

The former Queanbeyan City Council

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

“Country Living, City Benefits”



The former Queanbeyan City 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 Queanbeyan City Council.
- (ii) The former Queanbeyan City 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 Queanbeyan Palerang Regional Council on 07 December 2016. Council has the power to amend and reissue these financial statements.
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The former Queanbeyan City Council

General Purpose Financial Statements

for the period 1 July 2015 to 12 May 2016

Understanding Council's financial statements

Introduction

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

What you will find in the statements

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

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

About the Councillor/Management Statement

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

About the primary financial statements

The financial statements incorporate five 'primary' financial statements:

1. The Income Statement

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

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

2. The Statement of Comprehensive Income

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

3. The Statement of Financial Position

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

4. The Statement of Changes in Equity

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

5. The Statement of Cash Flows

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

About the Notes to the Financial Statements

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

About the Auditor's Reports

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

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

Who uses the financial statements?

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

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

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

The Former Queanbeyan City 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:

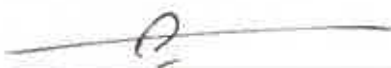
- present fairly the Council's operating result and financial position for the period, and
- accord with Council's accounting and other records.

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 Queanbeyan Palerang Regional Council made on 23 November 2016.



Tim Overall
Administrator



Peter Tegar
Interim General Manager



Shane Taylor
Responsible Accounting Officer

The former Queanbeyan City Council

Income Statement

for the period 1 July 2015 to 12 May 2016

Budget ¹			Actual	Actual
1/7/15			1/7/15	1/7/14
to 30/6/16	\$ '000	Notes	to 12/5/16	to 30/6/15
Income from continuing operations				
Revenue:				
n/a	Rates and annual charges	3a	43,301 ²	42,151
n/a	User charges and fees	3b	15,734	16,576
n/a	Interest and investment revenue	3c	2,821	3,216
n/a	Other revenues	3d	2,084	1,954
n/a	Grants and contributions provided for operating purposes	3e,f	7,288 ³	9,050
n/a	Grants and contributions provided for capital purposes	3e,f	29,875	9,316
Other income:				
n/a	Net gains from the disposal of assets	5	—	764
n/a	Net share of interests in joint ventures and associates using the equity method	19	—	—
n/a	Total income from continuing operations		101,103	83,027
Expenses from continuing operations				
n/a	Employee benefits and on-costs	4a	22,507	24,681
n/a	Borrowing costs	4b	781	884
n/a	Materials and contracts	4c	24,461	29,240
n/a	Depreciation and amortisation	4d	12,108	12,311
n/a	Impairment	4d	—	—
n/a	Other expenses	4e	5,758	6,398
n/a	Net losses from the disposal of assets	5	979	—
n/a	Total expenses from continuing operations		66,594	73,514
n/a	Operating result from continuing operations		34,509	9,513
n/a	Net operating result for the period		34,509	9,513
n/a	Net operating result attributable to Council		34,509	9,513
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		4,634	197
Alternative net operating result for the period before grants and contributions provided for capital purposes ⁴			1,715	197

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

² Rates are recognised as revenue at the commencement of the rating year for the period 1/7/15 to 30/6/16.

No adjustments have been made for rates not earned during the period 13/5/16 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.

⁴ Alternative Net operating result before capital income if rates and annual charges income had been pro rata'd for the period 1/7/15 - 12/5/16

The former Queanbeyan City Council

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

		Actual 1/7/15 to 12/5/16	Actual 1/7/14 to 30/6/15
\$ '000	Notes		
Net operating result for the period (as per Income Statement)		34,509	9,513
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of I,PP&E	20b (ii)	2,945	31,761
Total items which will not be reclassified subsequently to the operating result		2,945	31,761
Amounts which will be reclassified subsequently to the operating result when specific conditions are met			
Nil			
Total other comprehensive income for the period		2,945	31,761
Total comprehensive income for the period		37,454	41,274
Total comprehensive income attributable to Council		37,454	41,274
Total comprehensive income attributable to non-controlling interests		—	—

The former Queanbeyan City 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	16,764	16,440
Investments	6b	30,371	28,806
Receivables	7	17,453	9,590
Inventories	8	296	309
Other	8	608	339
Non-current assets classified as 'held for sale'	22	120	120
Total current assets		65,612	55,604
Non-current assets			
Investments	6b	44,000	38,250
Receivables	7	2,336	1,146
Inventories	8	—	—
Infrastructure, property, plant and equipment	9	620,882	598,471
Investments accounted for using the equity method	19	—	—
Investment property	14	—	—
Intangible assets	25	—	—
Total non-current assets		667,218	637,867
TOTAL ASSETS		732,830	693,471
LIABILITIES			
Current liabilities			
Payables	10	8,989	7,220
Borrowings	10	570	477
Provisions	10	6,016	5,463
Total current liabilities		15,575	13,160
Non-current liabilities			
Payables	10	1,374	1,374
Borrowings	10	13,169	13,673
Provisions	10	249	255
Total non-current liabilities		14,792	15,302
TOTAL LIABILITIES		30,367	28,462
Net assets		702,463	665,009
EQUITY			
Retained earnings	20	491,812	457,303
Revaluation reserves	20	210,651	207,706
Council equity interest		702,463	665,009
Non-controlling equity interests		—	—
Total equity		702,463	665,009

The former Queanbeyan City 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)		457,303	207,706	665,009	—	665,009
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)		457,303	207,706	665,009	—	665,009
c. Net operating result for the period		34,509	—	34,509	—	34,509
d. Other comprehensive income						
– Revaluations: IPP&E asset revaluation rsve	20b (ii)	—	2,945	2,945	—	2,945
– Revaluations: other reserves	20b (ii)	—	—	—	—	—
– Transfers to Income Statement	20b (ii)	—	—	—	—	—
– Impairment (loss) reversal relating to I,PP&E	20b (ii)	—	—	—	—	—
– Joint ventures and associates	19b	—	—	—	—	—
Other comprehensive income		—	2,945	2,945	—	2,945
Total comprehensive income (c&d)		34,509	2,945	37,454	—	37,454
e. Distributions to/(contributions from) non-controlling Interests		—	—	—	—	—
f. Transfers between equity		—	—	—	—	—
Equity – balance at end of the reporting period		491,812	210,651	702,463	—	702,463

\$ '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)		452,546	175,945	628,491	—	628,491
a. Correction of prior period errors	20 (c)	(4,756)	—	(4,756)	—	(4,756)
b. Changes in accounting policies (prior year effects)	20 (d)	—	—	—	—	—
Revised opening balance (as at 1/7/14)		447,790	175,945	623,735	—	623,735
c. Net operating result for the year		9,513	—	9,513	—	9,513
d. Other comprehensive income						
– Revaluations: IPP&E asset revaluation rsve	20b (ii)	—	31,761	31,761	—	31,761
– Revaluations: other reserves	20b (ii)	—	—	—	—	—
– Transfers to Income Statement	20b (ii)	—	—	—	—	—
– Impairment (loss) reversal relating to I,PP&E	20b (ii)	—	—	—	—	—
– Joint ventures and associates	19b	—	—	—	—	—
Other comprehensive income		—	31,761	31,761	—	31,761
Total comprehensive income (c&d)		9,513	31,761	41,274	—	41,274
e. Distributions to/(contributions from) non-controlling Interests		—	—	—	—	—
f. Transfers between equity		—	—	—	—	—
Equity – balance at end of the year		457,303	207,706	665,009	—	665,009

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

The former Queanbeyan City Council

Statement of Cash Flows

for the period 1 July 2015 to 12 May 2016

Budget ¹			Actual	Actual
1/7/15			1/7/15	1/7/14
to 30/6/16 \$ '000		Notes	to 12/5/16	to 30/6/15
Cash flows from operating activities				
Receipts:				
n/a	Rates and annual charges		35,052	41,525
n/a	User charges and fees		17,353	15,376
n/a	Investment and interest revenue received		2,167	2,526
n/a	Grants and contributions		14,169	11,943
n/a	Bonds, deposits and retention amounts received		1,461	1,220
n/a	Other		4,420	4,100
Payments:				
n/a	Employee benefits and on-costs		(22,333)	(24,488)
n/a	Materials and contracts		(27,296)	(31,905)
n/a	Borrowing costs		(781)	(884)
n/a	Bonds, deposits and retention amounts refunded		(1,314)	(1,050)
n/a	Other		(6,970)	(7,630)
n/a	Net cash provided (or used in) operating activities	11b	15,928	10,733
Cash flows from investing activities				
Receipts:				
n/a	Sale of investment securities		16,022	4,000
n/a	Sale of infrastructure, property, plant and equipment		206	1,126
n/a	Deferred debtors receipts		–	7
Payments:				
n/a	Purchase of investment securities		(22,912)	(21,000)
n/a	Purchase of infrastructure, property, plant and equipment		(8,384)	(7,409)
n/a	Deferred debtors and advances made		(125)	–
n/a	Net cash provided (or used in) investing activities		(15,193)	(23,276)
Cash flows from financing activities				
Receipts:				
n/a	Proceeds from borrowings and advances		–	500
Payments:				
n/a	Repayment of borrowings and advances		(407)	(407)
n/a	Repayment of finance lease liabilities		(4)	(89)
n/a	Net cash flow provided (used in) financing activities		(411)	4
n/a	Net increase/(decrease) in cash and cash equivalents		324	(12,539)
n/a	Plus: cash and cash equivalents – beginning of reporting period	11a	16,440	28,979
n/a	Cash and cash equivalents – end of reporting period	11a	16,764	16,440
Additional Information:				
	plus: Investments on hand – end of reporting period	6b	74,371	67,056
	Total cash, cash equivalents and investments		91,135	83,496

