

# THE FORMER TUMUT SHIRE COUNCIL



## 2015-2016 ANNUAL FINANCIAL STATEMENTS

# The former Tumut Shire Council

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

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*"To be an innovative Council that promotes  
a strong and sustainable community"*



## The former Tumut Shire Council

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

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#### Overview

- (i) These financial statements are General Purpose Financial Statements and cover the operations for the former Tumut Shire Council.
- (ii) The former Tumut 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 Tumut 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 Tumut 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 15 December 2016.**

  
\_\_\_\_\_  
Paul Sullivan  
Administrator  
\_\_\_\_\_  
Kay Whitehead  
Interim General Manager  
\_\_\_\_\_  
Sarah Pentland  
Responsible Accounting Officer

## The former Tumut Shire Council

### Income Statement

for the period 1 July 2015 to 12 May 2016

Budget <sup>1</sup>			Actual	Actual
1/7/15			1/7/15	1/7/14
to 12/5/16	\$ '000	Notes	to 12/5/16	to 30/6/15
<b>Income from continuing operations</b>				
<b>Revenue:</b>				
10,564	Rates and annual charges	3a	10,659 <sup>2</sup>	11,771
10,936	User charges and fees	3b	9,641	9,631
540	Interest and investment revenue	3c	614	654
1,243	Other revenues	3d	535	625
5,184	Grants and contributions provided for operating purposes	3e,f	6,381 <sup>3</sup>	5,592
70	Grants and contributions provided for capital purposes	3e,f	368	579
<b>28,537</b>	<b>Total income from continuing operations</b>		<b>28,198</b>	<b>28,852</b>
<b>Expenses from continuing operations</b>				
8,972	Employee benefits and on-costs	4a	8,908	10,812
348	Borrowing costs	4b	397	385
9,283	Materials and contracts	4c	8,581	7,411
5,713	Depreciation and amortisation	4d	6,390	7,390
2,793	Other expenses	4e	2,652	3,092
–	Net losses from the disposal of assets	5	1,561	861
<b>27,109</b>	<b>Total expenses from continuing operations</b>		<b>28,489</b>	<b>29,951</b>
<b>1,428</b>	<b>Operating result from continuing operations</b>		<b>(291)</b>	<b>(1,099)</b>
<b>1,428</b>	<b>Net operating result for the period</b>		<b>(291)</b>	<b>(1,099)</b>
<b>1,428</b>	<b>Net operating result attributable to Council</b>		<b>(291)</b>	<b>(1,099)</b>
<b>1,358</b>	<b>Net operating result for the period before grants and contributions provided for capital purposes</b>		<b>(659)</b>	<b>(1,678)</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 July to 30 June 2016. No adjustments have been made for rates not earned during the period 13/05/2016 to 30/06/2016.

<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 Tumut Shire Council

### Statement of Comprehensive Income for the period 1 July 2015 to 12 May 2016

		Actual 1/7/15 to 12/5/16	Actual 1/7/14 to 30/6/15
\$ '000	Notes		
<b>Net operating result for the period</b> (as per Income Statement)		<b>(291)</b>	<b>(1,099)</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)	2,940	783
<b>Total items which will not be reclassified subsequently to the operating result</b>		<b>2,940</b>	<b>783</b>
Amounts which will be reclassified subsequently to the operating result when specific conditions are met			
Other movements in reserves	20b (ii)	(68)	—
<b>Total items which will be reclassified subsequently to the operating result when specific conditions are met</b>		<b>(68)</b>	<b>—</b>
<b>Total other comprehensive income for the period</b>		<b>2,872</b>	<b>783</b>
<b>Total comprehensive income for the period</b>		<b>2,581</b>	<b>(316)</b>
<b>Total comprehensive income attributable to Council</b>		<b>2,581</b>	<b>(316)</b>

## The former Tumut 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	3,468	6,950
Investments	6b	15,210	10,404
Receivables	7	8,550	4,912
Inventories	8	220	22
Other	8	153	17
Non-current assets classified as 'held for sale'	22	72	72
<b>Total current assets</b>		<b>27,673</b>	<b>22,377</b>
<b>Non-current assets</b>			
Investments	6b	—	1,500
Inventories	8	147	147
Infrastructure, property, plant and equipment	9	342,724	344,173
Intangible assets	25	1,257	1,490
<b>Total non-current assets</b>		<b>344,128</b>	<b>347,310</b>
<b>TOTAL ASSETS</b>		<b>371,801</b>	<b>369,687</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	10	2,081	1,733
Borrowings	10	863	885
Provisions	10	3,069	3,011
<b>Total current liabilities</b>		<b>6,013</b>	<b>5,629</b>
<b>Non-current liabilities</b>			
Borrowings	10	5,208	5,993
Provisions	10	265	331
<b>Total non-current liabilities</b>		<b>5,473</b>	<b>6,324</b>
<b>TOTAL LIABILITIES</b>		<b>11,486</b>	<b>11,953</b>
<b>Net assets</b>		<b>360,315</b>	<b>357,734</b>
<b>EQUITY</b>			
Retained earnings	20	258,306	258,597
Revaluation reserves	20	102,009	99,137
<b>Council equity interest</b>		<b>360,315</b>	<b>357,734</b>
<b>Total equity</b>		<b>360,315</b>	<b>357,734</b>



## The former Tumut 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)		258,597	99,137	<b>357,734</b>	—	<b>357,734</b>
a. Correction of prior period errors	20 (c)	—	—	—	—	—
b. Changes in accounting policies (prior year effects)	20 (d)	—	—	—	—	—
<b>Revised opening balance (as at 1/7/15)</b>		<b>258,597</b>	<b>99,137</b>	<b>357,734</b>	<b>—</b>	<b>357,734</b>
<b>c. Net operating result for the period</b>		<b>(291)</b>	—	<b>(291)</b>	—	<b>(291)</b>
d. Other comprehensive income						
– Revaluations: IPP&E asset revaluation rsve	20b (ii)	—	2,940	<b>2,940</b>	—	<b>2,940</b>
– Other reserves movements	20b (ii)	—	(68)	<b>(68)</b>	—	<b>(68)</b>
<b>Other comprehensive income</b>		<b>—</b>	<b>2,872</b>	<b>2,872</b>	<b>—</b>	<b>2,872</b>
<b>Total comprehensive income (c&amp;d)</b>		<b>(291)</b>	<b>2,872</b>	<b>2,581</b>	<b>—</b>	<b>2,581</b>
e. Distributions to/(contributions from) non-controlling Interests		—	—	—	—	—
f. Transfers between equity		—	—	—	—	—
<b>Equity – balance at end of the reporting period</b>		<b>258,306</b>	<b>102,009</b>	<b>360,315</b>	<b>—</b>	<b>360,315</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)		259,696	98,354	<b>358,050</b>	—	<b>358,050</b>
a. Correction of prior period errors	20 (c)	—	—	—	—	—
b. Changes in accounting policies (prior year effects)	20 (d)	—	—	—	—	—
<b>Revised opening balance (as at 1/7/14)</b>		<b>259,696</b>	<b>98,354</b>	<b>358,050</b>	<b>—</b>	<b>358,050</b>
<b>c. Net operating result for the year</b>		<b>(1,099)</b>	—	<b>(1,099)</b>	—	<b>(1,099)</b>
d. Other comprehensive income						
– Revaluations: IPP&E asset revaluation rsve	20b (ii)	—	783	<b>783</b>	—	<b>783</b>
<b>Other comprehensive income</b>		<b>—</b>	<b>783</b>	<b>783</b>	<b>—</b>	<b>783</b>
<b>Total comprehensive income (c&amp;d)</b>		<b>(1,099)</b>	<b>783</b>	<b>(316)</b>	<b>—</b>	<b>(316)</b>
e. Distributions to/(contributions from) non-controlling Interests		—	—	—	—	—
f. Transfers between equity		—	—	—	—	—
<b>Equity – balance at end of the year</b>		<b>258,597</b>	<b>99,137</b>	<b>357,734</b>	<b>—</b>	<b>357,734</b>

## The former Tumut Shire Council

## Statement of Cash Flows

for the period 1 July 2015 to 12 May 2016

Budget <sup>1</sup>			Actual	Actual
1/7/15			1/7/15	1/7/14
to 12/5/16		Notes	to 12/5/16	to 30/6/15
\$ '000				
<b>Cash flows from operating activities</b>				
<b>Receipts:</b>				
10,550	Rates and annual charges		8,723	11,972
8,041	User charges and fees		7,895	11,208
544	Investment and interest revenue received		772	638
4,861	Grants and contributions		6,251	7,307
–	Bonds, deposits and retention amounts received		1	9
143	Other		2,224	692
<b>Payments:</b>				
(8,840)	Employee benefits and on-costs		(8,906)	(10,877)
(9,418)	Materials and contracts		(9,540)	(8,511)
(365)	Borrowing costs		(502)	(381)
–	Bonds, deposits and retention amounts refunded		–	(140)
(2,793)	Other		(2,909)	(3,344)
<b>2,723</b>	<b>Net cash provided (or used in) operating activities</b>	11b	<b>4,009</b>	<b>8,573</b>
<b>Cash flows from investing activities</b>				
<b>Receipts:</b>				
1,780	Sale of investment securities		11,039	11,976
–	Sale of infrastructure, property, plant and equipment		489	714
<b>Payments:</b>				
(411)	Purchase of investment securities		(14,345)	(11,682)
(5,258)	Purchase of infrastructure, property, plant and equipment		(3,867)	(7,456)
<b>(3,889)</b>	<b>Net cash provided (or used in) investing activities</b>		<b>(6,684)</b>	<b>(6,448)</b>
<b>Cash flows from financing activities</b>				
<b>Receipts:</b>				
Nil				
<b>Payments:</b>				
(771)	Repayment of borrowings and advances		(807)	(858)
<b>(771)</b>	<b>Net cash flow provided (used in) financing activities</b>		<b>(807)</b>	<b>(858)</b>
<b>(1,937)</b>	<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(3,482)</b>	<b>1,267</b>
6,950	Plus: cash and cash equivalents – beginning of reporting period	11a	6,950	5,683
<b>5,013</b>	<b>Cash and cash equivalents – end of reporting period</b>	11a	<b>3,468</b>	<b>6,950</b>
Additional Information:				
	plus: Investments on hand – end of reporting period	6b	15,210	11,904
	<b>Total cash, cash equivalents and investments</b>		<b>18,678</b>	<b>18,854</b>

<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 Tumut Shire Council

### Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

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n/a – not applicable

## The former Tumut Shire Council

### Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

#### Note 1. Summary of significant accounting policies

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

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

##### (a) Basis of preparation

###### (i) Background

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

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

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

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

Because AASBs are sector neutral, some standards either:

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

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

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

###### (iii) New and amended standards adopted by Council

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

###### (iv) Early adoption of accounting standards

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

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

###### (v) Basis of accounting

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

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

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

###### (vi) Changes in accounting policies

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

## The former Tumut Shire Council

### Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

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

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

##### (vii) Critical accounting estimates

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

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

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

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

Council makes estimates and assumptions concerning the future.

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

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

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

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

Whilst the former Tumut 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 Tumut Shire Council has not been liquidated nor has trading ceased.

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

- (iii) Estimated remediation provisions.

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

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

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

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

In accordance with the Australian Accounting Standards the former Tumut 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 Tumut 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



## The former Tumut 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)

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.

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. In accordance with Australian Accounting Standards the former 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. No adjustments have been made for rates not earned during the period 13/05/2016 to 30/06/2016.

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

Control over granted assets 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 period 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).

The former 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 FAGs revenue for the period 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 13 May 2016 to 30 June 2016 will be included in the Financial Statements of the new Council.

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.

## The former Tumut 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)

##### 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.

##### Interest and rents

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

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

##### Dividend income

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

##### Other Income

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

##### (c) Principles of consolidation

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

##### (i) The Consolidated Fund

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

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

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

- General Purpose Operations
- Water supply
- Sewerage service
- Domestic Waste Management
- Snowy Works & Services

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

- Batlow Development League
- Talbingo Progress Association
- Festival of the Falling Leaf

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>	<b>\$220,079.05</b>
<b>Total expenditure from continuing operations</b>	<b>\$174,650.72</b>
<b>Total net assets held (i.e. equity)</b>	<b>\$148,672.19</b>

##### 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

## The former Tumut 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)

purposes of or in accordance with the trusts relating to those monies.

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

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

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

#### (iii) Interests in other entities

##### Subsidiaries

Council has no interest in any subsidiaries.

##### Joint arrangements

Council has no interest in any joint arrangements.

##### Joint ventures

Council has no interest in any joint ventures.

##### Associates

Council has no interest in any associates.

##### County councils

Council is not a member of any county councils.

#### (d) Leases

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

##### Finance leases

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

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

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

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

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

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

##### Operating Leases

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

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

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

#### (e) Cash and Cash Equivalents

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

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

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

## The former Tumut 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)

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

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

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

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

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

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

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

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

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

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

##### (ii) Loans and receivables

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

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

They are included in current assets, except for those with maturities greater than 12 months after the

balance sheet date, which are classified as non-current assets.

##### (iii) Held-to-maturity investments

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

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

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

##### (iv) Available-for-sale financial assets

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

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

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

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

##### Financial assets – reclassification

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

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

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

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

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

#### General accounting and measurement of financial instruments:

##### (i) Initial recognition

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

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

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

##### (ii) Subsequent measurement

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

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

Realised and unrealised gains and losses arising from changes in the fair value of the financial assets classified as '**fair value through profit or loss**'

category are included in the income statement in the period in which they arise.

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

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

#### Impairment

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

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

##### (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 former Tumut Shire Council

### Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

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

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

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

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

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

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

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

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

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

#### **(h) Receivables**

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

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

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

A provision for impairment (i.e. an allowance account) relating to receivables is established when

objective evidence shows that Council will not be able to collect all amounts due according to the original terms of each receivable.

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

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

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

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

#### **(i) Inventories**

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

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

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

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

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

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

##### **(ii) Inventory held for distribution**

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

## The former Tumut 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)

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

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

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

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

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

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

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

###### Acquisition of assets

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

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

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

- **Bulk earthworks** (internal valuation)
- **Stormwater drainage** (internal valuation)
- **Water and sewerage networks** (internal valuation)
- **Swimming pools** (internal valuation)
- **Other open space/recreational assets**  
(internal valuation)
- **Other infrastructure** (internal 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.

## The former Tumut 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)

##### Asset revaluations (including indexation)

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

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

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

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

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

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

##### Capitalisation thresholds

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

###### Land

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

###### Plant and Equipment

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

##### Buildings and Land Improvements

Park Furniture and Equipment	> \$1,000
Building	
- construction/extensions	100% Capitalised
- renovations	> \$10,000
Other Structures	> \$2,000

##### Water and Sewer Assets

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

##### Stormwater Assets

Drains and Culverts	> \$20,000
Other	> \$20,000

##### Transport Assets

Road construction and reconstruction	> \$20,000
Reseal/Re-sheet and major repairs:	> \$20,000
Bridge construction and reconstruction	> \$20,000

##### Depreciation

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

Land is not depreciated.

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

##### Plant and Equipment

- Office Equipment	5 to 10 years
- Office furniture	10 to 20 years
- Computer Equipment	4 years
- Vehicles	5 to 8 years
- Heavy Plant/Road Making equip.	5 to 8 years
- Other plant and equipment	5 to 15 years

##### Other Equipment

- Playground equipment	5 to 15 years
- Benches, seats etc	10 to 20 years

##### Buildings

- Buildings: Masonry	50 to 100 years
- Buildings: Other	20 to 40 years

## The former Tumut 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)

##### Stormwater Drainage

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

##### Transportation Assets

- Sealed Roads: Surface	2 to 60 years
- Sealed Roads: Structure	100 years
- Unsealed roads	7 to 30 years
- Bridge: Concrete	100 years
- Bridge: Other	40 to 80 years

##### Water and Sewer Assets

- Pumps and telemetry	10 to 25 years
- Reticulation pipes: PVC	70 to 80 years
- Reticulation pipes: Other	45 to 75 years
- Dams and reservoirs	40 to 100 years

##### Other Infrastructure Assets

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

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

##### Disposal and derecognition

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

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

##### (k) Land

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

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

##### (l) Land under roads

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

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

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

##### (m) Intangible assets

##### IT development and software

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

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

Amortisation is calculated on a straight line bases over periods generally ranging from 3 to 10 years.

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

##### (n) Crown reserves

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

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

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

## The former Tumut 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)

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

##### (o) Rural fire service assets

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

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

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

##### (p) Investment property

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

Council does not hold such properties as at 30 June 2016.

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

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

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

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

Costs are estimated on the basis of a closure plan.

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

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

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

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

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

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

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

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

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

These costs are charged to the Income Statement.

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



## The former Tumut 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)

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

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

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

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

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

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

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

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

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

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

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

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

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

#### **(s) Impairment of assets**

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

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

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

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

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

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

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

## The former Tumut 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)

##### (t) Payables

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

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

##### (u) Borrowings

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

Borrowings are subsequently measured at amortised cost.

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

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

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

##### (v) Borrowing costs

Borrowing costs are expensed.

##### (w) Provisions

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

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

Provisions are not recognised for future operating losses.

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

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

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

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

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

##### (x) Employee benefits

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

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

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

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

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

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.

## The former Tumut 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)

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

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

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

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

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

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

##### (iii) Retirement benefit obligations

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

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

##### Defined benefit plans

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

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

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

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

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

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

The last valuation of the scheme was performed by Mr Richard Boyfield (FIAA) on 26/02/2016 and covers the period ended 30/06/2015.

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

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

The amount of employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense and disclosed as part of superannuation expenses at Note 4 (a) for the period ending 12 May 2016 was \$ 235,476.64.

The amount of additional contributions included in the total employer contribution advised above is \$496,000.00.

The share of this deficit that can be broadly attributed to Council is estimated to be in the order of \$232,662.86 as at 12 May 2016.

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

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

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

#### Defined contribution plans

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

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

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

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

#### (y) Self-insurance

Council does not self-insure.

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

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

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

#### Exceptions

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

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

#### (aa) Taxes

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

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

#### Goods and Services Tax (GST)

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

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

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

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

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

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

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

## The former Tumut 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)

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

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

Council has not adopted any of these standards early.

Apart from the AASB disclosures below, there are no other standards that are 'not yet effective' that are expected to have a material impact on Council in the current or future reporting periods and on foreseeable future transactions.

Council's assessment of the impact of upcoming new standards and interpretations that are likely to have an effect are set out below.

##### **AASB 9 – Financial Instruments**

AASB 9 replaces AASB 139 Financial Instruments: Recognition and Measurement and has an effective date for reporting periods beginning on or after 1 January 2018 (and must be applied retrospectively).

The overriding impact of AASB 9 is to change the requirements for the classification, measurement and disclosures associated with financial assets and financial liabilities.

These requirements are designed to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139.

Under the new requirements the four current categories of financial assets stipulated in AASB 139 will be replaced with two measurement categories:

- fair value, and
- amortised cost (where financial assets will only be able to be measured at amortised cost when very specific conditions are met).

Council is yet to undertake a detailed assessment of the impact of AASB 9.

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

AASB 15 will replace AASB 118 which covers contracts for goods and services and AASB 111 which covers construction contracts.

AASB 15 will introduce a 5-step process for revenue recognition with the core principle of the new standard being that entities recognise revenue so as to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the entity expects to be entitled in exchange for those goods or services.

The changes in revenue recognition requirements in AASB 15 may cause changes to accounting policies relating to the timing and amount of revenue recorded in the financial statements, as well as additional disclosures.

The effective date of this standard is for annual reporting periods beginning on or after 1 January 2018.

Council is yet to undertake a detailed assessment of the impact of AASB 15.

##### **AASB ED 260 Income of Not-for-Profit Entities**

The AASB previously issued exposure draft AASB ED 260 on Income of Not-for-Profit Entities in April 2015.

The exposure draft proposed specific not-for-profit entity requirements and guidance when applying the principles of AASB 15 to income from certain transactions. Much of the material in AASB 1004 is expected to be replaced by material included in AASB ED 260.

