 16 years
- Bushfire trucks and equipment	5 to 25 years
<b>Buildings</b>	
- Buildings and other Structures	20 to 100 years
<b>Stormwater Drainage</b>	
- Stormwater Drainage	100 years

<b>Transportation Assets</b>	
- Sealed Road Surface	15 to 20 years
- Sealed Road Structure	70 to 80 years
- Unsealed road Surface	10 to 20 years
- Unsealed road Structure	80 to 90 years
- Bridges	75 years
- Kerb and Gutter	60 years
- Footpaths (Sealed)	20 to 30 years

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 (r) 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.

## The former Tumbarumba Shire Council

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

#### Note 1. Summary of significant accounting policies (continued)

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

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

#### (o) Rural fire service assets

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

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

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

assets, their values and depreciation charges within these financial statements.

#### (p) 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

## The former Tumbarumba 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)

resulting from new disturbance, updated cost estimates, changes to the estimated lives of operations and revisions to discount rates are capitalised within property, plant and equipment.

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

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

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

These costs are charged to the Income Statement.

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

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

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

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

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

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

#### **(q) 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.

#### **(r) 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

## The former Tumbarumba 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)

circumstances indicate that the carrying amount may not be recoverable.

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

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

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

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

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

#### (s) 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.

#### (t) 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.

#### (u) Borrowing costs

Borrowing costs are expensed.

#### (v) 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.

## The former Tumbarumba 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)

##### **(w) Employee benefits**

###### **(i) Short-term obligations**

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

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

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

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

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

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

###### **(ii) Other long-term obligations**

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

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

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

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

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

###### **(iii) Retirement benefit obligations**

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

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

###### **Defined benefit plans**

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

## The former Tumbarumba 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)

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.

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

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

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

#### Defined contribution plans

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

#### (iv) Employee benefit on-costs

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

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

#### (x) Self-insurance

Council does not self-insure.

#### (y) 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.

#### (z) 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

## The former Tumbarumba 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)

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recoverable from or payable to the ATO are classified as operating cash flows.

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

##### **(aa) 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.

##### **(ab) Rounding of amounts**

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

##### **(ac) 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.

##### **(ad) Disclaimer**

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

## The former Tumbarumba 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 <sup>1</sup>	Actual	Actual	Original budget <sup>1</sup>	Actual	Actual	Original budget <sup>1</sup>	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	–	1	–	–	161	180	–	(160)	(180)	–	–	202	15
<b>Goal 1:</b> Social, Health, Education, Sport & Recreation	1,891	3,695	6,326	3,044	2,897	4,508	(1,153)	798	1,818	1,055	5,593	26,465	26,369
<b>Goal 2:</b> Town / Urban Development & Infrastructure	8,084	7,090	10,551	9,737	9,851	9,987	(1,653)	(2,761)	564	2,879	2,206	195,746	190,776
<b>Goal 3:</b> Council	110	210	182	639	906	1,390	(529)	(696)	(1,208)	–	6	21,744	20,491
<b>Goal 4:</b> The Environment & Waste Management	971	792	1,139	1,279	1,193	1,446	(308)	(401)	(307)	196	512	2,856	2,941
<b>Goal 5:</b> Economic Development	907	833	579	1,310	1,246	1,068	(403)	(413)	(489)	–	–	1,738	2,330
<b>Total functions and activities</b>	<b>11,963</b>	<b>12,621</b>	<b>18,777</b>	<b>16,009</b>	<b>16,254</b>	<b>18,579</b>	<b>(4,046)</b>	<b>(3,633)</b>	<b>198</b>	<b>4,130</b>	<b>8,317</b>	<b>248,751</b>	<b>242,922</b>
General purpose income <sup>2</sup>	4,746	5,264	4,702	–	–	–	4,746	5,264	4,702	1,949	1,959	–	365
<b>Operating result from continuing operations</b>	<b>16,709</b>	<b>17,885</b>	<b>23,479</b>	<b>16,009</b>	<b>16,254</b>	<b>18,579</b>	<b>700</b>	<b>1,631</b>	<b>4,900</b>	<b>6,079</b>	<b>10,276</b>	<b>248,751</b>	<b>243,287</b>

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

##### **Goal 1 Social, Health, Education, Sport & Recreation**

Administration and inspection, immunisation, food control, insect and vermin control, noxious plants, health centres, health other, community services administration, family day care, child care, youth services, other families and children, aged and disabled, migrant services, Aboriginal services, other community services, education, other community amenities, public libraries, museums, art galleries, community centres, public halls, other cultural services, swimming pools, sporting grounds, parks and gardens (lakes), other sport.

##### **Goal 2 Town / Urban Development & Infrastructure**

Housing, town planning, urban stormwater drainage, public cemeteries, public conveniences.

Provision of water supplies to the towns of Tumbarumba and Khancoban.

Provision of sewerage services to the towns of Tumbarumba and Khancoban.

Building controls, quarries and pits, urban roads, sealed rural roads, unsealed rural roads, bridges, footpaths, aerodromes, parking areas, bus shelters and services, water transport, other.

##### **Goal 3 Council**

Corporate support, engineering works, other support services, general purpose revenue.

##### **Goal 4 The Environment & Waste Management**

Fire protection, animal control, flood control, emergency services, enforcement of local government regulations, public order and safety other, household garbage collection, household garbage disposal, street cleaning, other sanitation and garbage, environmental protection.

##### **Goal 5 Economic Development**

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

## The former Tumbarumba 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 12/5/16	Actual 1/7/14 to 30/6/15
<b>(a) Rates and annual charges <sup>1,2</sup></b>			
<b>Ordinary rates</b>			
Residential		572	537
Farmland		1,413	1,542
Business		309	157
<b>Total ordinary rates</b>		<b>2,294</b>	<b>2,236</b>
<b>Special rates</b>			
Nil			
<b>Annual charges</b> (pursuant to s.496, s.496A, s.496B, s.501 & s.611)			
Domestic waste management services		377	451
Water supply services		377	420
Sewerage services		506	547
Drainage		22	25
Waste management services (non-domestic)		77	89
<b>Total annual charges</b>		<b>1,359</b>	<b>1,532</b>
<b>TOTAL RATES AND ANNUAL CHARGES</b>		<b>3,653</b>	<b>3,768</b>

<sup>1</sup> Council has used 2014 year valuations provided by the NSW Valuer General in calculating its rates.

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

## The former Tumbarumba 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>(b) User charges and fees</b>			
<b>Specific user charges</b> (per s.502 – specific 'actual use' charges)			
Water supply services		469	474
Sewerage services		61	30
Trade waste services		14	15
<b>Total user charges</b>		<b>544</b>	<b>519</b>
<b>Other user charges and fees</b>			
<b>(i) Fees and charges – statutory and regulatory functions (per s.608)</b>			
Inspection services		33	21
Planning and building regulation		10	7
Private works – section 67		484	277
Regulatory/ statutory fees		14	12
Section 149 certificates (EPA Act)		8	11
Section 603 certificates		7	8
<b>Total fees and charges – statutory/regulatory</b>		<b>556</b>	<b>336</b>
<b>(ii) Fees and charges – other (incl. general user charges (per s.608))</b>			
Aged related services		99	129
Caravan park lease		15	6
Cemetery fees		37	63
Childrens services fees		320	332
Gravel sales		107	94
Rental income		167	135
RMS (formerly RTA) charges (state roads not controlled by Council)		4,534	5,985
Sewerage treatment fees		17	29
Solar bonus scheme		13	11
Sporting facilities fees		26	25
Sundry admin income		18	32
TumbaFest ticket sales and charges		97	103
Waste transfer station fees		42	59
Other		28	18
<b>Total fees and charges – other</b>		<b>5,520</b>	<b>7,021</b>
<b>TOTAL USER CHARGES AND FEES</b>		<b>6,620</b>	<b>7,876</b>

## The former Tumbarumba 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>(c) Interest and investment revenue (including losses)</b>			
<b>Interest</b>			
– Interest on overdue rates and annual charges (incl. special purpose rates)		21	48
– Interest earned on investments (interest and coupon payment income)		348	310
<b><u>TOTAL INTEREST AND INVESTMENT REVENUE</u></b>		<b><u>369</u></b>	<b><u>358</u></b>
<b>Interest revenue is attributable to:</b>			
<b>Unrestricted investments/financial assets:</b>			
Overdue rates and annual charges (general fund)		21	23
<b>Restricted investments/funds – external:</b>			
Water fund operations		25	21
Sewerage fund operations		53	91
Domestic waste management operations		6	9
Retirement village licence fees		13	18
Other externally restricted assets (TumbaFest)		2	1
<b>Restricted investments/funds – internal:</b>			
Internally restricted assets		249	195
<b>Total interest and investment revenue recognised</b>		<b><u>369</u></b>	<b><u>358</u></b>
<b>(d) Other revenues</b>			
Legal fees recovery – rates and charges (extra charges)		23	37
Adjustments to remediation assets (revised discount rate for PV)		–	3
Commissions and agency fees (RTA agency)		87	77
Diesel rebate		43	58
Property mutual insurance rebate		35	43
Risk management and OHS incentive		39	11
Southern phone dividend received		22	22
Other		13	4
<b><u>TOTAL OTHER REVENUE</u></b>		<b><u>262</u></b>	<b><u>255</u></b>

## The former Tumbarumba 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
<b>(e) Grants</b>				
<b>General purpose (untied)</b>				
Financial assistance	1,926 <sup>1</sup>	1,934	–	–
Pensioners' rates subsidies – general component	23	25	–	–
<b>Total general purpose</b>	<b>1,949</b>	<b>1,959</b>	<b>–</b>	<b>–</b>
<b>Specific purpose</b>				
Pensioners' rates subsidies:				
– Water	11	11	–	–
– Sewerage	9	9	–	–
– Domestic waste management	16	17	–	–
Water supplies	–	14	–	–
Sewerage services	32	35	–	–
Before and after school care	68	55	–	–
Carcoola childrens centre	375	505	–	–
Library	23	40	–	–
Mannus dam restoration	–	1,213	12	3,194
Mobile pre-school	257	288	–	–
MSO grant	234	231	–	–
Noxious weeds	27	31	–	–
NSW rural fire services	139	132	14	231
Recreation and culture	70	91	6	33
Sewer treatment plant	–	–	2,038	1,477
Sports hub	–	–	–	34
Street lighting	9	10	–	–
Transport (roads to recovery)	730	257	–	–
Water treatment plant	–	–	50	392
Other	10	17	–	–
<b>Total specific purpose</b>	<b>2,010</b>	<b>2,956</b>	<b>2,120</b>	<b>5,361</b>
<b>Total grants</b>	<b>3,959</b>	<b>4,915</b>	<b>2,120</b>	<b>5,361</b>
<b>Grant revenue is attributable to:</b>				
– Commonwealth funding	1,438	1,132	6	34
– State funding	2,266	3,783	2,114	5,327
– Other funding	255	–	–	–
	<b>3,959</b>	<b>4,915</b>	<b>2,120</b>	<b>5,361</b>

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

## The former Tumbarumba 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
<b>(f) Contributions</b>				
<b>Developer contributions:</b>				
<b>(s93 &amp; s94 – EP&amp;A Act, s64 of the LGA):</b>				
Nil				
<b>Other contributions:</b>				
Children's services	21	11	–	80
Contribution Bridge works	–	–	36	–
Contribution Sewer Treatment Plant	–	–	22	–
Recreation and culture	15	11	–	14
RMS contributions (PAMP projects)	–	–	27	20
RMS contributions (regional roads, block grant)	562	635	123	117
Tumba fest	56	55	–	–
Other	7	3	–	–
<b>Total other contributions</b>	<b>661</b>	<b>715</b>	<b>208</b>	<b>231</b>
<b>Total contributions</b>	<b>661</b>	<b>715</b>	<b>208</b>	<b>231</b>
<b>TOTAL GRANTS AND CONTRIBUTIONS</b>	<b>4,620</b>	<b>5,630</b>	<b>2,328</b>	<b>5,592</b>

\$ '000	Actual 1/7/15 to 12/5/16	Actual 1/7/14 to 30/6/15
<b>(g) Restrictions relating to grants and contributions</b>		
<b>Certain grants and contributions are obtained by Council on condition that they be spent in a specified manner:</b>		
Unexpended at the close of the previous reporting period	744	796
<b>Add:</b> grants and contributions recognised in the current period but not yet spent:	160	141
<b>Less:</b> grants and contributions recognised in a previous reporting period now spent:	(130)	(193)
<b>Net increase (decrease) in restricted assets during the period</b>	<b>30</b>	<b>(52)</b>
<b>Unexpended and held as restricted assets</b>	<b>774</b>	<b>744</b>
<b>Comprising:</b>		
– Specific purpose unexpended grants	774	744
	<b>774</b>	<b>744</b>

## The former Tumbarumba 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
<b>(a) Employee benefits and on-costs</b>			
Salaries and wages		4,840	5,081
Employee termination costs		–	39
Travel expenses		20	18
Employee leave entitlements (ELE)		470	494
Superannuation – defined contribution plans		386	427
Superannuation – defined benefit plans		123	147
Workers' compensation insurance		236	251
Fringe benefit tax (FBT)		14	–
Training costs (other than salaries and wages)		77	96
Other		56	53
<b>Total employee costs</b>		<b>6,222</b>	<b>6,606</b>
Less: capitalised costs		(171)	(342)
<b>TOTAL EMPLOYEE COSTS EXPENSED</b>		<b>6,051</b>	<b>6,264</b>
Number of 'full-time equivalent' employees (FTE)		92	90
<b>(b) Borrowing costs</b>			
<b>(i) Interest bearing liability costs</b>			
Interest on loans		326	241
<b>Total interest bearing liability costs expensed</b>		<b>326</b>	<b>241</b>
<b>(ii) Other borrowing costs</b>			
Nil			
<b>TOTAL BORROWING COSTS EXPENSED</b>		<b>326</b>	<b>241</b>
<b>(c) Materials and contracts</b>			
Raw materials and consumables		4,005	5,861
Contractor and consultancy costs			
– Garbage and recycle collection		224	222
– IT service contract		67	58
– Sealing contract		859	773
Auditors remuneration <sup>(1)</sup>		42	50
Legal expenses:			
– Legal expenses: debt recovery		21	38
– Legal expenses: other		11	27
<b>TOTAL MATERIALS AND CONTRACTS</b>		<b>5,229</b>	<b>7,029</b>

(continued on the next page...)

