

The former Conargo Shire Council

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

"Progression through partnership"



The former Conargo 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 Conargo Shire Council.
- (ii) The former Conargo 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 Edward River Council on 21 December 2016. Council has the power to amend and reissue these financial statements.

The former Conargo 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:

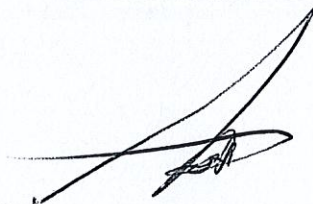
- the *Local Government Act 1993 (NSW)* (as amended) and the regulations made thereunder,
- the Australian Accounting Standards and professional pronouncements, and
- the Local Government Code of Accounting Practice and Financial Reporting.

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

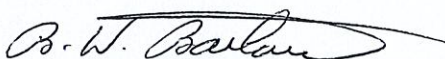
- present fairly the Council's operating result and financial position for the period, and
- accord with Council's accounting and other records.

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 Edward River Council made on 17 November 2016.



Ashley Hall
Administrator



Barry Barlow
Interim General Manager



Michael Todd
Responsible Accounting Officer

The former Conargo Shire Council

Income Statement

for the period 1 July 2015 to 12 May 2016

Original Budget 1/7/15 to 12/5/16	\$ '000	Notes	Actual 1/7/15 to 12/5/16	Actual 1/7/14 to 30/6/15
Income from continuing operations				
Revenue:				
n/a	Rates and annual charges	3a	2,517 ²	2,453
n/a	User charges and fees	3b	206	370
n/a	Interest and investment revenue	3c	234	271
n/a	Other revenues	3d	54	52
n/a	Grants and contributions provided for operating purposes	3e,f	5,767 ³	4,795
n/a	Grants and contributions provided for capital purposes	3e,f	332	370
Other income:				
n/a	Net gains from the disposal of assets	5	–	55
n/a	Total income from continuing operations		9,110	8,366
Expenses from continuing operations				
n/a	Employee benefits and on-costs	4a	1,880	2,018
n/a	Borrowing costs	4b	–	–
n/a	Materials and contracts	4c	685	1,113
n/a	Depreciation and amortisation	4d	2,872	3,003
n/a	Impairment	4d	–	–
n/a	Other expenses	4e	1,158	1,129
n/a	Net losses from the disposal of assets	5	243	–
n/a	Net share of interests in joint ventures and associates using the equity method	19	62	26
n/a	Total expenses from continuing operations		6,900	7,289
n/a	Operating result from continuing operations		2,210	1,077
Discontinued operations				
n/a	Net profit/(loss) from discontinued operations	24	–	–
n/a	Net operating result for the period		2,210	1,077
n/a	Net operating result attributable to Council		2,210	1,077
n/a	Net operating result attributable to non-controlling interests		–	–
n/a	Net operating result for the period before grants and contributions provided for capital purposes		1,878	707

¹ Original budget as approved by Council is not required for these financial statements because the reporting period is shorter than the budget period.

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

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

The former Conargo Shire Council

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

\$ '000	Notes	Actual 1/7/15 to 12/5/16	Actual 1/7/14 to 30/6/15
Net operating result for the period (as per Income Statement)		2,210	1,077
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of I,PP&E	20b (ii)	–	10,458
Total items which will not be reclassified subsequently to the operating result		–	10,458
Amounts which will be reclassified subsequently to the operating result when specific conditions are met			
Nil			
Total other comprehensive income for the period		–	10,458
Total comprehensive income for the period		2,210	11,535
Total comprehensive income attributable to Council		2,210	11,535
Total comprehensive income attributable to non-controlling interests		–	–

The former Conargo Shire Council

Statement of Financial Position

as at 12 May 2016

\$ '000	Notes	Actual 12/5/16	Actual 30/6/15
ASSETS			
Current assets			
Cash and cash equivalents	6a	9,425	8,793
Investments	6b	–	–
Receivables	7	1,927	296
Inventories	8	–	–
Other	8	87	82
Non-current assets classified as 'held for sale'	22	–	–
Total current assets		11,439	9,171
Non-current assets			
Investments	6b	–	–
Receivables	7	–	–
Inventories	8	–	–
Infrastructure, property, plant and equipment	9	140,085	138,385
Investments accounted for using the equity method	19	434	496
Investment property	14	–	–
Intangible assets	25	–	–
Total non-current assets		140,519	138,881
TOTAL ASSETS		151,958	148,052
LIABILITIES			
Current liabilities			
Payables	10	1,904	233
Borrowings	10	–	–
Provisions	10	1,072	1,047
Total current liabilities		2,976	1,280
Non-current liabilities			
Payables	10	1	1
Borrowings	10	–	–
Provisions	10	16	16
Total non-current liabilities		17	17
TOTAL LIABILITIES		2,993	1,297
Net assets		148,965	146,755
EQUITY			
Retained earnings	20	58,176	55,966
Revaluation reserves	20	90,789	90,789
Council equity interest		148,965	146,755
Non-controlling equity interests		–	–
Total equity		148,965	146,755

The former Conargo Shire Council

Statement of Changes in Equity for the period 1 July 2015 to 12 May 2016

\$ '000	Notes	Retained earnings	Reserves (Refer 20b)	Council interest	Non- controlling interest	Total equity
1/7/15 to 12/5/16						
Opening balance (as per last year's audited accounts)		55,966	90,789	146,755	–	146,755
a. Correction of prior period errors	20 (c)	–	–	–	–	–
b. Changes in accounting policies (prior year effects)	20 (d)	–	–	–	–	–
Revised opening balance (as at 1/7/15)		55,966	90,789	146,755	–	146,755
c. Net operating result for the period		2,210	–	2,210	–	2,210
d. Other comprehensive income						
– Revaluations: IPP&E asset revaluation rsve	20b (ii)	–	–	–	–	–
Other comprehensive income		–	–	–	–	–
Total comprehensive income (c&d)		2,210	–	2,210	–	2,210
e. Distributions to/(contributions from) non-controlling Interests		–	–	–	–	–
f. Transfers between equity		–	–	–	–	–
Equity – balance at end of the reporting period		58,176	90,789	148,965	–	148,965

\$ '000	Notes	Retained earnings	Reserves (Refer 20b)	Council interest	Non- controlling interest	Total equity
1/7/14 to 30/6/15						
Opening balance (as per last year's audited accounts)		54,378	80,331	134,709	–	134,709
a. Correction of prior period errors	20 (c)	–	–	–	–	–
b. Changes in accounting policies (prior year effects)	20 (d)	511	–	511	–	511
Revised opening balance (as at 1/7/14)		54,889	80,331	135,220	–	135,220
c. Net operating result for the year		1,077	–	1,077	–	1,077
d. Other comprehensive income						
– Revaluations: IPP&E asset revaluation rsve	20b (ii)	–	10,458	10,458	–	10,458
Other comprehensive income		–	10,458	10,458	–	10,458
Total comprehensive income (c&d)		1,077	10,458	11,535	–	11,535
e. Distributions to/(contributions from) non-controlling Interests		–	–	–	–	–
f. Transfers between equity		–	–	–	–	–
Equity – balance at end of the year		55,966	90,789	146,755	–	146,755

The former Conargo Shire Council

Statement of Cash Flows

for the period 1 July 2015 to 12 May 2016

Original ¹ Budget 1/7/15 to 12/5/16	\$ '000	Notes	Actual 1/7/15 to 12/5/16	Actual 1/7/14 to 30/6/15
Cash flows from operating activities				
Receipts:				
n/a	Rates and annual charges		2,093	2,563
n/a	User charges and fees		159	348
n/a	Investment and interest revenue received		222	276
n/a	Grants and contributions		5,199	5,208
n/a	Other		122	2
Payments:				
n/a	Employee benefits and on-costs		(1,884)	(1,841)
n/a	Materials and contracts		(654)	(1,242)
n/a	Other		(1,142)	(1,147)
n/a	Net cash provided (or used in) operating activities	11b	4,115	4,167
Cash flows from investing activities				
Receipts:				
n/a	Sale of infrastructure, property, plant and equipment		486	460
Payments:				
n/a	Purchase of infrastructure, property, plant and equipment		(3,969)	(4,350)
n/a	Net cash provided (or used in) investing activities		(3,483)	(3,890)
Cash flows from financing activities				
Nil				
n/a	Net increase/(decrease) in cash and cash equivalents		632	277
n/a	Plus: cash and cash equivalents – beginning of reporting period	11a	8,793	8,516
n/a	Cash and cash equivalents – end of reporting period	11a	9,425	8,793

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

Please refer to Note 11 for information on the following:

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

The former Conargo 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 Conargo 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, the former Council has been deemed to be a not-for-profit entity.

(ii) New and amended standards adopted by Council

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

(iii) Early adoption of accounting standards

The former 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 (y).

(iv) Basis of accounting

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

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

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

(v) Changes in accounting policies

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

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

(vi) Critical accounting estimates

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

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

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

Critical accounting estimates and assumptions

The former Council makes estimates and assumptions concerning the future.

The former Conargo 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 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 Conargo Shire Council has been amalgamated into Edward River 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 Edward River 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 Conargo Shire Council has not been liquidated nor has trading ceased.

(b) Revenue recognition

Income recognition as a result of Council's amalgamation

The former Conargo Shire Council was amalgamated on 12 May 2016 with the former

Deniliquin Council to form the new Edward River Council.

In accordance with the Australian Accounting Standards the former Conargo 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 Conargo Shire Council has also recognised 100% of the Federal Assistance Grants (FAGs) revenue as grants are recognised upon receipt or upon earlier notification that the grant has been secured.

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

Expenditure obligations for the period from 13 May 2016 to 30 June 2016 will be included in the financial statements of new Edward River 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 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.

The former Conargo 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)

In accordance with AASB 1004 "Contributions", 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.

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

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

Where grants or contributions recognised as revenues during the financial 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).

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.

User charges, fees and other Income

User charges, fees and other income 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.

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

Council is a single entity and the principles of consolidation do not apply.

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

- *Blighty Hall & Recreation Reserve*
- *Conargo Hall & Recreation Reserve*
- *Mayrung Hall & Recreation Reserve*
- *Booorooban Hall & Recreation Reserve*
- *Pretty Pine Hall & Recreation Reserve*
- *Wanganella Hall & Recreation Reserve*

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

Total income from continuing operations	\$5,000
Total expenditure from continuing operations	\$5,000
Total net assets held (i.e. equity)	\$6,000

Note:

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

(i) 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

The former Conargo 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 in trust that must be applied only for the purposes of or in accordance with the trusts relating to those monies.