Specific revenue items that may considerably change are Grants and Contributions. The most likely financial statement impact is the deferred recognition of Grants and Contributions (i.e. recognition as unearned revenue [liability]) until Council has met the associated performance obligation/s relating to the Grants or Contribution.

At this stage there is no specific date of release for a standard or a date of applicability.

##### **AASB16 – Leases**

AASB 116 Leases replaces AASB 117 Leases and some associated lease-related Interpretations.



## The former Tumut 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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AASB 16 introduces a single lease accounting model (for lessees) that will require all leases to be accounted for on the balance sheet (ie. recognition of both a right-of-use asset and a corresponding lease) for all leases with a term of more than 12 months unless the underlying assets are determined to be of 'low value'. There will also be detailed disclosure requirements for all lessees.

The effective date of this standard is for annual reporting periods beginning on or after 1 January 2019.

Council is yet to undertake a detailed assessment of the accounting impacts from AASB 16. However, based on preliminary assessments, impacts from the first time adoption of the standard are likely to include:

- a significant increase in lease assets and financial liabilities recognised on the balance sheet,
- a reduction in reported equity as the carrying amount of lease assets will reduce more quickly than the carrying amount of lease liabilities,
- lower operating cash outflows and higher financing cash flows in the statement of cash flows as principal repayments on all lease liabilities will now be included in financing activities rather than operating activities.

#### **(ac) Rounding of amounts**

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

#### **(ad) Comparative figures**

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

#### **(ae) Disclaimer**

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

## The former Tumut 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 12/5/16	1/7/15 to 12/5/16	1/7/14 to 30/6/15	1/7/15 to 12/5/16	1/7/15 to 12/5/16	1/7/14 to 30/6/15	1/7/15 to 12/5/16	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	–	5	6	337	430	528	(337)	(425)	(522)	–	–	34,416	28,346
Administration	8,283	6,700	7,241	9,397	8,157	8,418	(1,114)	(1,457)	(1,177)	–	–	19,934	20,403
Public order and safety	526	563	671	725	828	803	(199)	(265)	(132)	541	511	62	67
Health	44	11	49	104	81	78	(60)	(70)	(29)	–	–	–	–
Environment	1,460	1,470	1,740	1,706	1,425	1,827	(246)	45	(87)	70	127	19,609	19,457
Community services and education	175	79	97	429	324	339	(254)	(245)	(242)	251	–	848	861
Housing and community amenities	266	581	356	798	1,130	899	(532)	(549)	(543)	–	–	1,829	1,843
Water supplies	3,131	3,108	3,467	2,940	3,543	3,528	191	(435)	(61)	40	45	45,869	45,084
Sewerage services	3,220	3,153	3,623	2,603	3,579	3,961	617	(426)	(338)	38	43	38,571	38,182
Recreation and culture	188	432	359	2,262	2,816	2,642	(2,074)	(2,384)	(2,283)	159	135	14,873	14,492
Mining, manufacturing and construction	133	55	160	341	534	486	(208)	(479)	(326)	–	–	–	–
Transport and communication	2,697	1,719	587	4,260	4,399	5,047	(1,563)	(2,680)	(4,460)	1,425	186	192,157	197,706
Economic affairs	556	414	817	1,198	1,243	1,395	(642)	(829)	(578)	–	282	3,633	3,246
<b>Total functions and activities</b>	<b>20,679</b>	<b>18,290</b>	<b>19,173</b>	<b>27,100</b>	<b>28,489</b>	<b>29,951</b>	<b>(6,421)</b>	<b>(10,199)</b>	<b>(10,778)</b>	<b>2,524</b>	<b>1,329</b>	<b>371,801</b>	<b>369,687</b>
Share of gains/(losses) in associates and joint ventures (using the equity method)	–	–	–	–	–	–	–	–	–	–	–	–	–
General purpose income <sup>2</sup>	7,858	9,908	9,679	9	–	–	7,849	9,908	9,679	3,383	3,408	–	–
<b>Operating result from continuing operations</b>	<b>28,537</b>	<b>28,198</b>	<b>28,852</b>	<b>27,109</b>	<b>28,489</b>	<b>29,951</b>	<b>1,428</b>	<b>(291)</b>	<b>(1,099)</b>	<b>5,907</b>	<b>4,737</b>	<b>371,801</b>	<b>369,687</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 Tumut Shire Council

### Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

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

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

##### **GOVERNANCE**

Includes costs relating to Council's role as a component of democratic government, including elections, members' fees and expenses, subscriptions to local authority associations, meetings of Council and policy-making committees, public disclosure (e.g. GIPA), and legislative compliance.

##### **ADMINISTRATION**

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

##### **PUBLIC ORDER AND SAFETY**

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

##### **HEALTH**

Includes immunisation, food control, health centres etc.

##### **ENVIRONMENT**

Includes noxious plants and insect/vermin control; other environmental protection; solid waste management, including domestic waste; other waste management; other sanitation; and garbage, street cleaning, drainage and stormwater management.

##### **COMMUNITY SERVICES AND EDUCATION**

Includes administration and education; social protection (welfare); migrant, Aboriginal and other community services and administration (excluding accommodation – as it is covered under 'housing and community amenities'); youth services; aged and disabled persons services; children's services, including family day care; child care; and other family and children services.

##### **HOUSING AND COMMUNITY AMENITIES**

Includes public cemeteries; public conveniences; street lighting; town planning; other community amenities, including housing development and accommodation for families and children, aged persons, disabled persons, migrants and Indigenous persons.

##### **WATER SUPPLIES**

##### **SEWERAGE SERVICES**

##### **RECREATION AND CULTURE**

Includes public libraries; museums; art galleries; community centres and halls, including public halls and performing arts venues; sporting grounds and venues; swimming pools; parks; gardens; lakes; and other sporting, recreational and cultural services.

##### **MINING, MANUFACTURING AND CONSTRUCTION**

Includes building control, quarries and pits, mineral resources, and abattoirs.

##### **TRANSPORT AND COMMUNICATION**

Urban local, urban regional, includes sealed and unsealed roads, bridges, footpaths, parking areas, and aerodromes.

##### **ECONOMIC AFFAIRS**

Includes camping areas and caravan parks; tourism and area promotion; industrial development promotion; sale yards and markets; real estate development; commercial nurseries; and other business undertakings.

## The former Tumut Shire Council

### Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

#### Note 3. Income from continuing operations

		Actual 1/7/15 to 30/6/16	Actual 1/7/14 to 30/6/15
\$ '000	Notes		
<b>(a) Rates and annual charges <sup>1,2</sup></b>			
<b>Ordinary rates</b>			
Residential		3,094	2,903
Farmland		2,188	1,992
Business		879	918
<b>Total ordinary rates</b>		<b>6,161</b>	<b>5,813</b>
<b>Special rates</b>			
Nil			
		Actual 1/7/15 to 12/5/16	Actual 1/7/14 to 30/6/15
\$ '000	Notes		
<b>Annual charges</b> (pursuant to s.496, s.496A, s.496B, s.501 & s.611)			
Domestic waste management services		1,335	1,505
Stormwater management services		6	11
Water supply services		426	1,203
Sewerage services		2,731	3,239
<b>Total annual charges</b>		<b>4,498</b>	<b>5,958</b>
<b><u>TOTAL RATES AND ANNUAL CHARGES</u></b>		<b><u>10,659</u></b>	<b><u>11,771</u></b>

<sup>1</sup> Council has used 2012 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 13/05/16 to 30/06/16.

## The former Tumut Shire Council

### Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

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

	Actual 1/7/15 to 12/5/16	Actual 1/7/14 to 30/6/15
\$ '000	Notes	
<b>(b) User charges and fees</b>		
<b>Specific user charges</b> (per s.502 – specific 'actual use' charges)		
Domestic waste management services	17	25
Water supply services	2,113	1,984
Sewerage services	51	73
<b>Total user charges</b>	<b>2,181</b>	<b>2,082</b>
<b>Other user charges and fees</b>		
<b>(i) Fees and charges – statutory and regulatory functions (per s.608)</b>		
Planning and building regulation	288	181
Private works – section 67	2,816	1,842
Registration fees	15	70
Section 603 certificates	22	23
<b>Total fees and charges – statutory/regulatory</b>	<b>3,141</b>	<b>2,116</b>
<b>(ii) Fees and charges – other (incl. general user charges (per s.608))</b>		
Admission and service fees	3	7
Aerodrome	–	18
Caravan park	146	163
Cemeteries	185	178
Festival of Falling Leaf	–	87
Library and art gallery	12	14
RMS (formerly RTA) charges (state roads not controlled by Council)	3,723	4,587
Saleyards	36	56
Sundry sales	3	5
Swimming centres	157	140
Other	54	178
<b>Total fees and charges – other</b>	<b>4,319</b>	<b>5,433</b>
<b>TOTAL USER CHARGES AND FEES</b>	<b>9,641</b>	<b>9,631</b>



## The former Tumut Shire Council

### Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

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

	Actual 1/7/15 to 12/5/16	Actual 1/7/14 to 30/6/15
\$ '000	Notes	
(c) Interest and investment revenue (including losses)		
Interest		
– Interest on overdue rates and annual charges (incl. special purpose rates)	53	45
– Interest earned on investments (interest and coupon payment income)	561	608
– Interest (other)	–	1
<u>TOTAL INTEREST AND INVESTMENT REVENUE</u>	<u>614</u>	<u>654</u>
Interest revenue is attributable to:		
Unrestricted investments/financial assets:		
Overdue rates and annual charges (general fund)	53	45
General Council cash and investments	311	413
Restricted investments/funds – external:		
Development contributions		
– Section 94	6	4
– Section 64	79	69
Water fund operations	60	47
Sewerage fund operations	83	56
Domestic waste management operations	22	20
<u>Total interest and investment revenue recognised</u>	<u>614</u>	<u>654</u>
(d) Other revenues		
Rental income – other council properties	288	334
Fines	29	36
Investment class action	16	–
Sales – general	113	201
Workers Compensation Rebate	38	–
Other	51	54
<u>TOTAL OTHER REVENUE</u>	<u>535</u>	<u>625</u>

## The former Tumut Shire Council

### Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

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

	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
\$ '000				
<b>(e) Grants</b>				
<b>General purpose (untied)</b>				
Financial assistance – general component	2,511 <sup>1</sup>	2,528	–	–
Financial assistance – local roads component	778 <sup>1</sup>	774	–	–
Pensioners' rates subsidies – general component	94	106	–	–
<b>Total general purpose</b>	<b>3,383</b>	<b>3,408</b>	<b>–</b>	<b>–</b>
<b>Specific purpose</b>				
Pensioners' rates subsidies:				
– Water	40	45	–	–
– Sewerage	38	43	–	–
– Domestic waste management	37	41	–	–
Bushfire and emergency services	541	511	–	–
Community care	251	52	–	–
Energy efficiency program	–	–	–	175
Heritage and cultural	36	64	–	–
Natural disaster	–	2	–	–
Noxious weeds	33	86	–	–
Other Southern Phones Community Grants	25	–	–	–
Pines boat ramp	–	27	23	–
Recreation and culture	–	44	75	–
Street lighting	70	1	–	–
Transport (roads to recovery)	1,052	164	–	–
Transport (other roads and bridges funding)	235	21	68	–
Other	–	53	–	–
<b>Total specific purpose</b>	<b>2,358</b>	<b>1,154</b>	<b>166</b>	<b>175</b>
<b>Total grants</b>	<b>5,741</b>	<b>4,562</b>	<b>166</b>	<b>175</b>
<b>Grant revenue is attributable to:</b>				
– Commonwealth funding	2,956	3,467	–	175
– State funding	1,122	1,105	166	–
– Other funding	1,663	(10)	–	–
	<b>5,741</b>	<b>4,562</b>	<b>166</b>	<b>175</b>

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

## The former Tumut Shire Council

### Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

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

		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
\$ '000					
<b>(f) Contributions</b>					
<b>Developer contributions:</b>					
<b>(s93 &amp; s94 – EP&amp;A Act, s64 of the LGA):</b>					
S 94 – contributions towards amenities/services		–	–	19	86
S 64 – water supply contributions		–	–	29	164
S 64 – sewerage service contributions		–	–	33	138
<b>Total developer contributions</b>	17	<b>–</b>	<b>–</b>	<b>81</b>	<b>388</b>
<b>Other contributions:</b>					
Community services		5	–	–	–
Community transport (Dept. of Veteran Affairs)		49	8	–	–
Christmas festivities project contributions		–	18	–	–
Diesel rebate		48	53	–	–
HACC contributions		109	266	–	–
Insurance rebate		23	91	–	–
Recreation and culture		3	–	–	–
RMS contributions (regional roads, block grant)		307	425	121	6
Rural fire service (zone HQ)		–	47	–	–
Sewerage (excl. section 64 contributions)		–	–	–	10
Vehicle usage contribution		96	107	–	–
Youth worker		–	15	–	–
<b>Total other contributions</b>		<b>640</b>	<b>1,030</b>	<b>121</b>	<b>16</b>
<b>Total contributions</b>		<b>640</b>	<b>1,030</b>	<b>202</b>	<b>404</b>
<b>TOTAL GRANTS AND CONTRIBUTIONS</b>		<b>6,381</b>	<b>5,592</b>	<b>368</b>	<b>579</b>

	Actual 1/7/15 to 12/5/16	Actual 1/7/14 to 30/6/15
\$ '000		

#### (g) Restrictions relating to grants and contributions

**Certain grants and contributions are obtained by Council on condition that they be spent in a specified manner:**

Unexpended at the close of the previous reporting period	2,852	2,554
<b>Add:</b> grants and contributions recognised in the current period but not yet spent:	330	298
<b>Less:</b> grants and contributions recognised in a previous reporting period now spent:	(8)	–
<b>Net increase (decrease) in restricted assets during the period</b>	<b>322</b>	<b>298</b>
<b>Unexpended and held as restricted assets</b>	<b>3,174</b>	<b>2,852</b>
<b>Comprising:</b>		
– Specific purpose unexpended grants	188	32
– Developer contributions	2,986	2,820
	<b>3,174</b>	<b>2,852</b>

## The former Tumut Shire Council

### Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

#### Note 4. Expenses from continuing operations

		Actual 1/7/15 to 12/5/16	Actual 1/7/14 to 30/6/15
\$ '000	Notes		
(a) Employee benefits and on-costs			
Salaries and wages		6,105	8,267
Travel expenses		70	18
Employee leave entitlements (ELE)		1,510	1,361
Superannuation		963	961
Workers' compensation insurance		302	234
Fringe benefit tax (FBT)		76	60
Payroll tax		63	54
Training costs (other than salaries and wages)		130	120
Other		53	85
<b>Total employee costs</b>		<b>9,272</b>	<b>11,160</b>
Less: capitalised costs		(364)	(348)
<b>TOTAL EMPLOYEE COSTS EXPENSED</b>		<b>8,908</b>	<b>10,812</b>
Number of 'full-time equivalent' employees (FTE) as at 12/5/2016		130	130
Number of 'full-time equivalent' employees (FTE) at 12/5/2016 (incl. vacancies)		147	142
(b) Borrowing costs			
(i) Interest bearing liability costs			
Interest on loans		388	369
Other debts		6	11
<b>Total interest bearing liability costs expensed</b>		<b>394</b>	<b>380</b>
(ii) Other borrowing costs			
Discount adjustments relating to movements in provisions (other than ELE)			
– Remediation liabilities	26	3	5
<b>Total other borrowing costs</b>		<b>3</b>	<b>5</b>
<b>TOTAL BORROWING COSTS EXPENSED</b>		<b>397</b>	<b>385</b>

## The former Tumut 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>(c) Materials and contracts</b>			
Raw materials and consumables		8,103	7,147
Contractor and consultancy costs			
– Accounting		57	14
– Adelong flood study		–	5
– Economic development		22	–
– Integrated Business Software		132	–
– LGFS portfolio		6	6
– Town planning consultants		25	13
Auditors remuneration <sup>(1)</sup>		27	49
Legal expenses:			
– Legal expenses: planning and development		51	66
– Legal expenses: other		17	3
Operating leases:			
– Operating lease rentals: minimum lease payments <sup>(2)</sup>		141	108
<b><u>TOTAL MATERIALS AND CONTRACTS</u></b>		<b><u>8,581</u></b>	<b><u>7,411</u></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>			
– Audit and review of financial statements: Council's Auditor		20	33
– Other audit and assurance services		7	16
<b>Remuneration for audit and other assurance services</b>		<b><u>27</u></b>	<b><u>49</u></b>
<b>Total Auditor remuneration</b>		<b><u>27</u></b>	<b><u>49</u></b>
<b>2. Operating lease payments are attributable to:</b>			
Other		141	108
		<b><u>141</u></b>	<b><u>108</u></b>



## The former Tumut Shire Council

### Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

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

\$ '000	Notes	Impairment costs		Depreciation/amortisation	
		Actual	Actual	Actual	Actual
		1/7/15 to 12/5/16	1/7/14 to 30/6/15	1/7/15 to 12/5/16	1/7/14 to 30/6/15
Plant and equipment		—	—	1,711	1,983
Office equipment		—	—	9	12
Furniture and fittings		—	—	20	22
Land improvements (depreciable)		—	—	168	236
Infrastructure:					
– Buildings – non-specialised		—	—	180	207
– Buildings – specialised		—	—	192	221
– Other structures		—	—	368	440
– Roads		—	—	1,797	2,516
– Bridges		—	—	252	291
– Footpaths		—	—	93	107
– Other road assets		—	—	281	—
– Stormwater drainage		—	—	203	372
– Water supply network		—	—	355	401
– Sewerage network		—	—	468	522
– Other open space/recreational assets		—	—	48	—
– Other infrastructure		—	—	6	1
Other assets					
– Other		—	—	15	17
Asset reinstatement costs	9 & 26	—	—	9	10
Intangible assets	25	—	—	215	32
<b>TOTAL DEPRECIATION AND IMPAIRMENT COSTS EXPENSED</b>		<b>—</b>	<b>—</b>	<b>6,390</b>	<b>7,390</b>

## The former Tumut Shire Council

### Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

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

		Actual	Actual
		1/7/15	1/7/14
\$ '000	Notes	to 12/5/16	to 30/6/15
(e) Other expenses			
Other expenses for the period include the following:			
Advertising		243	183
Bad and doubtful debts		–	27
Bank charges		35	32
Contributions/levies to other levels of government			
– Emergency Services levy (includes FRNSW, SES, and RFS levies)		19	16
– NSW Fire Brigade levy		35	33
– NSW Rural Fire service levy		497	451
– Other contributions/levies		33	233
Councillor expenses – mayoral fee		21	14
Councillor expenses – councillors’ fees		66	65
Councillors’ expenses (incl. mayor) – other (excluding fees above)		20	80
Donations, contributions and assistance to other organisations		207	93
Donations, contributions and assistance to other organisations (Section 356)		27	15
Electricity and heating		449	769
Fair value decrements – I,PP&E	9(a)	49	–
Innovation brokerage		43	41
Insurance		357	474
Postage		41	28
Printing and stationery		98	96
Street lighting		107	160
Subscriptions and publications		42	59
Telephone and communications		82	82
Valuation fees		37	48
Other		144	93
TOTAL OTHER EXPENSES		2,652	3,092

## The former Tumut Shire Council

### Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

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

\$ '000	Notes	Actual 1/7/15 to 12/5/16	Actual 1/7/14 to 30/6/15
<b>Property</b> (excl. investment property)			
Proceeds from disposal – property		–	37
<b>Net gain/(loss) on disposal</b>		–	<b>37</b>
<b>Plant and equipment</b>			
Proceeds from disposal – plant and equipment		489	612
Less: carrying amount of plant and equipment assets sold/written off		(671)	(801)
<b>Net gain/(loss) on disposal</b>		<b>(182)</b>	<b>(189)</b>
<b>Infrastructure</b>			
Less: carrying amount of infrastructure assets sold/written off		(1,379)	(709)
<b>Net gain/(loss) on disposal</b>		<b>(1,379)</b>	<b>(709)</b>
<b>Financial assets</b>			
Proceeds from disposal/redemptions/maturities – financial assets		11,039	11,976
Less: carrying amount of financial assets sold/redeemed/matured		(11,039)	(11,976)
<b>Net gain/(loss) on disposal</b>		–	–
<b>Non-current assets classified as ‘held for sale’</b>			
Proceeds from disposal – non-current assets ‘held for sale’		–	65
Less: carrying amount of ‘held for sale’ assets sold/written off		–	(65)
<b>Net gain/(loss) on disposal</b>		–	–
<b>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</b>		<b>(1,561)</b>	<b>(861)</b>