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

Please refer to Note 11 for additional cash flow information

The former Queanbeyan City Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

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	n/a – not applicable	

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Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Summary of significant accounting policies

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

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

(a) Basis of preparation

(i) Background

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

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

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

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

Because AASBs are sector neutral, some standards either:

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

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

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

(iii) New and amended standards adopted by Council

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

(iv) Early adoption of accounting standards

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

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

(v) Basis of accounting

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

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

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

(vi) Changes in accounting policies

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

The former Queanbeyan City Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Summary of significant accounting policies (continued)

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

(vii) Critical accounting estimates

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

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

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

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

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

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

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

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

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

- The business of the Council is continuing through the Queanbeyan-Palerang Regional Council

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

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

- The former Queanbeyan City Council has not been liquidated nor has trading ceased.

(ii) Estimated fair values of investment properties

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

(iv) Estimated remediation provisions.

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

(b) Revenue recognition

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:

The former Queanbeyan City Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Summary of significant accounting policies (continued)

Rates, Annual Charges, Grants and Contributions

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

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

Rate levies are recognised as revenue for the period 1 July 2015 to 30 June 2016. No adjustments have been made for rates not earned during the period 1 July 2015 to 30 June 2016.

Annual Charges are recognised as revenue proportionate to 1 July 2015 to 30 June 2016.

Rates relating to the period 13th May 2016 to 30th June 2016 are at the value of \$2.919 million.

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

Control over granted assets/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. The value of contributed assets for the period between 1st July 2015 and 13th May 2016 is recognised in the Financial Statements as revenue is \$24 million.

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

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

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

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

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

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

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

User charges, fees and other Income

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

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

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

Sale of infrastructure, property, plant and equipment

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

Interest and rents

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

The former Queanbeyan City Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Summary of significant accounting policies (continued)

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

Dividend income

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

Other Income

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

(c) Principles of consolidation

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

(i) The Consolidated Fund

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

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

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

- General Purpose Operations
- Queanbeyan City Council Water Supply
- Queanbeyan City Council Sewerage Service

(ii) The trust fund

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

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

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

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

(iii) Interests in other entities

Subsidiaries

Council has no interest in any subsidiaries.

Joint arrangements

Joint operations (controlled assets and operations)

Joint operations represent operational arrangements where the joint control parties 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.

The proportionate interests of Council in the assets, liabilities, income and expenses of all Joint Operation activities have been incorporated throughout the financial statements under the appropriate notes and line items.

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

Joint ventures

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

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

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

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

The former Queanbeyan City Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Summary of significant accounting policies (continued)

Associates

Council has no interest in any associates.

County councils

Council is not a member of any county councils.

Unconsolidated structured entities

Council has no interest in any unconsolidated structured entities.

(d) Leases

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

Finance leases

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

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

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

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

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

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

Operating Leases

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

Payments made under operating leases (net of any incentives received from the lessor) are charged to

the income statement on a straight-line basis over the period of the lease.

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

(e) Cash and Cash Equivalents

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

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

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

(f) Investments and other financial assets

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

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

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

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

The former Queanbeyan City Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Summary of significant accounting policies (continued)

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

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

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

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

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

(ii) Loans and receivables

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

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

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

(iii) Held-to-maturity investments

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

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

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

(iv) Available-for-sale financial assets

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

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

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

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

Financial assets – reclassification

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

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

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

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

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

The former Queanbeyan City Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Summary of significant accounting policies (continued)

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.

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired.

If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss – is removed from equity and recognised in the income statement.

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

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

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

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

(iii) Types of investments

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

The former Queanbeyan City Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Summary of significant accounting policies (continued)

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. Certain investments that Council holds are no longer prescribed (eg. managed funds, CDOs, and equity linked notes), however they have been retained under grandfathering provisions of the Order. These will be disposed of when most financially advantageous to Council.

(g) Fair value estimation – financial instruments

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

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

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

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

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

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

These include reference to the fair values of recent arm's length transactions, involving the same instruments or other instruments that are substantially the same, discounted cash flow

analysis, and option pricing models refined to reflect the issuer's specific circumstances.

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

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

(h) Receivables

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

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

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

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

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

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

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.

The former Queanbeyan City Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Summary of significant accounting policies (continued)

(i) Inventories

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

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

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

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

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

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

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

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

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

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

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

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

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

Acquisition of assets

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

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

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

The former Queanbeyan City Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Summary of significant accounting policies (continued)

Initial recognition

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

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

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

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

Subsequent costs

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

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

Asset revaluations (including indexation)

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

- increases in the combined carrying amounts of asset classes arising on revaluation are credited to the asset revaluation reserve,
- to the extent that a net asset class increase reverses a decrease previously recognised via the profit or loss, then increase is first recognised in profit or loss,
- net decreases that reverse previous increases of the same asset class are first charged against

revaluation reserves directly in equity to the extent of the remaining reserve attributable to the asset, with all other decreases charged to the Income Statement.

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

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

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

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

Capitalisation thresholds

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

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

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

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

Water and Sewer Assets	
Reticulation extensions	> \$25,000
Other	> \$25,000

The former Queanbeyan City Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Summary of significant accounting policies (continued)

Stormwater Assets

Drains and Culverts	> \$5,000
Other	> \$5,000

Transport Assets

Road construction and reconstruction	> \$15,000
Reseal/Re-sheet and major repairs	> \$15,000
Bridge construction and reconstruction	> \$15,000
Other	> \$15,000

Other Infrastructure Assets

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

Depreciation

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

Land is not depreciated.

Estimated useful lives for Council's I,PPandE include:

Plant and Equipment

- Office Equipment	3 to 10 years
- Office furniture	10 to 20 years
- Computer Equipment	3 to 10 years
- Vehicles	5 years
- Heavy Plant/Road Making equip.	5 to 15 years
- Other plant and equipment	5 to 25 years

Other Equipment

- Playground equipment	5 to 20 years
- Benches, seats etc	10 to 40 years
- Other facilities	5 to 50 years

Buildings

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

Water and Sewer Assets

- Reservoirs	70 years
- Reticulation pipes	50 to 110 years
- Pump stations	60 to 70 years
- Water and sewer assets: other	10 to 80 years

Stormwater Assets

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

Transportation Assets

- Roads: wearing course	15 to 100 years
- Roads: structure	30 to 100 years
- Roads: unsealed	infinite
- Car parks – unsealed	infinite
- Car parks – sealed	70 to 100 years
- Bridges: Concrete	80 to 100 years
- Bridge: Other	25 to 50 years
- Kerb, Gutter and Paths	50 to 100 years

Other Infrastructure Assets

- Bulk earthworks	Infinite
- Swimming Pools	10 to 50 years
- Other Open Space/ Recreational Assets	5 to 50 years
- Other Infrastructure	10 to 50 years

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

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

Disposal and derecognition

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

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

(k) Land

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

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

The former Queanbeyan City Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Summary of significant accounting policies (continued)

(l) Land under roads

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

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

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

(m) Intangible assets

IT development and software

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

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

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

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

(n) Crown reserves

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

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

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

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

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

(o) Rural fire service assets

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

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

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

(p) Investment property

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

Investment property is carried at fair value, representing open-market value determined annually by external valuers.

Annual changes in the fair value of investment properties are recorded in the Income Statement as part of 'other income'.

Full revaluations are carried out every 3 years with an appropriate index utilised each year in between the full revaluations.

The former Queanbeyan City Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Summary of significant accounting policies (continued)

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

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

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

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

Costs are estimated on the basis of a closure plan.

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

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

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

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

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

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

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

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

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

These costs are charged to the Income Statement.

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

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

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

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

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

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

The former Queanbeyan City Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Summary of significant accounting policies (continued)

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

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

The exception to this is plant and motor vehicles, which are turned over on a regular basis. Plant and motor vehicles are retained in non-current assets under the classification of infrastructure, property, plant and equipment – unless the assets are to be traded in after 12 May 2016 and the replacement assets were already purchased and accounted for as at 12 May 2016.

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

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

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

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

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

(s) Impairment of assets

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

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in

circumstances indicate that the carrying amount may not be recoverable.