As Council did not hold any money in Trust Fund at the commencement or end of the Financial Year no Trust account was held by Council.

Associates

Where Council has the power to participate in the financial and operating decisions of another entity, (i.e. where Council is deemed to have 'significant influence' over another entities' operations but neither controls nor jointly controls the entity), then Council accounts for such interests using the equity method of accounting – in a similar fashion to joint ventures.

Such entities are usually termed associates.

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

Detailed information relating to Council's interest in associates can be found at Note 19 (b).

Council is a member of the following county council (which is a body incorporated under the *Local Government Act*):

Name: Central Murray County Council (CMCC)
Function: Noxious Plants Eradication
Members: 3 Constituent Councils

The governing body of CMCC is responsible for managing its own affairs.

Council has accounted for 31% of income, expenses and equity of the County Council.

Detailed information relating to Council's interest in the above county council/s can be found at Note 19 (b).

The results of controlled entities for the financial year to 30/6/2016 and its financial position at that date have been included in these financial statements. There were no material transactions from 13 May 2016 to 30 June 2016.

(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

Council does not have any finance leases at start or end of financial year.

Operating Leases

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

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

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

(e) Cash and Cash Equivalents

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

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

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

(f) Investments and other financial assets

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

The former Conargo 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)

- **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.

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.

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.

The former Conargo 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)

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.

Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

(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.

Council amended its policy following revisions to the Ministerial Local Government Investment Order arising from the Cole Inquiry recommendations.

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

Acquisition of assets

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

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

- **Plant and equipment**
(as approximated by depreciated historical cost)
- **Operational land** (external valuation)
- **Community land** (external valuation)
- **Land improvements**
(as approximated by depreciated historical cost)
- **Buildings – specialised/non-specialised**
(external valuation)
- **Other structures**
(as approximated by depreciated historical cost)

The former Conargo 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)

- **Roads assets including roads, bridges and footpaths** (internal valuation)
- **Bulk earthworks** (internal valuation)
- **Stormwater drainage** (internal valuation)
- **Water Networks** (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.

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.

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 (new purchases)	100% Capitalised

Plant & Equipment

Office Furniture	> \$1,000
Office Equipment	> \$500
Other Plant & Equipment	> \$1,000

Buildings & Land Improvements

Building	
- construction/extensions	100% Capitalised
- renovations	> \$5,000

The former Conargo Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Summary of significant accounting policies (continued)

Other Structures > \$2,000

Transport Assets

Road construction & reconstruction 100% Capitalised
Reseal/Re-sheet & major repairs: > \$10,000

Bridge construction & reconstruction > \$10,000

Depreciation

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

Land is not depreciated.

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

Plant & Equipment

- Office Equipment 10 years
- Office furniture 10 years
- Computer Equipment 4-5 years
- Vehicles 6 years
- Heavy Plant/Road Making equip. 5 to 13 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

Transportation Assets

- Subgrade Formation Indefinite
- Gravel Pavement 10 to 20 years
- Sealed Pavement 80 to 90 years
- Sealed Surface 7 to 20 years
- Bridge: Concrete / Steel 100 years
- Culverts 55 to 70 years
- Kerb, Gutter & Paths 40 years

Water Assets

- Tanks 25 years
- Bores 40 years
- Reticulation pipes: PVC 80 years
- Pumps and telemetry 15 years

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

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

Disposal and de-recognition

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.

(j) 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).

(k) 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.

(l) Intangible assets

Council has not classified any assets as intangible.

The former Conargo 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)

(m) Crown reserves

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

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

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

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

(n) Rural fire service assets

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

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

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

Council has a small number of Quarries and also waste disposal sites at each village to receive domestic waste.

The restoration and environmental clean-up costs for these sites are not material and an amount has not been provided in the accounts for this work.

(p) 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.

(q) 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.

(r) Borrowings

Council did not have any borrowings at the commencement or end of the financial period.

(s) Borrowing costs

No borrowing costs were applicable during the period.

(t) Provisions

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

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

The former Conargo 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)

- 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.

(u) 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.

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

(ii) Other long-term obligations

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

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

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

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

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

(iii) Retirement benefit obligations

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

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

Defined benefit plans

A liability or asset in respect of defined benefit superannuation plans would ordinarily be recognised in the balance sheet, and measured as the present value of the defined benefit obligation at the reporting date plus unrecognised actuarial gains (less unrecognised actuarial losses) less the fair value of

The former Conargo 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 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. Martin Stevenson BSc, FIA, FIAA on 20/06/13 and covers the period ended 12/05/16.

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 \$ 119,784.

The amount of additional contributions included in the total employer contribution advised above is \$ 54,138.

The share of this deficit that can be broadly attributed to Council is estimated to be in the order of \$ 112,578 as at 12 May 2016.

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

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

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

Defined contribution plans

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

(iv) Employee benefit on-costs

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

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

(v) Self-insurance

Council does not self-insure.

(w) 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 former Conargo 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 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.

(x) 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 Statement of Financial Position 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.

(y) 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.

The former Council has not adopted any of these standards early.

Applicable to Local Government

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.

The former Conargo 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)

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 nor a date of applicability.

AASB16 – Leases

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

AASB 16 introduces a single lease accounting model (for lessees) that will require all leases to be accounted for in 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 in the Statement of Financial Position,
- 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.

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

From 1 July 2016, AASB 124 Related Party Disclosures will apply to Council.

This means that Council will be required to disclose information about related parties and Council transactions with those related parties.

Related parties will more than likely include the Mayor, Councillors and certain Council staff. In addition, the close family members of those people and any organisations that they control or are associated with will be classified as related parties

The former Conargo 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)

(and fall under the related party reporting requirements).

(z) Rounding of amounts

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

(aa) 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.

The former Conargo Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

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

Functions/activities	Income, expenses and assets have been directly attributed to the following functions/activities. Details of these functions/activities are provided in Note 2(b).												
	Income from continuing operations			Expenses from continuing operations			Operating result from continuing operations			Grants included in income from continuing operations		Total assets held (current & non-current)	
	Original budget ¹	Actual	Actual	Original budget ¹	Actual	Actual	Original budget ¹	Actual	Actual	Actual	Actual	Actual	Actual
	1/7/15 to 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	n/a	–	–	n/a	246	259	n/a	(246)	(259)	–	–	21	6
Administration	n/a	43	40	n/a	771	816	n/a	(728)	(776)	–	–	3,864	3,943
Public order and safety	n/a	149	162	n/a	351	281	n/a	(202)	(119)	–	–	120	128
Health	n/a	–	–	n/a	3	4	n/a	(3)	(4)	–	–	–	–
Environment	n/a	4	244	n/a	256	187	n/a	(252)	57	33	253	–	–
Community services and education	n/a	2	5	n/a	25	19	n/a	(23)	(14)	2	5	–	–
Housing and community amenities	n/a	32	39	n/a	135	134	n/a	(103)	(95)	27	16	–	–
Water supplies	n/a	14	16	n/a	45	42	n/a	(31)	(26)	–	–	468	482
Recreation and culture	n/a	159	160	n/a	505	607	n/a	(346)	(447)	–	134	4,825	4,765
Mining, manufacturing and construction	n/a	16	5	n/a	29	64	n/a	(13)	(59)	–	–	174	176
Transport and communication	n/a	3,104	2,012	n/a	4,316	4,528	n/a	(1,212)	(2,516)	1,706	811	141,917	137,912
Economic affairs	n/a	142	312	n/a	156	322	n/a	(14)	(10)	2	–	135	144
Total functions and activities	–	3,665	2,995	–	6,838	7,263	–	(3,173)	(4,268)	1,770	1,219	151,524	147,556
Share of gains/(losses) in associates and joint ventures (using the equity method)	n/a	–	–	n/a	62	26	n/a	(62)	(26)	–	–	434	496
General purpose income ²	n/a	5,445	5,371	n/a	–	–	n/a	5,445	5,371	2,698	2,650	–	–
Operating result from continuing operations	–	9,110	8,366	–	6,900	7,289	–	2,210	1,077	4,468	3,869	151,958	148,052

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 Conargo 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, enforcement of local government regulations, emergency services, other.

HEALTH

Includes immunisation, food control, etc.

ENVIRONMENT

Includes noxious plants other environmental protection; solid waste management, including domestic waste; other waste management; and garbage drainage and stormwater management.

COMMUNITY SERVICES AND EDUCATION

Includes administration and education, youth services; aged services.

HOUSING AND COMMUNITY AMENITIES

Includes public cemeteries; public conveniences; street lighting; town planning; other community amenities.

WATER SUPPLIES

RECREATION AND CULTURE

Includes public libraries; community halls, including public halls, sporting grounds and venues; parks; gardens; and other sporting, recreational and cultural services.

MINING, MANUFACTURING AND CONSTRUCTION

Includes building control, quarries and pits and mineral resources.

TRANSPORT AND COMMUNICATION

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

ECONOMIC AFFAIRS

Includes camping areas; tourism and area promotion and other business undertakings.

The former Conargo Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 3. Income from continuing operations

\$ '000	Notes	Actual 1/7/15 to 30/6/16	Actual 1/7/14 to 30/6/15
(a) Rates and annual charges ^{1,2}			
Ordinary rates			
Residential		110	102
Farmland		2,381	2,328
Business		22	20
Total ordinary rates		2,513	2,450
Special rates			
Nil			
\$ '000	Notes	Actual 1/7/15 to 12/5/16	Actual 1/7/14 to 30/6/15
Annual charges (pursuant to s.496, s.496A, s.496B, s.501 & s.611)			
Water supply services		4	3
Total annual charges		4	3
TOTAL RATES AND ANNUAL CHARGES		2,517	2,453

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

² In accordance with AASB 1004 "Contributions", 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 Conargo Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 3. Income from continuing operations (continued)

\$ '000	Notes	Actual 1/7/15 to 12/5/16	Actual 1/7/14 to 30/6/15
(b) User charges and fees			
Specific user charges (per s.502 – specific 'actual use' charges)			
Water supply services		10	13
Total user charges		10	13
Other user charges and fees			
(i) Fees and charges – statutory and regulatory functions (per s.608)			
Development fees		29	17
Impounding fees		3	–
Private works – section 67		125	302
Regulatory / statutory fees		10	6
Section 149 certificates (EPA Act)		3	7
Section 603 certificates		2	4
Total fees and charges – statutory/regulatory		172	336
(ii) Fees and charges – other (incl. general user charges (per s.608))			
Lease rentals		24	19
Waste disposal tipping fees		–	2
Total fees and charges – other		24	21
TOTAL USER CHARGES AND FEES		206	370

The former Conargo Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 3. Income from continuing operations (continued)