## The former Tumut 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		1,091	–	2,116	–
Cash-equivalent assets <sup>1</sup>					
– Deposits at call		2,377	–	4,321	–
– Short-term deposits		–	–	513	–
<b>Total cash and cash equivalents</b>		<b>3,468</b>	<b>–</b>	<b>6,950</b>	<b>–</b>
<b>Investments (Note 6b)</b>					
– Long term deposits		15,210	–	10,404	1,500
<b>Total investments</b>		<b>15,210</b>	<b>–</b>	<b>10,404</b>	<b>1,500</b>
<b>TOTAL CASH ASSETS, CASH EQUIVALENTS AND INVESTMENTS</b>		<b>18,678</b>	<b>–</b>	<b>17,354</b>	<b>1,500</b>

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

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

#### **Cash and cash equivalents**

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

	<b>3,468</b>	<b>–</b>	<b>6,950</b>	<b>–</b>
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#### **Investments**

**b. 'Held to maturity'**

6(b-ii)

	15,210	–	10,404	1,500
<b>Investments</b>	<b>15,210</b>	<b>–</b>	<b>10,404</b>	<b>1,500</b>

#### **Note 6(b-i)**

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

Additions	–	–	800	–
Disposals (sales and redemptions)	–	–	(800)	–
<b>Balance at end of period</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>

#### **Note 6(b-ii)**

**Reconciliation of investments  
classified as 'held to maturity'**

Balance at beginning of period	10,404	1,500	8,198	4,000
Additions	14,345	–	10,882	–
Disposals (sales and redemptions)	(11,039)	–	(11,176)	–
Transfers between current/non-current	1,500	(1,500)	2,500	(2,500)
<b>Balance at end of period</b>	<b>15,210</b>	<b>–</b>	<b>10,404</b>	<b>1,500</b>

#### **Comprising:**

– Long term deposits	15,210	–	4,000	1,500
– Other long term financial assets	–	–	6,404	–
<b>Total</b>	<b>15,210</b>	<b>–</b>	<b>10,404</b>	<b>1,500</b>

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

## The former Tumut 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

	12/5/16 Actual Current	12/5/16 Actual Non-current	30/6/15 Actual Current	30/6/15 Actual Non-current
<b>\$ '000</b>				
<b>Total cash, cash equivalents and investments</b>	<b>18,678</b>	<b>–</b>	<b>17,354</b>	<b>1,500</b>
<b>attributable to:</b>				
External restrictions (refer below)	6,329	–	5,777	558
Internal restrictions (refer below)	9,782	–	9,503	–
Unrestricted	2,567	–	2,074	942
	<b>18,678</b>	<b>–</b>	<b>17,354</b>	<b>1,500</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

Nil

##### External restrictions – other

Developer contributions – general	(D)	226	25	–	251
Developer contributions – water fund	(D)	720	48	–	768
Developer contributions – sewer fund	(D)	1,874	93	–	1,967
Specific purpose unexpended grants	(F)	32	156	–	188
Water supplies	(G)	1,683	–	(260)	1,423
Sewerage services	(G)	1,153	–	(92)	1,061
Domestic waste management	(G)	647	187	(163)	671
<b>External restrictions – other</b>		<b>6,335</b>	<b>509</b>	<b>(515)</b>	<b>6,329</b>
<b>Total external restrictions</b>		<b>6,335</b>	<b>509</b>	<b>(515)</b>	<b>6,329</b>

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

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

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



## The former Tumut 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	608	743	(517)	834
Employees leave entitlement	2,006	86	(25)	2,067
Carry over works	746	1,130	(450)	1,426
Aboriginal brungle reserve PW	45	–	–	45
Adelong showground reserve	10	–	–	10
Aerodrom obstacle lighting	137	–	(77)	60
Airfield	51	10	–	61
Airfield reseals	45	15	–	60
Asset renewals reserve	88	–	–	88
Batlow Literary Institute	58	–	(1)	57
Bridge maintenance	147	–	(90)	57
Camp hudson	95	13	–	108
Caravan park	205	–	(66)	139
Carpark improvements	95	–	–	95
Community development	27	–	–	27
Contingencies	1,179	–	(461)	718
Elections	52	20	–	72
Emergency services	86	–	–	86
FBT liability	107	–	–	107
Festival of the Falling Leaf	28	33	(56)	5
General gravel pit	243	–	(40)	203
HACC	73	66	(70)	69
Hazzard reduction	57	–	(4)	53
Insurance (risk management)	124	–	–	124
IT	103	–	–	103
Legal	100	5	–	105
Life long learner	1	–	–	1
Open space	120	20	(34)	106
Packards pit	40	–	–	40
Plant SWS vehicle	409	281	(239)	451
Plant TSC vehicles	118	229	(167)	180
Playground	162	20	(105)	77
Project development	4	20	–	24
Public toilets	145	30	(60)	115
Real Estate Asset Management	–	46	–	46
Saleyards	94	8	(64)	38
Scholarship	6	–	–	6
Security deposits	8	–	–	8
Shire signage	44	40	–	84
SWS plant dividend	424	40	–	464
SWS surplus holding account	460	98	(20)	538
Swimming pools	270	100	(58)	312
Talbingo reserve	263	11	(150)	124
Telecentre	32	–	(1)	31

(continued on the next page...)

## The former Tumut 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 (continued)</b>				
Television services	71	–	–	71
Telstra tower	16	8	(6)	18
Third age group	3	–	–	3
Tree management	49	10	(20)	39
Tumut boys club	44	–	–	44
Unit development	118	–	(11)	107
VISY emergency works	58	–	–	58
Xmas festivities	11	4	(11)	4
Youth council	18	–	(4)	14
<b>Total internal restrictions</b>	<b>9,503</b>	<b>3,086</b>	<b>(2,807)</b>	<b>9,782</b>
<b>TOTAL RESTRICTIONS</b>	<b>15,838</b>	<b>3,595</b>	<b>(3,322)</b>	<b>16,111</b>

## The former Tumut 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		2,353 <sup>1</sup>	—	417	—
Interest and extra charges		60	—	49	—
User charges and fees		2,409	—	1,131	—
Private works		2,403	—	1,912	—
Accrued revenues					
– Interest on investments		136	—	305	—
– Other income accruals		27	—	87	—
Amounts due from other councils		306	—	122	—
Government grants and subsidies		498	—	—	—
Investment class action		239	—	229	—
Net GST receivable		119	—	655	—
Other debtors		—	—	5	—
<b>Total</b>		<b>8,550</b>	<b>—</b>	<b>4,912</b>	<b>—</b>
<b>Less: provision for impairment</b>					
Nil					
<b>TOTAL NET RECEIVABLES</b>		<b>8,550</b>	<b>—</b>	<b>4,912</b>	<b>—</b>
<b>Externally restricted receivables</b>					
<b>Water supply</b>					
– Rates and availability charges		145	—	77	—
– Other		1,152	—	841	—
<b>Sewerage services</b>					
– Rates and availability charges		691	—	193	—
– Other		98	—	172	—
<b>Domestic waste management</b>		<b>349</b>	<b>—</b>	<b>93</b>	<b>—</b>
<b>Total external restrictions</b>		<b>2,435</b>	<b>—</b>	<b>1,376</b>	<b>—</b>
<b>Internally restricted receivables</b>					
Nil					
<b>Unrestricted receivables</b>		<b>6,115</b>	<b>—</b>	<b>3,536</b>	<b>—</b>
<b>TOTAL NET RECEIVABLES</b>		<b>8,550</b>	<b>—</b>	<b>4,912</b>	<b>—</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:

- Rates and annual charges outstanding are secured against the property. Rates are recognised as revenue at the commencement of the rating year 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.
- 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.
- Interest was charged on overdue rates and charges at 8.50% (2015 8.50%).  
Generally all other receivables are non-interest bearing.
- Please refer to Note 15 for issues concerning credit risk and fair value disclosures.

## The former Tumut 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)		–	147	–	147
Stores and materials		220	–	22	–
<b>Total inventories at cost</b>		<b>220</b>	<b>147</b>	<b>22</b>	<b>147</b>
<b>(ii) Inventories at net realisable value (NRV)</b>					
Nil					
<b>TOTAL INVENTORIES</b>		<b>220</b>	<b>147</b>	<b>22</b>	<b>147</b>
<b>(b) Other assets</b>					
Prepayments		153	–	17	–
<b>TOTAL OTHER ASSETS</b>		<b>153</b>	<b>–</b>	<b>17</b>	<b>–</b>
<b>Externally restricted assets</b>					
There are no restrictions applicable to the above assets.					
<b>(i) Other disclosures</b>					
<b>(a) Details for real estate development</b>					
Residential		–	147	–	147
<b>Total real estate for resale</b>		<b>–</b>	<b>147</b>	<b>–</b>	<b>147</b>
(Valued at the lower of cost and net realisable value)					
<b>Represented by:</b>					
Acquisition costs		–	147	–	147
<b>Total costs</b>		<b>–</b>	<b>147</b>	<b>–</b>	<b>147</b>
<b>Total real estate for resale</b>		<b>–</b>	<b>147</b>	<b>–</b>	<b>147</b>
<b>Movements:</b>					
Real estate assets at beginning of period		–	147	–	147
<b>Total real estate for resale</b>		<b>–</b>	<b>147</b>	<b>–</b>	<b>147</b>

#### **(b) Inventory write downs**

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

## The former Tumut Shire Council

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

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

\$ '000	as at 30/6/2015					Asset movements during the reporting period								as at 12/5/2016				
	At cost	At fair value	Accumulated		Carrying value	Additions renewals	Additions new assets	Carrying value of disposals	Depreciation expense	Adjustments and transfers	Revaluation decrements to P&L	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	At cost	At fair value	Accumulated		Carrying value
			depreciation	impairment												depreciation	impairment	
Capital work in progress	–	–	–	–	–	725	–	–	–	–	–	–	–	725	–	–	–	725
Plant and equipment	–	36,073	18,351	–	17,722	256	1,451	(671)	(1,711)	409	–	–	73	–	35,697	18,168	–	17,529
Office equipment	–	163	42	–	121	–	–	–	(9)	–	–	–	–	–	163	51	–	112
Furniture and fittings	–	586	266	–	320	64	–	–	(20)	–	–	–	–	–	650	286	–	364
<b>Land:</b>																		
– Operational land	–	4,183	–	–	4,183	–	–	(67)	–	13	–	(4)	–	–	4,125	–	–	4,125
– Community land	–	8,436	–	–	8,436	–	1	(277)	–	54	–	–	–	–	8,214	–	–	8,214
Land improvements – non-depreciable	–	917	–	–	917	–	–	–	–	121	–	(11)	–	–	1,038	11	–	1,027
Land improvements – depreciable	–	7,324	2,628	–	4,696	70	–	(498)	(168)	(345)	–	–	630	–	6,540	2,155	–	4,385
<b>Infrastructure:</b>																		
– Buildings – non-specialised	–	15,570	6,596	–	8,974	–	–	–	(180)	(297)	–	–	–	–	15,264	6,767	–	8,497
– Buildings – specialised	–	17,233	6,836	–	10,397	17	21	(100)	(192)	265	–	–	–	–	17,408	7,000	–	10,408
– Other structures	–	31,774	13,865	–	17,909	79	–	–	(368)	(873)	–	–	2,047	–	34,708	15,914	–	18,794
– Roads	–	109,751	35,354	–	74,397	213	207	(9)	(1,797)	(15,811)	–	–	743	–	85,141	27,198	–	57,943
– Bridges	–	26,304	10,179	–	16,125	–	–	–	(252)	–	–	–	–	–	26,305	10,432	–	15,873
– Footpaths	–	9,079	2,965	–	6,114	2	10	(1)	(93)	–	–	–	–	–	9,085	3,053	–	6,032
– Kerb and gutter	–	–	–	–	–	–	10	(26)	(281)	14,031	–	(2,295)	335	–	20,073	8,299	–	11,774
– Bulk earthworks (non-depreciable)	–	97,386	–	–	97,386	–	–	–	–	875	–	–	–	–	98,261	–	–	98,261
– Stormwater drainage	–	29,804	11,887	–	17,917	41	39	(16)	(203)	(90)	–	–	–	–	29,752	12,064	–	17,688
– Water supply network	–	36,286	10,412	–	25,874	76	115	(66)	(355)	8	–	–	371	–	36,846	10,823	–	26,023
– Sewerage network	–	49,118	16,778	–	32,340	447	–	(315)	(468)	(8)	–	–	792	–	50,316	17,528	–	32,788
– Other open space/recreational assets	–	–	–	–	–	21	20	(4)	(48)	1,482	–	–	255	–	2,346	620	–	1,726
– Other infrastructure	–	50	2	–	48	–	–	–	(6)	224	–	–	4	–	286	16	–	270
<b>Other assets:</b>																		
– Other	–	170	53	–	117	–	–	–	(15)	(58)	–	–	–	–	111	67	–	44
<b>Reinstatement, rehabilitation and restoration assets (refer Note 26):</b>																		
– Tip assets	–	204	24	–	180	–	–	–	(9)	–	(49)	–	–	–	155	33	–	122
<b>TOTAL INFRASTRUCTURE, PROPERTY, PLANT AND EQUIP.</b>	<b>–</b>	<b>480,411</b>	<b>136,238</b>	<b>–</b>	<b>344,173</b>	<b>2,011</b>	<b>1,874</b>	<b>(2,050)</b>	<b>(6,175)</b>	<b>–</b>	<b>(49)</b>	<b>(2,310)</b>	<b>5,250</b>	<b>725</b>	<b>482,484</b>	<b>140,485</b>	<b>–</b>	<b>342,724</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 Tumut 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 Class of asset	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	–	13,602	9,026	<b>4,576</b>	–	13,880	8,927	<b>4,953</b>
Land								
– Operational land	–	579	–	<b>579</b>	–	589	–	<b>589</b>
– Community land	–	244	–	<b>244</b>	–	305	–	<b>305</b>
– Improvements non-depreciable	–	15	–	<b>15</b>	–	15	–	<b>15</b>
Buildings	–	3,125	1,516	<b>1,609</b>	–	3,103	1,477	<b>1,626</b>
Other structures	–	24,454	11,636	<b>12,818</b>	–	21,823	10,171	<b>11,652</b>
Infrastructure	–	36,845	10,823	<b>26,022</b>	–	36,286	10,412	<b>25,874</b>
<b>Total water supply</b>	<b>–</b>	<b>78,864</b>	<b>33,001</b>	<b>45,863</b>	<b>–</b>	<b>76,001</b>	<b>30,987</b>	<b>45,014</b>
<b>Sewerage services</b>								
Plant and equipment	–	9,559	4,862	<b>4,697</b>	–	10,330	5,514	<b>4,816</b>
Land								
– Operational land	–	108	–	<b>108</b>	–	108	–	<b>108</b>
– Community land	–	128	–	<b>128</b>	–	128	–	<b>128</b>
– Improvements non-depreciable	–	125	–	<b>125</b>	–	125	–	<b>125</b>
– Improvements - depreciable	–	131	53	<b>78</b>	–	77	25	<b>52</b>
Buildings	–	850	317	<b>533</b>	–	850	306	<b>544</b>
Other structures	–	149	16	<b>133</b>	–	142	13	<b>129</b>
Infrastructure	–	50,316	17,528	<b>32,788</b>	–	49,118	16,778	<b>32,340</b>
<b>Total sewerage services</b>	<b>–</b>	<b>61,366</b>	<b>22,776</b>	<b>38,590</b>	<b>–</b>	<b>60,878</b>	<b>22,636</b>	<b>38,242</b>
<b>Domestic waste management</b>								
Plant and equipment	–	7	3	<b>4</b>	–	–	–	<b>–</b>
Land								
– Improvements non-depreciable	–	76	–	<b>76</b>	–	–	–	<b>–</b>
– Improvements - depreciable	–	54	16	<b>38</b>	–	47	9	<b>38</b>
Buildings	–	1,265	133	<b>1,132</b>	–	1,272	120	<b>1,152</b>
Other structures	–	255	144	<b>111</b>	–	227	137	<b>90</b>
Infrastructure	–	277	24	<b>253</b>	–	350	21	<b>329</b>
<b>Total DWM</b>	<b>–</b>	<b>1,934</b>	<b>320</b>	<b>1,614</b>	<b>–</b>	<b>1,896</b>	<b>287</b>	<b>1,609</b>
<b>TOTAL RESTRICTED I,PP&amp;E</b>	<b>–</b>	<b>142,164</b>	<b>56,097</b>	<b>86,067</b>	<b>–</b>	<b>138,775</b>	<b>53,910</b>	<b>84,865</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 Tumut 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		371	–	544	–
Payments received in advance		–	–	112	–
Accrued expenses:					
– Borrowings		15	–	60	–
– Salaries and wages		–	–	33	–
– Other expenditure accruals		857	–	876	–
Security bonds, deposits and retentions		60	–	59	–
Employee deductions		24	–	49	–
Revenue in Advance - Annual Charges (proclamation)		744	–	–	–
Other		10	–	–	–
<b>Total payables</b>		<b>2,081</b>	<b>–</b>	<b>1,733</b>	<b>–</b>
<b>Borrowings</b>					
Loans – secured <sup>1</sup>		863	5,208	885	5,993
<b>Total borrowings</b>		<b>863</b>	<b>5,208</b>	<b>885</b>	<b>5,993</b>
<b>Provisions</b>					
<b>Employee benefits:</b>					
Annual leave		936	–	856	–
Long service leave		1,973	104	1,912	111
Other leave – TOIL		80	–	179	–
<b>Sub-total – aggregate employee benefits</b>		<b>2,989</b>	<b>104</b>	<b>2,947</b>	<b>111</b>
Asset remediation/restoration (future works)	26	–	158	–	218
Workers compensation on cost		80	3	64	2
<b>Total provisions</b>		<b>3,069</b>	<b>265</b>	<b>3,011</b>	<b>331</b>
<b>TOTAL PAYABLES, BORROWINGS AND PROVISIONS</b>		<b>6,013</b>	<b>5,473</b>	<b>5,629</b>	<b>6,324</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		588	3,521	443	3,980
Sewer		481	287	46	335
Domestic waste management		222	158	151	218
<b>Liabilities relating to externally restricted assets</b>		<b>1,291</b>	<b>3,966</b>	<b>640</b>	<b>4,533</b>
<b>Internally restricted assets</b>					
Nil					
<b>Total liabilities relating to restricted assets</b>		<b>1,291</b>	<b>3,966</b>	<b>640</b>	<b>4,533</b>
<b>Total liabilities relating to unrestricted assets</b>		<b>4,722</b>	<b>1,507</b>	<b>4,989</b>	<b>1,791</b>
<b>TOTAL PAYABLES, BORROWINGS AND PROVISIONS</b>		<b>6,013</b>	<b>5,473</b>	<b>5,629</b>	<b>6,324</b>

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

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

## The former Tumut Shire Council

### Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

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

	Actual	Actual
\$ '000	12/5/16	30/6/15

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

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

Provisions – employees benefits	1,921	1,905
	<b>1,921</b>	<b>1,905</b>

#### 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	856	645	(565)	–	–	936
Long service leave	2,023	393	(339)	–	–	2,077
Other leave – TOIL	179	171	(270)	–	–	80
Asset remediation	218	9	–	(69)	–	158
Other	66	17	–	–	–	83
<b>TOTAL</b>	<b>3,342</b>	<b>1,235</b>	<b>(1,174)</b>	<b>(69)</b>	<b>–</b>	<b>3,334</b>

- 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.
- 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 Tumut 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	3,468	6,950
Less bank overdraft	10	–	–
<b>Balance as per the Statement of Cash Flows</b>		<b>3,468</b>	<b>6,950</b>
<b>(b) Reconciliation of net operating result to cash provided from operating activities</b>			
<b>Net operating result from Income Statement</b>		<b>(291)</b>	<b>(1,099)</b>
Adjust for non-cash items:			
Depreciation and amortisation		6,390	7,390
Net losses/(gains) on disposal of assets		1,561	861
Losses/(gains) recognised on fair value re-measurements through the P&L:			
– Write offs relating to the fair valuation of I,PP&E		49	–
– Other		(68)	–
Unwinding of discount rates on reinstatement provisions		(60)	(4)
<b>+/- Movement in operating assets and liabilities and other cash items:</b>			
Decrease/(increase) in receivables		(3,638)	1,368
Decrease/(increase) in inventories		(198)	–
Decrease/(increase) in other assets		(136)	120
Increase/(decrease) in payables		(173)	(531)
Increase/(decrease) in accrued interest payable		(45)	8
Increase/(decrease) in other accrued expenses payable		(52)	238
Increase/(decrease) in other liabilities		618	(68)
Increase/(decrease) in employee leave entitlements		35	286
Increase/(decrease) in other provisions		17	4
<b>Net cash provided from/(used in) operating activities from the Statement of Cash Flows</b>		<b>4,009</b>	<b>8,573</b>
<b>(c) Non-cash investing and financing activities</b>			
Nil			
<b>(d) Financing arrangements</b>			
<b>(i) Unrestricted access was available at balance date to the following lines of credit:</b>			
Credit cards/purchase cards		50	45
<b>Total financing arrangements</b>		<b>50</b>	<b>45</b>
<b>Amounts utilised as at balance date:</b>			
– Credit cards/purchase cards		9	11
<b>Total financing arrangements utilised</b>		<b>9</b>	<b>11</b>
<b>(ii) Secured loan liabilities</b>			
Loans are secured by a mortgage over future years rate revenue only.			