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

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

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

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

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

(t) Payables

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

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

(u) Borrowings

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

Borrowings are subsequently measured at amortised cost.

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

The former Queanbeyan City Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Summary of significant accounting policies (continued)

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

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

(v) Borrowing costs

Borrowing costs are expensed to the extent that they are incurred during the construction of qualifying assets.

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale.

(w) Provisions

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

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

Provisions are not recognised for future operating losses.

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

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

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

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

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

(x) Employee benefits

(i) Short-term obligations

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

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

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

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

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

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

(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.

The former Queanbeyan City Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Summary of significant accounting policies (continued)

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

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

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

(iii) Retirement benefit obligations

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

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

Defined benefit plans

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

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

However, when this information is not reliably available, Council can account for its obligations to defined benefit plans on the same basis as its

obligations to defined contribution plans – i.e. as an expense when they become payable.

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

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

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

The 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 \$ 470,000.

The amount of additional contributions included in the total employer contribution advised above is \$196,544.

The share of this deficit that can be broadly attributed to Council is estimated to be in the order of \$196,544 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.

The former Queanbeyan City Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Summary of significant accounting policies (continued)

Defined contribution plans

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

(iv) Employee benefit on-costs

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

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

(y) Self-insurance

Council does not self-insure.

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

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

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

Exceptions

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

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

(aa) Taxes

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

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

Goods and Services Tax (GST)

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

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

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

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

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

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

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

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

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

Council has not adopted any of these standards early.

The former Queanbeyan City Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Summary of significant accounting policies (continued)

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

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

AASB 9 – Financial Instruments

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

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

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

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

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

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

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

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

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

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

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

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

AASB ED 260 Income of Not-for-Profit Entities

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

The exposure draft proposed specific not-for-profit entity requirements and guidance when applying the principles of AASB 15 to income from certain transactions.

Much of the material in AASB 1004 is expected to be replaced by material included in AASB ED 260.

Specific revenue items that may considerably change are Grants and Contributions.

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

At this stage there is no specific date of release for a standard 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 on the balance sheet (ie. recognition of both a right-of-use asset and a corresponding lease) for all leases with a term of more than 12 months unless the underlying assets are determined to be of 'low value'. There will also be detailed disclosure requirements for all lessees.

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

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

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

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 (and fall under the related party reporting requirements).

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

This Standard amends AASB 11 to provide guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business.

The amendments require:

(a) the acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in AASB 3 Business Combinations, to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11, and

(b) the acquirer to disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations.

The effective date of this standard is for annual reporting periods beginning on or after 1 January 2016.

If a joint operation is acquired during the reporting period, then this standard clarifies the accounting for the acquisition to be in accordance with AASB 3, i.e. assets and liabilities acquired to be measured at fair value.

(ac) Rounding of amounts

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

(ad) Comparative figures

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

(ae) Disclaimer

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

The former Queanbeyan City Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

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

Functions/activities	Income, expenses and assets have been directly attributed to the following functions/activities. Details of these functions/activities are provided in Note 2(b).												
	Income from continuing operations			Expenses from continuing operations			Operating result from continuing operations			Grants included in income from continuing operations		Total assets held (current & non-current)	
	Original budget ¹	Actual	Actual	Original budget ¹	Actual	Actual	Original budget ¹	Actual	Actual	Actual	Actual	Actual	Actual
	1/7/15 to 30/6/16	1/7/15 to 12/5/16	1/7/14 to 30/6/15	1/7/15 to 30/6/16	1/7/15 to 12/5/16	1/7/14 to 30/6/15	1/7/15 to 30/6/16	1/7/15 to 12/5/16	1/7/14 to 30/6/15	1/7/15 to 12/5/16	1/7/14 to 30/6/15	1/7/15 to 12/5/16	1/7/14 to 30/6/15
Governance	n/a	13	18	n/a	2,431	2,973	n/a	(2,418)	(2,955)	273	–	41,879	33,685
Administration	n/a	4,482	2,040	n/a	15,676	17,492	n/a	(11,194)	(15,452)	844	2,182	32,052	33,307
Public order and safety	n/a	900	634	n/a	1,282	1,314	n/a	(382)	(680)	398	173	1,936	3,040
Health	n/a	102	113	n/a	631	903	n/a	(529)	(790)	21	38	3	–
Environment	n/a	11,027	7,521	n/a	5,981	6,737	n/a	5,046	784	103	502	110,357	4,872
Community services and education	n/a	1,171	1,367	n/a	1,901	2,136	n/a	(730)	(769)	898	396	3,591	2,283
Housing and community amenities	n/a	4,856	2,061	n/a	1,773	1,977	n/a	3,083	84	125	192	4,386	4,439
Water supplies	n/a	19,846	19,465	n/a	14,398	15,047	n/a	5,448	4,418	84	82	113,876	109,853
Sewerage services	n/a	18,375	12,962	n/a	6,301	7,765	n/a	12,074	5,197	80	81	167,650	158,812
Recreation and culture	n/a	3,027	2,931	n/a	8,332	7,987	n/a	(5,305)	(5,056)	657	112	142,352	137,966
Mining, manufacturing and construction	n/a	1,214	1,017	n/a	1,634	1,656	n/a	(420)	(639)	–	–	5	–
Transport and communication	n/a	9,079	7,211	n/a	5,781	7,050	n/a	3,298	161	1,234	2,271	112,573	203,191
Economic affairs	n/a	29	106	n/a	472	477	n/a	(443)	(371)	–	–	2,170	2,023
Total functions and activities	n/a	74,121	57,446	n/a	66,593	73,514	n/a	7,528	(16,068)	4,717	6,029	732,830	693,471
Share of gains/(losses) in associates and joint ventures (using the equity method)	n/a	–	–	n/a	–	–	n/a	–	–	–	–	–	–
General purpose income ²	n/a	26,981	25,581	n/a	–	–	n/a	26,981	25,581	2,936	3,051	–	–
Operating result from continuing operations	n/a	101,102	83,027	n/a	66,593	73,514	n/a	34,509	9,513	7,653	9,080	732,830	693,471

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 Queanbeyan City Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

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

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

GOVERNANCE

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

ADMINISTRATION

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

PUBLIC ORDER AND SAFETY

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

HEALTH

Includes immunisation, food control, health centres etc.

ENVIRONMENT

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

COMMUNITY SERVICES AND EDUCATION

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

HOUSING AND COMMUNITY AMENITIES

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

WATER SUPPLIES

SEWERAGE SERVICES

RECREATION AND CULTURE

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

MINING, MANUFACTURING AND CONSTRUCTION

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

TRANSPORT AND COMMUNICATION

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

ECONOMIC AFFAIRS

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

The former Queanbeyan City Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 3. Income from continuing operations

		Actual 1/7/15 to 30/6/16	Actual 1/7/14 to 30/6/15
\$ '000	Notes		
(a) Rates and annual charges ^{1,2}			
Ordinary rates			
Residential		17,580	16,910
Farmland		147	142
Business		5,230	4,257
Total ordinary rates		22,957	21,309
Special rates			
Nil			
Annual charges (pursuant to s.496, s.496A, s.496B, s.501 & s.611)			
Domestic waste management services		4,218	4,733
Stormwater management services		297	242
Water supply services		6,794	6,999
Sewerage services		8,446	8,313
Waste management services (non-domestic)		332	406
Recycled water services		257	149
Total annual charges		20,344	20,842
<u>TOTAL RATES AND ANNUAL CHARGES</u>		<u>43,301</u>	<u>42,151</u>

¹ Council has used 2015 year valuations provided by the NSW Valuer General in calculating its rates.