\$ '000	Notes	Actual 1/7/15 to 12/5/16	Actual 1/7/14 to 30/6/15
(c) Interest and investment revenue (including losses)			
Interest			
– Interest on overdue rates and annual charges (incl. special purpose rates)		13	21
– Interest earned on investments (interest and coupon payment income)		221	250
<u>TOTAL INTEREST AND INVESTMENT REVENUE</u>		<u>234</u>	<u>271</u>
Interest revenue is attributable to:			
Unrestricted investments/financial assets:			
Overdue rates and annual charges (general fund)		13	21
General Council cash and investments		24	25
Restricted investments/funds – internal:			
Internally restricted assets		197	225
Total interest and investment revenue recognised		<u>234</u>	<u>271</u>
(d) Other revenues			
Legal fees recovery – rates and charges (extra charges)		5	–
Recycling income (non-domestic)		4	10
Risk management funds		38	31
Sales – general		6	8
Other -sale of old material		1	3
<u>TOTAL OTHER REVENUE</u>		<u>54</u>	<u>52</u>

The former Conargo Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 3. Income from continuing operations (continued)

\$ '000	1/7/15 to 12/5/16 Operating	1/7/14 to 30/6/15 Operating	1/7/15 to 12/5/16 Capital	1/7/14 to 30/6/15 Capital
(e) Grants				
General purpose (untied)				
Financial assistance – general component	1,522 ¹	1,496	–	–
Financial assistance – local roads component	1,170 ¹	1,149	–	–
Pensioners' rates subsidies – general component	6	5	–	–
Total general purpose	2,698	2,650	–	–
Specific purpose				
Environmental protection	35	20	–	–
EPA waste facilities	–	–	–	233
Heritage and cultural	–	–	–	15
Intereach- bus assistance	1	4	–	–
Library	27	27	–	–
Public halls	–	–	–	72
Recreation and culture	–	20	–	–
R&MS – pedestrian access	–	–	–	27
Street lighting	1	1	–	–
Town planning (e-services)	–	15	–	–
Transport (roads to recovery)	1,557	545	–	–
Transport (other roads and bridges funding)	149	239	–	–
Youth week	–	1	–	–
Total specific purpose	1,770	872	–	347
Total grants	4,468	3,522	–	347
Grant revenue is attributable to:				
– Commonwealth funding	4,249	3,190	–	–
– State funding	219	332	–	347
	4,468	3,522	–	347

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

The former Conargo Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 3. Income from continuing operations (continued)

\$ '000	1/7/15 to 12/5/16 Operating	1/7/14 to 30/6/15 Operating	1/7/15 to 12/5/16 Capital	1/7/14 to 30/6/15 Capital
(f) Contributions				
Developer contributions:				
(s93 & s94 – EP&A Act, s64 of the LGA):				
Nil				
Other contributions:				
Bushfire services	137	141	5	17
Heritage/cultural	–	–	9	–
Public halls	11	3	–	–
Recreation and culture	18	17	61	6
Restart NSW – Box Creek Bridge	–	–	257	–
Roadworks (Bunge)	20	19	–	–
RMS contributions (regional roads, block grant)	1,113	1,093	–	–
Total other contributions	1,299	1,273	332	23
Total contributions	1,299	1,273	332	23
TOTAL GRANTS AND CONTRIBUTIONS	5,767	4,795	332	370

\$ '000	Actual 1/7/15 to 12/5/16	Actual 1/7/14 to 30/6/15
(g) Restrictions relating to grants and contributions		
Certain grants and contributions are obtained by Council on condition that they be spent in a specified manner:		
Unexpended at the close of the previous reporting period	339	14
Add: grants and contributions recognised in the current period but not yet spent:	46	325
Less: grants and contributions recognised in a previous reporting period now spent:	(243)	–
Net increase (decrease) in restricted assets during the period	(197)	325
Unexpended and held as restricted assets	142	339
Comprising:		
– Specific purpose unexpended grants	142	339
	142	339

The former Conargo Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 4. Expenses from continuing operations

\$ '000	Notes	Actual 1/7/15 to 12/5/16	Actual 1/7/14 to 30/6/15
(a) Employee benefits and on-costs			
Salaries and wages		1,685	2,007
Travel expenses		15	15
Employee leave entitlements (ELE)		477	367
Superannuation – defined contribution plans		141	169
Superannuation – defined benefit plans		120	140
Workers' compensation insurance		87	84
Fringe benefit tax (FBT)		48	55
Training costs (other than salaries and wages)		34	43
Protective clothing		9	11
Total employee costs		2,616	2,891
Less: capitalised costs		(736)	(873)
<u>TOTAL EMPLOYEE COSTS EXPENSED</u>		<u>1,880</u>	<u>2,018</u>
Number of 'full-time equivalent' employees (FTE) as at 12/5/2016		40	39
Number of 'full-time equivalent' employees (FTE) at 12/5/2016 (incl. vacancies)		40	39
(b) Borrowing costs			
Nil			
(c) Materials and contracts			
Raw materials and consumables		2,894	3,648
Auditors remuneration ⁽¹⁾		56	26
Operating leases:			
– Operating lease rentals: minimum lease payments ⁽²⁾		94	182
Total materials and contracts		3,044	3,856
Less: capitalised costs		(2,359)	(2,743)
<u>TOTAL MATERIALS AND CONTRACTS</u>		<u>685</u>	<u>1,113</u>
(continued on the next page...)			

The former Conargo Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 4. Expenses from continuing operations (continued)

\$ '000	Notes	Actual	Actual
		1/7/15 to 12/5/16	1/7/14 to 30/6/15
(c) Materials and contracts (continued)			
1. Auditor remuneration			
During the period, the following fees were incurred for services provided by the Council's Auditor:			
Audit and other assurance services			
		22	26
		34	–
		56	26
Remuneration for audit and other assurance services			
		56	26
Total Auditor remuneration			
		56	26
2. Operating lease payments are attributable to:			
		94	182
		94	182

\$ '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
		–	–	526	635
		–	–	40	51
		–	–	10	10
		Infrastructure:			
		–	–	16	23
		–	–	127	150
		–	–	2,264	2,300
		–	–	39	45
		–	–	89	112
		–	–	14	21
		Other assets			
		–	–	20	11
		–	–	3,145	3,358
		–	–	(273)	(355)
		–	–	2,872	3,003
		–	–	2,872	3,003

The former Conargo Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 4. Expenses from continuing operations (continued)

\$ '000	Notes	Actual 1/7/15 to 12/5/16	Actual 1/7/14 to 30/6/15
(e) Other expenses			
Other expenses for the period include the following:			
Advertising		17	14
Bad and doubtful debts		41	22
Bank charges		3	4
Contributions/levies to other levels of government			
– Bushfire Fighting Fund		332	265
– Central Murray County Council		113	110
– Central Murray Regional Library		75	94
– Emergency services levy (includes FRNSW, SES, and RFS levies)		2	6
Councillor expenses – mayoral fee		19	23
Councillor expenses – councillors' fees		78	86
Councillors' expenses (incl. mayor) – other (excluding fees above)		27	17
Delegates expenses		14	18
Donations, contributions and assistance to other organisations (Section 356)		51	40
Electricity and heating		47	66
Insurance		214	216
Postage		5	7
Printing and stationery		11	17
Street lighting		4	3
Subscriptions to Local Government NSW		14	14
Telephone and communications		34	37
Valuation fees		12	12
Other		45	58
<u>TOTAL OTHER EXPENSES</u>		<u>1,158</u>	<u>1,129</u>

The former Conargo 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
Plant and equipment			
Proceeds from disposal – plant and equipment		802	460
Less: carrying amount of plant and equipment assets sold/written off		(718)	(399)
Net gain/(loss) on disposal		84	61
Infrastructure			
Less: carrying amount of infrastructure assets sold/written off		(327)	–
Net gain/(loss) on disposal		(327)	–
Minor water supply assets			
Less: carrying amount of minor water supply assets sold/written off		–	(1)
Net gain/(loss) on disposal		–	(1)
Stormwater			
Less: carrying amount of Stormwater assets sold/written off		–	(5)
Net gain/(loss) on disposal		–	(5)
NET GAIN/(LOSS) ON DISPOSAL OF ASSETS		(243)	55

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

\$ '000	Notes	12/5/16 Actual Current	12/5/16 Actual Non-current	30/6/15 Actual Current	30/6/15 Actual Non-current
Cash and cash equivalents (Note 6a)					
Cash on hand and at bank		1,119	–	111	–
Cash-equivalent assets ¹					
– Short-term deposits		8,306	–	8,682	–
Total cash and cash equivalents		9,425	–	8,793	–
Investments (Note 6b)					
Nil					
TOTAL CASH ASSETS, CASH EQUIVALENTS AND INVESTMENTS		9,425	–	8,793	–

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

The former Conargo Shire Council

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

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

\$ '000	12/5/16	12/5/16	30/6/15	30/6/15
	Actual Current	Actual Non-current	Actual Current	Actual Non-current
Total cash, cash equivalents and investments	9,425	–	8,793	–
attributable to:				
External restrictions (refer below)	142	–	339	–
Internal restrictions (refer below)	8,157	–	8,157	–
Unrestricted	1,126	–	297	–
	9,425	–	8,793	–

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

External restrictions – included in liabilities

Nil

External restrictions – other

Specific purpose unexpended grants (F)	339	–	(197)	142
External restrictions – other	339	–	(197)	142
Total external restrictions	339	–	(197)	142

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

The former Conargo Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

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

1/7/15 to 12/5/16 \$ '000	Opening balance	Transfers to restrictions	Transfers from restrictions	Closing balance
Internal restrictions				
Plant and vehicle replacement	1,720	–	–	1,720
Infrastructure replacement	3,827	–	–	3,827
Employees leave entitlement	405	–	–	405
Asset management	14	–	–	14
Blighty-upgrade power	70	–	–	70
Building maintenance	50	–	–	50
Cemetery upgrade	9	–	–	9
Conargo landscaping project	85	–	–	85
Depot office and gates upgrade	41	–	–	41
Dog trial	3	–	–	3
Election reserve	13	–	–	13
Fencing conargo	7	–	–	7
Gravel pits	14	–	–	14
Internal audit	6	–	–	6
Landscaping plans	90	–	–	90
Recreation reserves/village landscaping	1,528	–	–	1,528
Risk management	5	–	–	5
Shire – entrance signage	5	–	–	5
Tourism/industry promotion	5	–	–	5
Wanganella hall community	5	–	–	5
Water infrastructure	75	–	–	75
Website development	5	–	–	5
Waste facilities	150	–	–	150
Wanganella-play equipment/cover	25	–	–	25
Total internal restrictions	8,157	–	–	8,157
TOTAL RESTRICTIONS	8,496	–	(197)	8,299

The former Conargo Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 7. Receivables

\$ '000	Notes	12/5/16 Current	12/5/16 Non-current	30/6/15 Current	30/6/15 Non-current
Purpose					
Rates and annual charges		626 ¹	–	162	–
Interest and extra charges		32	–	33	–
Private works		100	–	53	–
Capital debtors (being sale of assets)					
– Other asset sales		316	–	–	–
Accrued revenues					
– Interest on investments		28	–	15	–
Amounts due from other councils		4	–	4	–
Australian taxation – FBT refund		–	–	9	–
Government grants and subsidies		924	–	24	–
Net GST receivable		–	–	59	–
Total		2,030	–	359	–
Less: provision for impairment					
Rates and annual charges		(103)	–	(63)	–
Total provision for impairment – receivables		(103)	–	(63)	–
TOTAL NET RECEIVABLES		1,927	–	296	–

Externally restricted receivables

There are no restrictions applicable to the above assets.