## The former Tumut 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>			
Snowy WS various capital committals		—	127
Adelong pool		—	58
Technology One		—	390
<b>Total commitments</b>		<b>—</b>	<b>575</b>
<b>These expenditures are payable as follows:</b>			
Within the next year		—	255
Later than one year and not later than 5 years		—	320
<b>Total payable</b>		<b>—</b>	<b>575</b>
<b>Sources for funding of capital commitments:</b>			
Unrestricted general funds		—	340
Internally restricted reserves		—	235
<b>Total sources of funding</b>		<b>—</b>	<b>575</b>

## The former Tumut Shire Council

### Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

#### Note 12. Commitments for expenditure (continued)

\$ '000	Notes	Actual 12/5/16	Actual 30/6/15
(b) Finance lease commitments			
Nil			
(c) Operating lease commitments (non-cancellable)			
<b>a. Commitments under non-cancellable operating leases at the reporting date, but not recognised as liabilities are payable:</b>			
Within the next year		100	89
Later than one year and not later than 5 years		28	101
Later than 5 years		–	–
<b>Total non-cancellable operating lease commitments</b>		<b>128</b>	<b>190</b>

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

IT Equipment including servers, laptops and PCs

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

#### **Conditions relating to operating leases:**

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

#### (d) Investment property commitments

Nil



## The former Tumut Shire Council

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

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

\$ '000	Amounts 12/5/16	Indicator 12/5/16	Prior periods	
			30/6/15	30/6/14
Local government industry indicators – consolidated				
1. Operating performance ratio				
Total continuing operating revenue <sup>(1)</sup> excluding capital grants and contributions less operating expenses	951	3.42%	-2.89%	-1.58%
Total continuing operating revenue <sup>(1)</sup> excluding capital grants and contributions	27,830			
2. Own source operating revenue ratio				
Total continuing operating revenue <sup>(1)</sup> excluding all grants and contributions	21,449	76.07%	78.61%	58.80%
Total continuing operating revenue <sup>(1)</sup>	28,198			
3. Unrestricted current ratio				
Current assets less all external restrictions <sup>(2)</sup>	18,909	6.75x	5.03x	5.05x
Current liabilities less specific purpose liabilities <sup>(3, 4)</sup>	2,801			
4. Debt service cover ratio				
Operating result <sup>(1)</sup> before capital excluding interest and depreciation/impairment/amortisation	7,738	6.43x	5.60x	3.05x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	1,204			
5. Rates, annual charges, interest and extra charges outstanding percentage				
Rates, annual and extra charges outstanding	2,413	21.59%	3.72%	5.41%
Rates, annual and extra charges collectible	11,178			
6. Cash expense cover ratio				
Current period's cash and cash equivalents plus all term deposits	18,678	9.89 mths	9.4 mths	8.8 mths
Payments from cash flow of operating and financing activities	1,889			

#### Notes

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

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

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

<sup>(3)</sup> Refer to Note 10(a).

<sup>(4)</sup> 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 Tumut Shire Council

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

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

<p><b>1. Operating performance ratio</b></p> <p>Benchmark: — Minimum <math>\geq 0.00\%</math></p> <p>Source for benchmark: Code of Accounting Practice and Financial Reporting #24</p>	<p><b>Purpose of operating performance ratio</b></p> <p>This ratio measures Council's achievement of containing operating expenditure within operating revenue.</p>	<p><b>Commentary on 12/5/16 result</b></p> <p><b>12/5/16 ratio    3.42%</b></p> <p>The recognition of the full year of annual rates and grant income along with a reduction in leave provisions has contributed to the improvement of prior year losses.</p>
<p><b>2. Own source operating revenue ratio</b></p> <p>Benchmark: — Minimum <math>\geq 60.00\%</math></p> <p>Source for benchmark: Code of Accounting Practice and Financial Reporting #24</p>	<p><b>Purpose of own source operating revenue ratio</b></p> <p>This ratio measures fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants and contributions.</p>	<p><b>Commentary on 12/5/16 result</b></p> <p><b>12/5/16 ratio    76.07%</b></p> <p>The former Tumut Shire Council continued to maintain own source operating revenue through continuing focus placed on private works.</p>
<p><b>3. Unrestricted current ratio</b></p> <p>Benchmark: — Minimum <math>\geq 1.50</math></p> <p>Source for benchmark: Code of Accounting Practice and Financial Reporting #24</p>	<p><b>Purpose of unrestricted current ratio</b></p> <p>To assess the adequacy of working capital and its ability to satisfy obligations in the short term for the unrestricted activities of Council.</p>	<p><b>Commentary on 12/5/16 result</b></p> <p><b>12/5/16 ratio    6.75x</b></p> <p>The former Tumut Shire Council continues to maintain a satisfactory level of working capital.</p>

## The former Tumut Shire Council

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

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

<p><b>4. Debt service cover ratio</b></p> <p>Benchmark: — Minimum <math>\geq 2.00</math></p> <p>Source for benchmark: Code of Accounting Practice and Financial Reporting #24</p>	<p><b>Purpose of debt service cover ratio</b></p> <p>This ratio measures the availability of operating cash to service debt including interest, principal and lease payments</p>	<p><b>Commentary on 12/5/16 result</b></p> <p><b>12/5/16 ratio 6.43x</b></p> <p>Council continues to service debt levels as required with one loan being finalised in 2015/16.</p>
<p><b>5. Rates, annual charges, interest and extra charges outstanding percentage</b></p> <p>Benchmark: — Maximum <math>&lt; 10.00\%</math></p> <p>Source for Benchmark: Code of Accounting Practice and Financial Reporting #24</p>	<p><b>Purpose of rates and annual charges outstanding ratio</b></p> <p>To assess the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of recovery efforts.</p>	<p><b>Commentary on 12/5/16 result</b></p> <p><b>12/5/16 ratio 21.59%</b></p> <p>The fourth installment of rates was due 31st May, 2016 and therefore due to the merger occurring as at 12th May, the balance of rates and charges outstanding is significantly higher than would be reported as at 30 June yearly.</p>
<p><b>6. Cash expense cover ratio</b></p> <p>Benchmark: — Minimum <math>\geq 3.00</math></p> <p>Source for benchmark: Code of Accounting Practice and Financial Reporting #24</p>	<p><b>Purpose of cash expense cover ratio</b></p> <p>This liquidity ratio indicates the number of months a Council can continue paying for its immediate expenses without additional cash inflow.</p>	<p><b>Commentary on 12/5/16 result</b></p> <p><b>12/5/16 ratio 9.89 mths</b></p> <p>Council maintained a satisfactory level of cash and cash equivalents to continue paying its expenses.</p>

## The former Tumut 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	-16.56%	-14.12%	8.44%
Total continuing operating revenue <sup>(1)</sup> excluding capital grants and contributions	prior period: -5.92%	-11.70%	-0.99%
<b>2. Own source operating revenue ratio</b>			
Total continuing operating revenue <sup>(1)</sup> excluding all grants and contributions	97.56%	97.65%	70.32%
Total continuing operating revenue <sup>(1)</sup>	prior period: 93.98%	94.75%	73.46%
<b>3. Unrestricted current ratio</b>			
Current assets less all external restrictions <sup>(2)</sup>	4.38x	2.41x	6.75x
Current liabilities less specific purpose liabilities <sup>(3, 4)</sup>	prior period: 5.09x	21.43x	5.03x
<b>4. Debt service cover ratio</b>			
Operating result <sup>(1)</sup> before capital excluding interest and depreciation/impairment/amortisation	1.08x	7.80x	13.93x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	prior period: 1.58x	6.61x	10.90x
<b>5. Rates, annual charges, interest and extra charges outstanding percentage</b>			
Rates, annual and extra charges outstanding	26.86%	24.34%	20.20%
Rates, annual and extra charges collectible	prior period: 6.40%	5.94%	2.46%
<b>6. Cash expense cover ratio</b>			
Current period's cash and cash equivalents plus all term deposits	1.19 mths	1.70 mths	12.13 mths
Payments from cash flow of operating and financing activities	prior period: 3.61 mths	1.87 mths	11.52 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 Tumut Shire Council

### Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

#### Note 14. Investment properties

\$ '000

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

#### Note 15. Financial risk management

##### Risk management

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

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

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

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

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

	Carrying value		Fair value	
	12/5/16	30/6/15	12/5/16	30/6/15
<b>Financial assets</b>				
Cash and cash equivalents	3,468	6,950	3,468	6,950
Investments				
– 'Held to maturity'	15,210	11,904	15,210	11,904
Receivables	8,550	4,912	8,110	4,912
<b>Total financial assets</b>	<b>27,228</b>	<b>23,766</b>	<b>26,788</b>	<b>23,766</b>
<b>Financial liabilities</b>				
Payables	2,081	1,621	1,940	1,621
Loans/advances	6,071	6,878	6,071	6,878
<b>Total financial liabilities</b>	<b>8,152</b>	<b>8,499</b>	<b>8,011</b>	<b>8,499</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 Tumut Shire Council

### Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

#### Note 15. Financial risk management (continued)

\$ '000

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

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

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

The risks associated with the investments held are:

- **Price risk** – the risk that the capital value of Investments may fluctuate due to changes in market prices, whether 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	187	187	(187)	(187)
<b>1/7/14 to 30/6/15</b>				
Possible impact of a 1% movement in interest rates	174	174	(174)	(174)



## The former Tumut 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)		25%	80%	0%	96%
Overdue		75%	20%	100%	4%
		<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>(ii) Ageing of receivables – value</b>					
Rates and annual charges	Other receivables	Rates and annual charges	Other receivables	Rates and annual charges	Other receivables
Current	Current	–	3,675	–	3,423
< 1 year overdue	0 – 30 days overdue	2,183	2,134	–	960
1 – 2 years overdue	30 – 60 days overdue	103	60	–	31
2 – 5 years overdue	60 – 90 days overdue	61	1	–	81
> 5 years overdue	> 90 days overdue	6	327	417	–
		<b>2,353</b>	<b>6,197</b>	<b>417</b>	<b>4,495</b>

## The former Tumut Shire Council

### Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

#### Note 15. Financial risk management (continued)

\$ '000

##### (c) Liquidity risk

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

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

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

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

\$ '000	Subject to no maturity	payable in:						Total cash outflows	Actual carrying values
		≤ 1 Year	1-2 Yrs	2-3 Yrs	3-4 Yrs	4-5 Yrs	> 5 Yrs		
1/7/15 to 12/5/16									
Trade/other payables	60	2,252	–	–	–	–	–	2,312	2,081
Loans and advances	–	1,253	1,137	1,141	1,147	1,055	1,725	7,458	6,071
Total financial liabilities	60	3,505	1,137	1,141	1,147	1,055	1,725	9,770	8,152
1/7/14 to 30/6/15									
Trade/other payables	59	1,562	–	–	–	–	–	1,621	1,621
Loans and advances	–	1,288	1,132	1,136	1,141	1,147	2,780	8,624	6,878
Total financial liabilities	59	2,850	1,132	1,136	1,141	1,147	2,780	10,245	8,499

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	2,081	0.00%	1,621	0.00%
Loans and advances – fixed interest rate	6,071	6.11%	6,878	6.10%
	<u>8,152</u>		<u>8,499</u>	

## The former Tumut Shire Council

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

#### Note 16. Material budget variations

\$ '000

Council's original financial budget for 15/16 was adopted by the Council on 24 June 2015.

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

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

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

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

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

1/7/15 to 12/5/16					
\$ '000	Budget	Actual	----- Variance* -----		
REVENUES					
Rates and annual charges	10,564	10,659	95	1%	F
User charges and fees	10,936	9,641	(1,295)	(12%)	U
Interest and investment revenue	540	614	74	14%	F
Other revenues	1,243	535	(708)	(57%)	U
Operating grants and contributions	5,184	6,381	1,197	23%	F
Capital grants and contributions	70	368	298	426%	F

## The former Tumut Shire Council

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

#### Note 16. Material budget variations (continued)

1/7/15 to 12/5/16					
\$ '000	Budget	Actual	----- Variance* -----		
EXPENSES					
Employee benefits and on-costs	8,972	8,908	64	1%	F
Borrowing costs	348	397	(49)	(14%)	U
Materials and contracts	9,283	8,581	702	8%	F
Depreciation and amortisation	5,713	6,390	(677)	(12%)	U
Other expenses	2,793	2,652	141	5%	F
Net losses from disposal of assets	—	1,561	(1,561)	0%	U

#### Budget variations relating to Council's Cash Flow Statement include:

Cash flows from operating activities	2,723	4,009	1,286	47.2%	<b>F</b>
Cash flows from investing activities	(3,889)	(6,684)	(2,795)	71.9%	<b>U</b>
Cash flows from financing activities	(771)	(807)	(36)	4.7%	<b>U</b>

## The former Tumut Shire Council

### Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

### Note 17. Statement of developer contributions

\$ '000

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

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

#### SUMMARY OF CONTRIBUTIONS AND LEVIES

PURPOSE	Opening balance	Contributions received during the period		Interest earned during period	Expenditure during period	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Roads	87	15	–	3	–	–	105	–
Parking	42	3	–	1	–	–	46	–
Recreational space	68	1	–	2	–	–	71	–
Other	3	–	–	–	–	–	3	–
<b>S94 contributions – under a plan</b>	<b>200</b>	<b>19</b>	<b>–</b>	<b>6</b>	<b>–</b>	<b>–</b>	<b>225</b>	<b>–</b>
<b>Total S94 revenue under plans</b>	<b>200</b>	<b>19</b>	<b>–</b>	<b>6</b>	<b>–</b>	<b>–</b>	<b>225</b>	<b>–</b>
S64 contributions	2,620	62	–	79	–	–	2,761	–
<b>Total contributions</b>	<b>2,820</b>	<b>81</b>	<b>–</b>	<b>85</b>	<b>–</b>	<b>–</b>	<b>2,986</b>	<b>–</b>

#### S94 CONTRIBUTIONS – UNDER A PLAN

##### CONTRIBUTION PLAN FOR ROADS, PARKING & RECREATION SPACE

PURPOSE	Opening balance	Contributions received during the period		Interest earned during period	Expenditure during period	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Roads	87	15	–	3	–	–	105	–
Parking	42	3	–	1	–	–	46	–
Recreational space	68	1	–	2	–	–	71	–
Other	3	–	–	–	–	–	3	–
<b>Total</b>	<b>200</b>	<b>19</b>	<b>–</b>	<b>6</b>	<b>–</b>	<b>–</b>	<b>225</b>	<b>–</b>

## The former Tumut Shire Council

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

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

\$ '000

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

#### LIABILITIES NOT RECOGNISED:

##### 1. Guarantees

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

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

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

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

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

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

##### (ii) Statewide Limited

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

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

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

##### (iii) StateCover Limited

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

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

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

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

##### (iv) Other guarantees

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



## The former Tumut Shire Council

### Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

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

\$ '000

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

##### 2. Other liabilities

##### (i) Third party claims

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

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

##### (ii) S94 plans

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

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

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

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

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

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

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

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

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

##### ASSETS NOT RECOGNISED:

##### (i) Land under roads

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

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

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

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

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

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

##### (iii) Southern Phones Shares

Council owns 2 shares (of 82 shares) of a Company Limited by shares. The net assets of the Southern Phones is approximately \$20M, which equates to council share of \$490K. Financial statements for Southern Phones for 2016 are not currently available.

## The former Tumut Shire Council

### Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

#### Note 19. Interests in other entities

\$ '000

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

#### 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)		258,597	259,696
a. Net operating result for the period		(291)	(1,099)
<b>Balance at end of the reporting period</b>		<b>258,306</b>	<b>258,597</b>
<b>(b) Revaluation reserves</b>			
<b>(i) Reserves are represented by:</b>			
– Infrastructure, property, plant and equipment revaluation reserve		102,009	99,137
<b>Total</b>		<b>102,009</b>	<b>99,137</b>
<b>(ii) Reconciliation of movements in reserves:</b>			
<b>Infrastructure, property, plant and equipment revaluation reserve</b>			
– Opening balance		99,137	98,354
– Revaluations for the period	9(a)	2,940	783
– Other movements		(68)	–
<b>– Balance at end of period</b>		<b>102,009</b>	<b>99,137</b>
<b>TOTAL VALUE OF RESERVES</b>		<b>102,009</b>	<b>99,137</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 Tumut 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>	566	2,839	7,254
User charges and fees	2,113	51	7,477
Interest and investment revenue	83	139	392
Other revenues	–	3	532
Grants and contributions provided for operating purposes	40	62	6,279
Grants and contributions provided for capital purposes	29	11	328
<b>Total income from continuing operations</b>	<b>2,831</b>	<b>3,105</b>	<b>22,262</b>
<b>Expenses from continuing operations</b>			
Employee benefits and on-costs	575	778	7,555
Borrowing costs	259	20	118
Materials and contracts	849	1,315	6,417
Depreciation and amortisation	989	842	4,559
Other expenses	295	182	2,175
Net losses from the disposal of assets	285	381	895
<b>Total expenses from continuing operations</b>	<b>3,252</b>	<b>3,518</b>	<b>21,719</b>
<b>Operating result from continuing operations</b>	<b>(421)</b>	<b>(413)</b>	<b>543</b>
<b>Net operating result for the period</b>	<b>(421)</b>	<b>(413)</b>	<b>543</b>
<b>Net operating result attributable to each council fund</b>	<b>(421)</b>	<b>(413)</b>	<b>543</b>
<b>Net operating result for the period before grants and contributions provided for capital purposes</b>	<b>(450)</b>	<b>(424)</b>	<b>215</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 Tumut 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	239	331	2,898
Investments	1,952	2,697	10,561
Receivables	1,297	789	6,464
Inventories	–	–	220
Other	–	–	153
Non-current assets classified as 'held for sale'	–	–	72
<b>Total current assets</b>	<b>3,488</b>	<b>3,817</b>	<b>20,368</b>
<b>Non-current assets</b>			
Inventories	–	–	147
Infrastructure, property, plant and equipment	45,863	38,590	258,271
Intangible assets	–	–	1,257
<b>Total non-current assets</b>	<b>45,863</b>	<b>38,590</b>	<b>259,675</b>
<b>TOTAL ASSETS</b>	<b>49,351</b>	<b>42,407</b>	<b>280,043</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	113	422	1,546
Borrowings	475	59	329
Provisions	–	–	3,069
<b>Total current liabilities</b>	<b>588</b>	<b>481</b>	<b>4,944</b>
<b>Non-current liabilities</b>			
Borrowings	3,521	287	1,400
Provisions	–	–	265
<b>Total non-current liabilities</b>	<b>3,521</b>	<b>287</b>	<b>1,665</b>
<b>TOTAL LIABILITIES</b>	<b>4,109</b>	<b>768</b>	<b>6,609</b>
<b>Net assets</b>	<b>45,242</b>	<b>41,639</b>	<b>273,434</b>
<b>EQUITY</b>			
Retained earnings	22,807	28,243	207,256
Revaluation reserves	22,435	13,396	66,178
<b>Total equity</b>	<b>45,242</b>	<b>41,639</b>	<b>273,434</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 Tumut Shire Council

### Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

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

\$ '000	12/5/16	12/5/16	30/6/15	30/6/15
	Current	Non-current	Current	Non-current
(i) Non-current assets and disposal group assets				
<b>Non-current assets 'held for sale'</b>				
Land	72	–	72	–
<b>Total non-current assets 'held for sale'</b>	<b>72</b>	<b>–</b>	<b>72</b>	<b>–</b>
<b>Disposal group assets 'held for sale'</b>				
None				
<b><u>TOTAL NON-CURRENT ASSETS CLASSIFIED AS 'HELD FOR SALE'</u></b>	<b><u>72</u></b>	<b><u>–</u></b>	<b><u>72</u></b>	<b><u>–</u></b>

#### (ii) Details of assets and disposal groups

Council has identified surplus lands in Adelong and has resolved to sell as soon as possible.