## The former Tumbarumba 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
<b>(c) Materials and contracts (continued)</b>			
<b>1. Auditor remuneration</b>			
During the period, the following fees were incurred for services provided by the Council's Auditor:			
<b>(i) Audit and other assurance services</b>			
		32	32
		10	18
		<b>42</b>	<b>50</b>
		<b>42</b>	<b>50</b>

\$ '000	Notes	Impairment costs		Depreciation/amortisation	
		Actual	Actual	Actual	Actual
		1/7/15 to 12/5/16	1/7/14 to 30/6/15	1/7/15 to 12/5/16	1/7/14 to 30/6/15
Plant and equipment		–	–	557	592
Office equipment		–	–	82	71
Furniture and fittings		–	–	18	22
Infrastructure:					
– Buildings – non-specialised		–	–	571	536
– Roads		–	–	1,311	1,321
– Bridges		–	–	220	354
– Footpaths		–	–	35	37
– Stormwater drainage		–	–	63	64
– Water supply network		–	–	436	423
– Sewerage network		–	–	261	216
Other assets					
– Heritage collections		–	–	3	3
– Library books		–	–	5	5
Asset reinstatement costs	9 & 26	–	–	10	10
<b>TOTAL DEPRECIATION AND IMPAIRMENT COSTS EXPENSED</b>		<b>–</b>	<b>–</b>	<b>3,572</b>	<b>3,654</b>

## The former Tumbarumba 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
<b>(e) Other expenses</b>			
Other expenses for the period include the following:			
Bad and doubtful debts		1	–
Emergency Services levy (includes FRNSW, SES, and RFS levies)		76	114
Councillor expenses – mayoral fee		20	22
Councillor expenses – councillors' fees and allowances		73	86
Councillors' expenses (incl. mayor) – other (excluding fees above)		27	41
Donations, contributions and assistance to other organisations (Section 356)		136	146
Electricity and heating		167	206
Insurance		464	449
Street lighting		26	31
Telephone and communications		64	75
Valuation fees		22	23
<b><u>TOTAL OTHER EXPENSES</u></b>		<b><u>1,076</u></b>	<b><u>1,193</u></b>

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

<b>Plant and equipment</b>			
Proceeds from disposal – plant and equipment		289	185
Less: carrying amount of plant and equipment assets sold/written off		(379)	(291)
<b>Net gain/(loss) on disposal</b>		<b><u>(90)</u></b>	<b><u>(106)</u></b>
<b>Land and buildings</b>			
Proceeds from disposal – land and buildings		636	339
Less: carrying amount of land and buildings assets sold / written off		(614)	(451)
<b>Net gain/(loss) on disposal</b>		<b><u>22</u></b>	<b><u>(112)</u></b>
<b>Real estate assets held for sale</b>			
Proceeds from disposal – real estate assets		158	30
Less: carrying amount of real estate assets sold/written off		(57)	(10)
<b>Net gain/(loss) on disposal</b>		<b><u>101</u></b>	<b><u>20</u></b>
<b><u>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</u></b>		<b><u>33</u></b>	<b><u>(198)</u></b>

## The former Tumbarumba Shire Council

## Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

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

\$ '000	Notes	12/5/16 Actual Current	12/5/16 Actual Non-current	30/6/15 Actual Current	30/6/15 Actual Non-current
<b>Cash and cash equivalents (Note 6a)</b>					
Cash on hand and at bank		2,029	–	2,557	–
<b>Total cash and cash equivalents</b>		<b>2,029</b>	<b>–</b>	<b>2,557</b>	<b>–</b>
<b>Investments (Note 6b)</b>					
– Long term deposits		10,508	–	8,021	–
<b>Total investments</b>		<b>10,508</b>	<b>–</b>	<b>8,021</b>	<b>–</b>
<b>TOTAL CASH ASSETS, CASH EQUIVALENTS AND INVESTMENTS</b>		<b>12,537</b>	<b>–</b>	<b>10,578</b>	<b>–</b>
<b>Cash, cash equivalents and investments were classified at end of period in accordance with AASB 139 as follows:</b>					
<b>Cash and cash equivalents</b>					
a. 'At fair value through the profit and loss'		2,029	–	2,557	–
<b>Investments</b>					
b. 'Held to maturity'	6(b-ii)	10,508	–	8,021	–
<b>Investments</b>		<b>10,508</b>	<b>–</b>	<b>8,021</b>	<b>–</b>
<b>Note 6(b-i)</b>					
<b>Reconciliation of investments classified as 'held to maturity'</b>					
Balance at beginning of period		8,021	–	6,500	–
Additions		2,487	–	1,521	–
<b>Balance at end of period</b>		<b>10,508</b>	<b>–</b>	<b>8,021</b>	<b>–</b>
<b>Comprising:</b>					
– Long term deposits		10,508	–	8,021	–
<b>Total</b>		<b>10,508</b>	<b>–</b>	<b>8,021</b>	<b>–</b>

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

## The former Tumbarumba 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	12,537	–	10,578	–
<b>attributable to:</b>				
External restrictions (refer below)	4,594	–	5,210	–
Internal restrictions (refer below)	7,005	–	5,162	–
Unrestricted	938	–	206	–
	<b>12,537</b>	<b>–</b>	<b>10,578</b>	<b>–</b>

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

Funds in trust	57	–	–	57
<b>External restrictions – included in liabilities</b>	<b>57</b>	<b>–</b>	<b>–</b>	<b>57</b>

##### External restrictions – other

Specific purpose unexpended grants (F)	744	30	–	774
Water supplies (G)	192	420	–	612
Sewerage services (G)	3,077	–	(683)	2,394
Domestic waste management (G)	205	–	(69)	136
Urban stormwater (G)	141	–	(16)	125
Specific purpose contributions (G)	49	–	–	49
Retirement village	745	–	(298)	447
<b>External restrictions – other</b>	<b>5,153</b>	<b>450</b>	<b>(1,066)</b>	<b>4,537</b>
<b>Total external restrictions</b>	<b>5,210</b>	<b>450</b>	<b>(1,066)</b>	<b>4,594</b>

**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 Tumbarumba 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
<b>Internal restrictions</b>				
Plant and vehicle replacement	1,239	–	(29)	1,210
Employees leave entitlement	400	–	–	400
Basalt quarry rehab	398	15	–	413
Capital projects reserve	1,529	1,761	–	3,290
Community services	353	56	–	409
Khancoban community reserve	26	–	–	26
Mannus quarry rehab	122	3	–	125
Other waste management	41	–	(36)	5
Private works contingency reserve	400	–	–	400
Quarry rehab and capital works	165	3	–	168
Replacement of office equipment	46	19	–	65
Television translator/radio	32	–	–	32
TumbaFest	54	17	–	71
Uncompleted works	357	34	–	391
<b>Total internal restrictions</b>	<b>5,162</b>	<b>1,908</b>	<b>(65)</b>	<b>7,005</b>
<b>TOTAL RESTRICTIONS</b>	<b>10,372</b>	<b>2,358</b>	<b>(1,131)</b>	<b>11,599</b>

## The former Tumbarumba 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
<b>Purpose</b>					
Rates and annual charges		796 <sup>1</sup>	–	322	–
Interest and extra charges		49	–	100	–
User charges and fees		3,408	11	4,801	11
Accrued revenues					
Other income accruals		81	–	70	–
Government grants and subsidies		485	–	498	–
<b>Total</b>		<b>4,819</b>	<b>11</b>	<b>5,791</b>	<b>11</b>
<b>Less: provision for impairment</b>					
User charges and fees		(2)	–	(1)	–
<b>Total provision for impairment – receivables</b>		<b>(2)</b>	<b>–</b>	<b>(1)</b>	<b>–</b>
<b><u>TOTAL NET RECEIVABLES</u></b>		<b><u>4,817</u></b>	<b><u>11</u></b>	<b><u>5,790</u></b>	<b><u>11</u></b>
<b>Externally restricted receivables</b>					
<b>Water supply</b>					
– Rates and availability charges		94	–	43	–
– Other		196	–	395	–
<b>Sewerage services</b>					
– Rates and availability charges		124	–	59	–
– Other		38	–	41	–
<b>Domestic waste management</b>		<b>99</b>	<b>–</b>	<b>43</b>	<b>–</b>
<b>Total external restrictions</b>		<b>551</b>	<b>–</b>	<b>581</b>	<b>–</b>
Nil					
<b>Unrestricted receivables</b>		<b>4,266</b>	<b>11</b>	<b>5,209</b>	<b>11</b>
<b><u>TOTAL NET RECEIVABLES</u></b>		<b><u>4,817</u></b>	<b><u>11</u></b>	<b><u>5,790</u></b>	<b><u>11</u></b>

<sup>1</sup> 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 Tumbarumba 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
<b>(a) Inventories</b>					
<b>(i) Inventories at cost</b>					
Real estate for resale (refer below)		261	–	318	–
Stores and materials		298	–	192	–
<b>Total inventories at cost</b>		<b>559</b>	<b>–</b>	<b>510</b>	<b>–</b>
<b>TOTAL INVENTORIES</b>		<b>559</b>	<b>–</b>	<b>510</b>	<b>–</b>
<b>(b) Other assets</b>					
Prepayments		61	–	39	–
<b>TOTAL OTHER ASSETS</b>		<b>61</b>	<b>–</b>	<b>39</b>	<b>–</b>

#### Externally restricted assets

There are no restrictions applicable to the above assets.

#### (i) Other disclosures

##### (a) Details for real estate development

Residential		261	–	318	–
<b>Total real estate for resale</b>		<b>261</b>	<b>–</b>	<b>318</b>	<b>–</b>

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

##### Represented by:

Acquisition costs		261	–	318	–
<b>Total real estate for resale</b>		<b>261</b>	<b>–</b>	<b>318</b>	<b>–</b>

##### Movements:

Real estate assets at beginning of period		318	–	328	–
– WDV of sales (expense)	5	(57)	–	(10)	–
<b>Total real estate for resale</b>		<b>261</b>	<b>–</b>	<b>318</b>	<b>–</b>

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

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

	12/5/16	30/6/15
Real estate for resale	199	256
	<b>199</b>	<b>256</b>

##### (c) Inventory write downs

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

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

## The former Tumbarumba 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	At	Accumulated	Carrying	Additions	Additions	Carrying	Depreciation	WIP	Adjustments	Revaluation	At	At	Accumulated	Carrying
	cost	fair value	depreciation	value	renewals	new assets	value of disposals	expense	transfers	and transfers	increments to equity (ARR)	cost	fair value	depreciation	value
Capital work in progress	2,278	–	–	2,278	333	–	–	–	(2,278)	–	–	333	–	–	333
Plant and equipment	–	10,536	4,848	5,688	478	43	(379)	(557)	–	–	–	–	10,223	4,950	5,273
Office equipment	–	1,343	775	568	5	–	–	(82)	–	–	–	–	1,348	857	491
Furniture and fittings	–	541	436	105	–	–	–	(18)	–	–	–	–	541	454	87
<b>Land:</b>															
– Operational land	–	3,545	–	3,545	–	192	(213)	–	–	–	–	–	3,524	–	3,524
– Community land	–	5,630	–	5,630	–	–	–	–	–	–	–	–	5,630	–	5,630
Land improvements – depreciable	–	75	–	75	–	3	–	–	–	–	–	–	79	1	78
<b>Infrastructure:</b>															
– Buildings and other structures	–	38,182	11,753	26,429	130	222	(401)	(571)	–	–	–	–	38,134	12,325	25,809
– Roads	–	161,571	41,599	119,972	999	21	–	(1,311)	–	–	–	–	162,591	42,910	119,681
– Bridges	–	28,991	12,835	16,156	155	–	–	(220)	–	–	–	–	29,146	13,055	16,091
– Footpaths	–	2,710	1,260	1,450	211	–	–	(35)	–	–	–	–	2,920	1,294	1,626
– Bulk earthworks (non-depreciable)	–	8,807	–	8,807	–	–	–	–	–	–	–	–	8,807	–	8,807
– Stormwater drainage	–	5,819	2,499	3,320	49	–	–	(63)	–	–	–	–	5,868	2,562	3,306
– Water supply network	–	32,608	12,656	19,952	153	27	–	(436)	–	–	293	–	33,278	13,289	19,989
– Sewerage network	–	20,974	8,804	12,170	5,473	–	–	(261)	2,278	–	179	–	29,039	9,200	19,839
<b>Other assets:</b>															
– Heritage collections	–	172	12	160	–	–	–	(3)	–	–	–	–	172	15	157
– Library books	–	25	11	14	–	–	–	(5)	–	–	–	–	25	16	9
<b>Reinstatement, rehabilitation and restoration assets (refer Note 26):</b>															
– Tip assets	–	66	61	5	–	–	–	(6)	–	2	–	–	68	67	1
– Quarry assets	–	66	31	35	–	–	–	(4)	–	4	–	–	71	36	35
<b>TOTAL INFRASTRUCTURE, PROPERTY, PLANT AND EQUIP.</b>	<b>2,278</b>	<b>321,661</b>	<b>97,580</b>	<b>226,359</b>	<b>7,986</b>	<b>508</b>	<b>(993)</b>	<b>(3,572)</b>	<b>–</b>	<b>6</b>	<b>472</b>	<b>333</b>	<b>331,464</b>	<b>101,031</b>	<b>230,766</b>

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 Tumbarumba 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
<b>Water supply</b>								
Plant and equipment	–	53	46	7	–	53	46	7
Land								
– Operational land	–	265	–	265	–	265	–	265
Buildings	–	269	93	176	–	268	92	176
Infrastructure	–	33,278	13,290	19,988	–	32,608	12,656	19,952
Other assets	–	12	–	12	–	12	–	12
<b>Total water supply</b>	<b>–</b>	<b>33,877</b>	<b>13,429</b>	<b>20,448</b>	<b>–</b>	<b>33,206</b>	<b>12,794</b>	<b>20,412</b>
<b>Sewerage services</b>								
WIP	–	–	–	–	–	2,278	–	2,278
Plant and equipment	–	192	184	8	–	192	183	9
Land								
– Operational land	–	154	–	154	–	154	–	154
Buildings	–	156	78	78	–	156	78	78
Infrastructure	–	29,039	9,200	19,839	–	20,973	8,804	12,169
<b>Total sewerage services</b>	<b>–</b>	<b>29,541</b>	<b>9,462</b>	<b>20,079</b>	<b>–</b>	<b>23,753</b>	<b>9,065</b>	<b>14,688</b>
<b>Domestic waste management</b>								
Plant and equipment	–	50	49	1	–	50	49	1
Land								
– Operational land	–	436	–	436	–	436	–	436
Buildings	–	156	19	137	–	155	17	139
Other structures	–	123	78	45	–	115	24	91
<b>Total DWM</b>	<b>–</b>	<b>765</b>	<b>146</b>	<b>619</b>	<b>–</b>	<b>756</b>	<b>90</b>	<b>666</b>
<b>TOTAL RESTRICTED I,PP&amp;E</b>	<b>–</b>	<b>64,183</b>	<b>23,037</b>	<b>41,146</b>	<b>–</b>	<b>57,715</b>	<b>21,949</b>	<b>35,766</b>