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

Notes on debtors above:

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

Note 8. Inventories and other assets

(a) Inventories

Nil

(b) Other assets

Prepayments	87	–	82	–
TOTAL OTHER ASSETS	87	–	82	–

Externally restricted assets

There are no restrictions applicable to the above assets.

The former Conargo 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	At cost	At fair value	Accumulated		Carrying value
			depreciation	impairment								depreciation	impairment	
Plant and equipment	–	9,333	5,128	–	4,205	1,385	–	(718)	(526)	–	8,687	4,341	–	4,346
Office equipment	–	500	340	–	160	5	7	–	(40)	–	512	380	–	132
Furniture and fittings	–	99	36	–	63	4	–	–	(10)	–	102	45	–	57
Land:														
– Operational land	–	508	–	–	508	–	–	–	–	–	508	–	–	508
– Community land	–	178	–	–	178	–	–	–	–	–	178	–	–	178
Infrastructure:														
– Buildings – non-specialised	–	1,734	1,255	–	479	–	132	–	(16)	–	1,866	1,271	–	595
– Buildings – specialised	–	9,212	3,412	–	5,800	67	91	–	(127)	–	9,370	3,539	–	5,831
– Roads	–	141,997	42,904	–	99,093	3,542	–	(327)	(2,264)	–	144,512	44,468	–	100,044
– Bridges	–	4,464	1,912	–	2,552	270	–	–	(39)	–	4,734	1,951	–	2,783
– Bulk earthworks (non-depreciable)	–	20,731	–	–	20,731	–	–	–	–	–	20,731	–	–	20,731
– Stormwater drainage	–	7,210	3,407	–	3,803	47	–	–	(89)	–	7,257	3,496	–	3,761
– Water supply network	–	822	340	–	482	–	–	–	(14)	–	822	354	–	468
Other assets:														
– Other	–	367	36	–	331	148	192	–	(20)	–	707	56	–	651
TOTAL INFRASTRUCTURE, PROPERTY, PLANT AND EQUIP.	–	197,155	58,770	–	138,385	5,468	422	(1,045)	(3,145)	–	199,986	59,901	–	140,085

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 Conargo Shire Council

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

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

\$ '000	Actual 12/5/16				Actual 30/6/15			
	At cost	At fair value	A/Dep & impairm't	Carrying value	At cost	At fair value	A/Dep & impairm't	Carrying value
Water supply								
Infrastructure	–	822	354	468	–	822	340	482
Total water supply	–	822	354	468	–	822	340	482
TOTAL RESTRICTED I,PP&E	–	822	354	468	–	822	340	482

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.

Note 10a. Payables, borrowings and provisions

\$ '000	Notes	12/5/16	12/5/16	30/6/15	30/6/15
		Current	Non-current	Current	Non-current
Payables					
Goods and services – operating expenditure		172	–	141	–
Goods and services – capital expenditure		1,648	–	–	–
Accrued expenses:					
– Salaries and wages		26	–	55	–
ATO – net GST payable		12	–	–	–
Workers compensation		46	1	37	1
Total payables		1,904	1	233	1
Borrowings					
Nil					
Provisions					
Employee benefits:					
Annual leave		288	–	265	–
Sick leave		14	–	13	–
Long service leave		770	16	769	16
Total provisions		1,072	16	1,047	16
<u>TOTAL PAYABLES, BORROWINGS AND PROVISIONS</u>		<u>2,976</u>	<u>17</u>	<u>1,280</u>	<u>17</u>

(i) Liabilities relating to restricted assets

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

The former Conargo Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

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

\$ '000	Actual 12/5/16	Actual 30/6/15
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(ii) Current liabilities not anticipated to be settled within the next twelve months

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

Provisions – employees benefits	850	720
	850	720

Note 10b. Description of and movements in provisions

Class of provision	Opening balance as at 1/7/15	1/7/15 to 12/5/16				Unused amounts reversed	Closing balance as at 12/5/16
		Additional provisions	Decrease due to payments	Remeasurement effects due to discounting			
Annual leave	265	195	(172)	–	–	288	
Sick leave	13	1	–	–	–	14	
Long service leave	785	142	(141)	–	–	786	
TOTAL	1,063	338	(313)	–	–	1,088	

- a. Employees leave entitlements and on-costs represents those benefits accrued and payable and an estimate of those that will become payable in the future as a result of past service.

The former Conargo Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 11. Statement of cash flows – additional information

\$ '000	Notes	Actual 12/5/16	Actual 30/6/15
(a) Reconciliation of cash assets			
Total cash and cash equivalent assets	6a	9,425	8,793
Less bank overdraft	10	–	–
Balance as per the Statement of Cash Flows		9,425	8,793
(b) Reconciliation of net operating result to cash provided from operating activities			
Net operating result from Income Statement		2,210	1,077
Adjust for non-cash items:			
Depreciation and amortisation		2,872	3,003
Net losses/(gains) on disposal of assets		243	(55)
Share of net (profits) or losses of associates/joint ventures		62	26
+/- Movement in operating assets and liabilities and other cash items:			
Decrease/(increase) in receivables		(1,355)	63
Increase/(decrease) in provision for doubtful debts		40	23
Decrease/(increase) in other assets		(5)	(10)
Increase/(decrease) in payables		31	(129)
Increase/(decrease) in other accrued expenses payable		(29)	16
Increase/(decrease) in other liabilities		21	(8)
Increase/(decrease) in employee leave entitlements		25	161
Net cash provided from/(used in) operating activities from the Statement of Cash Flows		4,115	4,167
(c) Non-cash investing and financing activities			
Nil			
(d) Financing arrangements			
(i) Unrestricted access was available at balance date to the following lines of credit:			
Bank overdraft facilities ⁽¹⁾		30	30
Total financing arrangements		30	30

1. The bank overdraft facility may be drawn at any time and may be terminated by the bank without notice.
Interest rates on overdrafts are interest rates on loans and other payables are disclosed in Note 15.

(ii) Secured loan liabilities

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

The former Conargo Shire Council

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

Note 12. Commitments for expenditure

\$ '000	Notes	Actual 12/5/16	Actual 30/6/15
(a) Capital commitments (exclusive of GST)			
Nil			
(b) Finance lease commitments			
Nil			
(c) Operating lease commitments (non-cancellable)			
a. Commitments under non-cancellable operating leases at the reporting date, but not recognised as liabilities are payable:			
Within the next year		275	305
Later than one year and not later than 5 years		–	–
Later than 5 years		–	–
Total non-cancellable operating lease commitments		275	305

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

Heavy plant (road reclaimer/grader)

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 Conargo 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	Indicator	Prior periods	
	12/5/16	12/5/16	30/6/15	30/6/14
Local government industry indicators – consolidated				
1. Operating performance ratio				
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions less operating expenses	<u>2,183</u>	24.87%	8.54%	-12.01%
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions	<u>8,778</u>			
2. Own source operating revenue ratio				
Total continuing operating revenue ⁽¹⁾ excluding all grants and contributions	<u>3,011</u>	33.05%	37.85%	45.59%
Total continuing operating revenue ⁽¹⁾	<u>9,110</u>			
3. Unrestricted current ratio				
Current assets less all external restrictions ⁽²⁾	<u>11,297</u>	5.31x	15.77x	15.79x
Current liabilities less specific purpose liabilities ^(3, 4)	<u>2,126</u>			
4. Debt service cover ratio				
Operating result ⁽¹⁾ before capital excluding interest and depreciation/impairment/amortisation	<u>5,055</u>	0.00x	0.00x	0.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	<u>–</u>			
5. Rates, annual charges, interest and extra charges outstanding percentage				
Rates, annual and extra charges outstanding	<u>555</u>	20.81%	4.86%	8.87%
Rates, annual and extra charges collectible	<u>2,667</u>			
6. Cash expense cover ratio				
Current period's cash and cash equivalents plus all term deposits	<u>9,425</u>	30.73 mths	24.9 mths	22.7 mths
Payments from cash flow of operating and financing activities	<u>307</u>			

Notes

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

(2) Refer Notes 6-8 inclusive.

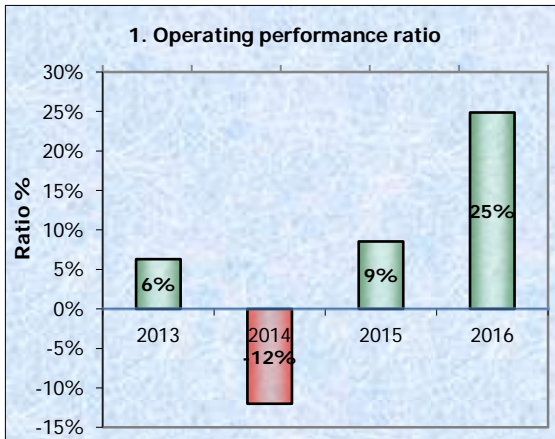
(3) Refer to Note 10(a).