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

Had Council apportioned rates income across the 12/5/16 Proclamation date, then the following alternative income amounts would have been accounted for within these Statements:

Ordinary rates	20,038
Special rates	—
Annual charges	20,344
	40,382

The former Queanbeyan City Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 3. Income from continuing operations (continued)

	Actual 1/7/15 to 12/5/16	Actual 1/7/14 to 30/6/15
\$ '000	Notes	
(b) User charges and fees		
Specific user charges (per s.502 – specific 'actual use' charges)		
Water supply services	10,563	10,862
Sewerage services	470	371
Total user charges	11,033	11,233
Other user charges and fees		
(i) Fees and charges – statutory and regulatory functions (per s.608)		
Planning and building regulation	1,499	1,416
Private works – section 67	56	107
Section 149 certificates (EPA Act)	81	75
Section 603 certificates	64	87
Other	32	17
Total fees and charges – statutory/regulatory	1,732	1,702
(ii) Fees and charges – other (incl. general user charges (per s.608))		
Cemeteries	511	653
Gas mains	40	41
Green waste sales	36	26
Health inspections and licenses fees	46	41
Indoor sports centre sales	85	140
Plant and equipment hire	191	211
Pound fees	94	85
RMS (formerly RTA) charges (state roads not controlled by Council)	119	571
Sewer	1	2
Swimming centres	996	1,146
The Q and conference centre bar sales	–	53
The Q ticket sales	460	307
Waste disposal tipping fees	–	46
Water	208	184
Other	182	135
Total fees and charges – other	2,969	3,641
TOTAL USER CHARGES AND FEES	15,734	16,576

The former Queanbeyan City 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)		154	164
– Interest earned on investments (interest and coupon payment income)		2,262	2,515
Fair value adjustments			
– Fair valuation movements in investments (at fair value or held for trading)		405	537
<u>TOTAL INTEREST AND INVESTMENT REVENUE</u>		<u>2,821</u>	<u>3,216</u>
Interest revenue is attributable to:			
Unrestricted investments/financial assets:			
Overdue rates and annual charges (general fund)		154	164
General Council cash and investments		910	1,030
Restricted investments/funds – external:			
Development contributions			
– Section 94		42	41
– Section 64		261	362
Water fund operations		285	314
Sewerage fund operations		929	1,036
Domestic waste management operations		216	242
Restricted investments/funds – internal:			
Internally restricted assets		24	27
Total interest and investment revenue recognised		<u>2,821</u>	<u>3,216</u>
(d) Other revenues			
Rental income – other council properties		710	825
Fines		423	345
Legal fees recovery – rates and charges (extra charges)		221	160
Diesel rebate		5	7
Insurance claim recoveries		7	30
OHS rebate		70	107
SEWOL administration fee		53	53
Other		595	427
<u>TOTAL OTHER REVENUE</u>		<u>2,084</u>	<u>1,954</u>

The former Queanbeyan City 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	1,885 ¹	1,991	–	–
Financial assistance – local roads component	878 ¹	879	–	–
Pensioners' rates subsidies – general component	173	181	–	–
Total general purpose	2,936	3,051	–	–
Specific purpose				
Pensioners' rates subsidies:				
– Water	84	81	–	–
– Sewerage	80	81	–	–
– Domestic waste management	60	60	–	–
Bushfire and emergency services	–	173	–	–
Community care	898	1,145	12	–
Employment and training programs	–	11	–	–
Environmental improvement program	–	–	105	–
Environmental protection	–	38	–	9
Heritage and cultural	9	9	–	91
Library	113	112	173	–
LIRS subsidy	11	–	–	–
Noxious weeds	19	–	–	–
NSW rural fire services	398	–	–	–
Recreation and culture	–	–	360	307
Roads and bridges	–	1,203	–	894
SERROC	72	421	–	–
Street lighting	127	147	–	–
Traffic route subsidy	100	–	–	–
Transport (road safety)	51	23	–	744
Transport (roads to recovery)	1,185	423	–	–
Transport (other roads and bridges funding)	–	–	681	–
Other	149	57	30	–
Total specific purpose	3,356	3,984	1,361	2,045
Total grants	6,292	7,035	1,361	2,045
Grant revenue is attributable to:				
– Commonwealth funding	2,018	1,462	362	323
– State funding	4,273	5,564	989	1,716
– Other funding	1	9	10	6
	6,292	7,035	1,361	2,045

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 Queanbeyan City Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 3. Income from continuing operations (continued)

		1/7/15 to 12/5/16 Operating	1/7/14 to 30/6/15 Operating	1/7/15 to 12/5/16 Capital	1/7/14 to 30/6/15 Capital
\$ '000					
(f) Contributions					
Developer contributions:					
(s93 & s94 – EP&A Act, s64 of the LGA):					
S 94 – contributions towards amenities/services		164	207	655	412
S 64 – water supply contributions		–	–	255	122
S 64 – sewerage service contributions		–	–	116	56
Other developer contributions – Googong					
Offsite Roads		–	–	2,846	–
Total developer contributions	17	164	207	3,872	590
Other contributions:					
Animal control		22	–	–	–
Bushfire services		–	68	14	–
Contributions – Googong		–	568	–	–
Developer contributed assets – Googong		–	–	24,395	6,161
Developer contributed assets – other		–	–	–	160
Developer contributions – VPAs		–	–	–	259
Heritage/cultural		5	–	–	–
Library – Palerang Council		88	87	–	2
Other councils – joint works/services		(5)	79	–	–
Planning studies		3	145	–	–
Recreation and culture		25	9	233	20
Roads and bridges		2	–	–	–
RMS contributions (regional roads, block grant)		472	463	–	–
Sewerage (excl. section 64 contributions)		17	115	–	–
Other		203	274	–	79
Total other contributions		832	1,808	24,642	6,681
Total contributions		996	2,015	28,514	7,271
TOTAL GRANTS AND CONTRIBUTIONS		7,288	9,050	29,875	9,316

The former Queanbeyan City Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 3. Income from continuing operations (continued)

	Actual 1/7/15 to 12/5/16	Actual 1/7/14 to 30/6/15
\$ '000		
(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	21,539	21,110
Add: grants and contributions recognised in the current period but not yet spent:	4,979	1,451
Less: grants and contributions recognised in a previous reporting period now spent:	(559)	(1,022)
Net increase (decrease) in restricted assets during the period	4,420	429
Unexpended and held as restricted assets	25,959	21,539
Comprising:		
– Specific purpose unexpended grants	845	571
– Developer contributions	25,114	20,968
– Other contributions	–	–
	25,959	21,539

The former Queanbeyan City Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 4. Expenses from continuing operations

	Actual 1/7/15 to 12/5/16	Actual 1/7/14 to 30/6/15
\$ '000	Notes	
(a) Employee benefits and on-costs		
Salaries and wages	16,986	18,644
Employee termination costs	117	484
Travel expenses	51	101
Employee leave entitlements (ELE)	2,143	2,241
Superannuation – defined contribution plans	1,470	1,612
Superannuation – defined benefit plans	470	560
Workers' compensation insurance	820	865
Fringe benefit tax (FBT)	93	126
Payroll tax	76	38
Training costs (other than salaries and wages)	420	255
Protective clothing	70	68
Other	54	92
Total employee costs	22,770	25,086
Less: capitalised costs	(263)	(405)
TOTAL EMPLOYEE COSTS EXPENSED	22,507	24,681
Number of 'full-time equivalent' employees (FTE) as at 12/5/2016	282	278
Number of 'full-time equivalent' employees (FTE) as at 12/5/2016 (incl. vacancies)	288	288
(b) Borrowing costs		
(i) Interest bearing liability costs		
Interest on loans	781	907
Charges relating to finance leases	–	3
Total interest bearing liability costs	781	910
Less: capitalised costs	–	(26)
Total interest bearing liability costs expensed	781	884
(ii) Other borrowing costs		
Nil		
TOTAL BORROWING COSTS EXPENSED	781	884

The former Queanbeyan City Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 4. Expenses from continuing operations (continued)

	Actual 1/7/15 to 12/5/16	Actual 1/7/14 to 30/6/15
\$ '000	Notes	
(c) Materials and contracts		
Raw materials and consumables	11,902	14,516
Contractor and consultancy costs	1,457	2,966
– Contractor and consultancy costs-Internal Audit	91	–
Auditors remuneration ⁽¹⁾	61	61
Legal expenses:		
– Legal expenses: other	436	386
Operating leases:		
– Operating lease rentals: minimum lease payments ⁽²⁾	84	84
Water charges – ACTEW	10,430	11,227
TOTAL MATERIALS AND CONTRACTS	24,461	29,240

1. Auditor remuneration

During the period, the following fees were incurred for services provided by the Council's Auditor:

Audit and other assurance services

Audit and review of financial statements: Council's Auditor

Remuneration for audit and other assurance services

61	61
61	61
61	61

Total Auditor remuneration

61	61
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2. Operating lease payments are attributable to:

Other

84	84
84	84

The former Queanbeyan City Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 4. Expenses from continuing operations (continued)

\$ '000	Notes	Impairment costs		Depreciation/amortisation	
		Actual	Actual	Actual	Actual
		1/7/15 to 12/5/16	1/7/14 to 30/6/15	1/7/15 to 12/5/16	1/7/14 to 30/6/15
Plant and equipment		–	–	800	787
Office equipment		–	–	276	203
Furniture and fittings		–	–	17	19
Property, plant and equipment – leased		–	–	17	101
Park structures		–	–	488	540
Infrastructure:					
– Buildings – non-specialised		–	–	437	448
– Buildings – specialised		–	–	951	965
– Other structures		–	–	51	51
– Roads		–	–	1,873	1,824
– Bridges		–	–	70	72
– Footpaths		–	–	271	269
– Stormwater drainage		–	–	1,475	1,104
– Water supply network		–	–	2,236	2,243
– Sewerage network		–	–	2,953	3,491
– Recycled water network		–	–	21	17
– Swimming pools		–	–	54	61
Other assets					
– Library books		–	–	118	116
<u>TOTAL DEPRECIATION AND</u>					
<u>IMPAIRMENT COSTS EXPENSED</u>		<u>–</u>	<u>–</u>	<u>12,108</u>	<u>12,311</u>