#### (iii) Disposal group liabilities

Nil

\$ '000	Assets 'held for sale'	
	12/5/16	30/6/15
(iv) Reconciliation of non-current assets 'held for sale' and disposal groups – i.e. discontinued operations		
Opening balance	72	137
Less: carrying value of assets/operations sold	–	(65)
<b>Balance still unsold after 12 months:</b>	<b>72</b>	<b>72</b>
<b>Closing balance of 'held for sale' non-current assets and operations</b>	<b><u>72</u></b>	<b><u>72</u></b>

## The former Tumut Shire Council

### Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

#### Note 23. Events occurring after the reporting date

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\$ '000

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

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

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

## The former Tumut Shire Council

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

#### Note 24. Discontinued operations

\$ '000

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

#### Note 25. Intangible assets

\$ '000	Actual 12/5/16	Actual 30/6/15
Intangible assets represent identifiable non-monetary assets without physical substance.		
Intangible assets are as follows:		
<b>Opening values:</b>		
Gross book value	1,526	174
Accumulated amortisation	(36)	(4)
Accumulated impairment	–	–
<b>Net book value – opening balance</b>	<b>1,490</b>	<b>170</b>
<b>Movements for the period</b>		
– Purchases	–	953
– Development costs	51	399
– Amortisation charges	(215)	(32)
– Impairment charges	(69)	–
<b>Closing values:</b>		
Gross book value	1,577	1,526
Accumulated amortisation	(251)	(36)
Accumulated impairment	(69)	–
<b><u>TOTAL INTANGIBLE ASSETS – NET BOOK VALUE</u></b> <sup>1</sup>	<b><u>1,257</u></b>	<b><u>1,490</u></b>

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

– Software	1,257	1,490
	<b>1,257</b>	<b>1,490</b>



## The former Tumut Shire Council

### Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

#### Note 26. Reinstatement, rehabilitation and restoration liabilities

\$ '000

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

Asset/operation	Estimated year of restoration	Net Present Value of provision	
		12/5/16	30/6/15
Old Tumut	2020	25	26
Adelong	2036	43	57
Batlow	2066	90	135
<b>Balance at end of the reporting period</b>	10(a)	<b>158</b>	<b>218</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.

<b>Reconciliation of movement in provision for the period:</b>	<b>12/5/16</b>	<b>30/6/15</b>
Balance at beginning of period	218	222
Effect of a change in discount rates used in PV calculations	(63)	(9)
Amortisation of discount (expensed to borrowing costs)	3	5
<b>Total – reinstatement, rehabilitation and restoration provision</b>	<b>158</b>	<b>218</b>

#### Amount of expected reimbursements

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

## The former Tumut Shire Council

### Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

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

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\$ '000

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

###### **Restoration**

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

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

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

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

###### **Rehabilitation**

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

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

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

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

## The former Tumut Shire Council

### Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

#### Note 27. Fair value measurement

\$ '000

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

- Infrastructure, property, plant and equipment
- Financial assets and liabilities

During the reporting period, Council has also fair value measured the following assets on a non-recurring basis:

- Non-current assets classified as 'held for sale'

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

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

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

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

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

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

1/7/15 to 12/5/16		Fair value measurement hierarchy			Total
		Level 1	Level 2	Level 3	
	Date of latest valuation	Quoted prices in active mkts	Significant observable inputs	Significant unobservable inputs	
<b>Recurring fair value measurements</b>					
<b>Infrastructure, property, plant and equipment</b>					
Plant and equipment	12/05/16	–	–	17,529	17,529
Office equipment	1/07/11	–	–	112	112
Furniture and fittings	1/07/12	–	–	364	364
Operational land	12/05/16	–	–	4,177	4,177
Community land	1/07/13	–	–	8,162	8,162
Bulk earthworks	30/06/15	–	–	98,261	98,261
Land improvements – depreciable	12/05/16	–	–	4,385	4,385
Buildings – non-specialised	1/07/13	–	–	8,497	8,497
Buildings – specialised	1/07/13	–	–	10,408	10,408
Other structures	12/05/16	–	–	18,794	18,794
Roads	1/01/14	–	–	58,668	58,668
Bridges	1/01/14	–	–	15,873	15,873
Footpaths	1/01/14	–	–	6,032	6,032
Drainage infrastructure	1/01/14	–	–	17,688	17,688
(continued on the next page...)					

## The former Tumut Shire Council

### Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

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

\$ '000

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

		Fair value measurement hierarchy			
1/7/15 to 12/5/16		Level 1	Level 2	Level 3	Total
	Date	Quoted	Significant	Significant	
	of latest	prices in	observable	unobservable	
	valuation	active mkts	inputs	inputs	
Recurring fair value measurements					
Infrastructure, property, plant and equipment cont'd					
Tip asset	1/07/11	—	—	122	122
Land improvements non-depreciable	12/05/16	—	—	1,027	1,027
Water infrastructure	12/05/16	—	—	26,023	26,023
Sewerage infrastructure	12/05/16	—	—	32,788	32,788
Other assets	12/05/16	—	—	44	44
Other infrastructure assets	12/05/16	—	—	270	270
Kerb and gutter	12/05/16	—	—	11,774	11,774
Other open space/recreational assets	12/05/16	—	—	1,726	1,726
Total infrastructure, property, plant and equipment		—	—	342,724	342,724
Non-recurring fair value measurements					
Non-current assets classified as 'held for sale'					
Surplus lands Adelong	30/06/15	—	—	72	72
Total NCA's classified as 'held for sale'		—	—	72	72

1/7/14 to 30/6/15		Fair value measurement hierarchy			Total
		Level 1	Level 2	Level 3	
	Date	Quoted	Significant	Significant	
	of latest	prices in	observable	unobservable	
	valuation	active mkts	inputs	inputs	
Recurring fair value measurements					
Infrastructure, property, plant and equipment					
Plant and equipment	1/07/13	—	—	17,722	17,722
Office equipment	1/07/11	—	—	121	121
Furniture and fittings	1/07/12	—	—	320	320
Operational land	1/07/13	—	—	4,183	4,183
Community land	1/07/13	—	—	8,436	8,436
Bulk earthworks	30/06/15	—	—	97,386	97,386
Land improvements – depreciable	1/07/11	—	—	4,696	4,696
Buildings – non-specialised	1/07/13	—	—	8,974	8,974
Buildings – specialised	1/07/13	—	—	10,397	10,397
Other structures	20/11/13	—	—	17,909	17,909
(continued on the next page...)					

## The former Tumut Shire Council

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

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

\$ '000

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

		Fair value measurement hierarchy			Total
		Level 1	Level 2	Level 3	
	Date of latest valuation	Quoted prices in active mkts	Significant observable inputs	Significant unobservable inputs	
<b>1/7/14 to 30/6/15</b>					
<b>Recurring fair value measurements</b>					
<b>Infrastructure, property, plant and equipment</b> cont'd					
Roads	1/01/14	—	—	74,397	74,397
Bridges	1/01/14	—	—	16,125	16,125
Footpaths	1/01/14	—	—	6,114	6,114
Drainage infrastructure	1/01/14	—	—	17,917	17,917
Tip asset	1/07/11	—	—	180	180
Land improvements non-depreciable	1/07/11	—	—	917	917
Water infrastructure	30/06/15	—	—	25,874	25,874
Sewerage infrastructure	30/06/15	—	—	32,340	32,340
Other assets	1/07/13	—	—	117	117
Other infrastructure assets	1/01/14	—	—	48	48
<b>Total infrastructure, property, plant and equipment</b>		<b>—</b>	<b>—</b>	<b>344,173</b>	<b>344,173</b>
<b>Non-recurring fair value measurements</b>					
<b>Non-current assets classified as 'held for sale'</b>					
Surplus lands Adelong	30/06/15	—	—	72	72
<b>Total NCA's classified as 'held for sale'</b>		<b>—</b>	<b>—</b>	<b>72</b>	<b>72</b>

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

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

## The former Tumut Shire Council

### Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

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

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##### (3) Valuation techniques used to derive Level 2 and Level 3 Fair Values

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

The Fair Valuation techniques Council has employed while utilising Level 2 and Level 3 inputs are as follows:

##### Infrastructure, Property, Plant & Equipment

###### Plant and Equipment, Office Equipment and Furniture and Fittings

Plant and Equipment, Office Equipment and Furniture and Fittings are valued at cost but are disclosed at fair value in the notes. The carrying amount of these assets is assumed to approximate fair value due to the nature of the items (being readily sourced and replaceable).

The key unobservable inputs to the valuation are the remaining useful life and remaining value. Council reviews these assets against replacement costs of similar assets. There has been no change to the valuation process during the reporting period.

Typical assets within these classes include, plant/equipment - trucks, cars, mowers, graders, rollers, loaders, office equipment – computers, printers, furniture/fittings – work desks/chairs

###### Stormwater assets

Stormwater assets are valued using the cost approach but are disclosed at fair value in the notes. These assets typically include pipes/conduits, pits, headwalls located in urban areas.

The key unobservable inputs to the valuation are the remaining useful life, condition and remaining value. Replacement costs are compiled 'in house' by experienced engineers and are calculated by either applying recent actual project costs or by sourcing supplier component costs and then estimating project costs.

When estimating project costs, consideration is given to project specifications, location, site conditions and construction techniques. Unit rates for box culverts range from \$626 to \$4,351/m, for reinforced and uPVC pipes from \$45 to \$2,208/m, for headwalls from \$144 to \$6,795/unit and for pits from \$225 to \$21,568/unit.

There has been no change to the valuation process during the reporting period.

###### Other structure assets

Other structure assets are valued using the cost approach but are disclosed at fair value in the notes. These assets typically include retaining walls, shelters, swimming pools. Where possible larger assets such as swimming pools are componentised into significant parts.

## The former Tumut Shire Council

### Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

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

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The key unobservable inputs to the valuation are the remaining useful life, condition and remaining value. Replacement costs are compiled 'in house' by experienced engineers and are calculated by either applying recent actual project costs or by sourcing supplier component costs and then estimating project costs.

When estimating project costs, consideration is given to project specifications, location, site conditions and construction techniques. Unit rates for retaining walls range from \$224 to \$1,740/m<sup>2</sup> and for shelters from \$280 to \$86,700/unit.

There has been no change to the valuation process during the reporting period.

##### **Land improvement depreciable and non-depreciable assets**

These assets are valued using the cost approach but are disclosed at fair value in the notes. These assets typically include playing fields, playground equipment, tables /seats.

The key unobservable inputs to the valuation are the remaining useful life, condition and remaining value. Replacement costs are compiled 'in house' by experienced engineers and are calculated by either applying recent actual project costs or by sourcing supplier component costs and then estimating project costs.

When estimating project costs, consideration is given to project specifications, location, site conditions and construction techniques. Unit rates include \$40/m<sup>3</sup> for ground works, for tracks/paths range from \$20 to \$189/m<sup>2</sup> and for play equipment from \$1,120 to \$47,459/unit.

There has been no change to the valuation process during the reporting period.

##### **Operational and Community land assets**

These assets are valued using the cost approach but are disclosed at fair value in the notes. These assets typically include saleable Operational Land such as land associated with works depot, offices and non-saleable Community Land associated with town commons, parks.

The key unobservable inputs to the valuation are the remaining useful life, condition and remaining value. Replacement costs are either sourced from actual recent purchase costs, from qualified valuers or from Valuer-General Unimproved Capital Values. Unit rates range from \$0.64 to \$4,455/m<sup>2</sup>.

There has been no change to the valuation process during the reporting period.

##### **Buildings – non specialised and specialised assets**

These assets are valued using the cost approach but are disclosed at fair value in the notes. These assets typically include Council offices (non specialised) and water/sewer treatment plant buildings (specialised).



## The former Tumut Shire Council

### Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

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

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The key unobservable inputs to the valuation are the remaining useful life, condition and remaining value. Replacement costs are compiled 'in house' by experienced engineers and are calculated by either applying recent actual project costs or by sourcing supplier component costs and then estimating project costs. Alternatively, quotations can be sourced from qualified professionals.

Buildings are componentised into significant parts to assist in applying appropriate useful lives and replacement costs.

When estimating project costs, consideration is given to project specifications, location, site conditions and construction techniques. Unit rates for roofs range from \$158 to \$311/m<sup>2</sup>, for internal floors from \$50 to \$181/m<sup>2</sup>, for external walls from \$308 to \$805 and for mechanical components from \$10,546 to \$78,552/unit.

There has been no change to the valuation process during the reporting period.

##### **Road assets**

Road assets are valued using the cost approach but are disclosed at fair value in the notes. These assets typically include sealed/unsealed pavements, surfaces (bituminous seals, asphaltic concrete), kerb and gutter, safety barriers, culverts.

The key unobservable inputs to the valuation are the remaining useful life, condition and remaining value. Replacement costs are compiled 'in house' by experienced engineers and are calculated by either applying recent actual project costs or by sourcing supplier component costs and then estimating project costs. Where applicable contract rates are applied (eg, surface assets).

Roads/surfaces/kerb assets are segmented into manageable lengths and uniform specifications.

When estimating project costs, consideration is given to project specifications, location, site conditions and construction techniques. Unit rates for unsealed pavement range from \$1.66 to \$12.03/m<sup>2</sup>, for sealed pavements from \$2.13 to \$88.47/m<sup>2</sup>, for surface assets from \$2.07 to \$200/m<sup>2</sup>, for kerb and gutter assets from \$86 to \$313/m and for rural road culverts from \$168 to \$12,500/m.

There has been no change to the valuation process during the reporting period.

##### **Bridge assets**

Bridge assets are valued using the cost approach but are disclosed at fair value in the notes. These assets typically include concrete/steel bridges. Although some timber bridges are still in use, they are being progressively phased out.

## The former Tumut Shire Council

### Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

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

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The key unobservable inputs to the valuation are the remaining useful life, condition and remaining value. Replacement costs are compiled 'in house' by experienced engineers and are calculated by either applying recent actual project costs or by sourcing supplier component costs and then estimating project costs. Where applicable contract rates are applied.

When estimating project costs, consideration is given to project specifications, location, site conditions and construction techniques. Unit rates range from \$860 to \$5,761/m<sup>2</sup>.

There has been no change to the valuation process during the reporting period.

##### **Footpath assets**

Footpath assets are valued using the cost approach but are disclosed at fair value in the notes. These assets are typically constructed using concrete, gravel, pavers.

The key unobservable inputs to the valuation are the remaining useful life, condition and remaining value. Replacement costs are compiled 'in house' by experienced engineers and are calculated by either applying recent actual project costs or by sourcing supplier component costs and then estimating project costs.

Footpath assets are segmented into manageable lengths and uniform specifications.

When estimating project costs, consideration is given to project specifications, location, site conditions and construction techniques. Unit rates range from \$65 to \$214/m<sup>2</sup>.

There has been no change to the valuation process during the reporting period.

##### **Water and Sewerage assets**

Water and Sewerage assets are valued using the cost approach but are disclosed at fair value in the notes. These assets typically include mains/conduits, pumping stations, reservoirs.

The key unobservable inputs to the valuation are the remaining useful life, condition and remaining value. Replacement costs are compiled 'in house' by experienced engineers and are calculated by either applying recent actual project costs or by sourcing supplier component costs and then estimating project costs. The key reference industry document used is 2014 NSW Reference Rates Manual for Water Supply, Sewerage and Stormwater Assets.

Mains are segmented into manageable lengths and uniform specifications.

## The former Tumut Shire Council

### Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

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

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When estimating project costs, consideration is given to project specifications, location, site conditions and construction techniques. Unit rates for water mains range from \$13.21 to \$1,031/m, for sewer mains from \$76 to \$2,728 and for water reservoirs from \$31,415 to \$2,086,795/unit.

There has been no change to the valuation process during the reporting period.

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#### **Non-Current Assets classified as "Held for Sale"**

The value of Council land 'held for sale' is based on the valuation provided by the Valuer General's Department.

There has been no change to the valuation process during the reporting period.