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

The former Conargo 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)



Purpose of operating performance ratio

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



Commentary on 12/5/16 result

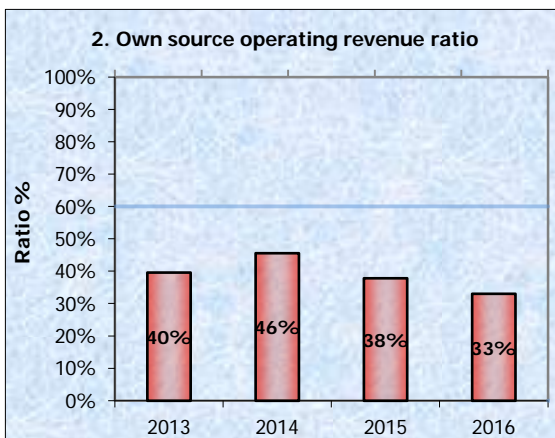
12/5/16 ratio 24.87%

The ratio is inflated due to the period reported having 12 months income and only expenditure till 12/5/2016 (10.5 months), being the merger date

Benchmark: ——— Minimum $\geq 0.00\%$

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

 Ratio achieves benchmark
 Ratio is outside benchmark



Purpose of own source operating revenue ratio

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



Commentary on 12/5/16 result

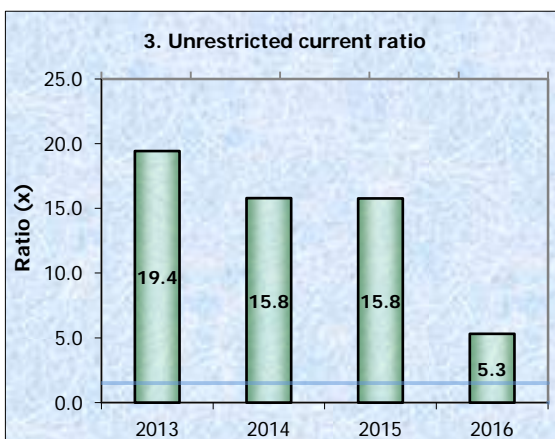
12/5/16 ratio 33.05%

Conargo Shire is like most Rural Council's and is reliant on Grants and Contributions as a significant part of its revenue

Benchmark: ——— Minimum $\geq 60.00\%$

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

 Ratio achieves benchmark
 Ratio is outside benchmark



Purpose of unrestricted current ratio

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



Commentary on 12/5/16 result

12/5/16 ratio 5.31x

Council's Unrestricted Current Ratio is very satisfactory

Benchmark: ——— Minimum ≥ 1.50

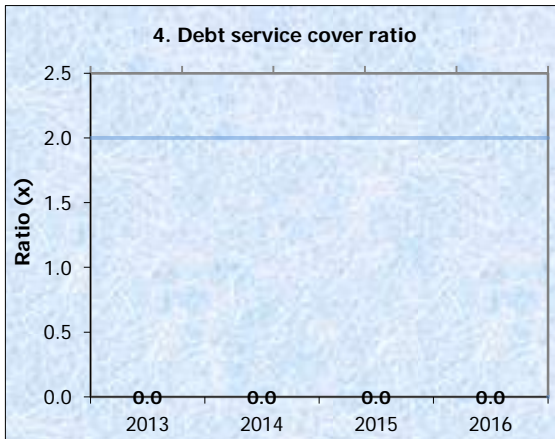
Source for benchmark: Code of Accounting Practice and Financial Reporting #24

 Ratio achieves benchmark
 Ratio is outside benchmark

The former Conargo 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)



Purpose of debt service cover ratio

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

Commentary on 12/5/16 result

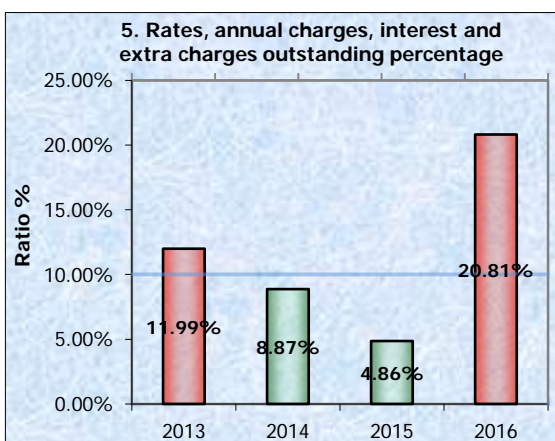
12/5/16 ratio 0.00x

Council has been debt free for a considerable time

Benchmark: Minimum ≥ 2.00

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

Ratio achieves benchmark
 Ratio is outside benchmark



Purpose of rates and annual charges outstanding ratio

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

Commentary on 12/5/16 result

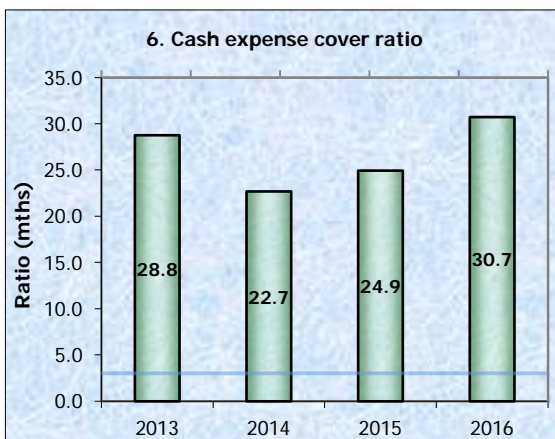
12/5/16 ratio 20.81%

In accordance with AASB 1004 "Contributions", rates and annual charges are recognised as revenue at the commencement of the rating year for the period 1/7/15 to 30/6/16. No adjustments have been made for rates not earned during the period 13/05/16 to 30/06/16.

Benchmark: Maximum $< 10.00\%$

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

Ratio is within Benchmark
 Ratio is outside Benchmark



Purpose of cash expense cover ratio

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

Commentary on 12/5/16 result

12/5/16 ratio 30.73 mths

Council has a strong cash expense cover ratio and the long term plans show this ratio as more than satisfactory

Benchmark: Minimum ≥ 3.00

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

Ratio achieves benchmark
 Ratio is outside benchmark

The former Conargo Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 14. Investment properties

\$ '000

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

Note 15. Financial risk management

Risk management

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

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

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

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

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

	Carrying value		Fair value	
	12/5/16	30/6/15	12/5/16	30/6/15
Financial assets				
Cash and cash equivalents	9,425	8,793	9,425	8,793
Receivables	1,927	296	1,906	296
Total financial assets	11,352	9,089	11,331	9,089
Financial liabilities				
Payables	1,905	234	1,905	234
Total financial liabilities	1,905	234	1,905	234

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 Conargo 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 these 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
1/7/15 to 12/5/16				
Possible impact of a 1% movement in interest rates	92	92	(92)	(92)
1/7/14 to 30/6/15				
Possible impact of a 1% movement in interest rates	90	90	(90)	(90)

The former Conargo 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.

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

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

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

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

	12/5/16 Rates and annual charges	12/5/16 Other receivables	30/6/15 Rates and annual charges	30/6/15 Other receivables
(i) Ageing of receivables – %				
Current (not yet overdue)	73%	92%	0%	64%
Overdue	27%	8%	100%	36%
	100%	100%	100%	100%
(ii) Ageing of receivables – value				
Rates and annual charges	annual charges	Other receivables	Rates and annual charges	Other receivables
Current	454	1,288	–	127
< 1 year overdue	78	–	69	37
1 – 2 years overdue	63	65	62	18
2 – 5 years overdue	23	29	26	14
> 5 years overdue	8	22	6	–
	626	1,404	163	196
(iii) Movement in provision for impairment of receivables			12/5/16	30/6/15
Balance at the beginning of the period			63	40
+ new provisions recognised during the period			40	23
Balance at the end of the period			103	63

The former Conargo Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 15. Financial risk management (continued)

\$ '000

(c) Liquidity risk

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

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

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

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

\$ '000	Subject to no maturity	payable in:						Total cash outflows	Actual carrying values
		≤ 1 Year	1-2 Yrs	2-3 Yrs	3-4 Yrs	4-5 Yrs	> 5 Yrs		
1/7/15 to 12/5/16									
Trade/other payables	–	1,905	–	–	–	–	–	1,905	1,905
Total financial liabilities	–	1,905	–	–	–	–	–	1,905	1,905
1/7/14 to 30/6/15									
Trade/other payables	–	234	–	–	–	–	–	234	234
Total financial liabilities	–	234	–	–	–	–	–	234	234

Note 16. Material budget variations

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

The former Conargo Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 17. Statement of Developer Contributions

\$ '000

Council currently has no S94 Developer Contribution Plans or S94 Funds on hand from prior years.

Note 18. Contingencies and other assets/liabilities not recognised

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

LIABILITIES NOT RECOGNISED:

1. Guarantees

(i) Defined benefit superannuation contribution plans

Council is party to an Industry Defined Benefit Plan Under the Local Government Superannuation Scheme, named 'Local Government Superannuation Scheme - Pool B'

Sufficient information is not available 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 Martin Stevenson BSc, FIA, FIAA on 20/06/2013 and covers the period ended 12/05/2016.

However the position is monitored annually and the actuary has estimated that as at 12 May 2016 the 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 \$119,784.

The amount of additional contributions included in the total employer contribution advised above is \$54,138.

The share of the deficit that can be broadly attributed to Council is estimated to be in the order of \$112,578 as at 12 May 2016.

Council's share of that deficiency cannot be accurately calculated as the scheme is a mutual arrangement where assets and liabilities are pooled together for all member councils. For this reason, no liability for the deficiency has been recognised in the financial statements.

Council has, however disclosed a contingent liability to reflect the possible obligation that may arise should the scheme require immediate payment to

(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.

The former Conargo 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):

(iii) StateCover Limited

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

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

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

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

(iv) Other guarantees

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

2. Other liabilities

(i) Third party claims

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

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

ASSETS NOT RECOGNISED:

(i) Land under roads

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

(ii) Infringement notices/fines

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

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

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

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

The former Conargo Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 19. Interests in other entities

\$ '000

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

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

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

Controlled entities (subsidiaries)

Note 19(a)

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

Joint ventures and associates

Note 19(b)

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

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

Joint operations

Note 19(c)

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

Unconsolidated structured entities

Note 19(d)

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

Subsidiaries, joint arrangements and associates not recognised

Note 19(e)

Accounting recognition:

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

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

	Council's share of net income		Council's share of net assets	
	Actual 1/7/15 to 12/5/16	Actual 1/7/14 to 30/6/15	Actual 12/5/16	Actual 30/6/15
Joint ventures	-	-	-	-
Associates	(62)	(26)	434	496
Total	(62)	(26)	434	496

The former Conargo Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 19. Interests in other entities (continued)

\$ '000

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

Council has no interest in any controlled entities (subsidiaries).

(b) Joint ventures and associates

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

(a) Net carrying amounts – Council's share

Name of entity	Nature of relationship	Measurement method	12/5/16	30/6/15
Central Murray County Council	Associate	% Net assets	434	496
Total carrying amounts – material joint ventures and associates			434	496

(b) Details

Name of entity	Principal activity
Central Murray County Council	Noxious Weed Control

(c) Relevant interests and fair values

Name of entity	Quoted fair value		Interest in ownership		Proportion of voting power	
	12/5/16	30/6/15	2016	2015	2016	2015
Central Murray County Council	1,401	1,601	31%	31%	25%	25%

(d) Summarised financial information for joint ventures and associates

Reporting dates of joint ventures and associates

The financial position and performance of joint ventures and associated for the financial year ended 30 June 2016 have been used in these consolidated financial statements.