The former Queanbeyan City Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 4. Expenses from continuing operations (continued)

	Actual 1/7/15 to 12/5/16	Actual 1/7/14 to 30/6/15
\$ '000	Notes	
(e) Other expenses		
Other expenses for the period include the following:		
Advertising	289	305
Bad and doubtful debts	34	4
Bank charges	154	178
Child care – parent fees	833	903
Contributions/levies to other levels of government		
– Fire and rescue NSW	320	339
– NSW State emergency service	56	59
– NSW rural fire service levy	144	153
Councillor expenses – mayoral fee	41	39
Councillor expenses – councillors’ fees	168	179
Councillors’ expenses (incl. mayor) – other (excluding fees above)	16	15
Donations, contributions and assistance to other organisations (Section 356)		
– Rent relief community organisations	20	84
– Other donations, contributions and assistance	232	307
Electricity and heating	1,346	1,636
Insurance	908	1,007
Postage	145	113
Printing and stationery	211	274
Street lighting	147	231
Subscriptions and publications	138	123
Telephone and communications	243	227
Valuation fees	90	82
Waterwise subsidy	36	53
Other	187	87
TOTAL OTHER EXPENSES	5,758	6,398

The former Queanbeyan City 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

		Actual 1/7/15 to 12/5/16	Actual 1/7/14 to 30/6/15
\$ '000	Notes		
Property (excl. investment property)			
Proceeds from disposal – property		25	866
Less: carrying amount of property assets sold/written off		(18)	(133)
Net gain/(loss) on disposal		7	733
Plant and equipment			
Proceeds from disposal – plant and equipment		181	260
Less: carrying amount of plant and equipment assets sold/written off		(49)	(144)
Net gain/(loss) on disposal		132	116
Infrastructure			
Less: carrying amount of infrastructure assets sold/written off		(1,138)	(85)
Net gain/(loss) on disposal		(1,138)	(85)
Financial assets *			
Proceeds from disposal/redemptions/maturities – financial assets		16,022	4,000
Less: carrying amount of financial assets sold/redeemed/matured		(16,002)	(4,000)
Net gain/(loss) on disposal		20	–
NET GAIN/(LOSS) ON DISPOSAL OF ASSETS		(979)	764
* Financial assets disposals/redemptions include:			
– Net gain/(loss) from financial instruments designated 'held to maturity'		20	–
Net gain/(loss) on disposal of financial instruments		20	–

The former Queanbeyan City Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

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

		12/5/16 Actual Current	12/5/16 Actual Non-current	30/6/15 Actual Current	30/6/15 Actual Non-current
\$ '000	Notes				
Cash and cash equivalents (Note 6a)					
Cash on hand and at bank		4,165	–	485	–
Cash-equivalent assets ¹					
– Deposits at call		12,599	–	15,955	–
Total cash and cash equivalents		16,764	–	16,440	–
Investments (Note 6b)					
– Managed funds		11,371	–	18,306	–
– Long term deposits		16,000	15,250	6,000	22,250
– NCD's, FRN's (with maturities > 3 months)		3,000	28,750	4,500	16,000
Total investments		30,371	44,000	28,806	38,250
TOTAL CASH ASSETS, CASH EQUIVALENTS AND INVESTMENTS		47,135	44,000	45,246	38,250

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

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

Cash and cash equivalents

a. 'At fair value through the profit and loss'		16,764	–	16,440	–
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Investments

a. 'At fair value through the profit and loss'					
– 'Held for trading'	6(b-i)	11,371	–	18,306	–
b. 'Held to maturity'	6(b-ii)	19,000	44,000	10,500	38,250
Investments		30,371	44,000	28,806	38,250

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

The former Queanbeyan City Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 6b. investments (continued)

	12/5/16	12/5/16	30/6/15	30/6/15
	Actual	Actual	Actual	Actual
\$ '000	Current	Non-current	Current	Non-current
Note 6(b-i)				
Reconciliation of investments classified as 'at fair value through the profit and loss'				
Balance at beginning of period	18,306	–	17,769	–
Revaluations (through the Income Statement)	405	–	537	–
Disposals (sales and redemptions)	(7,340)	–	–	–
Balance at end of period	11,371	–	18,306	–
Comprising:				
– Managed funds	11,371	–	18,306	–
Total	11,371	–	18,306	–
Note 6(b-ii)				
Reconciliation of investments classified as 'held to maturity'				
Balance at beginning of period	10,500	38,250	4,000	27,750
Additions	162	22,750	–	21,000
Disposals (sales and redemptions)	(6,662)	(2,000)	(4,000)	–
Transfers between current/non-current	15,000	(15,000)	10,500	(10,500)
Balance at end of period	19,000	44,000	10,500	38,250
Comprising:				
– Long term deposits	16,000	15,250	6,000	22,250
– NCD's, FRN's (with maturities > 3 months)	3,000	28,750	4,500	16,000
Total	19,000	44,000	10,500	38,250

The former Queanbeyan City Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

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

	12/5/16 Actual Current	12/5/16 Actual Non-current	30/6/15 Actual Current	30/6/15 Actual Non-current
\$ '000				
Total cash, cash equivalents and investments	47,135	44,000	45,246	38,250
attributable to:				
External restrictions (refer below)	30,199	44,000	29,640	38,250
Internal restrictions (refer below)	14,586	–	13,614	–
Unrestricted	2,350	–	1,992	–
	47,135	44,000	45,246	38,250

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

Specific purpose unexpended loans – general (A)	4,070	(1,374)	–	2,696
External restrictions – included in liabilities	4,070	(1,374)	–	2,696

External restrictions – other

Developer contributions – general (D)	2,419	3,706	(94)	6,031
Developer contributions – water fund (D)	5,545	333	(98)	5,780
Developer contributions – sewer fund (D)	13,004	299	–	13,303
Specific purpose unexpended grants (F)	571	274	–	845
Water supplies (G)	6,169	–	(858)	5,311
Sewerage services (G)	29,114	2,856	–	31,970
Domestic waste management (G)	4,237	1,046	–	5,283
Stormwater management (G)	739	246	–	985
Other	2,022	93	(120)	1,995
External restrictions – other	63,820	8,853	(1,170)	71,503
Total external restrictions	67,890	7,479	(1,170)	74,199

A Loan moneys which must be applied for the purposes for which the loans were raised.

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

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

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

The former Queanbeyan City 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	1,402	794	(961)	1,235
Employees leave entitlement	987	–	–	987
Carry over works	1,440	2,244	(602)	3,082
Business waste management	638	89	–	727
Construction of buildings/strategic priorities	2,480	–	(327)	2,153
Corporate information systems	282	28	(63)	247
Deposits, retentions and bonds	1,308	153	–	1,461
Election expenses	125	65	–	190
Footpath program	45	46	(5)	86
Investigation for future development/strategic development	2	–	–	2
Jerrabomberra slow points	17	–	(17)	–
Main roads contract/state roads	349	39	–	388
Multi purpose sporting complex	88	21	(88)	21
New cemetery reserve	146	–	(46)	100
Parks embellishment	1,106	42	(319)	829
Revolving energy reserve	315	110	(47)	378
Training	300	–	(165)	135
Other	2,583	518	(537)	2,564
Total internal restrictions	13,614	4,149	(3,177)	14,586
TOTAL RESTRICTIONS	81,504	11,628	(4,347)	88,785

The former Queanbeyan City 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		9,496 ¹	364 ¹	1,289	322
Interest and extra charges		193	87	177	43
User charges and fees		5,224	1,741	4,639	751
Accrued revenues					
– Interest on investments		758	–	569	–
Deferred debtors		16	144	5	30
Government grants and subsidies		1,429	–	2,778	–
Net GST receivable		390	–	152	–
Total		17,506	2,336	9,609	1,146
Less: provision for impairment					
User charges and fees		(53)	–	(19)	–
Total provision for impairment – receivables		(53)	–	(19)	–
TOTAL NET RECEIVABLES		17,453	2,336	9,590	1,146
Externally restricted receivables					
Water supply					
– Rates and availability charges		1,303	325	228	57
– Other		4,725	1,181	2,937	734
Sewerage services					
– Rates and availability charges		1,762	440	269	50
– Other		58	14	68	17
Domestic waste management		890	222	195	49
Stormwater management		61	15	11	3
Total external restrictions		8,797	2,198	3,708	910
Internally restricted receivables					
– Business waste management		91	10	25	6
Internally restricted receivables		91	10	25	6
Unrestricted receivables		8,565	128	5,857	230
TOTAL NET RECEIVABLES		17,453	2,336	9,590	1,146

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:

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

The former Queanbeyan City Council

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

Note 8. Inventories and other assets

\$ '000	Notes	12/5/16 Current	12/5/16 Non-current	30/6/15 Current	30/6/15 Non-current
(a) Inventories					
(i) Inventories at cost					
Stores and materials		285	–	249	–
Trading stock		11	–	60	–
Total inventories at cost		296	–	309	–
(ii) Inventories at net realisable value (NRV)					
Nil					
TOTAL INVENTORIES		296	–	309	–
(b) Other assets					
Prepayments		608	–	339	–
TOTAL OTHER ASSETS		608	–	339	–
Externally restricted assets					
Water					
Stores and materials		213	–	187	–
Total water		213	–	187	–
Sewerage					
Stores and materials		–	–	3	–
Total sewerage		–	–	3	–
Domestic waste management					
Nil					
Other					
Nil					
Total externally restricted assets		213	–	190	–
Total internally restricted assets		–	–	–	–
Total unrestricted assets		691	–	458	–
TOTAL INVENTORIES AND OTHER ASSETS		904	–	648	–

The former Queanbeyan City Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 8. Inventories and other assets (continued)

	Actual	Actual
\$ '000	12/5/16	30/6/15
Other disclosures		
(a) Inventories recognised as an expense for the period included:		
– Stores and materials	–	634
– Trading stock	–	72

(b) Inventory write downs

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

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

The former Queanbeyan City Council

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

Note 9a. Infrastructure, property, plant and equipment

\$ '000	as at 30/6/2015					Asset movements during the reporting period							as at 12/5/2016				
	At cost	At fair value	Accumulated		Carrying value	Additions renewals	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	At cost	At fair value	Accumulated		Carrying value
			depreciation	impairment											depreciation	impairment	
Capital work in progress	4,988	–	–	–	4,988	4,210	2,596	–	–	(7,843)	–	–	3,951	–	–	–	3,951
Plant and equipment	–	8,059	5,517	–	2,542	–	1,078	(49)	(800)	–	–	–	–	8,667	5,896	–	2,771
Office equipment	–	3,723	2,764	–	959	–	395	–	(276)	–	–	–	–	4,118	3,040	–	1,078
Furniture and fittings	–	358	265	–	93	–	13	–	(17)	–	–	–	–	371	282	–	89
Plant and equipment (under finance lease)	–	3,542	3,525	–	17	–	–	–	(17)	–	–	–	–	3,478	3,478	–	–
Land:																	
– Operational land	–	40,185	–	–	40,185	–	–	(10)	–	–	–	–	–	40,175	–	–	40,175
– Community land	–	75,749	–	–	75,749	–	2,352	(8)	–	–	(35)	–	–	78,058	–	–	78,058
– Land under roads (post 30/6/08)	–	1,803	–	–	1,803	–	–	–	–	–	–	–	–	1,803	–	–	1,803
Park structures	–	25,004	5,544	–	19,460	–	1,746	(411)	(488)	751	–	–	–	26,544	5,486	–	21,058
Infrastructure:																	
– Buildings – non-specialised	–	23,906	11,693	–	12,213	–	1,054	–	(437)	1,390	–	–	–	26,350	12,130	–	14,220
– Buildings – specialised	–	55,353	18,196	–	37,157	–	134	(70)	(951)	1,814	–	–	–	57,182	19,098	–	38,084
– Other structures	–	2,540	608	–	1,932	–	–	–	(51)	88	–	–	–	2,628	659	–	1,969
– Roads	–	126,045	52,892	–	73,153	–	3,963	(324)	(1,873)	2,740	–	–	–	131,367	53,708	–	77,659
– Bridges	–	6,060	2,341	–	3,719	–	–	–	(70)	–	–	–	–	6,060	2,411	–	3,649
– Footpaths	–	26,087	8,457	–	17,630	–	1,593	(224)	(271)	348	–	–	–	27,647	8,571	–	19,076
– Bulk earthworks (non-depreciable)	–	1,721	–	–	1,721	–	–	–	–	–	–	–	–	1,721	–	–	1,721
– Stormwater drainage	–	162,837	65,002	–	97,835	–	5,581	(5)	(1,475)	7	–	–	–	168,405	66,462	–	101,943
– Water supply network	–	160,050	67,750	–	92,300	–	605	(104)	(2,236)	614	–	1,362	–	163,445	70,904	–	92,541
– Sewerage network	–	232,197	121,618	–	110,579	–	6,673	–	(2,953)	25	–	1,603	–	242,362	126,435	–	115,927
– Recycled water network	–	1,680	25	–	1,655	–	694	–	(21)	–	–	15	–	2,389	46	–	2,343
– Swimming pools	–	3,394	926	–	2,468	–	–	–	(54)	66	–	–	–	3,460	980	–	2,480
Other assets:																	
– Library books	–	765	452	–	313	–	92	–	(118)	–	–	–	–	858	571	–	287
TOTAL INFRASTRUCTURE, PROPERTY, PLANT AND EQUIP.	4,988	961,058	367,575	–	598,471	4,210	28,569	(1,205)	(12,108)	–	(35)	2,980	3,951	997,088	380,157	–	620,882

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 Queanbeyan City Council

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

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

\$ '000 Class of asset	Actual 12/5/16				Actual 30/6/15			
	At cost	At fair value	A/Dep & impairm't	Carrying value	At cost	At fair value	A/Dep & impairm't	Carrying value
Water supply								
WIP	48	—	—	48	182	—	—	182
Plant and equipment	—	96	91	5	93	—	88	5
Office equipment	—	10	10	—	10	—	10	—
Land								
– Community land	—	2,400	—	2,400	—	2,400	—	2,400
Buildings	—	123	77	46	—	123	73	50
Infrastructure	—	163,445	70,904	92,541	—	159,813	67,664	92,149
Total water supply	48	166,074	71,082	95,040	285	162,336	67,836	94,786
Sewerage services								
WIP	606	—	—	606	—	—	—	—
Plant and equipment	—	1,111	1,058	53	1,111	—	1,037	73
Office equipment	—	142	129	13	142	—	112	30
Furniture and fittings	—	4	1	3	4	—	1	3
Land								
– Operational land	—	1,255	—	1,255	—	1,150	—	1,150
– Community land	—	—	—	—	—	105	—	105
Buildings	—	2,643	—	2,643	—	6,063	3,206	2,857
Infrastructure	—	244,751	126,481	118,270	—	233,660	121,510	112,150
Total sewerage services	606	249,906	127,669	122,843	1,257	240,978	125,866	116,368
Domestic waste management								
Plant and equipment	—	1,071	767	304	1,214	—	873	342
Land								
– Operational land	—	1,300	—	1,300	—	1,300	—	1,300
Buildings	—	1,413	657	756	—	1,413	624	789
Total DWM	—	3,784	1,424	2,360	1,214	2,713	1,497	2,431
TOTAL RESTRICTED I,PP&E	654	419,764	200,175	220,243	2,757	406,027	195,199	213,585

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

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

The former Queanbeyan City Council

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

Note 10a. Payables, borrowings and provisions

\$ '000	Notes	12/5/16 Current	12/5/16 Non-current	30/6/15 Current	30/6/15 Non-current
Payables					
Goods and services – operating expenditure		3,393	–	4,915	–
Payments received in advance		3,152	1,374	80	1,374
Accrued expenses:					
– Salaries and wages		384	–	654	–
– Other expenditure accruals		411	–	69	–
Security bonds, deposits and retentions		1,461	–	1,314	–
Other		188	–	188	–
Total payables		8,989	1,374	7,220	1,374
Borrowings					
Loans – secured ¹		570	13,169	473	13,673
Finance lease liabilities		–	–	4	–
Total borrowings		570	13,169	477	13,673
Provisions					
Employee benefits:					
Annual leave		2,056	–	1,910	–
Long service leave		3,747	249	3,319	255
Other leave		213	–	234	–
Total provisions		6,016	249	5,463	255
TOTAL PAYABLES, BORROWINGS AND PROVISIONS		15,575	14,792	13,160	15,302
(i) Liabilities relating to restricted assets					
		12/5/16 Current	12/5/16 Non-current	30/6/15 Current	30/6/15 Non-current
Externally restricted assets					
Water		2,369	–	2,669	–
Sewer		1,540	–	241	–
Domestic waste management		921	–	223	–
Liabilities relating to externally restricted assets		4,830	–	3,133	–
Internally restricted assets					
Other Business Waste Management		66	–	–	–
Liabilities relating to internally restricted assets		66	–	–	–
Total liabilities relating to restricted assets		4,896	–	3,133	–
Total liabilities relating to unrestricted assets		10,679	14,792	10,027	15,302
TOTAL PAYABLES, BORROWINGS AND PROVISIONS		15,575	14,792	13,160	15,302

¹ Loans are secured over the general rating income of Council

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

The former Queanbeyan City Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

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

	Actual 12/5/16	Actual 30/6/15
\$ '000		
(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	3,695	3,186
Payables – security bonds, deposits and retentions	877	828
	4,572	4,014