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 Tumbarumba 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
<b>Payables</b>					
Goods and services – operating expenditure		1,542	–	1,685	–
Payments received in advance		391	–	9	–
Accrued expenses:					
– Salaries and wages		101	–	152	–
– Other expenditure accruals		49	–	52	–
Security bonds, deposits and retentions		445	–	656	–
Other		60	–	57	–
<b>Total payables</b>		<b>2,588</b>	<b>–</b>	<b>2,611</b>	<b>–</b>
<b>Borrowings</b>					
Loans – secured <sup>1</sup>		366	6,425	203	3,438
<b>Total borrowings</b>		<b>366</b>	<b>6,425</b>	<b>203</b>	<b>3,438</b>
<b>Provisions</b>					
<b>Employee benefits:</b>					
Annual leave		570	–	516	–
Long service leave		1,361	46	1,153	92
Other leave – RDO		48	–	37	–
<b>Sub-total – aggregate employee benefits</b>		<b>1,979</b>	<b>46</b>	<b>1,706</b>	<b>92</b>
Asset remediation/restoration (future works)	26	–	158	–	151
<b>Total provisions</b>		<b>1,979</b>	<b>204</b>	<b>1,706</b>	<b>243</b>
<b><u>TOTAL PAYABLES, BORROWINGS AND PROVISIONS</u></b>		<b><u>4,933</u></b>	<b><u>6,629</u></b>	<b><u>4,520</u></b>	<b><u>3,681</u></b>
<b>(i) Liabilities relating to restricted assets</b>					
		12/5/16 Current	12/5/16 Non-current	30/6/15 Current	30/6/15 Non-current
<b>Externally restricted assets</b>					
Water		52	947	57	974
Sewer		257	3,511	140	1,091
Domestic waste management		20	304	35	313
Other		57	–	57	–
<b>Liabilities relating to externally restricted assets</b>		<b>386</b>	<b>4,762</b>	<b>289</b>	<b>2,378</b>
<b>Internally restricted assets</b>					
Nil					
<b>Total liabilities relating to restricted assets</b>		<b>386</b>	<b>4,762</b>	<b>289</b>	<b>2,378</b>
<b>Total liabilities relating to unrestricted assets</b>		<b>4,547</b>	<b>1,867</b>	<b>4,231</b>	<b>1,303</b>
<b><u>TOTAL PAYABLES, BORROWINGS AND PROVISIONS</u></b>		<b><u>4,933</u></b>	<b><u>6,629</u></b>	<b><u>4,520</u></b>	<b><u>3,681</u></b>

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

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

## The former Tumbarumba 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
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#### (ii) Current liabilities not anticipated to be settled within the next twelve months

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

Provisions – employees benefits	1,362	1,153
	<u>1,362</u>	<u>1,153</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	
Annual leave	516	54	–	–	–	570
Long service leave	1,245	162	–	–	–	1,407
Other leave (enter detai	37	11	–	–	–	48
Asset remediation	151	–	–	7	–	158
<b>TOTAL</b>	<b>1,949</b>	<b>227</b>	<b>–</b>	<b>7</b>	<b>–</b>	<b>2,183</b>

- 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 Tumbarumba 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
<b>(a) Reconciliation of cash assets</b>			
Total cash and cash equivalent assets	6a	2,029	2,557
<b>Balance as per the Statement of Cash Flows</b>		<b>2,029</b>	<b>2,557</b>
<b>(b) Reconciliation of net operating result to cash provided from operating activities</b>			
<b>Net operating result from Income Statement</b>		<b>1,631</b>	<b>4,900</b>
<b>Adjust for non-cash items:</b>			
Depreciation and amortisation		3,572	3,654
Net losses/(gains) on disposal of assets		(33)	198
Non-cash capital grants and contributions		–	(279)
Unwinding of discount rates on reinstatement provisions		7	9
<b>+/- Movement in operating assets and liabilities and other cash items:</b>			
Decrease/(increase) in receivables		972	4,341
Increase/(decrease) in provision for doubtful debts		1	(10)
Decrease/(increase) in inventories		(106)	45
Decrease/(increase) in other assets		(22)	24
Increase/(decrease) in payables		(143)	(1,860)
Increase/(decrease) in other accrued expenses payable		(54)	26
Increase/(decrease) in other liabilities		174	127
Increase/(decrease) in employee leave entitlements		227	(43)
<b>Net cash provided from/(used in) operating activities from the Statement of Cash Flows</b>		<b>6,226</b>	<b>11,132</b>
<b>(c) Non-cash investing and financing activities</b>			
Bushfire grants		–	279
<b>Total non-cash investing and financing activities</b>		<b>–</b>	<b>279</b>
<b>(d) Financing arrangements</b>			
Nil			

## The former Tumbarumba 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
<b>(a) Capital commitments (exclusive of GST)</b>			
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
<b>Property, plant and equipment</b>			
Buildings		265	–
Plant and equipment		290	136
Sewer treatment plant		–	5,723
<b>Total commitments</b>		<b>555</b>	<b>5,859</b>
<b>These expenditures are payable as follows:</b>			
Within the next year		555	5,859
<b>Total payable</b>		<b>555</b>	<b>5,859</b>
<b>Sources for funding of capital commitments:</b>			
Unrestricted general funds		–	31
Future grants and contributions		–	2,193
Externally restricted reserves		–	897
Internally restricted reserves		555	38
New loans (to be raised)		–	2,700
<b>Total sources of funding</b>		<b>555</b>	<b>5,859</b>

#### (b) Finance lease commitments

Nil

#### (c) Operating lease commitments (non-cancellable)

Nil

#### (d) Investment property commitments

Nil

## The former Tumbarumba 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
<b>Local government industry indicators – consolidated</b>				
<b>1. Operating performance ratio</b>				
Total continuing operating revenue <sup>(1)</sup> excluding capital grants and contributions less operating expenses	<u>(730)</u>	<b>-4.70%</b>	-2.76%	-2.66%
Total continuing operating revenue <sup>(1)</sup> excluding capital grants and contributions	<b>15,524</b>			
<b>2. Own source operating revenue ratio</b>				
Total continuing operating revenue <sup>(1)</sup> excluding all grants and contributions	<u>10,904</u>	<b>61.08%</b>	52.20%	56.98%
Total continuing operating revenue <sup>(1)</sup>	<b>17,852</b>			
<b>3. Unrestricted current ratio</b>				
Current assets less all external restrictions <sup>(2)</sup>	<u>12,630</u>	<b>3.97x</b>	3.53x	2.82x
Current liabilities less specific purpose liabilities <sup>(3, 4)</sup>	<b>3,185</b>			
<b>4. Debt service cover ratio</b>				
Operating result <sup>(1)</sup> before capital excluding interest and depreciation/impairment/amortisation	<u>3,168</u>	<b>5.70x</b>	6.94x	9.20x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	<b>556</b>			
<b>5. Rates, annual charges, interest and extra charges outstanding percentage</b>				
Rates, annual and extra charges outstanding	<u>845</u>	<b>20.51%</b>	9.72%	11.74%
Rates, annual and extra charges collectible	<b>4,119</b>			
<b>6. Cash expense cover ratio</b>				
Current period's cash and cash equivalents plus all term deposits	<u>12,537</u>	<b>10.34 mths</b>	6.8 mths	7.1 mths
Payments from cash flow of operating and financing activities	<b>1,212</b>			

#### 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 Tumbarumba 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 <sup>5</sup> 12/5/16
<b>Local government industry indicators – by fund</b>			
<b>1. Operating performance ratio</b>			
Total continuing operating revenue <sup>(1)</sup> excluding capital grants and contributions less operating expenses	<b>-0.48%</b>	<b>-0.54%</b>	<b>-5.24%</b>
Total continuing operating revenue <sup>(1)</sup> excluding capital grants and contributions	prior period: -9.90%	14.96%	-3.16%
<b>2. Own source operating revenue ratio</b>			
Total continuing operating revenue <sup>(1)</sup> excluding all grants and contributions	<b>94.37%</b>	<b>24.87%</b>	<b>65.74%</b>
Total continuing operating revenue <sup>(1)</sup>	prior period: 70.88%	32.63%	53.09%
<b>3. Unrestricted current ratio</b>			
Current assets less all external restrictions <sup>(2)</sup>	<b>17.35x</b>	<b>9.95x</b>	<b>3.97x</b>
Current liabilities less specific purpose liabilities <sup>(3,4)</sup>	prior period: 11.05x	22.69x	3.53x
<b>4. Debt service cover ratio</b>			
Operating result <sup>(1)</sup> before capital excluding interest and depreciation/impairment/amortisation	<b>5.49x</b>	<b>1.26x</b>	<b>13.94x</b>
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	prior period: 4.31x	2.22x	11.46x
<b>5. Rates, annual charges, interest and extra charges outstanding percentage</b>			
Rates, annual and extra charges outstanding	<b>21.81%</b>	<b>22.59%</b>	<b>19.97%</b>
Rates, annual and extra charges collectible	prior period: 9.15%	9.93%	9.77%
<b>6. Cash expense cover ratio</b>			
Current period's cash and cash equivalents plus all term deposits	<b>12.66 mths</b>	<b>10.17 mths</b>	<b>10.25 mths</b>
Payments from cash flow of operating and financing activities	prior period: 3.16 mths	12.75 mths	6.76 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 Tumbarumba 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
<b>Financial assets</b>				
Cash and cash equivalents	2,029	2,557	2,029	2,557
Investments				
– 'Held to maturity'	10,508	8,021	10,508	8,021
Receivables	4,828	5,801	4,586	5,801
<b>Total financial assets</b>	<b>17,365</b>	<b>16,379</b>	<b>17,123</b>	<b>16,379</b>
<b>Financial liabilities</b>				
Payables	2,197	2,602	2,197	2,602
Loans/advances	6,791	3,641	6,791	3,641
<b>Total financial liabilities</b>	<b>8,988</b>	<b>6,243</b>	<b>8,988</b>	<b>6,243</b>

Fair value is determined as follows:

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

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

## The former Tumbarumba 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.

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

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

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

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

	Increase of values/rates		Decrease of values/rates	
	Profit	Equity	Profit	Equity
<b>1/7/15 to 12/5/16</b>				
Possible impact of a 1% movement in interest rates	126	126	(126)	(126)
<b>1/7/14 to 30/6/15</b>				
Possible impact of a 1% movement in interest rates	106	106	(106)	(106)

## The former Tumbarumba 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 and carries out credit checks on most non-rate debtors.

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

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

	12/5/16 Rates and annual charges	12/5/16 Other receivables	30/6/15 Rates and annual charges	30/6/15 Other receivables
<b>(i) Ageing of receivables – %</b>				
Current (not yet overdue)	80%	85%	30%	95%
Overdue	20%	15%	70%	5%
	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

		12/5/16 Rates and annual charges	12/5/16 Other receivables	30/6/15 Rates and annual charges	30/6/15 Other receivables
<b>(ii) Ageing of receivables – value</b>					
<b>Rates and annual charges</b>	<b>Other receivables</b>				
Current	Current	648	3,395	–	5,162
< 1 year overdue	0 – 30 days overdue	108	72	224	121
1 – 2 years overdue	30 – 60 days overdue	40	390	98	21
2 – 5 years overdue	60 – 90 days overdue	–	36	–	23
> 5 years overdue	> 90 days overdue	–	141	–	153
		<b>796</b>	<b>4,034</b>	<b>322</b>	<b>5,480</b>

##### (iii) Movement in provision for impairment of receivables

	12/5/16	30/6/15
Balance at the beginning of the period	1	11
+ new provisions recognised during the period	1	–
– amounts already provided for and written off this period	–	(10)
<b>Balance at the end of the period</b>	<b>2</b>	<b>1</b>

## The former Tumbarumba 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		
<b>1/7/15 to 12/5/16</b>									
Trade/other payables	445	1,754	–	–	–	–	–	2,199	2,197
Loans and advances	–	763	694	694	694	694	7,010	10,549	6,791
<b>Total financial liabilities</b>	<b>445</b>	<b>2,517</b>	<b>694</b>	<b>694</b>	<b>694</b>	<b>694</b>	<b>7,010</b>	<b>12,748</b>	<b>8,988</b>
<b>1/7/14 to 30/6/15</b>									
Trade/other payables	656	1,889	57	–	–	–	–	2,602	2,602
Loans and advances	–	437	437	437	437	437	3,784	5,969	3,641
<b>Total financial liabilities</b>	<b>656</b>	<b>2,326</b>	<b>494</b>	<b>437</b>	<b>437</b>	<b>437</b>	<b>3,784</b>	<b>8,571</b>	<b>6,243</b>

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

The following interest rates were applicable to Council's borrowings at balance date:	12/5/16 Carrying value	12/5/16 Average interest rate	30/6/15 Carrying value	30/6/15 Average interest rate
Trade/other payables	2,197	nil	2,602	nil
Loans and advances – fixed interest rate	6,791	6.05%	3,641	6.50%
	<u>8,988</u>		<u>6,243</u>	

#### Note 16. Material budget variations

This note not required for merger Councils.

## The former Tumbarumba 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 currently has no S94 Developer Contribution Plans or S94 Funds on hand from prior years.

#### Note 18. Contingencies and other assets/liabilities not recognised

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

##### LIABILITIES NOT RECOGNISED:

##### 1. Guarantees

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

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

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

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 it's 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.

The Local Government Superannuation Scheme - Pool B (the Scheme) is a defined benefit plan that has been deemed to be a 'multi-employer fund' for purposes of AASB119. Sufficient information under AASB119 is not available to account for the Scheme as a defined benefit plan, because the assets to the Scheme are pooled together for all employers.

The amount of employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the period ending 12 May 2016 was \$116K. The last valuation of the Scheme was performed by Mr Richard Boyfield FIAA during 2015/2016 and covers the period ended 30 June 2016. However the position is monitored annually and the Actuary has estimated that as at 30th June 2016 a deficit still exists. Effective from 1 July 2014, employers are required to contribute additional contributions to assist in extinguishing this deficit. The annual amount of additional contributions payable until the deficit is extinguished is \$60K. The additional contributions remitted during the year is included in the total employer contributions set out in the beginning of this paragraph.

The share of this deficit that can be broadly attributed to Tumbarumba Shire Council was estimated to be in order of \$112K as at 30 June 2016.

Whilst this valuation is based on a different date from the reporting period end, Council has determined that the impact of using this valuation would not be materially different from a valuation performed at 12 May 2016.

## The former Tumbarumba 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):

###### (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.

##### 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.

##### 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 Tumbarumba 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)

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\$ '000

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

##### **(iii) Investment in Southern Phones**

Council owns 2 shares (of 82 shares) of a Company Limited by shares. The net assets of the Southern Phones is approximately \$20 million, of which Tumbarumba Shire Council has a 1 in 41 shareholding, this represents an ownership interest of approximately \$550K. Financial statements for Southern Phones for 2016 are not currently available.

#### Note 19. Interests in other entities

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Council has no material interest in any controlled entities, joint arrangements or associates.

## The former Tumbarumba 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
<b>(a) Retained earnings</b>			
<b>Movements in retained earnings were as follows:</b>			
Balance at beginning of period (from previous year's audited accounts)		110,410	105,510
a. Net operating result for the period		1,631	4,900
<b>Balance at end of the reporting period</b>		<b>112,041</b>	<b>110,410</b>
<b>(b) Revaluation reserves</b>			
<b>(i) Reserves are represented by:</b>			
– Infrastructure, property, plant and equipment revaluation reserve		125,148	124,676
<b>Total</b>		<b>125,148</b>	<b>124,676</b>
<b>(ii) Reconciliation of movements in reserves:</b>			
<b>Infrastructure, property, plant and equipment revaluation reserve</b>			
– Opening balance		124,676	70,246
– Revaluations for the period	9(a)	472	54,430
<b>– Balance at end of period</b>		<b>125,148</b>	<b>124,676</b>
<b>TOTAL VALUE OF RESERVES</b>		<b>125,148</b>	<b>124,676</b>

#### **(iii) Nature and purpose of reserves**

##### **Infrastructure, property, plant and equipment revaluation reserve**

– The infrastructure, property, plant and equipment revaluation reserve is used to record increments/decrements of non-current asset values due to their revaluation.