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

The former Conargo Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 19. Interests in other entities (continued)

\$ '000

(b) Joint ventures and associates (continued)

(d) Summarised financial information for joint ventures and associates (continued)

	Central Murray County Council	
	12/5/16	30/6/15
Statement of financial position		
Current assets		
Cash and cash equivalents	413	454
Other current assets	31	60
Total current assets	444	514
Non-current assets	1,093	1,227
Current liabilities		
Financial liabilities (excl. accounts payable)	34	69
Other current liabilities	102	69
Total current liabilities	136	138
Non-current liabilities	–	2
Net assets	1,401	1,601
Reconciliation of the carrying amount		
Opening net assets (1 July)	1,641	1,726
Profit/(loss) for the period	(200)	(85)
Closing net assets	1,441	1,641
Council's share of net assets (%)	31.0%	31.0%
Council's share of net assets (\$)	434	496
	1/7/15 to 12/5/16	1/7/14 to 30/6/15
Statement of comprehensive income		
Income	1,027	1,051
Interest income	11	21
Depreciation and amortisation	(133)	(124)
Other expenses	(1,105)	(1,033)
Profit/(loss) for period	(200)	(85)
Total comprehensive income	(200)	(85)
Share of income – Council (%)	31.0%	31.0%
Profit/(loss) – Council (\$)	(62)	(26)
Total comprehensive income – Council (\$)	(62)	(26)

The former Conargo Shire Council

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

Note 19. Interests in other entities (continued)

\$ '000

(c) Joint operations

Council has no interest in any joint operations.

(d) Unconsolidated structured entities

Council has no unconsolidated structured entities

(e) Subsidiaries, joint arrangements and associates not recognised

The following subsidiaries, joint arrangements and associates have not been recognised in this financial report.

Name of entity/operation	Principal activity/type of entity	17/15	12/5/16
		to 12/5/16 Net profit	Net assets
Central Murray Regional Library	Library services	–	–

Reasons for non-recognition

Not material. Financials included in Deniliquin Council accounts.

The former Conargo Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

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

\$ '000	Notes	Actual 12/5/16	Actual 30/6/15
(a) Retained earnings			
Movements in retained earnings were as follows:			
Balance at beginning of period (from previous year's audited accounts)		55,966	54,378
a. Changes in accounting policies (prior period effects)	20 (d)	–	511
b. Net operating result for the period		2,210	1,077
Balance at end of the reporting period		58,176	55,966
(b) Revaluation reserves			
(i) Reserves are represented by:			
– Infrastructure, property, plant and equipment revaluation reserve		90,789	90,789
Total		90,789	90,789
(ii) Reconciliation of movements in reserves:			
Infrastructure, property, plant and equipment revaluation reserve			
– Opening balance		90,789	80,331
– Revaluations for the period	9(a)	–	10,458
– Balance at end of period		90,789	90,789
TOTAL VALUE OF RESERVES		90,789	90,789
(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			
Voluntary changes in accounting policies (effected in 14/15)			
Associated entity brought to account for first time (CMCC) (adjustments made to closing equity - 30/6/14)		–	511
In accordance with AASB 108 – Accounting Policies, Changes in Accounting Estimates and Errors, the above changes in accounting policy have been recognised retrospectively.			
These amounted to the following equity adjustments:			
– Adjustments to opening equity – 1/7/14 (relating to adjustments for the 30/6/14 reporting year end and prior periods)		–	511
Total prior period adjustments – accounting policy changes		–	511

The former Conargo 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

\$ '000

Council utilises only a general fund for its operations.

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

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

The former Conargo 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

\$ '000

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 21/12/16.

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 Conargo Shire Council to form Edward River 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 Conargo Shire Council would be amalgamated with Deniliquin Council to form the new council Edward River Council.

The proclamation automatically transferred the assets, rights and liabilities of the former Conargo Shire Council to Edward River Council on 13 May 2016.

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

The former Conargo Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 24. Discontinued operations

\$ '000

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

Note 25. Intangible assets

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

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

Note 26. Reinstatement, rehabilitation and restoration liabilities

Council has no outstanding obligations to make, restore, rehabilitate or reinstate any of its assets/operations.

The former Conargo Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 27. Fair value measurement

\$ '000

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

– Infrastructure, property, plant and equipment

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

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

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

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

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

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

1/7/15 to 12/5/16	Date of latest valuation	Fair value measurement hierarchy			Total
		Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	
Recurring fair value measurements					
Infrastructure, property, plant and equipment					
Plant & Equipment	30/06/15	–	–	4,346	4,346
Office Equipment	30/06/15	–	–	132	132
Furniture & Fittings	30/06/15	–	–	57	57
Operational Land	30/06/15	–	508	–	508
Community Land	30/06/15	–	178	–	178
Buildings-Specialised	30/06/15	–	–	5,831	5,831
Buildings-Non Specialised	30/06/15	–	–	595	595
Other Structures	30/06/15	–	–	651	651
Water Supply Network	30/06/15	–	–	468	468
Bridges	30/06/15	–	–	2,783	2,783
Storm Water Drainage	30/06/15	–	–	3,761	3,761
Bulk Earthworks	30/06/15	–	–	20,731	20,731
Roads	30/06/15	–	–	100,044	100,044
Total infrastructure, property, plant and equipment		–	686	139,399	140,085

The former Conargo Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 27. Fair value measurement (continued)

\$ '000

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

1/7/14 to 30/6/15	Date of latest valuation	Fair value measurement hierarchy			Total
		Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	
Recurring fair value measurements					
Infrastructure, property, plant and equipment					
Plant & Equipment	30/06/15	–	–	4,205	4,205
Office Equipment	30/06/15	–	–	160	160
Furniture & Fittings	30/06/15	–	–	63	63
Operational Land	30/06/15	–	508	–	508
Community Land	30/06/15	–	178	–	178
Buildings-Specialised	30/06/15	–	–	479	479
Buildings-Non Specialised	30/06/15	–	–	5,800	5,800
Other Structures	30/06/15	–	–	331	331
Water Supply Network	30/06/15	–	–	482	482
Bridges	30/06/15	–	–	2,552	2,552
Storm Water Drainage	30/06/15	–	–	3,803	3,803
Bulk Earthworks	30/06/15	–	–	20,731	20,731
Roads	30/06/15	–	–	99,093	99,093
Total infrastructure, property, plant and equipment		–	686	137,699	138,385

(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 Conargo Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 27. Fair value measurement (continued)

\$ '000

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

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

	IPP&E	Total
Opening balance – 1/7/14	126,299	126,299
Purchases (GBV)	4,705	4,705
Disposals (WDV)	(405)	(405)
Depreciation and impairment	(3,358)	(3,358)
FV gains – other comprehensive income	10,458	10,458
Closing balance – 30/6/15	137,699	137,699
Purchases (GBV)	5,890	5,890
Disposals (WDV)	(1,045)	(1,045)
Depreciation and impairment	(3,145)	(3,145)
Closing balance – 12/5/16	139,399	139,399

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

(4). Highest and best use

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

The former Conargo Shire Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 28. Financial review

\$ '000

Key financial figures of Council over the past 5 years

Financial performance figures	12/5/16	30/6/15	30/6/14	30/06/13	30/06/12
Inflows:					
Rates and annual charges revenue	2,517	2,453	2,404	2,326	2,247
User charges revenue	206	370	259	547	771
Interest and investment revenue (losses)	234	271	360	456	579
Grants income – operating and capital	4,468	3,869	2,345	3,864	4,657
Total income from continuing operations	9,110	8,366	6,744	8,505	9,610
Sale proceeds from I,PP&E	486	460	348	959	395
New loan borrowings and advances	–	–	–	–	–
Outflows:					
Employee benefits and on-cost expenses	1,880	2,018	2,105	2,128	2,025
Borrowing costs	–	–	–	–	–
Materials and contracts expenses	685	1,113	1,061	1,063	1,174
Total expenses from continuing operations	6,900	7,289	7,506	7,632	6,524
Total cash purchases of I,PP&E	3,969	4,350	5,100	5,658	4,945
Total loan repayments (incl. finance leases)	–	–	–	–	–
Operating surplus/(deficit) (excl. capital income)	1,878	707	(865)	533	2,380
Financial position figures	12/5/16	30/6/15	30/6/14	30/06/13	30/06/12
Current assets	11,439	9,171	8,969	11,476	12,061
Current liabilities	2,976	1,280	1,244	1,290	1,343
Net current assets	8,463	7,891	7,725	10,186	10,718
Available working capital (Unrestricted net current assets)	1,236	442	457	574	845
Cash and investments – unrestricted	1,126	297	359	21	249
Cash and investments – internal restrictions	8,157	8,157	8,143	10,538	10,769
Cash and investments – total	9,425	8,793	8,516	10,612	11,097
Total borrowings outstanding (Loans, advances and finance leases)	–	–	–	–	–
Total value of I,PP&E (excl. land and earthworks)	178,569	175,738	156,395	151,912	144,059
Total accumulated depreciation	59,901	58,770	50,229	47,249	43,237
Indicative remaining useful life (as a % of GBV)	66%	67%	68%	69%	70%

Source: published audited financial statements of Council (current period and prior year)

The former Conargo Shire Council

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

Note 29. Council information and contact details

Principal place of business:

122 End Street
DENILIKUIN NSW 2710

Contact details

Mailing address:

PO Box 270
DENILIKUIN NSW 2710

Opening hours:

Monday - Friday
8:30 am to 4:00 pm

Telephone: 03 5893000

Facsimile: 03 58 812 568

Internet: www.conargo.nsw.gov.au

Email: info@conargo.nsw.gov.au

Officers

INTERIM GENERAL MANAGER

Barry Barlow

RESPONSIBLE ACCOUNTING OFFICER

Michael Todd

PUBLIC OFFICER

Michael Todd

AUDITORS

NSW Audit Office

Members

ADMINISTRATOR

Ashley Hall

Other information

ABN: 44 641 167 511



INDEPENDENT AUDITOR'S REPORT
Report on the general purpose financial statements
The former Conargo Shire Council

To the Administrator of Edward River Council

Opinion

I have audited the accompanying financial statements of the former Conargo Shire Council (the Council), which comprise the statement of financial position as at 12 May 2016, the income statement, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by Councillors and Management.