Note 10b. Description of and movements in provisions

Class of provision	Opening balance as at 1/7/15	1/7/15 to 12/5/16				Closing balance as at 12/5/16
		Additional provisions	Decrease due to payments	Remeasurement effects due to discounting	Unused amounts reversed	
Annual leave	1,910	1,516	(1,324)	(46)	–	2,056
Long service leave	3,574	872	(259)	(191)	–	3,996
Other leave	234	7	(28)	–	–	213
TOTAL	5,718	2,395	(1,611)	(237)	–	6,265

- 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 Queanbeyan City 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	16,764	16,440
Less bank overdraft	10	–	–
Balance as per the Statement of Cash Flows		16,764	16,440
(b) Reconciliation of net operating result to cash provided from operating activities			
Net operating result from Income Statement		34,509	9,513
Adjust for non-cash items:			
Depreciation and amortisation		12,108	12,311
Net losses/(gains) on disposal of assets		979	(764)
Non-cash capital grants and contributions		(24,395)	(6,321)
Losses/(gains) recognised on fair value re-measurements through the P&L:			
– Investments classified as 'at fair value' or 'held for trading'		(405)	(537)
+/- Movement in operating assets and liabilities and other cash items:			
Decrease/(increase) in receivables		(8,962)	(2,976)
Increase/(decrease) in provision for doubtful debts		34	–
Decrease/(increase) in inventories		13	(80)
Decrease/(increase) in other assets		(269)	(45)
Increase/(decrease) in payables		(1,522)	(865)
Increase/(decrease) in other accrued expenses payable		72	153
Increase/(decrease) in other liabilities		3,219	215
Increase/(decrease) in employee leave entitlements		547	129
Net cash provided from/(used in) operating activities from the Statement of Cash Flows		15,928	10,733
(c) Non-cash investing and financing activities			
Contributions 'in kind'		24,395	6,321
Total non-cash investing and financing activities		24,395	6,321
(d) Financing arrangements			
(i) Unrestricted access was available at balance date to the following lines of credit:			
Bank overdraft facilities ⁽¹⁾		1,000	1,000
Credit cards/purchase cards		100	100
Total financing arrangements		1,100	1,100

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 Queanbeyan City Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 12. Commitments for expenditure

\$ '000	Notes	Actual 12/5/16	Actual 30/6/15
(a) Capital commitments (exclusive of GST)			
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
Property, plant and equipment			
Buildings		52	–
Other structures		–	222
Sewer Rehabilitaion Project		7,657	–
CBD Improvement		3,352	–
Cooma/Barracks Flat Intersection Upgrade		816	–
Total commitments		11,877	222
These expenditures are payable as follows:			
Within the next year		11,877	222
Total payable		11,877	222
Sources for funding of capital commitments:			
Unrestricted general funds		52	117
Future grants and contributions		816	–
Externally restricted reserves		7,657	–
Internally restricted reserves		3,352	105
Total sources of funding		11,877	222

The former Queanbeyan City Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 12. Commitments for expenditure (continued)

\$ '000	Notes	Actual 12/5/16	Actual 30/6/15
(b) Finance lease commitments			
(i) Commitments under finance leases at the reporting date are payable as follows:			
Within the next year		—	4
Later than one year and not later than 5 years		—	—
Later than 5 years		—	—
Amount recognised as a liability		—	4
(ii) Finance lease liability recognised represent;			
Current liabilities		—	4
Total finance lease liabilities disclosed		—	4
(iii) General details			
Council leases the following property, plant and equipment under finance leases:			
	Term (years)	Option to purchase	Contingent rent clauses
Other equipment/assets		Y/N	Y/N
Total carrying value at end of period		—	4

(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	100	—
Later than one year and not later than 5 years	148	—
Later than 5 years	—	—
Total non-cancellable operating lease commitments	248	—

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

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

Conditions relating to finance and operating leases:

- All finance and 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 Queanbeyan City Council

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

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

\$ '000	Amounts 12/5/16	Indicator 12/5/16	Prior periods	
			30/6/15	30/6/14
Local government industry indicators – consolidated				
1. Operating performance ratio				
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions less operating expenses	5,208	7.35%	-1.52%	-11.33%
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions	70,823			
2. Own source operating revenue ratio				
Total continuing operating revenue ⁽¹⁾ excluding all grants and contributions	63,535	63.09%	77.53%	64.75%
Total continuing operating revenue ⁽¹⁾	100,698			
3. Unrestricted current ratio				
Current assets less all external restrictions ⁽²⁾	26,403	4.28x	3.67x	3.09x
Current liabilities less specific purpose liabilities ^(3, 4)	6,173			
4. Debt service cover ratio				
Operating result ⁽¹⁾ before capital excluding interest and depreciation/impairment/amortisation	18,097	15.18x	8.76x	5.22x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	1,192			
5. Rates, annual charges, interest and extra charges outstanding percentage				
Rates, annual and extra charges outstanding	10,140	22.28%	4.19%	2.96%
Rates, annual and extra charges collectible	45,507			
6. Cash expense cover ratio				
Current period's cash and cash equivalents plus all term deposits	48,014	9.75 mths	8.1 mths	9.3 mths
Payments from cash flow of operating and financing activities	4,925			

Notes

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

⁽²⁾ Refer Notes 6-8 inclusive.

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

⁽³⁾ Refer to Note 10(a).

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

The former Queanbeyan City Council

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

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

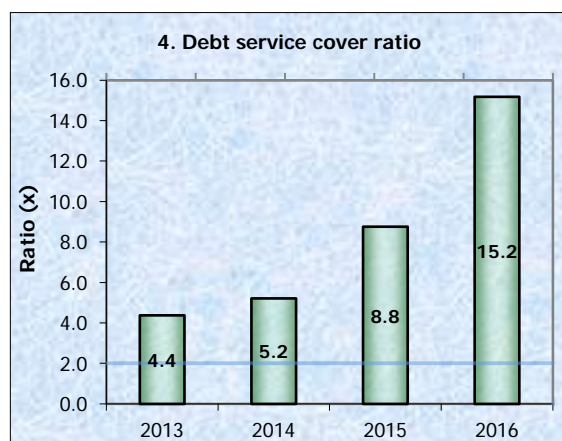
<p>1. Operating performance ratio</p> <p>Benchmark: — Minimum $\geq 0.00\%$</p> <p>Source for benchmark: Code of Accounting Practice and Financial Reporting #24</p>	<p>Purpose of operating performance ratio</p> <p>This ratio measures Council's achievement of containing operating expenditure within operating revenue.</p>	<p>Commentary on 12/5/16 result</p> <p>12/5/16 ratio 7.35%</p> <p>Council's Operating Performance ratio has increased in 2015/16 to 7.35% from -1.52% in 2014/15. This is mainly due to Rates and annual chargers has recognised for full 52 weeks while expence was incurred for 46 weeks.</p>
<p>2. Own source operating revenue ratio</p> <p>Benchmark: — Minimum $\geq 60.00\%$</p> <p>Source for benchmark: Code of Accounting Practice and Financial Reporting #24</p>	<p>Purpose of own source operating revenue ratio</p> <p>This ratio measures fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants and contributions.</p>	<p>Commentary on 12/5/16 result</p> <p>12/5/16 ratio 63.09%</p> <p>With a ratio of 63.09%, Council's ability to generate its own sources of funding from rates and user fees is sound and in excess of the NSW Treasury Corporations benchmark of 60%. This ratio has remained above the industry benchmark throughout the comparative years and indicates council's robust revenue base.</p>
<p>3. Unrestricted current ratio</p> <p>Benchmark: — Minimum ≥ 1.50</p> <p>Source for benchmark: Code of Accounting Practice and Financial Reporting #24</p>	<p>Purpose of unrestricted current ratio</p> <p>To assess the adequacy of working capital and its ability to satisfy obligations in the short term for the unrestricted activities of Council.</p>	<p>Commentary on 12/5/16 result</p> <p>12/5/16 ratio 4.28x</p> <p>This ratio indicates that Council currently has \$4.28 of unrestricted assets available to service every \$1.00 of debt as it falls due. A ratio of 4.28 is considered sound and clearly demonstrates Council's ability to satisfy short term obligations. This ratio has been consistently above the minimum requirements of 1.50x.</p>

The former Queanbeyan City 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)



Benchmark: — Minimum ≥ 2.00

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

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

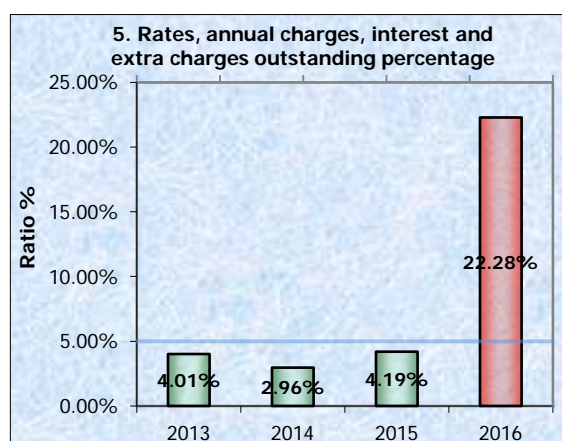
12/5/16 ratio 15.18x

With a ratio of 15.18x, Council's ability to generate sufficient cash to cover its debt payments is sound and is above the NSW Treasury Corporations benchmark of 2.00x. This ratio indicates the council sound financial position.