#### **(c) Correction of error/s relating to a previous reporting period**

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

#### **(d) Voluntary changes in accounting policies**

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

#### **(e) Changes in accounting estimates**

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

## The former Tumbarumba 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			
<b>Continuing operations</b>	<b>Water</b>	<b>Sewer</b>	<b>General<sup>1</sup></b>
<b>Income from continuing operations</b>			
Rates and annual charges <sup>2</sup>	431	549	2,673
User charges and fees	563	93	5,964
Interest and investment revenue	25	53	291
Other revenues	3	–	259
Grants and contributions provided for operating purposes	11	41	4,568
Grants and contributions provided for capital purposes	50	2,059	219
<b>Other income</b>			
Net gains from disposal of assets	–	–	33
<b>Total income from continuing operations</b>	<b>1,083</b>	<b>2,795</b>	<b>14,007</b>
<b>Expenses from continuing operations</b>			
Employee benefits and on-costs	133	113	5,805
Borrowing costs	68	147	111
Materials and contracts	315	147	4,767
Depreciation and amortisation	443	267	2,862
Other expenses	79	66	931
<b>Total expenses from continuing operations</b>	<b>1,038</b>	<b>740</b>	<b>14,476</b>
<b>Operating result from continuing operations</b>	<b>45</b>	<b>2,055</b>	<b>(469)</b>
<b>Net operating result for the period</b>	<b>45</b>	<b>2,055</b>	<b>(469)</b>
<b>Net operating result attributable to each council fund</b>	<b>45</b>	<b>2,055</b>	<b>(469)</b>
<b>Net operating result for the period before grants and contributions provided for capital purposes</b>	<b>(5)</b>	<b>(4)</b>	<b>(688)</b>

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

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

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

## The former Tumbarumba 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
<b>ASSETS</b>	<b>Water</b>	<b>Sewer</b>	<b>General<sup>1</sup></b>
<b>Current assets</b>			
Cash and cash equivalents	612	394	1,023
Investments	–	2,000	8,508
Receivables	290	162	4,365
Inventories	–	–	559
Other	–	–	61
<b>Total current assets</b>	<b>902</b>	<b>2,556</b>	<b>14,516</b>
<b>Non-current assets</b>			
Receivables	–	–	11
Infrastructure, property, plant and equipment	20,448	20,079	190,239
<b>Total non-current assets</b>	<b>20,448</b>	<b>20,079</b>	<b>190,250</b>
<b>TOTAL ASSETS</b>	<b>21,350</b>	<b>22,635</b>	<b>204,766</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	22	23	2,543
Borrowings	30	234	102
Provisions	–	–	1,979
<b>Total current liabilities</b>	<b>52</b>	<b>257</b>	<b>4,624</b>
<b>Non-current liabilities</b>			
Borrowings	947	3,511	1,967
Provisions	–	–	204
<b>Total non-current liabilities</b>	<b>947</b>	<b>3,511</b>	<b>2,171</b>
<b>TOTAL LIABILITIES</b>	<b>999</b>	<b>3,768</b>	<b>6,795</b>
<b>Net assets</b>	<b>20,351</b>	<b>18,867</b>	<b>197,971</b>
<b>EQUITY</b>			
Retained earnings	8,956	12,279	90,806
Revaluation reserves	11,395	6,588	107,165
<b>Total equity</b>	<b>20,351</b>	<b>18,867</b>	<b>197,971</b>

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

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

## The former Tumbarumba 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

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\$ '000

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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 15/12/16.

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

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

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

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

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

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

**Amalgamation of operations for the former Tumbarumba Shire Council to form Snowy Valleys 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 Tumbarumba Shire Council would be amalgamated with Tumut Shire Council to form the new council Snowy Valleys Council.

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

The proclamation ensures that any reference in any document to the former Tumbarumba Shire Council is to be read as a reference to Snowy Valleys Council, and that anything done by the former Tumbarumba Shire Council before the amalgamation is taken to have been done by Snowy Valleys 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 Tumbarumba Shire Council and its financial performance for the period 1 July 2015 to 12 May 2016.

## The former Tumbarumba 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
Tip asset – Khancoban tip	2019	69	69
Quarry asset – Mannus Hill quarry	2036	62	56
Quarry assets – Murray's Crossing quarry	2025	27	26
<b>Balance at end of the reporting period</b>	10(a)	<b>158</b>	<b>151</b>

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.

Specific uncertainties relating to the final costs and the assumptions made in determining the amounts of provisions include:

<b>Reconciliation of movement in provision for the period:</b>	12/5/16	30/6/15
Balance at beginning of period	151	142
Effect of a change in discount rates used in PV calculations	7	9
<b>Total – reinstatement, rehabilitation and restoration provision</b>	<b>158</b>	<b>151</b>

## The former Tumbarumba Shire Council

### Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

#### Note 27. Fair value measurement

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\$ '000

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

– Infrastructure, property, plant and equipment

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

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

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

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

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

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

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

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

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

## The former Tumbarumba 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:

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	
<b>Recurring fair value measurements</b>					
<b>Infrastructure, property, plant and equipment</b>					
Plant and equipment	30/06/15	–	–	5,273	5,273
Office equipment	30/06/15	–	–	491	491
Furniture and fittings	30/06/15	–	–	87	87
Operational land	30/06/13	–	–	3,524	3,524
Community land	30/06/13	–	–	5,630	5,630
Land improvements	30/06/13	–	–	78	78
Buildings non-specialised and other structures	30/06/13	–	–	25,809	25,809
Roads	30/06/15	–	–	137,398	137,398
Bulk earthworks	30/06/15	–	–	8,807	8,807
Stormwater drainage	30/06/15	–	–	3,306	3,306
Water supply network	30/06/12	–	–	19,989	19,989
Sewerage network	30/06/12	–	–	19,839	19,839
Heritage collection	30/06/13	–	–	157	157
Library books	30/06/13	–	–	9	9
Tips and quarries	30/06/13	–	–	36	36
<b>Total infrastructure, property, plant and equipment</b>		<b>–</b>	<b>–</b>	<b>230,433</b>	<b>230,433</b>

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	
<b>Recurring fair value measurements</b>					
<b>Infrastructure, property, plant and equipment</b>					
Plant and equipment	30/06/15	–	–	5,688	5,688
Office equipment	30/06/15	–	–	568	568
Furniture and fittings	30/06/15	–	–	105	105
Operational land	30/06/13	–	–	3,545	3,545
Community land	30/06/13	–	–	5,630	5,630
Land improvements	30/06/13	–	–	75	75
Buildings non-specialised and other structures	30/06/13	–	–	26,429	26,429
Roads	30/06/15	–	–	135,874	135,874
Bulk earthworks	30/06/15	–	–	8,807	8,807
Stormwater drainage	30/06/15	–	–	3,320	3,320
Water supply network	30/06/12	–	–	19,952	19,952
Sewerage network	30/06/12	–	–	14,448	14,448
Heritage collection	30/06/13	–	–	160	160
Library books	30/06/13	–	–	14	14
Tips and quarries	30/06/13	–	–	40	40
<b>Total infrastructure, property, plant and equipment</b>		<b>–</b>	<b>–</b>	<b>224,655</b>	<b>224,655</b>

## The former Tumbarumba Shire Council

### Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

#### Note 27. Fair value measurement (continued)

\$ '000

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

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

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

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

	Plant and equipment	Office equipment	Furniture and fittings	Operational land	Total
<b>Opening balance – 1/7/14</b>	5,460	140	127	3,573	9,300
Purchases (GBV)	1,111	499	–	2	1,612
Disposals (WDV)	(291)	–	–	(30)	(321)
Depreciation and impairment	(592)	(71)	(22)	–	(685)
<b>Closing balance – 30/6/15</b>	<b>5,688</b>	<b>568</b>	<b>105</b>	<b>3,545</b>	<b>9,906</b>
Purchases (GBV)	521	5	–	192	718
Disposals (WDV)	(379)	–	–	(213)	(592)
Depreciation and impairment	(557)	(82)	(18)	–	(657)
<b>Closing balance – 12/5/16</b>	<b>5,273</b>	<b>491</b>	<b>87</b>	<b>3,524</b>	<b>9,375</b>
	Community land	Land improvement	Buildings and other structures	Roads, bridges and footpaths	Total
<b>Opening balance – 1/7/14</b>	5,627	30	22,421	86,733	114,811
Purchases (GBV)	3	45	4,965	1,010	6,023
Disposals (WDV)	–	–	(421)	–	(421)
Depreciation and impairment	–	–	(536)	(1,712)	(2,248)
FV gains – other comprehensive income	–	–	–	51,547	51,547
<b>Closing balance – 30/6/15</b>	<b>5,630</b>	<b>75</b>	<b>26,429</b>	<b>137,578</b>	<b>169,712</b>
Purchases (GBV)	–	3	352	1,386	1,741
Disposals (WDV)	–	–	(401)	–	(401)
Depreciation and impairment	–	–	(571)	(1,566)	(2,137)
<b>Closing balance – 12/5/16</b>	<b>5,630</b>	<b>78</b>	<b>25,809</b>	<b>137,398</b>	<b>168,915</b>

## The former Tumbarumba 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). Fair value measurements using significant unobservable inputs (level 3) (continued)

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

	Bulk earthworks	Stormwater drainage	Water supply network	Sewerage network	Total
<b>Opening balance – 1/7/14</b>	8,807	1,003	19,390	12,114	41,314
Purchases (GBV)	–	6	691	2,336	3,033
Depreciation and impairment	–	(64)	(423)	(216)	(703)
FV gains – other comprehensive income	–	2,375	294	214	2,883
<b>Closing balance – 30/6/15</b>	<b>8,807</b>	<b>3,320</b>	<b>19,952</b>	<b>14,448</b>	<b>46,527</b>
Purchases (GBV)	–	49	180	5,473	5,702
Depreciation and impairment	–	(63)	(436)	(261)	(760)
FV gains – other comprehensive income	–	–	293	179	472
<b>Closing balance – 12/5/16</b>	<b>8,807</b>	<b>3,306</b>	<b>19,989</b>	<b>19,839</b>	<b>51,941</b>

	Tips and quarries	Heritage collection	Library books	Total
<b>Opening balance – 1/7/14</b>	38	163	19	220
Depreciation and impairment	2	(3)	(5)	(6)
<b>Closing balance – 30/6/15</b>	<b>40</b>	<b>160</b>	<b>14</b>	<b>214</b>
Depreciation and impairment	(5)	(3)	(5)	(13)
<b>Closing balance – 12/5/16</b>	<b>35</b>	<b>157</b>	<b>9</b>	<b>201</b>

## The former Tumbarumba 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)

##### a. 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
<b>I,PP&amp;E</b>			
Operational land	3,524	Land values	Cost per sq meter, Valuer General's valuation
Community land	5,630	Land values	Cost per sq meter, Valuer General's valuation
Building and other structures	38,134	Gross replacement cost	Cost per unit, pattern of consumption, useful life, asset condition
Roads, bridges and footpaths	194,657	Gross replacement cost	Cost per sq metre, dimensions and specification, pattern of consumption, components, useful life, residual value, asset condition
Bulk earthworks	8,807	Gross replacement cost	Cost per cubic metre
Stormwater drainage	5,868	Gross replacement cost	Cost per unit per metre, pattern of consumption
Water supply network	33,278	Gross replacement cost	Unit rates, pattern of consumption, components, useful life, residual value, asset condition
Sewerage network	29,039	Gross replacement cost	Unit rates, pattern of consumption, components, useful life, residual value, asset condition

##### b. The valuation process for level 3 fair value measurements

Council assesses the expertise required for the valuation of all assets classes in determining who will undertake the valuations. All asset classes with the exception of Operational and Community Land and Buildings are undertaken by council's assets officer in conjunction with the various technical staff.

Operational Land and Building valuations are conducted by a qualified external valuer, Community Land is valued using the Valuer Generals valuation.

Management reviews the valuations reports for consistency and accuracy and to ensure all valuations movements are fully explained.

## The former Tumbarumba Shire Council

### Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

#### Note 28. Council information and contact details

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**Principal place of business:**

Corner Bridge and Winton Streets  
TUMBARUMBA NSW 2653

**Contact details**

**Mailing address:**

PO Box 61  
TUMBARUMBA NSW 2653

**Opening hours:**

8.30am - 5.00pm  
Monday to Friday

**Telephone:** 02 6948 9100

**Facsimile:** 02 6948 2865

**Internet:** [www.tumbashire.nsw.gov.au](http://www.tumbashire.nsw.gov.au)

**Email:** [mail@tumbashire.nsw.gov.au](mailto:mail@tumbashire.nsw.gov.au)

**Officers**

**INTERIM GENERAL MANAGER**

Kay Whitehead

**RESPONSIBLE ACCOUNTING OFFICER**

John Proctor

**Members**

**ADMINISTRATOR**

Paul Sullivan

**Other information**

**ABN:** 95 644 350 020

## **INDEPENDENT AUDIT REPORT TO THE FORMER TUMBARUMBA SHIRE COUNCIL (SECTION 417(2) – REPORT ON THE GENERAL PURPOSE FINANCIAL STATEMENTS)**

### **SCOPE**

We have audited the accompanying financial statements of the former Tumbarumba 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 year 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) (a) and (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.

### **AUDITOR'S 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 present 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, statement of cash flows, Notes 2(a) and 16 to the financial statements nor the attached Special Schedules 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.

## INDEPENDENCE

In conducting our audit, we have complied with the independence requirements of the Accounting Professional and Ethical Standards Board.

## 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.

## EMPHASIS OF MATTER – GOING CONCERN

Without qualification to the opinion expressed above, attention is drawn to the following matter. As indicated in Note 1(a)(vii) and Note 23, on the 12 May 2016 the Local Government (Council Amalgamations) Proclamation 2016 announced that effective from midnight on 12 May 2016, the operations of the former Tumbarumba Shire Council would be amalgamated with the former Tumut Shire Council to form the new council Snowy Valleys Council.

These financial statements have been prepared on a going concern basis despite the proclamation automatically resulting in the transfer the assets, rights and liabilities of the former Tumbarumba Shire Council to Snowy Valleys Council on 13 May 2016. Accordingly these financial statements for the former Tumbarumba Shire Council have been prepared to 12 May 2016.



**CROWE HORWATH AUSWILD**



**BRADLEY D BOHUN**

Partner

Dated at Albury this 15<sup>th</sup> day of December 2016.

# Report on the Conduct of the Audit

The former Tumbarumba Shire Council

For the Period Ended 12 May 2016

# Contents

1	Report on the Conduct of Audit .....	3
2	Operating Result .....	5
3	Financial Position .....	7
4	Performance Indicators .....	8
5	Specific Balance Sheet Items.....	10
6	Other Matters .....	12

# 1 Report on the Conduct of Audit

We have completed our audit of the financial statements for the former Tumbarumba Shire Council (Council) for the period ended 12 May 2016, in accordance with Section 415 of the Local Government Act, 1993. Our audit opinion under Section 417(2) has been issued to Council and this report on the conduct of the audit should be read in conjunction with the audit opinion.