In my opinion:

- the Council's accounting records have been kept in accordance with the requirements of the *Local Government Act 1993*, Chapter 13, Part 3, Division 2 (the Division)
- the financial statements:
 - have been presented, in all material respects, in accordance with the requirements of this Division
 - are consistent with the Council's accounting records
 - present fairly, in all material respects, the financial position of the Council as at 12 May 2016, and of its financial performance and its cash flows for the period then ended in accordance with Australian Accounting Standards
- all information relevant to the conduct of the audit has been obtained
- no material deficiencies in the accounting records or financial statements have come to light during the audit.

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

Basis for Opinion

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

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

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

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

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

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

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

The Administrator's Responsibility for the Financial Statements

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

In preparing the financial statements, the Administrator must assess the Council's ability to continue as a going concern. The assessment must disclose, as applicable, matters related to going concern including the dissolution of the Council by an Act of Parliament and the use of the going concern basis of accounting.

Auditor's Responsibility for the Audit of the Financial Statements

My objectives are to:

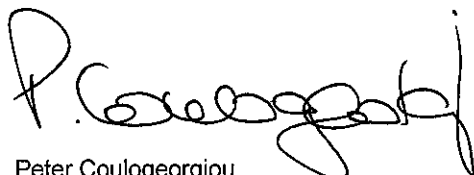
- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and
- issue an Independent Auditor's Report including my opinion.

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

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/Home.aspx>. The description forms part of my auditor's report.

My opinion does *not* provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- on the attached Special Schedules
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented.



Peter Coulogeorgiou
Director, Financial Audit Services

21 December 2016
SYDNEY



The Former Conargo Shire Council

**Report on the Conduct of the Audit
for the period ended 12 May 2016**



Barry Barlow
Acting Interim General Manager
The former Conargo Shire Council
PO Box 270
DENILIKUIN NSW 2710

Contact: Peter Coulogeorgiou
Phone no: (02) 9275 7460
Our ref: D1633731/1681

16 December 2016

The former Conargo Shire Council

Report on the Conduct of the Audit

for the period ended 12 May 2016

I have audited the general purpose financial statements of the former Conargo Shire Council (the Council) for the period ended 12 May 2016 as required by Section 415 of the *Local Government Act 1993* (the Act).

The Administrator of the newly created Edward River Council is responsible for preparing financial statements which give a true and fair view of the financial position and performance of the Council, are in accordance with the Act and comply with Accounting Standards in Australia. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial statements.

In accordance with section 417 of the Act, I report on the conduct of the audit of the Council for the period ended 12 May 2016.

AUDIT RESULT

I expressed an unmodified opinion on the Council's general purpose financial statements. A significant matter is noted below. The Council complied with the requirements of the Act, Chapter 13, Part 3, Division 2.

CONDUCT OF THE AUDIT

I conducted my audit in accordance with Australian Auditing Standards and statutory requirements. The audit provides *reasonable assurance* to the Administrator that the financial report is free of *material misstatement*. The audit does not guarantee every amount, disclosure or assertion subject to audit is error free. The terms 'reasonable assurance' and 'material' recognise an audit does not examine all evidence and transactions.

OPERATING RESULT

The Council's operating result from continuing operations was a surplus of \$2.2 million for the period ended 12 May 2016 (\$1.1 million for the year ended 30 June 2015). This includes \$2.9 million (\$3.0 million) of depreciation and amortisation.

The Council's net operating result for the year before capital grants and contributions was a surplus of \$1.9 million for the period ended 12 May 2016 (\$707,000 for the year ended 30 June 2015).

INCOME STATEMENT

Total income increased by 8.9 per cent, which is mainly attributed to increases in grants and contributions for operating purposes. The Council received Roads to Recovery funding of \$4.2 million, some \$1.1 million more than the prior year.

Total expenses decreased by 5.3 per cent, which is mainly attributed to the Council ceasing to exist on 12 May 2016, some seven weeks less than the comparative reporting period.

	2016		2015	
	\$'000	%	\$'000	%
Income				
Rates and annual charges	2,517	28	2,453	29
User charges and fees	206	2	370	4
Interest and investment revenue	234	2	271	3
Other revenues	54	1	52	1
Grants and contributions provided for operating purposes	5,767	63	4,795	58
Grants and contributions provided for capital purposes	332	4	370	4
Other Income	--	--	55	1
Total Income	9,110	100	8,366	100
Expenses				
Employee benefits and on-costs	1,880	27	2,018	28
Borrowing costs	--	--	--	--
Materials and contracts	685	10	1,113	15
Depreciation and amortisation	2,872	42	3,003	41
Impairment	--	--	--	--
Other expenses	1,463	21	1,155	16
Total Expenses	6,900	100	7,289	100

FINANCIAL POSITION

Net assets increased by 2 per cent compared with the prior year, largely due to an increase in non-current assets. The increase in non-current assets was due to asset additions and renewals exceeding the current period's disposals and depreciation expenditure. A large proportion of additions and renewals related to road assets and plant and equipment.

Total current assets increased by 25 per cent due to an increase in cash and receivables. Some of this increase is due to the timing of the announced Council merger with the former Deniliquin Council.

Total current liabilities increased by 132 per cent due to an increase in payables at period end. The payables balance included \$1.6 million owing to suppliers for a number of plant and equipment items delivered but not yet paid.

	2016 \$'000	2015 \$'000	Increase (Decrease) \$000	Increase (Decrease) %
Net assets	148,965	146,755	2,210	2
Total current assets	11,439	9,171	2,268	25
Total non-current assets	140,519	138,881	1,638	1
Total current liabilities	2,976	1,280	1,696	133
Total non-current liabilities	17	17	--	--

PERFORMANCE INDICATORS

Key Performance Indicators			
For the year ended	12 May 2016	30 June 2015	30 June 2014
Operating performance ratio (%)	24.87	8.54	(12.01)
Own source operating revenue (%)	33.05	37.85	45.59
Unrestricted current ratio	5.31	15.77	15.79
Debt Service Cover ratio	0.00	0.00	0.00
Rates and annual charges outstanding (%)	20.81	4.86	8.87
Cash expense cover ratio (months)	30.73	24.9	22.7

* See Appendix A for definitions to the key performance indicators

The operating performance ratio is in surplus, which indicates the Council's operating revenues exceed operating expenses. The large increase from the prior year is largely due to the timing of the announced merger.

The Council's own source revenue percentage decreased from the prior year due to it receiving more Roads to Recovery grant funding in 2015-16.

While the Council's unrestricted current ratio reduced significantly, it was greater than one at the end of the reporting period. This indicates the Council has sufficient liquidity to meet its current liabilities as and when they fall due. The significant drop from prior years is largely due to the Council having higher than normal current liabilities at the reporting date.

The debt service cover ratio is nil because the Council does not hold any borrowings.

The percentage of rates and annual charges outstanding at 12 May 2016 is skewed due to the timing of year end and time elapsed since raising of the fourth quarter rates instalments.

At 12 May 2016, the Council had the capacity to cover thirty-one months of cash expenditure without additional cash inflows.

OTHER MATTERS

Compliance with Legislative Requirements

My audit procedures were targeted specifically towards forming an opinion on the Council's financial statements. This included testing whether the Council complied with legislative requirements that may materially impact the financial statements.

My audit procedures did not identify any reportable instances of non-compliance with legislative requirements.

Significant Matters

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 Conargo Shire Council would be amalgamated with Deniliquin Council to form the new Edward River Council.

The proclamation automatically transferred the assets, rights and liabilities of the former Conargo Shire Council to Edward River Council on 13 May 2016.

The proclamation ensures that any reference in any document to the former Conargo Shire Council is to be read as a reference Edward River Council, and that anything done by Conargo Shire Council before the amalgamation is taken to have been done Edward River Council. This ensures the general business and operations of the former councils are preserved, including contracts and services.

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).


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

Management Letter

I will issue a final Management Letter on completion of the audit detailing matters identified during the audit. I believe these matters are not significant and have therefore not mentioned them in this report.

ACKNOWLEDGEMENT

I thank the staff of Edward River Council for their courtesy and assistance during the course of the audit.



Peter Coulogeorgiou
Director, Financial Audit Services

16 December 2016
SYDNEY

cc: Ashley Hall, Administrator

APPENDIX A

Definitions of Key Performance Indicators

Key Performance Indicators Definitions		
Indicator	Formula	Description
Operating performance percentage (%)	Total continuing operating revenue* excluding capital grants and contributions less operating expenses / Total continuing operating revenue* excluding capital grants and contributions	A positive result indicates a surplus, and the larger the percentage, the stronger the result. A negative result indicates a deficit. Operating deficits cannot be sustained in the long term.
Own source operating revenue (%)	Total continuing operating revenue excluding all grants and contributions / Total continuing operating revenue inclusive of all grants and contributions	A larger result indicates a greater proportion of revenue derived from the council's own operations. A higher percentage means less proportion of revenue comes from grants and contributions.
Unrestricted current ratio	Current assets less all external restrictions / Current liabilities less specific purpose liabilities	This measures the ability to pay existing liabilities in the next 12 months. A ratio of one or more means there are more cash and liquid assets than short-term liabilities.
Debt service cover ratio	Operating results before capital excluding interest and depreciation, impairment and amortisation / Principal repayments (from the statement of cash flows) + borrowing costs (from the income statement)	Indicates ability to cover debt obligations through revenue. A ratio of less than one may indicate issues with repayment of obligations.
Rates and annual charges outstanding (%)	Rates and annual charges outstanding / Rates and annual charges collectible	Indicates proportion of outstanding rates at balance date. A higher percentage may indicate issues with debt collectability.
Cash expense cover ratio (months)	Cash, cash equivalents and term deposits / Payments from cash flows of operating and financing activities	Indicates the ability to cover operating payments through cash reserves. A ratio of less than twelve months may indicate liquidity issues.

* Excludes fair value adjustments, reversal of revaluation decrements, net gain/loss on sale of assets, and net share/loss of interests in joint ventures.

The former Conargo Shire Council

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

"Progression through partnership"



The former Conargo Shire Council

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

Council has no declared Business Activities

The former Conargo Shire Council

SPECIAL SCHEDULES

for the period 1 July 2015 to 12 May 2016

"Progression through partnership"



The former Conargo Shire Council

Special Schedules

for the period 1 July 2015 to 12 May 2016

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Special Schedules¹

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Special Schedule 2(a)	Statement of Long Term Debt (all purposes)	n/a
Special Schedule 2(b)	Statement of Internal Loans (Sect. 410(3) LGA 1993)	n/a
Special Schedule 3	Water Supply Operations – incl. Income Statement	n/a
Special Schedule 4	Water Supply – Statement of Financial Position	n/a
Special Schedule 5	Sewerage Service Operations – incl. Income Statement	n/a
Special Schedule 6	Sewerage Service – Statement of Financial Position	n/a
Notes to Special Schedules 3 and 5		n/a
Special Schedule 7	Report on Infrastructure Assets	4

¹ Special Schedules are not audited.