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## The former Tumut Shire Council

### Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

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

\$ '000

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

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

	Plant and equipment	Office equipment	Furniture and fittings	Operational land	Community land	Land impro- -vements non-deprc	Land impro- -vements depreciable	Total
<b>Opening balance – 1/7/14</b>	18,369	133	342	4,183	8,369	917	4,696	37,009
Purchases (GBV)	2,112	–	–	–	5	–	240	2,357
Disposals (WDV)	(776)	–	–	–	–	–	–	(776)
Depreciation and impairment	(1,983)	(12)	(22)	–	–	–	(236)	(2,253)
Other adjustment	–	–	–	–	62	–	(4)	58
<b>Closing balance – 30/6/15</b>	<b>17,722</b>	<b>121</b>	<b>320</b>	<b>4,183</b>	<b>8,436</b>	<b>917</b>	<b>4,696</b>	<b>36,395</b>
Transfers from/(to) another asset class	380	–	–	65	2	121	(345)	223
Purchases (GBV)	1,736	–	64	–	1	–	70	1,871
Disposals (WDV)	(671)	–	–	(67)	(277)	–	(498)	(1,513)
Depreciation and impairment	(1,711)	(9)	(20)	–	–	–	(168)	(1,908)
Revaluations to equity	73	–	–	(4)	–	(11)	630	688
<b>Closing balance – 12/5/16</b>	<b>17,529</b>	<b>112</b>	<b>364</b>	<b>4,177</b>	<b>8,162</b>	<b>1,027</b>	<b>4,385</b>	<b>35,756</b>

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

	Kerb & Gutter	Buildings non specialised	Buildings specialised	Other structures	Roads, bridges and footpaths	Bulk earthworks	Stormwater drainage	Total
<b>Opening balance – 1/7/14</b>	–	8,945	10,614	18,032	98,000	97,073	18,205	250,869
Purchases (GBV)	–	279	4	318	1,919	302	84	2,906
Disposals (WDV)	–	–	–	–	(369)	–	–	(369)
Depreciation and impairment	–	(207)	(221)	(440)	(2,914)	–	(372)	(4,154)
Other adjustment	–	(43)	–	(1)	–	11	–	(33)
<b>Closing balance – 30/6/15</b>	<b>–</b>	<b>8,974</b>	<b>10,397</b>	<b>17,909</b>	<b>96,636</b>	<b>97,386</b>	<b>17,917</b>	<b>249,219</b>
Transfers from/(to) another asset class	13,972	(297)	265	–	(15,795)	875	(90)	(1,070)
Purchases (GBV)	69	–	38	79	1,273	–	80	1,539
Disposals (WDV)	(26)	–	(100)	(873)	(10)	–	(16)	(1,025)
Depreciation and impairment	(281)	(180)	(192)	(368)	(2,142)	–	(203)	(3,366)
Revaluations to equity	(1,960)	–	–	2,047	611	–	–	698
<b>Closing balance – 12/5/16</b>	<b>11,774</b>	<b>8,497</b>	<b>10,408</b>	<b>18,794</b>	<b>80,573</b>	<b>98,261</b>	<b>17,688</b>	<b>245,995</b>

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

	Other Open Space/ Rec Assets	Water supply network	Sewer network	Other infra- -structure	Other assets	Tip assets	Surplus land Adelong	Total
<b>Opening balance – 1/7/14</b>	–	25,741	32,217	49	69	200	137	58,413
Purchases (GBV)	–	183	589	–	65	–	–	837
Disposals (WDV)	–	(67)	(298)	–	–	–	(65)	(430)
Depreciation and impairment	–	(401)	(522)	(1)	(17)	(10)	–	(951)
Revaluation to equity	–	418	354	–	–	–	–	772
Other adjustments	–	–	–	–	–	(10)	–	(10)
<b>Closing balance – 30/6/15</b>	<b>–</b>	<b>25,874</b>	<b>32,340</b>	<b>48</b>	<b>117</b>	<b>180</b>	<b>72</b>	<b>58,631</b>
Transfers from/(to) another asset class	1,482	8	(8)	224	(58)	–	–	1,648
Purchases (GBV)	41	191	447	–	–	–	–	679
Disposals (WDV)	(4)	(66)	(315)	–	–	–	–	(385)
Depreciation and impairment	(48)	(355)	(468)	(6)	(15)	(9)	–	(901)
FV gains – other comprehensive income	–	–	–	–	–	(49)	–	(49)
Revaluations to equity	255	371	792	4	–	–	–	1,422
<b>Closing balance – 12/5/16</b>	<b>1,726</b>	<b>26,023</b>	<b>32,788</b>	<b>270</b>	<b>44</b>	<b>122</b>	<b>72</b>	<b>61,045</b>

#### (5). Highest and best use

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

## The former Tumut 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:**

76 Capper Street  
TUMUT NSW 2720

**Contact details****Mailing address:**

76 Capper Street  
TUMUT NSW 2720

**Opening hours:**

8:30am - 5:00pm  
Monday to Friday

**Telephone:** 02 6941 2555

**Facsimile:** 02 6941 2678

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

**Email:** [admin@tumut.nsw.gov.au](mailto:admin@tumut.nsw.gov.au)

**Officers****INTERIM GENERAL MANAGER**

Kay Whitehead

**Members****ADMINISTRATOR**

Paul Sullivan

**RESPONSIBLE ACCOUNTING OFFICER**

Sarah Pentland

**PUBLIC OFFICER**

Allan Tonkin

**AUDITORS**

Crowe Howarth Auswild  
491 Smollett St, Albury NSW 2640

**Other information**

**ABN:** 80 970 406 169



## **INDEPENDENT AUDITORS' REPORT TO TUMUT SHIRE COUNCIL (SECTION 417(2) – REPORT ON THE GENERAL PURPOSE FINANCIAL STATEMENTS)**

### **REPORT ON THE FINANCIAL STATEMENTS**

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

### **AUDITORS' RESPONSIBILITY**

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

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

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

We performed the procedures to assess whether in all material respects the financial statements 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, cash flow statement, 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 Tumut Shire Council would be amalgamated with the former Tumbarumba 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 Tumut Shire Council to Snowy Valleys Council on 13 May 2016. Accordingly these financial statements for the former Tumut Shire Council have been prepared to 12 May 2016.

A handwritten signature in black ink that reads "Crowe Horwath" in a cursive, stylized script.

**CROWE HORWATH AUSWILD**

A handwritten signature in black ink that reads "Brad Bohun" in a cursive, stylized script.

**BRADLEY D BOHUN**

Partner

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

# Report on the Conduct of the Audit

Tumut Shire Council

For the period ended 12 May 2016

## Contents

1	Report on the Conduct of Audit .....	3
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# 1 Report on the Conduct of Audit

We have completed our audit of the financial statements for Tumut 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 disclosures 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 on going concern regarding the proclamation that mandated the amalgamation of the Council	Going concern Not for Profit entity
Special purpose financial statements	Emphasis of matter regarding basis of preparation and going concern regarding the proclamation that mandated the amalgamation of the Council	National Competition Policy requirements by area of business activity
Special Schedule 8	Unqualified with an emphasis of matter regarding basis of preparation	OLG requirements

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

The proclamation automatically transferred the assets, rights and liabilities of the former Tumut 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 Tumut 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 Tumut 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

Tumut Shire Council is a rural based Council in Southern New South Wales, whose affairs are governed by:

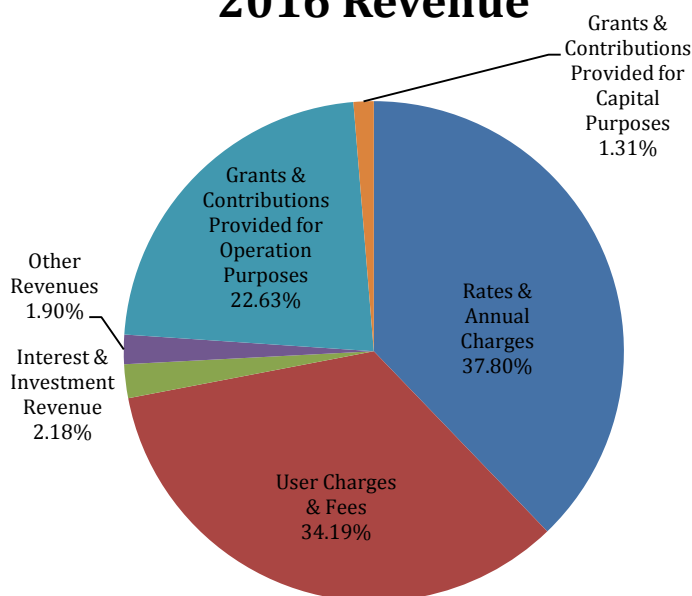
- Local Government Act 1993;
- Local Government Regulations;
- Local Government Code of Accounting Practice and Financial Reporting; and
- Local Government Asset Accounting Manual Regulations.

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

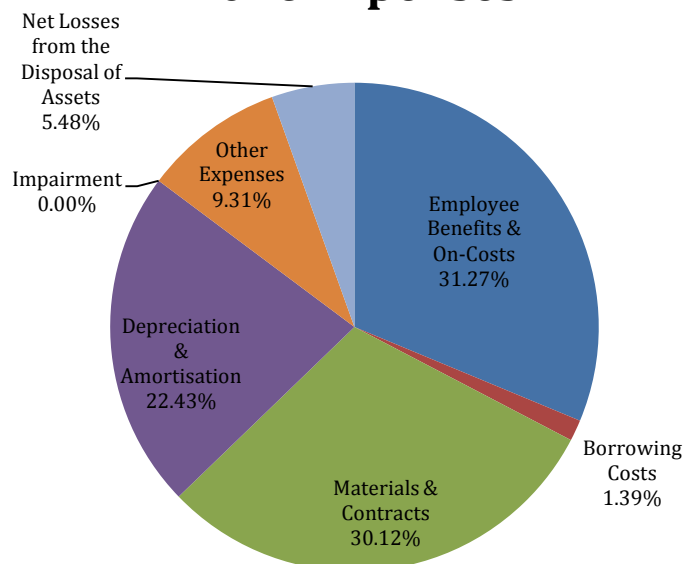
As disclosed in the Income Statement, the Council realised a deficit in net operating result from continuing operations (including capital contributions) of \$291k (2015: \$1,099k deficit) for the period ended 12 May 2016.

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

### 2016 Revenue



### 2016 Expenses



Significant income and expense items in the current period were:

	2016* \$'000	2015 \$'000	2014 \$'000
Rates and annual charges	10,659	11,869	11,262
User charges and fees	9,641	9,533	7,736
Interest & investment income	614	654	1,377
Grants and contributions - operating	6,381	5,592	6,906
Grants and contributions - capital	368	579	7,522
Employee costs	(8,908)	(10,812)	(10,744)
Materials and contracts	(8,581)	(7,411)	(6,208)
Depreciation and amortisation	(6,390)	(7,390)	(6,476)

\* 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 period.

	2016 \$'000	2015 \$'000	2014 \$'000
Cash and Liquid Investments	18,678	18,854	17,881
External Restrictions - included in liabilities	-	-	-
- not included in liabilities	(6,329)	(6,335)	(5,657)
Internal Restrictions - included in liabilities	(2,067)	(2,006)	(1,914)
- not included in liabilities**	(7,715)	(7,497)	(7,350)
<b>Unrestricted Cash and Investments</b>	<b>2,567</b>	<b>3,016</b>	<b>2,960</b>
Other Net Current Assets / (Liabilities) excluding anticipated LSL Provision & restrictions included in liabilities	3,739	498	1,843
<b>Unrestricted Working Capital</b>	<b>6,306</b>	<b>3,514</b>	<b>4,803</b>

\*\*Council has used internal restrictions extensively and 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 Tumut 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 Councils performance on a consolidated basis. Section 4.7 shows Councils 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.

Council's Operating Performance Ratio increased to 3.42% (2015: (2.89%)) which is above the minimum benchmark of 0.00% set by the Code of Accounting Practice and Financial Reporting. This is a significant improvement on the 2015 year where the Council's Operating Performance Ratio was below the minimum benchmark.

### 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.

This ratio has weakened slightly from 78.61% in 2015 to 76.07% in 2016. This ratio is above the minimum benchmark of 60.00%.

### 4.3 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 an increase in Council's liquidity position compared to the prior year. Council continues to report a result well in excess of the 1.5:1 minimum.

### 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 that Council has sufficient and appropriate operating results to service the borrowing repayments.

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

The outstanding percentage assesses the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of debt recovery efforts.

Council's ratio has deteriorated in the current year increasing to 21.59% from 3.75% in 2015. However this ratio has been significantly impacted by the merger announcement which resulted in a cut off period of 12 May 2016. A large amount of rates, annual and extra charges remained outstanding and still collectible at 12 May 2016.

#### 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.

Council has performed strongly in both the current and prior period, indicating a strong liquidity position with a ratio of 9.89 months (2015: 9.4 months) well above the benchmark of 3.00 months.

#### 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	-16.65%	-14.12%	8.44%
Own source operating revenue	97.56%	97.65%	70.32%
Unrestricted current ratio	4.38x	2.41x	6.75x
Debt service cover ratio	1.08x	7.80x	13.93x
Rates, Annual Charges, Interest and extra charges outstanding %	26.86%	24.34%	20.20%
Cash expense cover ratio	1.19 months	1.70 months	12.13 months

## 5 Specific Balance Sheet Items

### 5.1 Receivables

Total current receivables at 12 May 2016, net of allowance for impairment was \$8,550k (2015: \$4,912k).

This balance primarily consists of user charges and fees of \$2,409k (2015: \$1,131k) and private works of \$2,403k (2015: \$1,912k). Outstanding rates and annual charges have increased significantly to \$2,353k in 2016 from \$417k in 2015 as a result of the Council reporting on 12 May 2016 in the current period due to the amalgamation proclamation. This resulted in a large percentage of 4<sup>th</sup> quarter rates and annual charges not yet being collected and therefore still receivable. 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 \$nil (2015: \$nil). An assessment by Council of the collectability of the receivables balance indicated that an allowance for impairment was not 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 \$3,885k (2015: \$6,104k) 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	71	245	339
Buildings	117	605	2,955
Plant and equipment	1,771	2,113	3,160
Roads, bridges and footpaths	442	2,220	2,188
Stormwater drainage	80	84	91
Water supply network	191	183	251
Sewerage network	447	589	251
Other	41	65	344
Work in progress	725	-	-
<b>Asset additions</b>	<b>3,885</b>	<b>6,104</b>	<b>9,579</b>
Reinstatement costs for impaired assets	-	-	5,276
<b>Total capital expenditure</b>	<b>3,885</b>	<b>6,104</b>	<b>14,855</b>

### 5.3 Borrowings

Total borrowings have decreased by \$807k from the prior year's balance of \$6,878k to the 2016 total balance of \$6,071k. These loans are secured over the Income of Council.

### 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.

In addition to the above requirements, the Council also elected to revalue Kerb & Gutter assets. Further, we report that in accordance with the requirements of the code of Accounting Practice, Council's water supply network assets and sewerage network assets were indexed upward in accordance with the latest indices provided by the DPI Water.

The revaluations in 2016 resulted in the following adjustments to Council's assets:

Asset Category	Revaluation Amount Increase/(Decrease) \$'000
Plant and equipment	73
Operational Land	(4)
Land improvements – non-depreciable	(11)
Land improvements – depreciable	630
Other structures	2,047
Roads	743
Kerb & gutter	(1,960)
Water supply network	371
Sewerage network	792
Other open space/recreational assets	255
Other infrastructure assets	4
<b>Total asset revaluation reserve movement</b>	<b>(2,940)</b>

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

As at 12 May 2016 all Council's infrastructure, property, plant and equipment is held at fair value.



## 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 Tumut Shire Council

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

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*“To be an innovative Council that promotes  
a strong and sustainable community”*



## The former Tumut Shire Council

### Special Purpose Financial Statements

for the period 1 July 2015 to 12 May 2016

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Income Statement – Other Business Activities	5
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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 Tumut 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:**

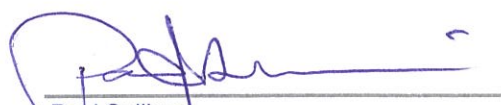

- the NSW Government Policy Statement 'Application of National Competition Policy to Local Government',
- the Division of Local Government Guidelines 'Pricing and Costing for Council Businesses – A Guide to Competitive Neutrality',
- the Local Government Code of Accounting Practice and Financial Reporting,
- 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 15 December 2016.**

  
Paul Sullivan  
Administrator  
Kay Whitehead  
Interim General Manager  
Sarah Pentland  
Responsible Accounting Officer

## The former Tumut Shire Council

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

for the period 1 July 2015 to 12 May 2016

	Actual 1/7/15 to 12/5/16	Actual 1/7/14 to 30/6/15
<b>\$ '000</b>		
<b>Income from continuing operations</b>		
Access charges	566	1,204
User charges	2,113	1,994
Fees	—	—
Interest	83	65
Grants and contributions provided for non-capital purposes	40	45
Profit from the sale of assets	—	—
Other income	—	1
<b>Total income from continuing operations</b>	<b>2,802</b>	<b>3,309</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	575	662
Borrowing costs	259	238
Materials and contracts	849	1,049
Depreciation and impairment	989	1,133
Water purchase charges	—	—
Loss on sale of assets	285	37
Calculated taxation equivalents	14	14
Debt guarantee fee (if applicable)	54	72
Other expenses	295	409
<b>Total expenses from continuing operations</b>	<b>3,320</b>	<b>3,614</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>(518)</b>	<b>(305)</b>
Grants and contributions provided for capital purposes	29	164
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>(489)</b>	<b>(141)</b>
Surplus (deficit) from discontinued operations	—	—
<b>Surplus (deficit) from all operations before tax</b>	<b>(489)</b>	<b>(141)</b>
Less: corporate taxation equivalent (30%) [based on result before capital]	—	—
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>(489)</b>	<b>(141)</b>
<b>Plus opening retained profits</b>	23,242	23,311
<b>Plus adjustments for amounts unpaid:</b>		
– Taxation equivalent payments	14	14
– Debt guarantee fees	54	72
– Corporate taxation equivalent	—	—
<b>Less:</b>		
– Tax equivalent dividend paid	(14)	(14)
– Surplus dividend paid	—	—
<b>Closing retained profits</b>	<b>22,807</b>	<b>23,242</b>
<b>Return on capital %</b>	<b>-0.6%</b>	<b>-0.1%</b>
<b>Subsidy from Council</b>	<b>1,318</b>	<b>1,426</b>
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	(489)	(141)
Less: capital grants and contributions (excluding developer contributions)	—	—
<b>Surplus for dividend calculation purposes</b>	<b>—</b>	<b>—</b>
<b>Potential dividend calculated from surplus</b>	<b>—</b>	<b>—</b>

## The former Tumut Shire Council

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

for the period 1 July 2015 to 12 May 2016

	Actual 1/7/15 to 12/5/16	Actual 1/7/14 to 30/6/15
<b>\$ '000</b>		
<b>Income from continuing operations</b>		
Access charges	2,839	3,249
User charges	51	73
Liquid trade waste charges	—	—
Fees	—	—
Interest	139	107
Grants and contributions provided for non-capital purposes	62	43
Profit from the sale of assets	—	—
Other income	3	15
<b>Total income from continuing operations</b>	<b>3,094</b>	<b>3,487</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	778	800
Borrowing costs	20	33
Materials and contracts	1,315	1,610
Depreciation and impairment	842	945
Loss on sale of assets	381	68
Calculated taxation equivalents	13	13
Debt guarantee fee (if applicable)	4	6
Other expenses	182	505
<b>Total expenses from continuing operations</b>	<b>3,535</b>	<b>3,980</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>(441)</b>	<b>(493)</b>
Grants and contributions provided for capital purposes	11	148
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>(430)</b>	<b>(345)</b>
Surplus (deficit) from discontinued operations	—	—
<b>Surplus (deficit) from all operations before tax</b>	<b>(430)</b>	<b>(345)</b>
Less: corporate taxation equivalent (30%) [based on result before capital]	—	—
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>(430)</b>	<b>(345)</b>
<b>Plus opening retained profits</b>	28,669	29,008
<b>Plus adjustments for amounts unpaid:</b>		
– Taxation equivalent payments	13	13
– Debt guarantee fees	4	6
– Corporate taxation equivalent	—	—
<b>Less:</b>		
– Tax equivalent dividend paid	(13)	(13)
– Surplus dividend paid	—	—
<b>Closing retained profits</b>	<b>28,243</b>	<b>28,669</b>
<b>Return on capital %</b>	<b>-1.1%</b>	<b>-1.2%</b>
<b>Subsidy from Council</b>	<b>1,312</b>	<b>1,615</b>
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	(430)	(345)
Less: capital grants and contributions (excluding developer contributions)	22	(1)
<b>Surplus for dividend calculation purposes</b>	<b>—</b>	<b>—</b>
<b>Potential dividend calculated from surplus</b>	<b>—</b>	<b>—</b>



## The former Tumut Shire Council

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

for the period 1 July 2015 to 12 May 2016

	Snowy works and services		Domestic waste	
	Category 1		Category 2	
	Actual 1/7/15 to 12/5/16	Actual 1/7/14 to 30/6/15	Actual 1/7/15 to 12/5/16	Actual 1/7/14 to 30/6/15
<b>\$ '000</b>				
<b>Income from continuing operations</b>				
Access charges	–	–	1,347	1,506
User charges	6,306	6,186	17	25
Fees	–	–	–	–
Interest	158	162	22	24
Grants and contributions provided for non-capital purposes	79	34	39	43
Profit from the sale of assets	48	–	–	–
Other income	121	123	11	61
<b>Total income from continuing operations</b>	<b>6,712</b>	<b>6,505</b>	<b>1,436</b>	<b>1,659</b>
<b>Expenses from continuing operations</b>				
Employee benefits and on-costs	1,456	1,732	347	340
Borrowing costs	–	–	6	10
Materials and contracts	3,195	2,977	855	965
Depreciation and impairment	860	1,014	34	39
Loss on sale of assets	–	60	81	–
Calculated taxation equivalents	–	–	–	–
Debt guarantee fee (if applicable)	–	–	2	7
Other expenses	123	146	19	6
<b>Total expenses from continuing operations</b>	<b>5,634</b>	<b>5,929</b>	<b>1,344</b>	<b>1,367</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>1,078</b>	<b>576</b>	<b>92</b>	<b>292</b>
Grants and contributions provided for capital purposes	–	–	–	–
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>1,078</b>	<b>576</b>	<b>92</b>	<b>292</b>
Surplus (deficit) from discontinued operations	–	–	–	–
<b>Surplus (deficit) from all operations before tax</b>	<b>1,078</b>	<b>576</b>	<b>92</b>	<b>292</b>
Less: corporate taxation equivalent (30%) [based on result before capital]	(323)	(173)	(28)	(88)
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>755</b>	<b>403</b>	<b>64</b>	<b>204</b>
<b>Plus opening retained profits</b>	12,807	12,691	1,919	1,620
<b>Plus adjustments for amounts unpaid:</b>				
– Taxation equivalent payments	–	–	–	–
– Debt guarantee fees	–	–	2	7
– Corporate taxation equivalent	323	173	28	88
<b>Add:</b>				
– Subsidy paid/contribution to operations	–	–	–	–
<b>Less:</b>				
– TER dividend paid	–	–	–	–
– Dividend paid	(448)	(460)	–	–
<b>Closing retained profits</b>	<b>13,437</b>	<b>12,807</b>	<b>2,013</b>	<b>1,919</b>
<b>Return on capital %</b>	<b>17.5%</b>	<b>9.1%</b>	<b>5.6%</b>	<b>16.9%</b>
<b>Subsidy from Council</b>	–	–	–	–