The Council is responsible for the preparation and presentation of the financial statements and the information they contain. The financial statements consist of the general purpose financial statements and Council's statement in the approved form required by Section 413 (2) and (3) respectively of the Local Government Act 1993.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial statements are free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosure in the financial statements, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether in all material respects, the financial statements are presented fairly in accordance with Australian Accounting Standards and statutory requirements so as to present a view which is consistent with our understanding of the Council's financial position, the results of its operations and its cash flows.

Our engagement is summarised as:

Nature of Engagement	Opinion	Basis of Preparation
General purpose financial statements	Unqualified with an emphasis of matter	Going concern Not for Profit entity Amalgamation reference regarding the creation of Snowy Valleys Council
Special purpose financial statements	Unqualified with an emphasis of matter regarding basis of preparation	National Competition Policy requirements by area of business activity

Following from our audit there are a number of comments we wish to raise concerning Council's financial statements. These comments are set out in this report below.

## 1.1 Local Government (Council Amalgamations) Proclamation 2016

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 Tumbarumba Shire Council would be amalgamated with the former Tumut Shire Council to form the new council Snowy Valleys Council.

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

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

The following matters are significant to the preparation of the financial statements as a result of the amalgamation proclamation:

- Going concern – Council have disclosed in Note 1(a)(vii) that the financial statements of the former Tumbarumba Shire Council have been prepared on a going concern basis. The Council have stated that this is appropriate as the business of the former Council is continuing through the Snowy Valleys Council, it has not been liquidated and all relevant staff, assets, rights, liabilities and responsibilities of the former Council are transferred to Snowy Valleys Council.
- Revenue recognition for rates – In accordance with Australian Accounting Standards the Council has recognised 100% of the rates revenue for the 2015-2016 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 rate revenue recognised in the financial statements represents income to the Council for the full rating year and a 12 May 2016 cut-off has not been applied.
- Revenue recognition for Financial Assistance Grants (FAGs) – In accordance with Australian Accounting Standards Council has also recognised 100% of the FAGs revenue for the period 1 July 2015 to 12 May 2016. Grants are recognised on receipt or upon earlier notification that the grant has been secured. As a consequence these financial statements include all the 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 Valleys Council.
- Subsequent events – Council have disclosed the amalgamation event in Note 23. *Events occurring after the reporting date* of the financial statements in accordance with Australian Accounting Standards.

## 2 Operating Result

The former Tumbarumba Shire Council was a rural based Council in Southern New South Wales, whose affairs are governed by:

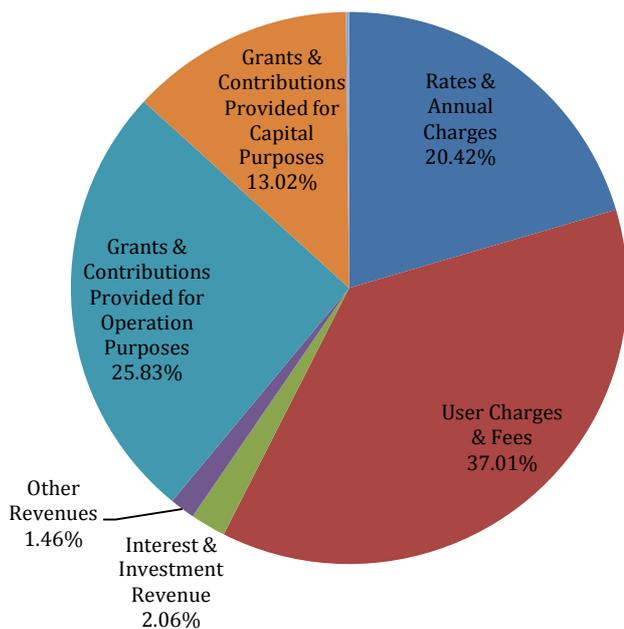
- Local Government Act 1993;
- Local Government Regulations;
- Local Government Code of Accounting Practice and Financial Reporting; and
- Local Government Asset Accounting Manual Regulations.

The Council is responsible for the administration and implementation of the strategic policies voted on in Council.

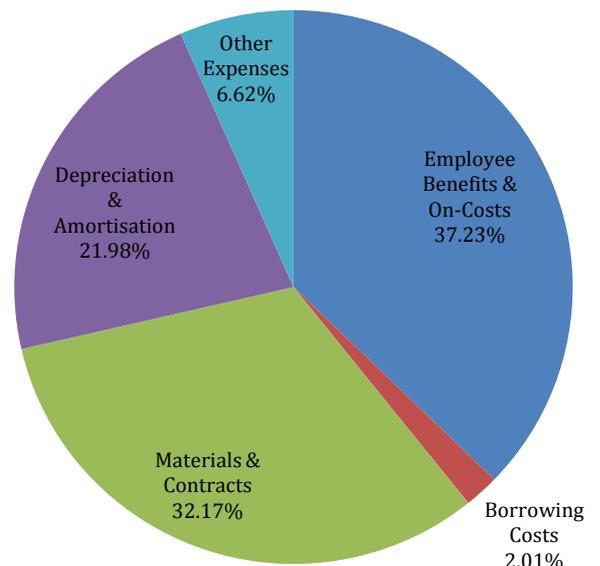
As disclosed in the Income Statement, the Council achieved a surplus in net operating result from continuing operations (including capital contributions) of \$1,631,000 (2015: \$4,900,000 surplus) for the period ended 12 May 2016.

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

### 2016 Financial Year Revenue



### 2016 Financial Year Expenses



Significant income and expense items in the current year were:

	2016* \$'000	2015 \$'000	2014 \$'000
Rates and annual charges	3,653	3,768	3,662
User charges and fees	6,620	7,876	9,621
Interest & investment income	369	358	455
Grants and contributions - operating	4,620	5,630	5,681
Grants and contributions - capital	2,328	5,592	4,886
Employee costs	(6,051)	(6,264)	(6,555)
Materials and contracts	(5,229)	(7,029)	(8,825)
Depreciation and amortisation	(3,572)	(3,654)	(3,530)

\* Results are for the period ended 12 May 2016

The size of Council's core operations has remained relatively constant year on year. The above income and expense items all have the potential to have a significant impact on Council's operating result. A strong rating base and the timing and nature of grants received have a major influence on the reported result as demonstrated by the above.

The above significant items are based on the operational results from Council as disclosed in the income statement and accompanying notes.

## 3 Financial Position

A measure of the Council's financial position is its unrestricted working capital. The following table sets out the unrestricted working capital position of Council as at the end of the financial year.

	2016 \$'000	2015 \$'000	2014 \$'000
Cash and Liquid Investments	12,537	10,578	9,210
External Restrictions - included in liabilities	(57)	(57)	(57)
- not included in liabilities	(4,537)	(5,153)	(5,745)
Internal Restrictions - included in liabilities	(400)	(400)	(400)
- not included in liabilities*	(6,605)	(4,762)	(2,774)
<b>Unrestricted Cash and Investments</b>	<b>938</b>	<b>206</b>	<b>234</b>
Other Net Current Assets / (Liabilities) excluding anticipated LSL Provision & restrictions included in liabilities	1,700	2,681	5,387
<b>Unrestricted Working Capital</b>	<b>2,638</b>	<b>2,887</b>	<b>5,621</b>

\*Council has used more internal restrictions in the past two years, these are a discretionary item specific to each individual Council. It should be noted that the level of internal restrictions can be adjusted via Council vote and for the former Tumbarumba Shire Council several future development projects have already been costed via the use of internal restrictions.

The above represents the amount of available working capital Council has at its disposal to meet its future spending requirements after making allowance for any restrictions in place over the use of such working capital.

We recommend that Council continue to monitor its unrestricted working capital position when reviewing its financial position.

## 4 Performance Indicators

Refer to Note 13 of the financial statements. Sections 4.1 to 4.6 contemplate Council's performance on a consolidated basis. Section 4.7 shows Council's performance against the same ratios on a fund basis.

### 4.1 Operating Performance Ratio

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

The operating performance ratio at Note 13 has weakened this year due to a decrease in operating revenue (denominator) during the current year. The decrease specifically relates to lower user charges & fees caused by lower RMS charges and a decrease in operating grants and contributions.

### 4.2 Own Source Operating Revenue Ratio

This ratio measures fiscal flexibility and shows the degree of reliance on external funding sources such as operating grants and contributions. A Council has improved financial flexibility with a higher level of own source revenue.

With a ratio of 61.08% (2015: 52.20%), Council's ability to generate its own sources of funding from rates and user fees is above the NSW Treasury Corporations benchmark of 60%.

### 4.3 Liquidity (Unrestricted Current) Ratio

This ratio is used to assess the adequacy of working capital and Council's ability to satisfy its obligations in the short term for the unrestricted activities of Council. Unrestricted current ratio is calculated by current assets less all external restrictions divided by current liabilities less specific purpose liabilities.

The liquidity ratio at Note 13 shows Council's liquidity position well exceeds the generally accepted minimum benchmark. The ratio indicates that Council has the capacity to pay its debts as and when they fall due.

### 4.4 Debt Service Cover Ratio

This ratio demonstrates the percentage of Council revenue required to service the debts carried by Council.

This ratio indicates 5.70x (2015: 6.94x) of Council's revenue is consumed servicing debt confirming that Council continues to maintain a small level of borrowings relative to its overall size.

#### 4.5 Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage

The rates, annual charges, interest and extra charges outstanding percentage is used to assess the impact of uncollected rates and annual charges on liquidity and the adequacy of Council's debt recovery efforts.

The percentage has increased from 9.72% in 2015 to 20.51% in 2016. The 2016 result is being skewed by the timing of year end and the issue date of the fourth quarter billing cycle.

We would encourage staff to continue their efforts in recovering outstanding amounts. We do note that rate debts are secured over the underlying property and the level of default in this area has been minimal.

#### 4.6 Cash Expense Cover Ratio

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

As indicated with the ratio of 10.34 months (2015: 6.8 months), Council's ability to continue paying for its immediate expenses without additional cash inflow is sufficient and exceeds the NSW Treasury Corporations benchmark of 3.00.

#### 4.7 Performance Indicators by Fund

The following performance indicators are shown on a fund basis as at 12 May 2016. The below allows analysis of how Council performs at a final level and would indicate the result of Council's general operations excluding its water and sewer operations.

Indicators	Water	Sewer	General
Operating performance ratio	-0.48%	-0.54%	-5.24%
Own source operating revenue	94.37%	24.87%	65.74%
Unrestricted current ratio	17.35x	9.95x	3.97x
Debt service cover ratio	5.49x	1.26x	13.94x
Rates, Annual Charges, Interest and extra charges outstanding %	21.81%	22.59%	19.97%
Cash expense cover ratio	12.66mths	10.17mths	10.25mths

## 5 Specific Balance Sheet Items

### 5.1 Receivables

Total current receivable at 12 May 2016, net of allowance for impairment was \$4.82m (2015: \$5.79m).

This balance primarily consists of user charges and fees of \$3.40m (2015: \$4.80m).

The percentage of rates and annual charges outstanding is referred to at Section 4.5 of this report.

The allowance for impairment at 12 May 2016 was \$2k (2015: \$1k). An assessment by Council of the collectability of the receivables balance indicated that an increase in the allowance for impairment was necessary as receivables are considered collectible coupled with the fact that rate debts are secured over the underlying property and the level of default is minimal.

### 5.2 Capital Expenditure

During the reporting period Council spent \$8.494m (2015: \$10.461m) on asset additions of infrastructure, property, plant and equipment.

The primary areas of capital expenditure were as follows:

	2016 \$'000	2015 \$'000	2014 \$'000
Land & improvements	195	50	216
Buildings & other structures*	352	4,965	3,973
Plant and equipment	521	1,111	1,012
Roads, bridges and footpaths	1,386	1,011	3,716
Stormwater drainage	49	6	101
Water supply network	180	690	450
Sewerage network**	5,473	2,336	587
Other	338	292	-
<b>Asset additions</b>	<b>8,494</b>	<b>10,461</b>	<b>10,055</b>

\*includes Mannus Dam restoration

\*\*includes the Tumbarumba Sewer Treatment Plant.

### 5.3 Borrowings

Total borrowings have increased by \$3.556m from the prior year's balance of \$3.6m to the 2016 total balance of \$6.791m. These loans are secured over the general income of Council.

A new loan was entered into for \$2.7m during 2016 for the construction of the sewer treatment plant.

### 5.4 Fair Value of Infrastructure Assets

In 2011 the Council should have completed the progressive revaluation of all property, plant and equipment to fair value where all assets are revalued on a 5 year cycle. The Office of Local Government minimum requirements timetable is as follows:

**2012:** Water and sewer networks;

**2013:** Operational land, and buildings;

**2014:** Land under roads (if applicable);

**2015:** Roads, bridges, footpaths, drainage and bulk earthworks; and

**2016:** Community land, land improvements, other structures and other assets.

Due to the timing of the announced amalgamations Council did not revalue any asset classes in the 2016 financial year with the exception of the indexation of water and sewer assets.

In accordance with the requirements of the code of Accounting Practice, Council's water and sewage assets were indexed upward in accordance with the latest indices provided by the DPI.

As at May 2016 all Council's infrastructure, property, plant and equipment is held at fair value with the exception of capital WIP which is held at cost.

As per the statement of comprehensive income the net gain on revaluation of I,PP&E was \$472k (2015: \$54,430k), which in the 2016 year relates to the indexation of water and sewer assets.

### 5.5 New Standards and Interpretations Not Yet Adopted

Certain new accounting standards have been published that are not mandatory for the 12 May 2016 reporting period as follows:

- AASB 9 *Financial Instruments* and associated amending standards, effective 1 January 2018;
- AASB 15 *Revenue from Contracts with Customers*, effective 1 January 2018;
- AASB 2014-3 Amendments to Australian Accounting Standards – *Accounting for Acquisitions of Interests in Joint Operations (AASB1 and AASB11) and AASB 2014-10 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*, effective 1 January 2018;
- AASB 124 *Related Party Disclosure* (amended), effective 1 July 2016; and
- AASB 16 *Leases*, effective 1 January 2019.

Council is of the view that these standards not yet effective will not significantly affect any of the amounts recognised in the financial statements, however they may impact certain information otherwise disclosed, or the format in which information is disclosed.

## 6 Other Matters

### 6.1 Management Letter

A separate report is issued to Council's management which covers in further detail the audit and accounting issues identified during our audit process.

### 6.2 Independence

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

### 6.3 Assistance Provided

We recognise and appreciate the General Manager and staff of Council for their cooperation and courtesy extended to us during the course of the audit.

### 6.4 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.

## Contact Us

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# The former Tumbarumba Shire Council

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

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Tumbarumba will be a vibrant, caring, safe, secure and progressive community with a vigorous economy, where residents experience a good quality of life in a beautiful and sustainable environment.