Background

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

The former Conargo Shire Council

Special Schedule 1 – Net Cost of Services for the period 1 July 2015 to 12 May 2016

\$'000

Function or activity	Expenses from continuing operations	Income from continuing operations		Net cost of services
		Non-capital	Capital	
Governance	246	–	–	(246)
Administration	771	43	–	(728)
Public order and safety				
Fire service levy, fire protection, emergency services	350	137	5	(208)
Beach control	–	–	–	–
Enforcement of local government regulations	–	–	–	–
Animal control	1	7	–	6
Other	–	–	–	–
Total public order and safety	351	144	5	(202)
Health	3	–	–	(3)
Environment				
Noxious plants and insect/vermin control	229	–	–	(229)
Other environmental protection	–	–	–	–
Solid waste management	27	4	–	(23)
Street cleaning	–	–	–	–
Drainage	–	–	–	–
Stormwater management	–	–	–	–
Total environment	256	4	–	(252)
Community services and education				
Administration and education	19	2	–	(17)
Social protection (welfare)	–	–	–	–
Aged persons and disabled	5	–	–	(5)
Children's services	1	–	–	(1)
Total community services and education	25	2	–	(23)
Housing and community amenities				
Public cemeteries	1	–	–	(1)
Public conveniences	12	–	–	(12)
Street lighting	3	1	–	(2)
Town planning	119	31	–	(88)
Other community amenities	–	–	–	–
Total housing and community amenities	135	32	–	(103)
Water supplies	45	14	–	(31)
Sewerage services	–	–	–	–

The former Conargo Shire Council

Special Schedule 1 – Net Cost of Services (continued) for the period 1 July 2015 to 12 May 2016

\$'000

Function or activity	Expenses from continuing operations	Income from continuing operations		Net cost of services
		Non-capital	Capital	
Recreation and culture				
Public libraries	75	27	–	(48)
Museums	–	–	–	–
Art galleries	–	–	–	–
Community centres and halls	105	6	–	(99)
Performing arts venues	–	–	–	–
Other performing arts	–	–	–	–
Other cultural services	15	10	9	4
Sporting grounds and venues	266	13	61	(192)
Swimming pools	–	–	–	–
Parks and gardens (lakes)	44	33	–	(11)
Other sport and recreation	–	–	–	–
Total recreation and culture	505	89	70	(346)
Fuel and energy	–	–	–	–
Agriculture	–	–	–	–
Mining, manufacturing and construction				
Building control	17	9	–	(8)
Other mining, manufacturing and construction	12	7	–	(5)
Total mining, manufacturing and const.	29	16	–	(13)
Transport and communication				
Urban roads (UR) – local	7	–	–	(7)
Urban roads – regional	–	–	–	–
Sealed rural roads (SRR) – local	1,805	850	–	(955)
Sealed rural roads (SRR) – regional	602	1,134	–	532
Unsealed rural roads (URR) – local	1,783	707	–	(1,076)
Unsealed rural roads (URR) – regional	43	100	–	57
Bridges on UR – local	–	–	–	–
Bridges on SRR – local	53	–	–	(53)
Bridges on URR – local	15	–	–	(15)
Bridges on regional roads	2	56	257	311
Parking areas	–	–	–	–
Footpaths	2	–	–	(2)
Aerodromes	4	–	–	(4)
Other transport and communication	–	–	–	–
Total transport and communication	4,316	2,847	257	(1,212)
Economic affairs				
Camping areas and caravan parks	–	–	–	–
Other economic affairs	156	142	–	(14)
Total economic affairs	156	142	–	(14)
Totals – functions	6,838	3,333	332	(3,173)
General purpose revenues ⁽¹⁾		5,445		5,445
Share of interests – joint ventures and associates using the equity method	62	–		(62)
NET OPERATING RESULT ⁽²⁾	6,900	8,778	332	2,210

(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 Conargo Shire Council

Special Schedule 7 – Report on Infrastructure Assets as at 12 May 2016

\$'000

Asset class	Asset category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2015/16 Required maintenance ^a	2015/16 Actual maintenance to 12/5/16	Carrying value	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
								1	2	3	4	5
Buildings	Buildings – non-specialised	–	–	38	31	595	1,866	15%	65%	20%		0%
	Buildings – specialised	50	–	333	284	5,831	9,370	19%	50%	30%		1%
	Sub-total	50	–	371	315	6,426	11,236	18.3%	52.5%	28.3%	0.0%	0.8%
Roads	Sealed roads	–	–	1,060	734	90,228	111,403	10%	60%	20%	10%	0%
	Unsealed roads	–	–	610	581	9,816	12,378	10%	50%	30%	10%	0%
	Bridges	–	–	40	12	2,783	4,734	10%	10%	80%		0%
	Bulk earthworks	–	–	–	–	20,731	20,731		100%			0%
	Sub-total	–	–	1,710	1,327	123,558	149,246	8.6%	63.1%	20.0%	8.3%	0.0%
Water supply network	Water supply network	–	–	47	36	468	822	15%	15%	60%	10%	0%
	Sub-total	–	–	47	36	468	822	15.0%	15.0%	60.0%	10.0%	0.0%
Stormwater drainage	Stormwater drainage	–	–	30	25	3,761	7,257	10%	20%	60%	10%	0%
	Sub-total	–	–	30	25	3,761	7,257	10.0%	20.0%	60.0%	10.0%	0.0%
	TOTAL – ALL ASSETS	50	–	2,158	1,703	134,213	168,561	9.4%	60.3%	22.4%	7.8%	0.1%

Notes:

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

Infrastructure asset condition assessment 'key'

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

The former Conargo Shire Council

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

\$ '000	Amounts	Indicator	Prior periods	
	12/5/16	12/5/16	30/6/15	30/6/14
Infrastructure asset performance indicators * consolidated				
1. Infrastructure renewals ratio				
Asset renewals ⁽¹⁾	<u>3,859</u>	151.39%	118.67%	142.23%
Depreciation, amortisation and impairment	<u>2,549</u>			
2. Infrastructure backlog ratio				
Estimated cost to bring assets to a satisfactory standard	<u>50</u>	0.04%	0.04%	0.04%
Carrying value of infrastructure assets	<u>113,482</u>			
3. Asset maintenance ratio				
Actual asset maintenance	<u>1,703</u>	0.79	1.08	1.29
Required asset maintenance	<u>2,158</u>			
4. Capital expenditure ratio				
Annual capital expenditure	<u>4,845</u>	1.69	1.43	1.70
Annual depreciation	<u>2,872</u>			

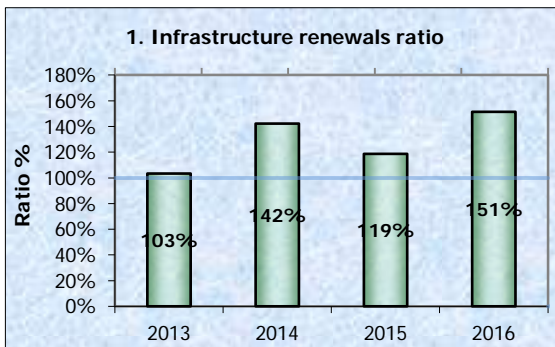
Notes

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

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

The former Conargo Shire Council

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



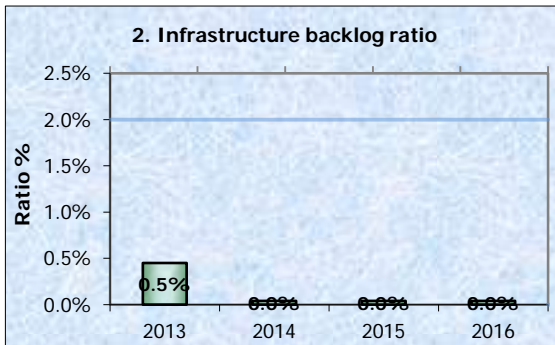
Purpose of asset renewals ratio

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

12/5/16 ratio 151.39%

Benchmark: ——— Minimum $\geq 100.00\%$
Source for benchmark: Code of Accounting Practice and Financial Reporting #24

■ Ratio achieves benchmark
■ Ratio is outside benchmark



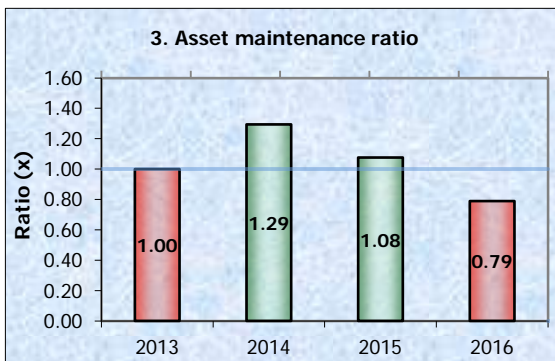
Purpose of infrastructure backlog ratio

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

12/5/16 ratio 0.04%

Benchmark: ——— Maximum $< 2.00\%$
Source for benchmark: Code of Accounting Practice and Financial Reporting #24

■ Ratio achieves benchmark
■ Ratio is outside benchmark



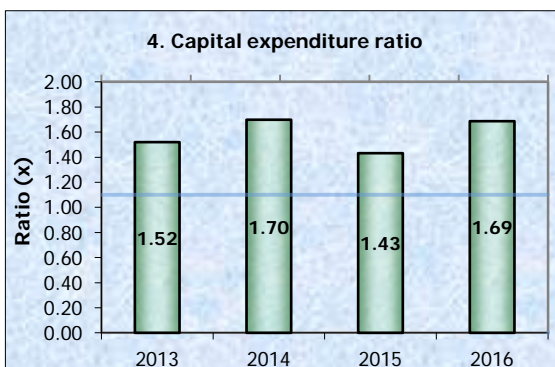
Purpose of asset maintenance ratio

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

12/5/16 ratio 0.79 x

Benchmark: ——— Minimum > 1.00
Source for benchmark: Code of Accounting Practice and Financial Reporting #24

■ Ratio achieves benchmark
■ Ratio is outside benchmark



Purpose of capital expenditure ratio

To assess the extent to which a Council is expanding its asset base thru capital expenditure on both new assets and the replacement and renewal of existing assets.

12/5/16 ratio 1.69 x

Benchmark: ——— Minimum > 1.10
Source for benchmark: Code of Accounting Practice and Financial Reporting #24

■ Ratio achieves benchmark
■ Ratio is outside benchmark