## The former Tumut 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	239	859
Investments	1,952	1,274
Receivables	1,297	918
Inventories	–	–
Other	–	–
Non-current assets classified as held for sale	–	–
<b>Total current assets</b>	<b>3,488</b>	<b>3,051</b>
<b>Non-current assets</b>		
Investments	–	270
Receivables	–	–
Inventories	–	–
Infrastructure, property, plant and equipment	45,863	45,014
Investments accounted for using equity method	–	–
Investment property	–	–
Intangible assets	–	–
Other	–	–
<b>Total non-current assets</b>	<b>45,863</b>	<b>45,284</b>
<b>TOTAL ASSETS</b>	<b>49,351</b>	<b>48,335</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Bank overdraft	–	–
Payables	113	8
Borrowings	475	435
Provisions	–	–
<b>Total current liabilities</b>	<b>588</b>	<b>443</b>
<b>Non-current liabilities</b>		
Payables	–	–
Borrowings	3,521	3,980
Provisions	–	–
<b>Total non-current liabilities</b>	<b>3,521</b>	<b>3,980</b>
<b>TOTAL LIABILITIES</b>	<b>4,109</b>	<b>4,423</b>
<b>NET ASSETS</b>	<b>45,242</b>	<b>43,912</b>
<b>EQUITY</b>		
Retained earnings	22,807	23,242
Revaluation reserves	22,435	20,670
Council equity interest	45,242	43,912
Non-controlling equity interest	–	–
<b>TOTAL EQUITY</b>	<b>45,242</b>	<b>43,912</b>

## The former Tumut 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	331	469
Investments	2,697	2,219
Receivables	789	365
Inventories	–	–
Other	–	–
Non-current assets classified as held for sale	–	–
<b>Total Current Assets</b>	<b>3,817</b>	<b>3,053</b>
<b>Non-current assets</b>		
Investments	–	339
Receivables	–	–
Inventories	–	–
Infrastructure, property, plant and equipment	38,590	38,242
Investments accounted for using equity method	–	–
Investment property	–	–
Intangible assets	–	–
Other	–	–
<b>Total non-current assets</b>	<b>38,590</b>	<b>38,581</b>
<b>TOTAL ASSETS</b>	<b>42,407</b>	<b>41,634</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Bank overdraft	–	–
Payables	422	1
Borrowings	59	45
Provisions	–	–
<b>Total current liabilities</b>	<b>481</b>	<b>46</b>
<b>Non-current liabilities</b>		
Payables	–	–
Borrowings	287	335
Provisions	–	–
<b>Total non-current liabilities</b>	<b>287</b>	<b>335</b>
<b>TOTAL LIABILITIES</b>	<b>768</b>	<b>381</b>
<b>NET ASSETS</b>	<b>41,639</b>	<b>41,253</b>
<b>EQUITY</b>		
Retained earnings	28,243	28,669
Revaluation reserves	13,396	12,584
Council equity interest	41,639	41,253
Non-controlling equity interest	–	–
<b>TOTAL EQUITY</b>	<b>41,639</b>	<b>41,253</b>

## The former Tumut Shire Council

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

as at 12 May 2016

	Snowy works and services		Domestic waste	
	Category 1		Category 2	
\$ '000	Actual 12/5/16	Actual 30/6/15	Actual 12/5/16	Actual 30/6/15
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	4,218	3,029	73	190
Investments	2,000	2,000	598	468
Receivables	4,544	4,708	349	93
Inventories	220	22	–	–
Other	–	–	–	–
Non-current assets classified as held for sale	–	–	–	–
<b>Total Current Assets</b>	<b>10,982</b>	<b>9,759</b>	<b>1,020</b>	<b>751</b>
<b>Non-current assets</b>				
Investments	–	–	–	83
Receivables	–	–	–	–
Inventories	–	–	–	–
Infrastructure, property, plant and equipment	6,177	6,325	1,737	1,789
Investments accounted for using equity method	–	–	–	–
Investment property	–	–	–	–
Other	–	–	–	–
<b>Total non-current assets</b>	<b>6,177</b>	<b>6,325</b>	<b>1,737</b>	<b>1,872</b>
<b>TOTAL ASSETS</b>	<b>17,159</b>	<b>16,084</b>	<b>2,757</b>	<b>2,623</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Bank overdraft	–	–	–	–
Payables	1,603	1,092	222	–
Borrowings	–	–	–	152
Provisions	1,741	1,806	–	–
<b>Total current liabilities</b>	<b>3,344</b>	<b>2,898</b>	<b>222</b>	<b>152</b>
<b>Non-current liabilities</b>				
Payables	–	–	–	–
Borrowings	–	–	–	–
Provisions	58	59	158	218
Other Liabilities	–	–	–	–
<b>Total non-current liabilities</b>	<b>58</b>	<b>59</b>	<b>158</b>	<b>218</b>
<b>TOTAL LIABILITIES</b>	<b>3,402</b>	<b>2,957</b>	<b>380</b>	<b>370</b>
<b>NET ASSETS</b>	<b>13,757</b>	<b>13,127</b>	<b>2,377</b>	<b>2,253</b>
<b>EQUITY</b>				
Retained earnings	13,437	12,807	2,013	1,919
Revaluation reserves	320	320	364	334
Council equity interest	<b>13,757</b>	<b>13,127</b>	<b>2,377</b>	<b>2,253</b>
Non-controlling equity interest	–	–	–	–
<b>TOTAL EQUITY</b>	<b>13,757</b>	<b>13,127</b>	<b>2,377</b>	<b>2,253</b>

## The former Tumut 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 Tumut Shire Council

### Notes to the Special Purpose Financial Statements

for the period 1 July 2015 to 12 May 2016

#### Note 1. Significant accounting policies

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

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

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

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

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

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

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

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

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

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

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

Whilst the former Tumut 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 Tumut Shire Council has not been liquidated nor has trading ceased.

#### 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.

## The former Tumut 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)

##### Declared business activities

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

##### Category 1

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

##### a. Tumut Shire Council Sewerage Service

Comprising the whole of the operations and assets of the sewerage reticulation and treatment system, servicing the towns of Adelong, Batlow, Tumut and Talbingo.

##### b. Tumut Shire Council Snowy Works and Services

On the 1st July 2002 Council established a independent works unit to provide services to (i) Tumut Shire Council, (ii) Government groups and (iii) to actively seek relevant private works.

The unit comprises approximately 80 multi skilled staff operating from a depot situated in Tumut and thru branch depots in Adelong, Batlow and Talbingo.

The unit will provide all of Council's traditional maintenance and construction services on a Provider / client service basis.

The Units other major customer is the Roads and Maritime Services.

It will also expand its private works activities.

##### c. Tumut Shire Council Combined Water Supplies

Comprising the whole of the operations and assets of the water supply systems servicing the towns of Adelong, Batlow, Tumut, Talbingo and Brungle.

##### Category 2

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

##### a. Tumut Shire Council Waste Services

Councils Solid Waste Unit provides kerb side collection of waste and recycling, operates 4 recycling centres, 2 transfer stations and 2 land fill sites.

Its primary customer is the Tumut Shire Council.

##### 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 former Tumut 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)

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

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

##### Income tax

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

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

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

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

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

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

##### Local government rates and charges

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

##### Loan and debt guarantee fees

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

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

##### (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 former Tumut 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 actual rate of return achieved by each business activity is disclosed at the foot of each respective Income Statement.

#### **(iv) Dividends**

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

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

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

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

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

## The former Tumut 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	68,000
(ii)	Number of assessments multiplied by \$3/assessment	14,136
(iii)	Amounts payable for tax equivalents [lesser of (i) and (ii)]	14,136
(iv)	Amounts actually paid for tax equivalents	14,000

##### 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	127,224
(iii)	Cumulative surplus before dividends for the 3 years to 12 May 2016, less the cumulative dividends paid for the 2 years to 30 June 2015 and 30 June 2014	(1,205,000)

2016 Surplus	(489,000)	2015 Surplus	(141,000)	2014 Surplus	(575,000)
		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>	YES

##### 3. Required outcomes for 6 criteria

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

(i)	Completion of strategic business plan (including financial plan)	YES
(ii)	Full cost recovery, without significant cross subsidies [refer item 2 (a) in table 1 on page 22 of the Best-Practice Guidelines]	YES
	– Complying charges [item 2 (b) in table 1]	YES
	– DSP with commercial developer charges [item 2 (e) in table 1]	YES
	– If dual water supplies, complying charges [item 2 (g) in table 1]	YES
(iii)	Sound water conservation and demand management implemented	YES
(iv)	Sound drought management implemented	YES
(v)	Complete performance reporting form (by 15 September each year)	YES
(vi)	a. Integrated water cycle management evaluation	YES
	b. Complete and implement integrated water cycle management strategy	YES

## The former Tumut 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	2,748
<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)]	%	78.71%
<b>NWI F9</b>	Written down replacement cost of fixed assets (water) Written down current cost of system assets (w47)	\$'000	41,286
<b>NWI F11</b>	Operating cost (OMA) (water) Management expenses (w1) + operational and maintenance expenses (w2)	\$'000	1,719
<b>NWI F14</b>	Capital expenditure (water) Acquisition of fixed assets (w16)	\$'000	332
<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)]	%	0.09%
<b>NWI F26</b>	Capital works grants (water) Grants for the acquisition of assets (w11a)	\$'000	–

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

## The former Tumut 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	17,000
(ii)	Number of assessments multiplied by \$3/assessment	13,356
(iii)	Amounts payable for tax equivalents [lesser of (i) and (ii)]	13,356
(iv)	Amounts actually paid for tax equivalents	13,000

##### 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)	120,204
(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	(566,100)

2016 Surplus	(408,000)	2015 Surplus	(346,000)	2014 Surplus	187,900
		2015 Dividend	—	2014 Dividend	—

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

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

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

(i)	Completion of strategic business plan (including financial plan)	YES
(ii)	Pricing with full cost-recovery, without significant cross subsidies [refer item 2 (a) in table 1 on page 22 of the Best-Practice Guidelines]	YES
	Complying charges	
	(a) Residential [item 2 (c) in table 1]	YES
	(b) Non-residential [item 2 (c) in table 1]	YES
	(c) Trade waste [item 2 (d) in table 1]	YES
	DSP with commercial developer charges [item 2 (e) in table 1]	YES
	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	YES

## The former Tumut 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	2,967
<b>NWI F10</b>	Written down replacement cost of fixed assets (sewerage) Written down current cost of system assets (s48)	\$'000	33,893
<b>NWI F12</b>	Operating cost (sewerage) Management expenses (s1) + operational and maintenance expenses (s2)	\$'000	2,276
<b>NWI F15</b>	Capital expenditure (sewerage) Acquisition of fixed assets (s17)	\$'000	743
<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)]	%	-0.39%
<b>NWI F27</b>	Capital works grants (sewerage) Grants for the acquisition of assets (12a)	\$'000	–

##### 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	5,049
<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)	%	1.54%
<b>NWI F16</b>	Capital expenditure (water and sewerage) Acquisition of fixed assets (w16 + s17)	\$'000	1,075
<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)]	%	-0.13%
<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 Tumut 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)]	%	-0.99%
<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	(888)
<b>NWI F25</b>	Community service obligations (water and sewerage) Grants for pensioner rebates (w11b + s12b)	\$'000	78

- Notes:
- References to w (eg. s12) refer to item numbers within Special Schedules 5 and 6 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.
- a refer to 3.2 (2) on page 15 of the Best-Practice Management of Water Supply and Sewerage Guidelines, 2007

## **INDEPENDENT AUDITORS' REPORT TO TUMUT 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 Tumut 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.

### **AUDITORS' RESPONSIBILITY**

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

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



## OPINION

In our opinion the special purpose financial statements of Tumut 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 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 Tumut Shire Council would be amalgamated with the former Tumbarumba 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 Tumut Shire Council to Snowy Valleys Council on 13 May 2016. Accordingly these financial statements for the former Tumut 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 Tumut Shire Council

SPECIAL SCHEDULES

for the period 1 July 2015 to 12 May 2016

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*"To be an innovative Council that promotes  
a strong and sustainable community"*



## The former Tumut Shire Council

### Special Schedules

for the period 1 July 2015 to 12 May 2016

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<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 Tumut 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>430</b>	<b>5</b>	<b>–</b>	<b>(425)</b>
<b>Administration</b>	<b>8,157</b>	<b>6,700</b>	<b>–</b>	<b>(1,457)</b>
<b>Public order and safety</b>				
Fire service levy, fire protection, emergency services	655	523	–	(132)
Beach control	–	–	–	–
Enforcement of local government regulations	18	1	–	(17)
Animal control	155	39	–	(116)
Other	–	–	–	–
<b>Total public order and safety</b>	<b>828</b>	<b>563</b>	<b>–</b>	<b>(265)</b>
<b>Health</b>	<b>81</b>	<b>11</b>	<b>–</b>	<b>(70)</b>
<b>Environment</b>				
Noxious plants and insect/vermin control	83	34	–	(49)
Other environmental protection	–	–	–	–
Solid waste management	1,342	1,436	–	94
Street cleaning	–	–	–	–
Drainage	–	–	–	–
Stormwater management	–	–	–	–
<b>Total environment</b>	<b>1,425</b>	<b>1,470</b>	<b>–</b>	<b>45</b>
<b>Community services and education</b>				
Administration and education	324	79	–	(245)
Social protection (welfare)	–	–	–	–
Aged persons and disabled	–	–	–	–
Children's services	–	–	–	–
<b>Total community services and education</b>	<b>324</b>	<b>79</b>	<b>–</b>	<b>(245)</b>
<b>Housing and community amenities</b>				
Public cemeteries	138	185	–	47
Public conveniences	–	–	–	–
Street lighting	23	70	–	47
Town planning	969	326	–	(643)
Other community amenities	–	–	–	–
<b>Total housing and community amenities</b>	<b>1,130</b>	<b>581</b>	<b>–</b>	<b>(549)</b>
<b>Water supplies</b>	<b>3,543</b>	<b>3,079</b>	<b>29</b>	<b>(435)</b>
<b>Sewerage services</b>	<b>3,579</b>	<b>3,120</b>	<b>33</b>	<b>(426)</b>

## The former Tumut 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	631	71	—	(560)
Museums	—	—	—	—
Art galleries	—	—	—	—
Community centres and halls	14	4	—	(10)
Performing arts venues	—	—	—	—
Other performing arts	—	—	—	—
Other cultural services	—	—	—	—
Sporting grounds and venues	32	1	—	(31)
Swimming pools	870	234	—	(636)
Parks and gardens (lakes)	1,269	5	117	(1,147)
Other sport and recreation	—	—	—	—
<b>Total recreation and culture</b>	<b>2,816</b>	<b>315</b>	<b>117</b>	<b>(2,384)</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	534	55	—	(479)
Other mining, manufacturing and construction	—	—	—	—
<b>Total mining, manufacturing and const.</b>	<b>534</b>	<b>55</b>	<b>—</b>	<b>(479)</b>
<b>Transport and communication</b>				
Urban roads (UR) – local	—	—	—	—
Urban roads – regional	—	—	—	—
Sealed rural roads (SRR) – local	—	—	—	—
Sealed rural roads (SRR) – regional	—	—	—	—
Unsealed rural roads (URR) – local	—	—	—	—
Unsealed rural roads (URR) – regional	—	—	—	—
Bridges on UR – local	—	—	—	—
Bridges on SRR – local	—	—	—	—
Bridges on URR – local	—	—	—	—
Bridges on regional roads	—	—	—	—
Parking areas	—	—	—	—
Footpaths	—	—	—	—
Aerodromes	38	6	—	(32)
Other transport and communication	4,361	1,524	189	(2,648)
<b>Total transport and communication</b>	<b>4,399</b>	<b>1,530</b>	<b>189</b>	<b>(2,680)</b>
<b>Economic affairs</b>				
Camping areas and caravan parks	71	145	—	74
Other economic affairs	1,172	269	—	(903)
<b>Total economic affairs</b>	<b>1,243</b>	<b>414</b>	<b>—</b>	<b>(829)</b>
<b>Totals – functions</b>	<b>28,489</b>	<b>17,922</b>	<b>368</b>	<b>(10,199)</b>
<b>General purpose revenues <sup>(1)</sup></b>		<b>9,908</b>		<b>9,908</b>
<b>Share of interests – joint ventures and associates using the equity method</b>	<b>—</b>	<b>—</b>		<b>—</b>
<b>NET OPERATING RESULT <sup>(2)</sup></b>	<b>28,489</b>	<b>27,830</b>	<b>368</b>	<b>(291)</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 Tumut 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	756	5,116	<b>5,872</b>	–	720	–	–	344	668	4,484	<b>5,152</b>
Other	129	877	<b>1,006</b>	–	87	–	–	44	195	724	<b>919</b>
<b>Total loans</b>	<b>885</b>	<b>5,993</b>	<b>6,878</b>	<b>–</b>	<b>807</b>	<b>–</b>	<b>–</b>	<b>388</b>	<b>863</b>	<b>5,208</b>	<b>6,071</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>885</b>	<b>5,993</b>	<b>6,878</b>	<b>–</b>	<b>807</b>	<b>–</b>	<b>–</b>	<b>388</b>	<b>863</b>	<b>5,208</b>	<b>6,071</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 Tumut Shire Council

### Special Schedule 2(b) – Statement of Internal Loans [Section 410(3) of the *Local Government Act* 1993] for the period 1 July 2015 to 12 May 2016

\$'000

#### Summary of internal loans

Borrower (by purpose)	Amount originally raised	Total repaid during the period (principal and interest)	Principal outstanding at end of period
General	600,000	57,313	215,812
Water			
Sewer			
Domestic waste management			
Gas			
Other			
<b>Totals</b>	<b>600,000</b>	<b>57,313</b>	<b>215,812</b>

Note: the summary of internal loans (above) represents the total of Council's internal loans categorised according to the borrower.