## The former Tumbarumba Shire Council

### Special Purpose Financial Statements

for the period 1 July 2015 to 12 May 2016

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

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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 Tumbarumba 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 Valleys Council made on 27 October 2016.**



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Paul Sullivan  
Administrator



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Kay Whitehead  
Interim General Manager



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John Proctor  
Responsible Accounting Officer

## The former Tumbarumba 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
<b>Income from continuing operations</b>		
Access charges	431	457
User charges	563	537
Fees	–	–
Interest	25	21
Grants and contributions provided for non-capital purposes	11	25
Profit from the sale of assets	–	–
Other income	3	–
<b>Total income from continuing operations</b>	<b>1,033</b>	<b>1,040</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	133	158
Borrowing costs	68	79
Materials and contracts	315	394
Depreciation and impairment	443	429
Water purchase charges	–	–
Loss on sale of assets	–	–
Calculated taxation equivalents	–	–
Debt guarantee fee (if applicable)	–	–
Other expenses	79	83
<b>Total expenses from continuing operations</b>	<b>1,038</b>	<b>1,143</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>(5)</b>	<b>(103)</b>
Grants and contributions provided for capital purposes	50	392
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>45</b>	<b>289</b>
Surplus (deficit) from discontinued operations	–	–
<b>Surplus (deficit) from all operations before tax</b>	<b>45</b>	<b>289</b>
Less: corporate taxation equivalent (30%) [based on result before capital]	–	–
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>45</b>	<b>289</b>
Plus opening retained profits	8,911	8,622
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	–	–
– Debt guarantee fees	–	–
– Corporate taxation equivalent	–	–
Less:		
– Tax equivalent dividend paid	–	–
– Surplus dividend paid	–	–
<b>Closing retained profits</b>	<b>8,956</b>	<b>8,911</b>
<b>Return on capital %</b>	<b>0.3%</b>	<b>-0.1%</b>
<b>Subsidy from Council</b>	<b>409</b>	<b>640</b>
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	45	289
Less: capital grants and contributions (excluding developer contributions)	(50)	(392)
<b>Surplus for dividend calculation purposes</b>	<b>–</b>	<b>–</b>
<b>Potential dividend calculated from surplus</b>	<b>–</b>	<b>–</b>

## The former Tumbarumba 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
<b>Income from continuing operations</b>		
Access charges	549	586
User charges	77	44
Liquid trade waste charges	16	16
Fees	–	–
Interest	53	91
Grants and contributions provided for non-capital purposes	41	45
Profit from the sale of assets	–	–
Other income	–	–
<b>Total income from continuing operations</b>	<b>736</b>	<b>782</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	113	141
Borrowing costs	147	65
Materials and contracts	147	168
Depreciation and impairment	267	224
Loss on sale of assets	–	–
Calculated taxation equivalents	–	–
Debt guarantee fee (if applicable)	33	35
Other expenses	66	67
<b>Total expenses from continuing operations</b>	<b>773</b>	<b>700</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>(37)</b>	<b>82</b>
Grants and contributions provided for capital purposes	2,059	1,477
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>2,022</b>	<b>1,559</b>
Surplus (deficit) from discontinued operations	–	–
<b>Surplus (deficit) from all operations before tax</b>	<b>2,022</b>	<b>1,559</b>
Less: corporate taxation equivalent (30%) [based on result before capital]	–	(25)
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>2,022</b>	<b>1,534</b>
<b>Plus opening retained profits</b>	10,224	8,630
<b>Plus adjustments for amounts unpaid:</b>		
– Taxation equivalent payments	–	–
– Debt guarantee fees	33	35
– Corporate taxation equivalent	–	25
<b>Less:</b>		
– Tax equivalent dividend paid	–	–
– Surplus dividend paid	–	–
<b>Closing retained profits</b>	<b>12,279</b>	<b>10,224</b>
<b>Return on capital %</b>	<b>0.5%</b>	<b>1.0%</b>
<b>Subsidy from Council</b>	<b>354</b>	<b>297</b>
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	2,022	1,534
Less: capital grants and contributions (excluding developer contributions)	(2,059)	(1,477)
<b>Surplus for dividend calculation purposes</b>	<b>–</b>	<b>57</b>
<b>Potential dividend calculated from surplus</b>	<b>–</b>	<b>29</b>

## The former Tumbarumba Shire Council

### Income Statement of Council's Other Business Activities

for the period 1 July 2015 to 12 May 2016

Private Works

Category 2

\$ '000	Category 2	
	Actual 1/7/15 to 12/5/16	Actual 1/7/14 to 30/6/15
<b>Income from continuing operations</b>		
Access charges	–	–
User charges	632	499
Fees	–	–
Interest	–	–
Grants and contributions provided for non-capital purposes	–	–
Profit from the sale of assets	–	–
Other income	–	–
<b>Total income from continuing operations</b>	<b>632</b>	<b>499</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	103	80
Borrowing costs	–	–
Materials and contracts	353	239
Depreciation and impairment	4	4
Loss on sale of assets	–	–
Calculated taxation equivalents	–	–
Debt guarantee fee (if applicable)	–	–
Other expenses	281	294
<b>Total expenses from continuing operations</b>	<b>741</b>	<b>617</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>(109)</b>	<b>(118)</b>
Grants and contributions provided for capital purposes	–	–
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>(109)</b>	<b>(118)</b>
Surplus (deficit) from discontinued operations	–	–
<b>Surplus (deficit) from all operations before tax</b>	<b>(109)</b>	<b>(118)</b>
Less: corporate taxation equivalent (30%) [based on result before capital]	–	–
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>(109)</b>	<b>(118)</b>
<b>Plus opening retained profits</b>	353	725
<b>Plus adjustments for amounts unpaid:</b>		
– Taxation equivalent payments	–	–
– Debt guarantee fees	–	–
– Corporate taxation equivalent	–	–
<b>Add:</b>		
– Adjustment due to movement of plant fleet percentage used	288	
<b>Less:</b>		
– TER dividend paid	–	–
– Adjustment due to movement of plant fleet percentage used	–	(254)
– Dividend paid	–	–
<b>Closing retained profits</b>	<b>532</b>	<b>353</b>
<b>Return on capital %</b>	<b>-32.5%</b>	<b>-48.6%</b>
<b>Subsidy from Council</b>	<b>117</b>	<b>125</b>

## The former Tumbarumba 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
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	612	192
Investments	–	–
Receivables	290	438
Inventories	–	–
Other	–	–
Non-current assets classified as held for sale	–	–
<b>Total current assets</b>	<b>902</b>	<b>630</b>
<b>Non-current assets</b>		
Investments	–	–
Receivables	–	–
Inventories	–	–
Infrastructure, property, plant and equipment	20,448	20,412
Investments accounted for using equity method	–	–
Investment property	–	–
Intangible assets	–	–
Other	–	–
<b>Total non-current assets</b>	<b>20,448</b>	<b>20,412</b>
<b>TOTAL ASSETS</b>	<b>21,350</b>	<b>21,042</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Bank overdraft	–	–
Payables	22	33
Borrowings	30	24
Provisions	–	–
<b>Total current liabilities</b>	<b>52</b>	<b>57</b>
<b>Non-current liabilities</b>		
Payables	–	–
Borrowings	947	974
Provisions	–	–
<b>Total non-current liabilities</b>	<b>947</b>	<b>974</b>
<b>TOTAL LIABILITIES</b>	<b>999</b>	<b>1,031</b>
<b>NET ASSETS</b>	<b>20,351</b>	<b>20,011</b>
<b>EQUITY</b>		
Retained earnings	8,956	8,911
Revaluation reserves	11,395	11,100
Council equity interest	20,351	20,011
Non-controlling equity interest	–	–
<b>TOTAL EQUITY</b>	<b>20,351</b>	<b>20,011</b>

## The former Tumbarumba 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
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	394	577
Investments	2,000	2,500
Receivables	162	100
Inventories	–	–
Other	–	–
Non-current assets classified as held for sale	–	–
<b>Total Current Assets</b>	<b>2,556</b>	<b>3,177</b>
<b>Non-current assets</b>		
Investments	–	–
Receivables	–	–
Inventories	–	–
Infrastructure, property, plant and equipment	20,079	14,688
Investments accounted for using equity method	–	–
Investment property	–	–
Intangible assets	–	–
Other	–	–
<b>Total non-current assets</b>	<b>20,079</b>	<b>14,688</b>
<b>TOTAL ASSETS</b>	<b>22,635</b>	<b>17,865</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Bank overdraft	–	–
Payables	23	32
Borrowings	234	108
Provisions	–	–
<b>Total current liabilities</b>	<b>257</b>	<b>140</b>
<b>Non-current liabilities</b>		
Payables	–	–
Borrowings	3,511	1,091
Provisions	–	–
<b>Total non-current liabilities</b>	<b>3,511</b>	<b>1,091</b>
<b>TOTAL LIABILITIES</b>	<b>3,768</b>	<b>1,231</b>
<b>NET ASSETS</b>	<b>18,867</b>	<b>16,634</b>
<b>EQUITY</b>		
Retained earnings	12,279	10,224
Revaluation reserves	6,588	6,410
Council equity interest	18,867	16,634
Non-controlling equity interest	–	–
<b>TOTAL EQUITY</b>	<b>18,867</b>	<b>16,634</b>

## The former Tumbarumba Shire Council

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

as at 12 May 2016

\$ '000	Private Works	
	Category 2	
	Actual 12/5/16	Actual 30/6/15
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	–	–
Investments	–	–
Receivables	197	110
Inventories	–	–
Other	–	–
Non-current assets classified as held for sale	–	–
<b>Total Current Assets</b>	<b>197</b>	<b>110</b>
<b>Non-current assets</b>		
Investments	–	–
Receivables	–	–
Inventories	–	–
Infrastructure, property, plant and equipment	335	243
Investments accounted for using equity method	–	–
Investment property	–	–
Intangible assets	–	–
Other	–	–
<b>Total non-current assets</b>	<b>335</b>	<b>243</b>
<b>TOTAL ASSETS</b>	<b>532</b>	<b>353</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Bank overdraft	–	–
Payables	–	–
Borrowings	–	–
Provisions	–	–
<b>Total current liabilities</b>	<b>–</b>	<b>–</b>
<b>Non-current liabilities</b>		
Payables	–	–
Borrowings	–	–
Provisions	–	–
Other Liabilities	–	–
<b>Total non-current liabilities</b>	<b>–</b>	<b>–</b>
<b>TOTAL LIABILITIES</b>	<b>–</b>	<b>–</b>
<b>NET ASSETS</b>	<b>532</b>	<b>353</b>
<b>EQUITY</b>		
Retained earnings	532	353
Revaluation reserves	–	–
Council equity interest	532	353
Non-controlling equity interest	–	–
<b>TOTAL EQUITY</b>	<b>532</b>	<b>353</b>

## The former Tumbarumba 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	10
2	Water Supply Business Best-Practice Management disclosure requirements	14
3	Sewerage Business Best-Practice Management disclosure requirements	16

## The former Tumbarumba 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.

Whilst the former Tumbarumba Shire Council has been amalgamated into Snowy Valleys 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 Valleys 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 Tumbarumba Shire Council has not been liquidated nor has trading ceased.

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

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

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

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

- the Local Government Act (1993) NSW,

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

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

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

#### National Competition Policy

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

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

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

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

#### Declared business activities

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

#### Category 1

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

Council does not operate any Category 1 Business activities.

## The former Tumbarumba 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)

##### Category 2

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

##### a. Water Supply Services

Water Supply Services provided to the towns of Tumbarumba and Khancoban.

##### b. Sewerage Operation

Sewerage Services provided to the towns of Tumbarumba and Khancoban.

##### c. Private Works

Private Works represents 4 activities undertaken by Council:

###### 1. Contract Works

Road construction and maintenance services provided to government bodies such as the National Parks & Wildlife Service and NSW State Forests.

###### 2. Gravel Crushing

Gravel crushing services provided to the Roads & Traffic Authority and other government bodies.

###### 3. Private Plant Works

Road construction & maintenance works provided on private property

###### 4. Private Weedspraying

Weedspraying undertaken on private property

##### 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.

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

Council is liable to pay various taxes and financial duties in undertaking its business activities. Where this is the case, they are disclosed in these

statements as a cost of operations just like all other costs.

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

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

##### Notional rate applied (%)

Corporate income tax rate – 30%

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

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

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

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

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

##### Income tax

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

## The former Tumbarumba 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)

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

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

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

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

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

#### Local government rates and charges

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

#### Loan and debt guarantee fees

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

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

#### (ii) Subsidies

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

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

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

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

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

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

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

The rate of return on capital is calculated as follows:

#### Operating result before capital income + interest expense

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

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

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

#### (iv) Dividends

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

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

## The former Tumbarumba 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)

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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 Tumbarumba 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	3,789
(iii)	Amounts payable for tax equivalents [lesser of (i) and (ii)]	-
(iv)	Amounts actually paid for tax equivalents	-

#### 2. Dividend from surplus

(i)	50% of surplus before dividends [calculated in accordance with Best-Practice Management for Water Supply and Sewerage Guidelines]	-
(ii)	Number of assessments multiplied by \$30/assessment, less tax equivalent charges/assessment	37,890
(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	(272,000)

2016 Surplus	(5,000)	2015 Surplus	(103,000)	2014 Surplus	(164,000)
		2015 Dividend	-	2014 Dividend	-

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

#### 3. Required outcomes for 6 criteria

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

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

## The former Tumbarumba 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

<b>NWI F1</b>	Total revenue (water) Total income (w13) – grants for the acquisition of assets (w11a) – interest income (w9) – Aboriginal Communities W&S Program income (w10a)	\$'000	1,008
<b>NWI F4</b>	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)]	%	50.33%
<b>NWI F9</b>	Written down replacement cost of fixed assets (water) Written down current cost of system assets (w47)	\$'000	19,988
<b>NWI F11</b>	Operating cost (OMA) (water) Management expenses (w1) + operational and maintenance expenses (w2)	\$'000	477
<b>NWI F14</b>	Capital expenditure (water) Acquisition of fixed assets (w16)	\$'000	181
<b>NWI F17</b>	Economic real rate of return (water) [total income (w13) – interest income (w9) – grants for acquisition of assets (w11a) – operating costs (NWI F11) – current cost depreciation (w3)] x 100 divided by [written down current cost of system assets (w47) + plant and equipment (w33b)]	%	0.44%
<b>NWI F26</b>	Capital works grants (water) Grants for the acquisition of assets (w11a)	\$'000	50

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

## The former Tumbarumba 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	33,000
(ii)	Number of assessments multiplied by \$3/assessment	3,090
(iii)	Amounts payable for tax equivalents [lesser of (i) and (ii)]	3,090
(iv)	Amounts actually paid for tax equivalents	–

##### 2. Dividend from surplus

(i)	50% of surplus before dividends [calculated in accordance with Best-Practice Management for Water Supply and Sewerage Guidelines]	–
(ii)	Number of assessments x (\$30 less tax equivalent charges per assessment)	27,810
(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	163,900

2016 Surplus	(37,000)	2015 Surplus	57,400	2014 Surplus	143,500
		2015 Dividend	–	2014 Dividend	–

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

##### 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]	YES
	DSP with commercial developer charges [item 2 (e) in table 1]	NO
	Liquid trade waste approvals and policy [item 2 (f) in table 1]	YES
(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 Tumbarumba 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