#### Details of individual internal loans

Borrower (by purpose)	Lender (by purpose)	Date of minister's approval	Date raised	Term (years)	Dates of maturity	Rate of interest	Amount originally raised	Total repaid during period (princ. and int.)	Principal outstanding at end of period
Caravan Park Loan	ELE Reserve		31/12/08	11	31/12/19	6.50%	350,000	36,439	149,068
Pool Loan	General Reserve		10/11/04	14	10/11/18	5.00%	250,000	20,874	66,743
<b>Totals</b>							<b>600,000</b>	<b>57,313</b>	<b>215,812</b>

## The former Tumut 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	Actuals
	1/7/15 to 12/5/16	1/7/14 to 30/6/15
<b>A Expenses and income</b>		
<b>Expenses</b>		
<b>1. Management expenses</b>		
a. Administration	517	644
b. Engineering and supervision	59	75
<b>2. Operation and maintenance expenses</b>		
– <b>dams and weirs</b>		
a. Operation expenses	–	–
b. Maintenance expenses	–	–
– <b>Mains</b>		
c. Operation expenses	–	–
d. Maintenance expenses	106	172
– <b>Reservoirs</b>		
e. Operation expenses	–	6
f. Maintenance expenses	17	19
– <b>Pumping stations</b>		
g. Operation expenses (excluding energy costs)	16	19
h. Energy costs	183	319
i. Maintenance expenses	22	28
– <b>Treatment</b>		
j. Operation expenses (excluding chemical costs)	103	48
k. Chemical costs	92	102
l. Maintenance expenses	379	437
– <b>Other</b>		
m. Operation expenses	–	–
n. Maintenance expenses	225	233
o. Purchase of water	–	–
<b>3. Depreciation expenses</b>		
a. System assets	633	720
b. Plant and equipment	356	413
<b>4. Miscellaneous expenses</b>		
a. Interest expenses	259	238
b. Revaluation decrements	–	–
c. Other expenses	–	69
d. Impairment – system assets	–	–
e. Impairment – plant and equipment	–	–
f. Aboriginal Communities Water and Sewerage Program	–	–
g. Tax equivalents dividends (actually paid)	14	14
<b>5. Total expenses</b>	<b>2,981</b>	<b>3,556</b>

## The former Tumut 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)	566	943
b. Usage charges	2,092	1,066
<b>7. Non-residential charges</b>		
a. Access (including rates)	–	312
b. Usage charges	–	851
<b>8. Extra charges</b>	–	–
<b>9. Interest income</b>	83	65
<b>10. Other income</b>	21	41
<b>10a. Aboriginal Communities Water and Sewerage Program</b>	–	–
<b>11. Grants</b>		
a. Grants for acquisition of assets	–	–
b. Grants for pensioner rebates	40	45
c. Other grants	–	–
<b>12. Contributions</b>		
a. Developer charges	29	164
b. Developer provided assets	–	–
c. Other contributions	–	–
<b>13. Total income</b>	<b>2,831</b>	<b>3,487</b>
<b>14. Gain (or loss) on disposal of assets</b>	(285)	–
<b>15. Operating result</b>	<b>(435)</b>	<b>(69)</b>
<b>15a. Operating result (less grants for acquisition of assets)</b>	(435)	(69)



## The former Tumut 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

	Actuals 1/7/15 to 12/5/16	Actuals 1/7/14 to 30/6/15
<b>\$'000</b>		
<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	173	190
c. Renewals	130	57
d. Plant and equipment	29	36
<b>17. Repayment of debt</b>	418	435
<b>18. Totals</b>	<b>750</b>	<b>718</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)	4,088	4,129
b. Residential (unoccupied, ie. vacant lot)	–	–
c. Non-residential (occupied)	624	576
d. Non-residential (unoccupied, ie. vacant lot)	–	–
<b>23. Number of ETs for which developer charges were received</b>	– ET	– ET
<b>24. Total amount of pensioner rebates (actual dollars)</b>	\$ 83,547	\$ 83,112

## The former Tumut 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	768	–	<b>768</b>
b. Special purpose grants	–	–	–
c. Accrued leave	–	–	–
d. Unexpended loans	–	–	–
e. Sinking fund	–	–	–
f. Other	1,423	–	<b>1,423</b>
<b>26. Receivables</b>			
a. Specific purpose grants	–	–	–
b. Rates and availability charges	145	–	<b>145</b>
c. User charges	1,152	–	<b>1,152</b>
d. Other	–	–	–
<b>27. Inventories</b>	–	–	–
<b>28. Property, plant and equipment</b>			
a. System assets	–	41,286	<b>41,286</b>
b. Plant and equipment	–	4,577	<b>4,577</b>
<b>29. Other assets</b>	–	–	–
<b>30. Total assets</b>	<b>3,488</b>	<b>45,863</b>	<b>49,351</b>
<b>LIABILITIES</b>			
<b>31. Bank overdraft</b>	–	–	–
<b>32. Creditors</b>	–	–	–
<b>33. Borrowings</b>	485	3,521	<b>4,006</b>
<b>34. Provisions</b>			
a. Tax equivalents	–	–	–
b. Dividend	–	–	–
c. Other	103	–	<b>103</b>
<b>35. Total liabilities</b>	<b>588</b>	<b>3,521</b>	<b>4,109</b>
<b>36. NET ASSETS COMMITTED</b>	<b>2,900</b>	<b>42,342</b>	<b>45,242</b>
<b>EQUITY</b>			
<b>37. Accumulated surplus</b>			22,807
<b>38. Asset revaluation reserve</b>			22,435
<b>39. TOTAL EQUITY</b>			<b>45,242</b>
<b>Note to system assets:</b>			
<b>40. Current replacement cost</b> of system assets			65,262
<b>41. Accumulated current cost</b> depreciation of system assets			(23,976)
<b>42. Written down current cost</b> of system assets			<b>41,286</b>

## The former Tumut 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

	Actuals 1/7/15 to 12/5/16	Actuals 1/7/14 to 30/6/15
\$'000		
<b>A Expenses and income</b>		
<b>Expenses</b>		
<b>1. Management expenses</b>		
a. Administration	1,106	1,333
b. Engineering and supervision	58	93
<b>2. Operation and maintenance expenses</b>		
– mains		
a. Operation expenses	–	–
b. Maintenance expenses	87	151
– Pumping stations		
c. Operation expenses (excluding energy costs)	–	11
d. Energy costs	10	20
e. Maintenance expenses	70	60
– Treatment		
f. Operation expenses (excl. chemical, energy, effluent and biosolids management costs)	–	43
g. Chemical costs	169	253
h. Energy costs	114	191
i. Effluent management	14	59
j. Biosolids management	–	–
k. Maintenance expenses	606	604
– Other		
l. Operation expenses	–	–
m. Maintenance expenses	42	64
<b>3. Depreciation expenses</b>		
a. System assets	487	543
b. Plant and equipment	355	403
<b>4. Miscellaneous expenses</b>		
a. Interest expenses	20	33
b. Revaluation decrements	–	–
c. Other expenses	–	33
d. Impairment – system assets	–	–
e. Impairment – plant and equipment	–	–
f. Aboriginal Communities Water and Sewerage Program	–	–
g. Tax equivalents dividends (actually paid)	13	13
<b>5. Total expenses</b>	<b>3,151</b>	<b>3,907</b>

## The former Tumut 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)	2,178	2,424
<b>7. Non-residential charges</b>		
a. Access (including rates)	451	506
b. Usage charges	211	308
<b>8. Trade waste charges</b>		
a. Annual fees	51	22
b. Usage charges	–	–
c. Excess mass charges	–	–
d. Re-inspection fees	–	–
<b>9. Extra charges</b>	–	–
<b>10. Interest income</b>	139	107
<b>11. Other income</b>	3	77
<b>11a. Aboriginal Communities Water and Sewerage Program</b>	–	–
<b>12. Grants</b>		
a. Grants for acquisition of assets	–	–
b. Grants for pensioner rebates	38	43
c. Other grants	24	–
<b>13. Contributions</b>		
a. Developer charges	11	138
b. Developer provided assets	–	–
c. Other contributions	–	10
<b>14. Total income</b>	<b>3,106</b>	<b>3,635</b>
<b>15. Gain (or loss) on disposal of assets</b>	(381)	(67)
<b>16. Operating result</b>	<b>(426)</b>	<b>(339)</b>
<b>16a. Operating result (less grants for acquisition of assets)</b>	(426)	(339)

## The former Tumut 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

	Actuals 1/7/15 to 12/5/16	Actuals 1/7/14 to 30/6/15
<b>\$'000</b>		
<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	181	158
c. Renewals	423	431
d. Plant and equipment	139	173
<b>18. Repayment of debt</b>	34	42
<b>19. Totals</b>	<b>777</b>	<b>804</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)	3,689	3,782
b. Residential (unoccupied, ie. vacant lot)	176	181
c. Non-residential (occupied)	575	477
d. Non-residential (unoccupied, ie. vacant lot)	12	12
<b>24. Number of ETs for which developer charges were received</b>	— ET	— ET
<b>25. Total amount of pensioner rebates (actual dollars)</b>	\$ 79,869	\$ 79,349

## The former Tumut 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	1,967	—	1,967
b. Special purpose grants	—	—	—
c. Accrued leave	—	—	—
d. Unexpended loans	—	—	—
e. Sinking fund	—	—	—
f. Other	1,061	—	1,061
<b>27. Receivables</b>			
a. Specific purpose grants	—	—	—
b. Rates and availability charges	691	—	691
c. User charges	98	—	98
d. Other	—	—	—
<b>28. Inventories</b>	—	—	—
<b>29. Property, plant and equipment</b>			
a. System assets	—	33,893	33,893
b. Plant and equipment	—	4,697	4,697
<b>30. Other assets</b>	—	—	—
<b>31. Total assets</b>	<b>3,817</b>	<b>38,590</b>	<b>42,407</b>
<b>LIABILITIES</b>			
<b>32. Bank overdraft</b>	—	—	—
<b>33. Creditors</b>	—	—	—
<b>34. Borrowings</b>	63	287	350
<b>35. Provisions</b>			
a. Tax equivalents	—	—	—
b. Dividend	—	—	—
c. Other	418	—	418
<b>36. Total liabilities</b>	<b>481</b>	<b>287</b>	<b>768</b>
<b>37. NET ASSETS COMMITTED</b>	<b>3,336</b>	<b>38,303</b>	<b>41,639</b>
<b>EQUITY</b>			
<b>38. Accumulated surplus</b>			28,243
<b>39. Asset revaluation reserve</b>			13,396
<b>40. TOTAL EQUITY</b>			<b>41,639</b>
<b>Note to system assets:</b>			
<b>41. Current replacement cost</b> of system assets			51,807
<b>42. Accumulated current cost</b> depreciation of system assets			(17,914)
<b>43. Written down current cost</b> of system assets			33,893

## The former Tumut 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 Tumut 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												
	Administration Centres	–	–	15	14	3,230	5,620	83%	15%	2%	0%	0%
	Council Public Halls	–	–	3	–	561	1,163	10%	66%	24%	0%	0%
	Council Works Depot	–	–	9	–	2,386	3,446	58%	36%	6%	0%	0%
	Cultural Facilities	–	–	11	–	1,588	3,842	26%	37%	37%	0%	0%
	Libraries	–	–	7	–	1,316	2,382	52%	10%	38%	0%	0%
	Other Buildings	196	196	30	35	7,582	10,859	57%	22%	20%	1%	0%
	Specialised Buildings	–	–	–	–	2,242	4,095	44%	47%	9%	0%	0%
	<b>Sub-total</b>	<b>196</b>	<b>196</b>	<b>75</b>	<b>49</b>	<b>18,905</b>	<b>31,407</b>	<b>54.2%</b>	<b>28.1%</b>	<b>17.4%</b>	<b>0.3%</b>	<b>0.0%</b>
Other structures												
	Other	89	89	174	87	18,794	34,453	50%	16%	34%	0%	0%
	<b>Sub-total</b>	<b>89</b>	<b>89</b>	<b>174</b>	<b>87</b>	<b>18,794</b>	<b>34,453</b>	<b>50.0%</b>	<b>16.0%</b>	<b>34.0%</b>	<b>0.0%</b>	<b>0.0%</b>
Roads												
	Sealed roads	–	–	301	301	28,187	38,448	94%	6%	0%	0%	0%
	Unsealed roads	–	–	234	234	6,968	10,984	87%	13%	0%	0%	0%
	Bridges	925	925	46	46	15,872	26,303	79%	16%	2%	3%	0%
	Footpaths	–	–	15	15	4,936	7,801	55%	32%	13%	0%	0%
	Bulk earthworks	–	–	–	–	98,261	98,261	100%	0%	0%	0%	0%
	Cycle Ways	19	19	–	–	1,121	1,309	68%	30%	0%	2%	0%
	Kerb & Gutter	287	287	73	73	11,775	20,073	23%	38%	38%	1%	0%
	Other Road Assets	–	–	119	119	1,898	2,107	98%	2%	0%	0%	0%
	Road Culverts	–	–	–	–	9,808	14,151	97%	3%	0%	0%	0%
	Sealed Road Surface	–	–	300	300	11,057	19,242	74%	20%	6%	0%	0%
	<b>Sub-total</b>	<b>1,231</b>	<b>1,231</b>	<b>1,088</b>	<b>1,088</b>	<b>189,883</b>	<b>238,679</b>	<b>85.7%</b>	<b>9.5%</b>	<b>4.3%</b>	<b>0.4%</b>	<b>0.0%</b>



## The former Tumut Shire Council

## Special Schedule 7 – Report on Infrastructure Assets as at 12 May 2016 (continued)

\$'000

Asset class	Asset category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2015/16 Required maintenance <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
Water supply network												
	Buildings	–	–	–	–	789	1,140	100%	0%	0%	0%	0%
	Mains	451	451	265	265	21,084	31,424	60%	31%	7%	2%	0%
	Other	–	–	28	28	259	311	88%	12%	0%	0%	0%
	Pumping Stations	–	–	16	16	190	191	98%	2%	0%	0%	0%
	Reservoirs	–	–	9	9	921	956	91%	9%	0%	0%	0%
	Treatment	–	–	110	110	2,780	2,823	98%	2%	0%	0%	0%
	<b>Sub-total</b>	<b>451</b>	<b>451</b>	<b>428</b>	<b>428</b>	<b>26,023</b>	<b>36,845</b>	<b>65.4%</b>	<b>26.9%</b>	<b>6.0%</b>	<b>1.7%</b>	<b>0.0%</b>
Sewerage network												
	Mains	3,004	3,004	136	136	17,101	28,682	33%	18%	39%	10%	0%
	Other	–	–	12	12	514	577	95%	5%	0%	0%	0%
	Pumping Stations	–	–	82	82	2,293	3,705	55%	12%	33%	0%	0%
	Treatment	–	–	163	163	12,880	17,353	67%	26%	7%	0%	0%
	<b>Sub-total</b>	<b>3,004</b>	<b>3,004</b>	<b>393</b>	<b>393</b>	<b>32,788</b>	<b>50,317</b>	<b>47.1%</b>	<b>20.2%</b>	<b>27.1%</b>	<b>5.7%</b>	<b>0.0%</b>

## The former Tumut Shire Council

## Special Schedule 7 – Report on Infrastructure Assets as at 12 May 2016 (continued)

\$'000

Asset class	Asset category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2015/16 Required maintenance <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
Stormwater drainage	Head Walls	–	–	5	5	116	194	85%	13%	2%	0%	0%
	Inlet & Junction Pits	–	–	27	27	3,974	6,373	81%	19%	0%	0%	0%
	Stormwater Conduits	–	–	14	14	13,598	23,121	80%	20%	0%	0%	0%
	<b>Sub-total</b>	<b>–</b>	<b>–</b>	<b>46</b>	<b>46</b>	<b>17,688</b>	<b>29,688</b>	<b>80.2%</b>	<b>19.7%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>
Open space/recreational assets	Other Open Space/Recreational Assets	–	–	140	134	1,726	2,346	76%	12%	12%	0%	0%
	<b>Sub-total</b>	<b>–</b>	<b>–</b>	<b>140</b>	<b>134</b>	<b>1,726</b>	<b>2,346</b>	<b>76.0%</b>	<b>12.0%</b>	<b>12.0%</b>	<b>0.0%</b>	<b>0.0%</b>
Other infrastructure assets	Other Infrastructure Assets	–	–	21	21	270	257	100%	0%	0%	0%	0%
	<b>Sub-total</b>	<b>–</b>	<b>–</b>	<b>21</b>	<b>21</b>	<b>270</b>	<b>257</b>	<b>100.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>
	<b>TOTAL – ALL ASSETS</b>	<b>4,971</b>	<b>4,971</b>	<b>2,365</b>	<b>2,246</b>	<b>306,077</b>	<b>423,992</b>	<b>73.7%</b>	<b>14.9%</b>	<b>10.3%</b>	<b>1.1%</b>	<b>0.0%</b>

## Notes:

<sup>a</sup> Required maintenance is the amount identified in Council's asset management plans.

## Infrastructure asset condition assessment 'key'

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

## The former Tumut Shire Council

# Special Schedule 7 – Report on Infrastructure Assets (continued)

for the period 1 July 2015 to 12 May 2016

\$ '000	Amounts 12/5/16	Indicator 12/5/16	Prior periods 30/6/1530/6/14	
Infrastructure asset performance indicators * consolidated				
1. Infrastructure renewals ratio				
Asset renewals <sup>(1)</sup>	1,732	40.82%	45.77%	95.94%
Depreciation, amortisation and impairment	4,243			
2. Infrastructure backlog ratio				
Estimated cost to bring assets to a satisfactory standard	4,971	2.34%	0.00%	1.00%
Carrying value of infrastructure assets	212,201			
3. Asset maintenance ratio				
Actual asset maintenance	2,246	0.95	0.98	1.00
Required asset maintenance	2,365			

## Notes

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

<sup>(1)</sup> 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 Tumut Shire Council

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

<p><b>1. Infrastructure renewals ratio</b></p> <p>Benchmark: — Minimum <math>\geq 100.00\%</math> Source for benchmark: Code of Accounting Practice and Financial Reporting #24</p>	<p><b>Purpose of asset renewals ratio</b></p> <p>To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.</p>	<p><b>Commentary on 12/5/16 result</b></p> <p><b>12/5/16 ratio    40.82%</b></p> <p>Council renews its assets as required. Extensive renewals of flood damaged assets have been carried out in prior years and therefore renewals have reduced this financial year. Due to a shortened financial year, an amount of capital expenditure has been costed between 13/05/2016 - 30/06/2016.</p>
<p><b>2. Infrastructure backlog ratio</b></p> <p>Benchmark: — Maximum <math>&lt; 2.00\%</math> Source for benchmark: Code of Accounting Practice and Financial Reporting #24</p>	<p><b>Purpose of infrastructure backlog ratio</b></p> <p>This ratio shows what proportion the backlog is against the total value of a Council's infrastructure.</p>	<p><b>Commentary on 12/5/16 result</b></p> <p><b>12/5/16 ratio    2.34%</b></p> <p>Current best practice (IPWEA) condition rating useful life ranges were applied to selected asset classes. Based on useful life this has identified assets in a poor condition. Some asset classes have been nominated for further verification in the 2016/17 year.</p>
<p><b>3. Asset maintenance ratio</b></p> <p>Benchmark: — Minimum <math>&gt; 1.00</math> Source for benchmark: Code of Accounting Practice and Financial Reporting #24</p>	<p><b>Purpose of asset maintenance ratio</b></p> <p>Compares actual vs. required annual asset maintenance. A ratio above 1.0 indicates Council is investing enough funds to stop the infrastructure backlog growing.</p>	<p><b>Commentary on 12/5/16 result</b></p> <p><b>12/5/16 ratio    0.95 x</b></p> <p>Council currently funds its maintenance requirements. Due to a shortened financial year, an amount of maintenance expenditure has been costs between 13/05/2016 - 30/06/2016.</p>

## The former Tumut Shire Council

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

	Water	Sewer	General <sup>(1)</sup>
\$ '000	12/5/16	12/5/16	12/5/16
<b>Infrastructure asset performance indicators by fund</b>			
<b>1. Infrastructure renewals ratio</b>			
Asset renewals <sup>(2)</sup>	<b>21.41%</b>	<b>95.51%</b>	<b>35.35%</b>
Depreciation, amortisation and impairment			
prior period:	14.21%	82.57%	44.19%
<b>2. Infrastructure backlog ratio</b>			
Estimated cost to bring assets to a satisfactory standard	<b>1.73%</b>	<b>9.16%</b>	<b>0.99%</b>
Carrying value of infrastructure assets			
prior period:	0.00%	0.00%	0.00%
<b>3. Asset maintenance ratio</b>			
Actual asset maintenance	<b>1.00</b>	<b>1.00</b>	<b>0.92</b>
Required asset maintenance			
prior period:	1.00	1.00	0.97

#### 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.