<b>NWI F2</b>	Total revenue (sewerage) Total income (s14) – grants for acquisition of assets (s12a) – interest income (s10) – Aboriginal Communities W&S Program income (w10a)	\$'000	683
<b>NWI F10</b>	Written down replacement cost of fixed assets (sewerage) Written down current cost of system assets (s48)	\$'000	19,838
<b>NWI F12</b>	Operating cost (sewerage) Management expenses (s1) + operational and maintenance expenses (s2)	\$'000	278
<b>NWI F15</b>	Capital expenditure (sewerage) Acquisition of fixed assets (s17)	\$'000	5,474
<b>NWI F18</b>	Economic real rate of return (sewerage) [total income (s14) – interest income (s10) – grants for acquisition of assets (s12a) – operating cost (NWI F12) – current cost depreciation (s3)] x 100 divided by [written down current cost (i.e. WDCC) of system assets (s48) + plant and equipment (s34b)]	%	0.69%
<b>NWI F27</b>	Capital works grants (sewerage) Grants for the acquisition of assets (12a)	\$'000	2,059

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

<b>NWI F3</b>	Total income (water and sewerage) Total income (w13 + s14) + gain/loss on disposal of assets (w14 + s15) minus grants for acquisition of assets (w11a + s12a) – interest income (w9 + s10)	\$'000	1,691
<b>NWI F8</b>	Revenue from community service obligations (water and sewerage) Community service obligations (NWI F25) x 100 divided by total income (NWI F3)	%	1.18%
<b>NWI F16</b>	Capital expenditure (water and sewerage) Acquisition of fixed assets (w16 + s17)	\$'000	5,655
<b>NWI F19</b>	Economic real rate of return (water and sewerage) [total income (w13 + s14) – interest income (w9 + s10) – grants for acquisition of assets (w11a + s12a) – operating cost (NWI F11 + NWI F12) – current cost depreciation (w3 + s3)] x 100 divided by [written down replacement cost of fixed assets (NWI F9 + NWI F10) + plant and equipment (w33b + s34b)]	%	0.56%
<b>NWI F20</b>	Dividend (water and sewerage) Dividend paid from surplus (2 (v) of Note 2 + 2 (v) of Note 3)	\$'000	–
<b>NWI F21</b>	Dividend payout ratio (water and sewerage) Dividend (NWI F20) x 100 divided by net profit after tax (NWI F24)	%	0.00%

## The former Tumbarumba 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)

<b>NWI F22</b>	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)]	%	4.38%
<b>NWI F23</b>	Interest cover (water and sewerage) Earnings before interest and tax (EBIT) divided by net interest  Earnings before interest and tax (EBIT): Operating result (w15a + s16a) + interest expense (w4a + s4a) – interest income (w9 + s10) – gain/loss on disposal of assets (w14 + s15) + miscellaneous expenses (w4b + w4c + s4b + s4c)  Net interest: Interest expense (w4a + s4a) – interest income (w9 + s10)		-
<b>NWI F24</b>	Net profit after tax (water and sewerage) Surplus before dividends (w15a + s16a) – tax equivalents paid (Note 2-1 (iv) + Note 3-1 (iv))	\$'000	(9)
<b>NWI F25</b>	Community service obligations (water and sewerage) Grants for pensioner rebates (w11b + s12b)	\$'000	20

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

## **INDEPENDENT AUDIT REPORT TO THE FORMER TUMBARUMBA 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 Tumbarumba 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", Office 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 NSW Office of Water Guidelines and are appropriate to meet the needs of the Council and the Office of Local Government.

### **AUDITOR'S 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 Tumbarumba Shire Council are in accordance with the Local Government Code of Accounting Practice and Financial Reporting, including:

- (i) Presenting fairly a view of the Council's financial position by business activity as at 12 May 2016 and of its performance for the period 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

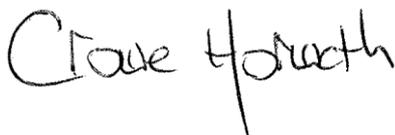
Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the Council's financial reporting responsibilities under the Local Government Code of Accounting Practice and 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 Office of Local Government, or for any purpose other than that for which it was prepared.

## EMPHASIS OF MATTER – GOING CONCERN

Without qualification to the opinion expressed above, attention is drawn to the following matter. As indicated in Note 1, on the 12 May 2016 the Local Government (Council Amalgamations) Proclamation 2016 announced that effective from midnight on 12 May 2016, the operations of the former Tumbarumba Shire Council would be amalgamated with the former Tumut Shire Council to form the new council Snowy Valleys Council.

These financial statements have been prepared on a going concern basis despite the proclamation automatically resulting in the transfer the assets, rights and liabilities of the former Tumbarumba Shire Council to Snowy Valleys Council on 13 May 2016. Accordingly these financial statements for the former Tumbarumba Shire Council have been prepared to 12 May 2016.



**CROWE HORWATH AUSWILD**



**BRADLEY D BOHUN**

Partner

Dated at Albury this 15<sup>th</sup> day of December 2016.

# The former Tumbarumba Shire Council

SPECIAL SCHEDULES

for the period 1 July 2015 to 12 May 2016

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Tumbarumba will be a vibrant, caring, safe, secure and progressive community with a vigorous economy, where residents experience a good quality of life in a beautiful and sustainable environment.



# The former Tumbarumba Shire Council

## Special Schedules

for the period 1 July 2015 to 12 May 2016

Contents		Page
<b>Special Schedules<sup>1</sup></b>		
<b>Special Schedule 1</b>	Net Cost of Services	2
<b>Special Schedule 2(a)</b>	Statement of Long Term Debt (all purposes)	4
<b>Special Schedule 2(b)</b>	Statement of Internal Loans (Sect. 410(3) LGA 1993)	n/a
<b>Special Schedule 3</b>	Water Supply Operations – incl. Income Statement	5
<b>Special Schedule 4</b>	Water Supply – Statement of Financial Position	8
<b>Special Schedule 5</b>	Sewerage Service Operations – incl. Income Statement	9
<b>Special Schedule 6</b>	Sewerage Service – Statement of Financial Position	12
<b>Notes to Special Schedules 3 and 5</b>		13
<b>Special Schedule 7</b>	Report on Infrastructure Assets	14

<sup>1</sup> Special Schedules are not audited.

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### 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 Tumbarumba 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	
<b>Governance</b>	<b>161</b>	<b>1</b>	<b>–</b>	<b>(160)</b>
<b>Administration</b>	<b>806</b>	<b>127</b>	<b>–</b>	<b>(679)</b>
<b>Public order and safety</b>				
Fire service levy, fire protection, emergency services	318	149	14	(155)
Beach control	–	–	–	–
Enforcement of local government regulations	64	3	–	(61)
Animal control	39	2	–	(37)
Other	–	–	–	–
<b>Total public order and safety</b>	<b>421</b>	<b>154</b>	<b>14</b>	<b>(253)</b>
<b>Health</b>	<b>104</b>	<b>73</b>	<b>–</b>	<b>(31)</b>
<b>Environment</b>				
Noxious plants and insect/vermin control	108	28	–	(80)
Other environmental protection	91	80	–	(11)
Solid waste management	570	520	–	(50)
Street cleaning	68	–	–	(68)
Drainage	–	–	–	–
Stormwater management	99	22	–	(77)
<b>Total environment</b>	<b>936</b>	<b>650</b>	<b>–</b>	<b>(286)</b>
<b>Community services and education</b>				
Administration and education	1,123	1,042	–	(81)
Social protection (welfare)	–	–	–	–
Aged persons and disabled	380	361	–	(19)
Children's services	4	4	–	–
<b>Total community services and education</b>	<b>1,507</b>	<b>1,407</b>	<b>–</b>	<b>(100)</b>
<b>Housing and community amenities</b>				
Public cemeteries	63	37	–	(26)
Public conveniences	110	–	–	(110)
Street lighting	–	–	–	–
Town planning	164	18	–	(146)
Other community amenities	59	16	–	(43)
<b>Total housing and community amenities</b>	<b>396</b>	<b>71</b>	<b>–</b>	<b>(325)</b>
<b>Water supplies</b>	<b>1,031</b>	<b>885</b>	<b>50</b>	<b>(96)</b>
<b>Sewerage services</b>	<b>709</b>	<b>678</b>	<b>2,059</b>	<b>2,028</b>

## The former Tumbarumba 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	
<b>Recreation and culture</b>				
Public libraries	231	27	–	(204)
Museums	5	–	–	(5)
Art galleries	–	–	–	–
Community centres and halls	61	11	–	(50)
Performing arts venues	–	–	–	–
Other performing arts	–	–	–	–
Other cultural services	29	5	–	(24)
Sporting grounds and venues	193	24	–	(169)
Swimming pools	195	15	–	(180)
Parks and gardens (lakes)	505	1	18	(486)
Other sport and recreation	–	–	–	–
<b>Total recreation and culture</b>	<b>1,219</b>	<b>83</b>	<b>18</b>	<b>(1,118)</b>
<b>Fuel and energy</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Agriculture</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Mining, manufacturing and construction</b>				
Building control	172	37	–	(135)
Other mining, manufacturing and construction	194	107	–	(87)
<b>Total mining, manufacturing and const.</b>	<b>366</b>	<b>144</b>	<b>–</b>	<b>(222)</b>
<b>Transport and communication</b>				
Urban roads (UR) – local	497	9	–	(488)
Urban roads – regional	–	–	–	–
Sealed rural roads (SRR) – local	641	731	–	90
Sealed rural roads (SRR) – regional	698	562	124	(12)
Unsealed rural roads (URR) – local	733	–	–	(733)
Unsealed rural roads (URR) – regional	–	–	–	–
Bridges on UR – local	227	–	–	(227)
Bridges on SRR – local	–	–	–	–
Bridges on URR – local	–	–	36	36
Bridges on regional roads	–	–	–	–
Parking areas	10	–	–	(10)
Footpaths	50	–	27	(23)
Aerodromes	4	–	–	(4)
Other transport and communication	4,392	4,535	–	143
<b>Total transport and communication</b>	<b>7,252</b>	<b>5,837</b>	<b>187</b>	<b>(1,228)</b>
<b>Economic affairs</b>				
Camping areas and caravan parks	91	15	–	(76)
Other economic affairs	1,255	919	–	(336)
<b>Total economic affairs</b>	<b>1,346</b>	<b>934</b>	<b>–</b>	<b>(412)</b>
<b>Totals – functions</b>	<b>16,254</b>	<b>11,044</b>	<b>2,328</b>	<b>(2,882)</b>
<b>General purpose revenues</b> <sup>(1)</sup>		<b>4,513</b>		<b>4,513</b>
<b>Share of interests – joint ventures and associates using the equity method</b>	<b>–</b>	<b>–</b>		<b>–</b>
<b>NET OPERATING RESULT</b> <sup>(2)</sup>	<b>16,254</b>	<b>15,557</b>	<b>2,328</b>	<b>1,631</b>

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

(2) As per the Income Statement

## The former Tumbarumba 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
<b>Loans (by source)</b>											
Commonwealth government	–	–	–	–	–	–	–	–	–	–	–
Treasury corporation	–	–	–	–	–	–	–	–	–	–	–
Other state government	–	–	–	–	–	–	–	–	–	–	–
Public subscription	–	–	–	–	–	–	–	–	–	–	–
Financial institutions	203	3,438	<b>3,641</b>	3,380	230	–	–	326	366	6,425	<b>6,791</b>
Other	–	–	–	–	–	–	–	–	–	–	–
<b>Total loans</b>	<b>203</b>	<b>3,438</b>	<b>3,641</b>	<b>3,380</b>	<b>230</b>	<b>–</b>	<b>–</b>	<b>326</b>	<b>366</b>	<b>6,425</b>	<b>6,791</b>
<b>Other long term debt</b>											
Ratepayers advances	–	–	–	–	–	–	–	–	–	–	–
Government advances	–	–	–	–	–	–	–	–	–	–	–
Finance leases	–	–	–	–	–	–	–	–	–	–	–
Deferred payments	–	–	–	–	–	–	–	–	–	–	–
<b>Total long term debt</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total debt</b>	<b>203</b>	<b>3,438</b>	<b>3,641</b>	<b>3,380</b>	<b>230</b>	<b>–</b>	<b>–</b>	<b>326</b>	<b>366</b>	<b>6,425</b>	<b>6,791</b>

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 Tumbarumba 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
<b>A Expenses and income</b>		
<b>Expenses</b>		
<b>1. Management expenses</b>		
a. Administration	45	56
b. Engineering and supervision	111	142
<b>2. Operation and maintenance expenses</b>		
– <b>dams and weirs</b>		
a. Operation expenses	–	–
b. Maintenance expenses	–	–
– <b>Mains</b>		
c. Operation expenses	26	46
d. Maintenance expenses	74	71
– <b>Reservoirs</b>		
e. Operation expenses	–	–
f. Maintenance expenses	31	67
– <b>Pumping stations</b>		
g. Operation expenses (excluding energy costs)	–	2
h. Energy costs	16	12
i. Maintenance expenses	22	20
– <b>Treatment</b>		
j. Operation expenses (excluding chemical costs)	12	21
k. Chemical costs	–	–
l. Maintenance expenses	140	148
– <b>Other</b>		
m. Operation expenses	–	–
n. Maintenance expenses	–	–
o. Purchase of water	–	–
<b>3. Depreciation expenses</b>		
a. System assets	439	425
b. Plant and equipment	3	4
<b>4. Miscellaneous expenses</b>		
a. Interest expenses	68	79
b. Revaluation decrements	–	–
c. Other expenses	51	50
d. Impairment – system assets	–	–
e. Impairment – plant and equipment	–	–
f. Aboriginal Communities Water and Sewerage Program	–	–
<b>5. Total expenses</b>	<b>1,038</b>	<b>1,143</b>

## The former Tumbarumba 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>Income</b>		
<b>6. Residential charges</b>		
a. Access (including rates)	302	358
b. Usage charges	306	342
<b>7. Non-residential charges</b>		
a. Access (including rates)	129	99
b. Usage charges	256	194
<b>8. Extra charges</b>	–	13
<b>9. Interest income</b>	25	8
<b>10. Other income</b>	4	1
<b>10a. Aboriginal Communities Water and Sewerage Program</b>	–	–
<b>11. Grants</b>		
a. Grants for acquisition of assets	50	392
b. Grants for pensioner rebates	11	11
c. Other grants	–	14
<b>12. Contributions</b>		
a. Developer charges	–	–
b. Developer provided assets	–	–
c. Other contributions	–	–
<b>13. Total income</b>	<b>1,083</b>	<b>1,432</b>
<b>14. Gain (or loss) on disposal of assets</b>	–	–
<b>15. Operating result</b>	<b>45</b>	<b>289</b>
<b>15a. Operating result (less grants for acquisition of assets)</b>	<b>(5)</b>	<b>(103)</b>

## The former Tumbarumba 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>B Capital transactions</b>		
<b>Non-operating expenditures</b>		
<b>16. Acquisition of fixed assets</b>		
a. New assets for improved standards	–	–
b. New assets for growth	–	–
c. Renewals	181	691
d. Plant and equipment	–	–
<b>17. Repayment of debt</b>	24	15
<b>18. Totals</b>	<b>205</b>	<b>706</b>
<b>Non-operating funds employed</b>		
<b>19. Proceeds from disposal of assets</b>	–	–
<b>20. Borrowing utilised</b>	–	–
<b>21. Totals</b>	<b>–</b>	<b>–</b>
<b>C Rates and charges</b>		
<b>22. Number of assessments</b>		
a. Residential (occupied)	943	991
b. Residential (unoccupied, ie. vacant lot)	109	89
c. Non-residential (occupied)	201	143
d. Non-residential (unoccupied, ie. vacant lot)	10	7
<b>23. Number of ETs for which developer charges were received</b>	– ET	– ET
<b>24. Total amount of pensioner rebates (actual dollars)</b>	\$ 18,747	\$ 19,733

## The former Tumbarumba 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
<b>ASSETS</b>			
<b>25. Cash and investments</b>			
a. Developer charges	–	–	–
b. Special purpose grants	–	–	–
c. Accrued leave	–	–	–
d. Unexpended loans	–	–	–
e. Sinking fund	–	–	–
f. Other	612	–	612
<b>26. Receivables</b>			
a. Specific purpose grants	–	–	–
b. Rates and availability charges	94	–	94
c. User charges	196	–	196
d. Other	–	–	–
<b>27. Inventories</b>	–	–	–
<b>28. Property, plant and equipment</b>			
a. System assets	–	19,988	19,988
b. Plant and equipment	–	460	460
<b>29. Other assets</b>	–	–	–
<b>30. Total assets</b>	<b>902</b>	<b>20,448</b>	<b>21,350</b>
<b>LIABILITIES</b>			
<b>31. Bank overdraft</b>	–	–	–
<b>32. Creditors</b>	22	–	22
<b>33. Borrowings</b>	30	947	977
<b>34. Provisions</b>			
a. Tax equivalents	–	–	–
b. Dividend	–	–	–
c. Other	–	–	–
<b>35. Total liabilities</b>	<b>52</b>	<b>947</b>	<b>999</b>
<b>36. NET ASSETS COMMITTED</b>	<b>850</b>	<b>19,501</b>	<b>20,351</b>
<b>EQUITY</b>			
<b>37. Accumulated surplus</b>			8,958
<b>38. Asset revaluation reserve</b>			11,393
<b>39. TOTAL EQUITY</b>			<b>20,351</b>
<b>Note to system assets:</b>			
<b>40. Current replacement cost</b> of system assets			33,278
<b>41. Accumulated current cost</b> depreciation of system assets			(13,290)
<b>42. Written down current cost</b> of system assets			19,988

## The former Tumbarumba 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
<b>A Expenses and income</b>		
<b>Expenses</b>		
<b>1. Management expenses</b>		
a. Administration	14	31
b. Engineering and supervision	49	67
<b>2. Operation and maintenance expenses</b>		
– mains		
a. Operation expenses	45	37
b. Maintenance expenses	28	41
– Pumping stations		
c. Operation expenses (excluding energy costs)	–	–
d. Energy costs	–	1
e. Maintenance expenses	7	4
– Treatment		
f. Operation expenses (excl. chemical, energy, effluent and biosolids management costs)	–	4
g. Chemical costs	7	9
h. Energy costs	1	2
i. Effluent management	–	–
j. Biosolids management	–	–
k. Maintenance expenses	127	129
– Other		
l. Operation expenses	–	–
m. Maintenance expenses	–	–
<b>3. Depreciation expenses</b>		
a. System assets	262	217
b. Plant and equipment	5	7
<b>4. Miscellaneous expenses</b>		
a. Interest expenses	147	65
b. Revaluation decrements	–	–
c. Other expenses	48	51
d. Impairment – system assets	–	–
e. Impairment – plant and equipment	–	–
f. Aboriginal Communities Water and Sewerage Program	–	–
g. Tax equivalents dividends (actually paid)	–	–
<b>5. Total expenses</b>	<b>740</b>	<b>665</b>

## The former Tumbarumba 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>Income</b>		
<b>6. Residential charges</b> (including rates)	474	509
<b>7. Non-residential charges</b>		
a. Access (including rates)	75	73
b. Usage charges	74	39
<b>8. Trade waste charges</b>		
a. Annual fees	2	2
b. Usage charges	14	15
c. Excess mass charges	–	–
d. Re-inspection fees	–	–
<b>9. Extra charges</b>	–	8
<b>10. Interest income</b>	53	83
<b>11. Other income</b>	3	8
<b>11a. Aboriginal Communities Water and Sewerage Program</b>	–	–
<b>12. Grants</b>		
a. Grants for acquisition of assets	2,059	1,477
b. Grants for pensioner rebates	9	9
c. Other grants	32	35
<b>13. Contributions</b>		
a. Developer charges	–	–
b. Developer provided assets	–	–
c. Other contributions	–	1
<b>14. Total income</b>	<u>2,795</u>	<u>2,259</u>
<b>15. Gain (or loss) on disposal of assets</b>	–	–
<b>16. Operating result</b>	<u>2,055</u>	<u>1,594</u>
<b>16a. Operating result (less grants for acquisition of assets)</b>	(4)	117

## The former Tumbarumba 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>B Capital transactions</b>		
<b>Non-operating expenditures</b>		
<b>17. Acquisition of fixed assets</b>		
a. New assets for improved standards	–	–
b. New assets for growth	–	–
c. Renewals	5,474	2,335
d. Plant and equipment	–	–
<b>18. Repayment of debt</b>	153	102
<b>19. Totals</b>	<b>5,627</b>	<b>2,437</b>
<b>Non-operating funds employed</b>		
<b>20. Proceeds from disposal of assets</b>	–	–
<b>21. Borrowing utilised</b>	–	–
<b>22. Totals</b>	<b>–</b>	<b>–</b>
<b>C Rates and charges</b>		
<b>23. Number of assessments</b>		
a. Residential (occupied)	801	829
b. Residential (unoccupied, ie. vacant lot)	103	90
c. Non-residential (occupied)	115	132
d. Non-residential (unoccupied, ie. vacant lot)	11	6
<b>24. Number of ETs for which developer charges were received</b>	– ET	– ET
<b>25. Total amount of pensioner rebates (actual dollars)</b>	\$ 15,617	\$ 16,408

## The former Tumbarumba 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
<b>ASSETS</b>			
<b>26. Cash and investments</b>			
a. Developer charges	–	–	–
b. Special purpose grants	–	–	–
c. Accrued leave	–	–	–
d. Unexpended loans	–	–	–
e. Sinking fund	–	–	–
f. Other	2,394	–	2,394
<b>27. Receivables</b>			
a. Specific purpose grants	–	–	–
b. Rates and availability charges	124	–	124
c. User charges	38	–	38
d. Other	–	–	–
<b>28. Inventories</b>	–	–	–
<b>29. Property, plant and equipment</b>			
a. System assets	–	19,838	19,838
b. Plant and equipment	–	241	241
<b>30. Other assets</b>	–	–	–
<b>31. Total assets</b>	<u>2,556</u>	<u>20,079</u>	<u>22,635</u>
<b>LIABILITIES</b>			
<b>32. Bank overdraft</b>	–	–	–
<b>33. Creditors</b>	23	–	23
<b>34. Borrowings</b>	234	3,511	3,745
<b>35. Provisions</b>			
a. Tax equivalents	–	–	–
b. Dividend	–	–	–
c. Other	–	–	–
<b>36. Total liabilities</b>	<u>257</u>	<u>3,511</u>	<u>3,768</u>
<b>37. NET ASSETS COMMITTED</b>	<u>2,299</u>	<u>16,568</u>	<u>18,867</u>
<b>EQUITY</b>			
<b>38. Accumulated surplus</b>			12,277
<b>39. Asset revaluation reserve</b>			6,590
<b>40. TOTAL EQUITY</b>			<u>18,867</u>
<b>Note to system assets:</b>			
<b>41. Current replacement cost</b> of system assets			29,039
<b>42. Accumulated current cost</b> depreciation of system assets			(9,201)
<b>43. Written down current cost</b> of system assets			<u>19,838</u>

## The former Tumbarumba Shire Council

### Notes to Special Schedules 3 and 5

for the period 1 July 2015 to 12 May 2016

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

#### Notes:

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

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

## The former Tumbarumba 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 <sup>a</sup>	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 and other structures	Buildings	–	–	723	613	25,809	38,134	18%	46%	30%	6%	0%
	Other											
	<b>Sub-total</b>	<b>–</b>	<b>–</b>	<b>723</b>	<b>613</b>	<b>25,809</b>	<b>38,134</b>	<b>18.0%</b>	<b>46.0%</b>	<b>30.0%</b>	<b>6.0%</b>	<b>0.0%</b>
Roads	Sealed roads	133	–	679	564	96,325	101,812	23%	45%	30%	2%	0%
	Unsealed roads	–	–	331	297	23,356	28,713	8%	40%	40%	12%	0%
	Bridges	–	–	5	3	16,091	29,146	5%	40%	50%	5%	0%
	Footpaths	–	–	11	6	1,626	2,920	5%	40%	40%	15%	0%
	Bulk earthworks	–	–	–	–	8,807	8,807	100%	0%	0%	0%	0%
	<b>Sub-total</b>	<b>133</b>	<b>–</b>	<b>1,026</b>	<b>870</b>	<b>146,205</b>	<b>171,398</b>	<b>21.1%</b>	<b>40.9%</b>	<b>33.7%</b>	<b>4.3%</b>	<b>0.0%</b>
Water supply network	Water supply network	148	–	287	280	19,989	33,278	19%	45%	25%	11%	0%
	<b>Sub-total</b>	<b>148</b>	<b>–</b>	<b>287</b>	<b>280</b>	<b>19,989</b>	<b>33,278</b>	<b>19.0%</b>	<b>45.0%</b>	<b>25.0%</b>	<b>11.0%</b>	<b>0.0%</b>
Sewerage network	Sewerage network	150	–	191	164	19,839	29,039	3%	25%	65%	7%	0%
	<b>Sub-total</b>	<b>150</b>	<b>–</b>	<b>191</b>	<b>164</b>	<b>19,839</b>	<b>29,039</b>	<b>3.0%</b>	<b>25.0%</b>	<b>65.0%</b>	<b>7.0%</b>	<b>0.0%</b>
Stormwater drainage	Stormwater drainage	125	–	28	27	3,306	5,868	5%	15%	40%	40%	0%
	<b>Sub-total</b>	<b>125</b>	<b>–</b>	<b>28</b>	<b>27</b>	<b>3,306</b>	<b>5,868</b>	<b>5.0%</b>	<b>15.0%</b>	<b>40.0%</b>	<b>40.0%</b>	<b>0.0%</b>
	<b>TOTAL – ALL ASSETS</b>	<b>556</b>	<b>–</b>	<b>2,255</b>	<b>1,954</b>	<b>215,148</b>	<b>277,717</b>	<b>18.2%</b>	<b>39.9%</b>	<b>35.6%</b>	<b>6.4%</b>	<b>0.0%</b>

## Notes:

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

## Infrastructure asset condition assessment 'key'

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

## The former Tumbarumba 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
<b>Infrastructure asset performance indicators * consolidated</b>				
<b>1. Infrastructure renewals ratio</b>				
Asset renewals <sup>(1)</sup>	<u>7,986</u>	<b>275.66%</b>	263.37%	185.83%
Depreciation, amortisation and impairment	<u>2,897</u>			
<b>2. Infrastructure backlog ratio</b>				
Estimated cost to bring assets to a satisfactory standard	<u>556</u>	<b>0.27%</b>	1.38%	3.54%
Carrying value of infrastructure assets	<u>206,419</u>			
<b>3. Asset maintenance ratio</b>				
Actual asset maintenance	<u>1,954</u>	<b>0.87</b>	0.87	1.05
Required asset maintenance	<u>2,255</u>			

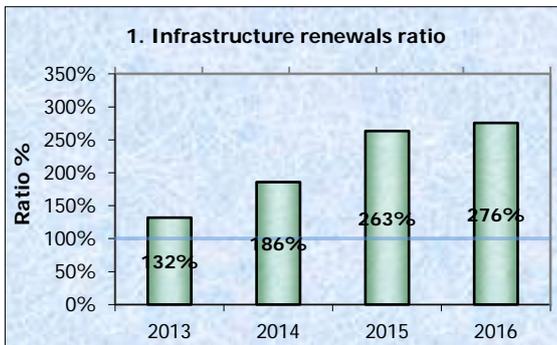
#### Notes

\* 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 Tumbarumba Shire Council

### Special Schedule 7 – Report on Infrastructure Assets (continued) for the period 1 July 2015 to 12 May 2016



**Purpose of asset renewals ratio**

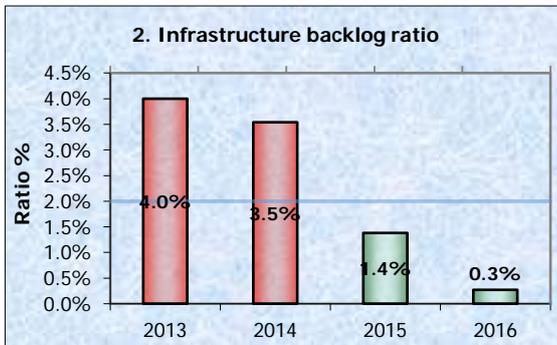
To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.

**12/5/16 ratio 275.66%**

Benchmark: ——— Minimum  $\geq 100.00\%$

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

 Ratio achieves benchmark  
 Ratio is outside benchmark



**Purpose of infrastructure backlog ratio**

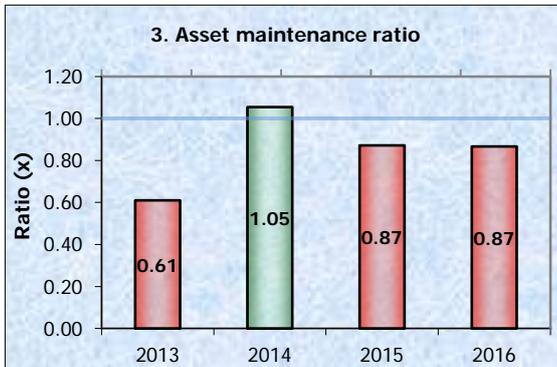
This ratio shows what proportion the backlog is against the total value of a Council's infrastructure.

**12/5/16 ratio 0.27%**

Benchmark: ——— Maximum  $< 2.00\%$

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

 Ratio achieves benchmark  
 Ratio is outside benchmark



**Purpose of asset maintenance ratio**

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

**12/5/16 ratio 0.87 x**

Benchmark: ——— Minimum  $> 1.00$

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

 Ratio achieves benchmark  
 Ratio is outside benchmark

## The former Tumbarumba 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 <sup>(1)</sup> 12/5/16
<b>Infrastructure asset performance indicators by fund</b>			
<b>1. Infrastructure renewals ratio</b>			
<u>Asset renewals <sup>(2)</sup></u>	<b>35.09%</b>	<b>2096.93%</b>	<b>107.27%</b>
Depreciation, amortisation and impairment	prior period: 161.45%	1061.36%	206.08%
<b>2. Infrastructure backlog ratio</b>			
<u>Estimated cost to bring assets to a satisfactory standard</u>	<b>0.74%</b>	<b>0.76%</b>	<b>0.15%</b>
Carrying value of infrastructure assets	prior period: 11.09%	0.58%	0.28%
<b>3. Asset maintenance ratio</b>			
<u>Actual asset maintenance</u>	<b>0.98</b>	<b>0.86</b>	<b>0.85</b>
Required asset maintenance	prior period: 0.76	0.51	0.95

#### 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.