Ratio achieves benchmark

Ratio is outside benchmark



Benchmark: — Maximum $< 5.00\%$

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

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

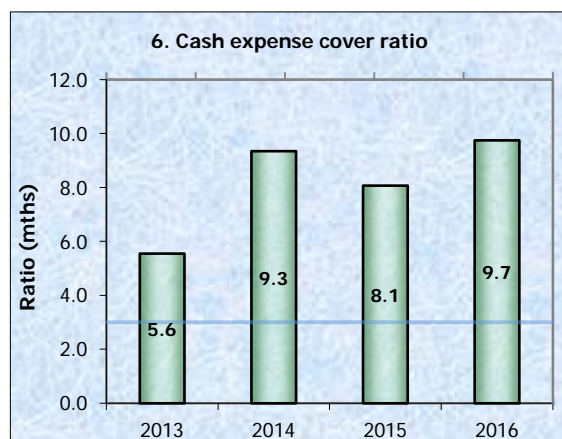
12/5/16 ratio 22.28%

This ratio indicates the percentage of outstanding Rates & Annual Charges at the end of the financial year. This ratio has increase from 4.19% in 2014/15 to 22.28% in 2015/16. This is primarily due to Council's 4th instalment of rates was due on 30th May 2016 that occurred after the close of Financial Statements being 12th May 2016.



Ratio is within Benchmark

Ratio is outside Benchmark



Benchmark: — Minimum ≥ 3.00

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

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 9.75 mths

This ratio is calculated by dividing a Council's Cash and Cash Equivalents as per the Statement of Cash Flows by the net of the operational expenses less depreciation and borrowing costs, and multiplying the result by 12. The benchmark for this ratio is greater than 3 months. For 2015/16, Council exceeded the benchmark with a ratio of 9.75.



Ratio achieves benchmark

Ratio is outside benchmark

The former Queanbeyan City Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

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

\$ '000	Water 12/5/16	Sewer 12/5/16	General ⁵ 12/5/16
Local government industry indicators – by fund			
1. Operating performance ratio			
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions less operating expenses	9.62%	45.96%	-15.61%
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions	prior period: -0.29%	prior period: -1.40%	prior period: -2.10%
2. Own source operating revenue ratio			
Total continuing operating revenue ⁽¹⁾ excluding all grants and contributions	99.58%	98.93%	40.97%
Total continuing operating revenue ⁽¹⁾	prior period: 95.69%	prior period: 86.23%	prior period: 68.07%
3. Unrestricted current ratio			
Current assets less all external restrictions ⁽²⁾	3.60x	6.96x	4.28x
Current liabilities less specific purpose liabilities ^(3, 4)	prior period: 1.60x	prior period: 39.23x	prior period: 3.67x
4. Debt service cover ratio			
Operating result ⁽¹⁾ before capital excluding interest and depreciation/impairment/amortisation	0.00	0.00	2.09x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	prior period: 0.00x	prior period: 0.00x	prior period: 4.62x
5. Rates, annual charges, interest and extra charges outstanding percentage			
Rates, annual and extra charges outstanding	23.76%	25.17%	21.10%
Rates, annual and extra charges collectible	prior period: 4.04%	prior period: 3.76%	prior period: 4.37%
6. Cash expense cover ratio			
Current period's cash and cash equivalents plus all term deposits	1.75 mths	18.05 mths	11.63 mths
Payments from cash flow of operating and financing activities	prior period: 0.00 mths	prior period: 0.00 mths	prior period: 8.07 mths

Notes

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

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

The former Queanbeyan City 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	16,764	16,440	16,764	16,440
Investments				
– 'Held for trading'	11,371	18,306	11,371	18,306
– 'Held to maturity'	63,000	48,750	63,000	48,750
Receivables	19,789	10,736	19,789	10,736
Total financial assets	110,924	94,232	110,924	94,232
Financial liabilities				
Payables	5,837	7,140	5,837	7,140
Loans/advances	13,739	14,146	13,739	14,146
Lease liabilities	–	4	–	4
Total financial liabilities	19,576	21,290	19,576	21,290

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 Queanbeyan City Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 15. Financial risk management (continued)

\$ '000

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

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

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

The risks associated with the investments held are:

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

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

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

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

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

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

	Increase of values/rates		Decrease of values/rates	
	Profit	Equity	Profit	Equity
1/7/15 to 12/5/16				
Possible impact of a 10% movement in market values	1,137	1,137	(1,137)	(1,137)
Possible impact of a 1% movement in interest rates	756	756	(756)	(756)
1/7/14 to 30/6/15				
Possible impact of a 10% movement in market values	1,831	1,831	(1,831)	(1,831)
Possible impact of a 1% movement in interest rates	652	652	(652)	(652)

The former Queanbeyan City 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)		0%	91%	0%	93%
Overdue		100%	9%	100%	7%
		100%	100%	100%	100%
(ii) Ageing of receivables – value					
Rates and annual charges	Other receivables	Rates and annual charges	Other receivables	Rates and annual charges	Other receivables
Current	Current	–	9,025	–	8,516
< 1 year overdue	0 – 30 days overdue	9,860	328	1,611	21
1 – 2 years overdue	30 – 60 days overdue	–	39	–	3
2 – 5 years overdue	60 – 90 days overdue	–	171	–	44
> 5 years overdue	> 90 days overdue	–	419	–	560
		9,860	9,982	1,611	9,144
(iii) Movement in provision for impairment of receivables					
				12/5/16	30/6/15
Balance at the beginning of the period				19	19
+ new provisions recognised during the period				34	–
Balance at the end of the period				53	19

The former Queanbeyan City 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	1,461	4,376	—	—	—	—	—	5,837	5,837
Loans and advances	—	570	537	572	610	649	10,811	13,749	13,739
Total financial liabilities	1,461	4,946	537	572	610	649	10,811	19,586	19,576
1/7/14 to 30/6/15									
Trade/other payables	1,314	5,826	—	—	—	—	—	7,140	7,140
Loans and advances	—	473	505	537	572	610	11,449	14,146	14,146
Lease liabilities	—	4	—	—	—	—	—	4	4
Total financial liabilities	1,314	6,303	505	537	572	610	11,449	21,290	21,290

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

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

	12/5/16 Carrying value	12/5/16 Average interest rate	30/6/15 Carrying value	30/6/15 Average interest rate
Trade/other payables	5,837	0.00%	7,140	0.00%
Loans and advances – fixed interest rate	13,739	6.15%	14,146	6.15%
Lease liabilities	–	0.00%	4	8.80%
	<u>19,576</u>		<u>21,290</u>	

Note 16. Material budget variations

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

The former Queanbeyan City Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 17. Statement of developer contributions

\$ '000

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

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

SUMMARY OF CONTRIBUTIONS AND LEVIES

PURPOSE	Opening balance	Contributions received during the period		Interest earned during period	Expenditure during period	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Roads	952	205	–	15	–	–	1,172	–
Parking	116	–	–	2	–	–	118	–
Open space	78	33	–	2	–	–	113	–
Community facilities	618	431	–	12	(1)	–	1,060	–
Other	655	2,996	–	11	(94)	–	3,568	–
S94 contributions – under a plan	2,419	3,665	–	42	(95)	–	6,031	–
Total S94 revenue under plans	2,419	3,665	–	42	(95)	–	6,031	–
S64 contributions	18,549	371	–	261	(98)	–	19,083	–
Total contributions	20,968	4,036	–	303	(193)	–	25,114	–

The former Queanbeyan City Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 17. Statement of developer contributions (continued)

\$ '000

S94 CONTRIBUTIONS – UNDER A PLAN

CONTRIBUTION PLAN NUMBER 1 - QUEANBEYAN CITY CONTRIBUTIONS PLAN

PURPOSE	Opening balance	Contributions received during the period		Interest earned during period	Expenditure during period	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Roads	383	42	–	6	–	–	431	–
Parking	116	–	–	2	–	–	118	–
Open space	78	33	–	2	–	–	113	–
Community facilities	472	110	–	8	(1)	–	589	–
Other	655	2,996	–	11	(94)	–	3,568	–
Total	1,704	3,181	–	29	(95)	–	4,819	–

CONTRIBUTION PLAN NUMBER 2 - EXTRACTIVE INDUSTRIES CONTRIBUTIONS PLAN

PURPOSE	Opening balance	Contributions received during the period		Interest earned during period	Expenditure during period	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Roads	400	163	–	6	–	–	569	–
Total	400	163	–	6	–	–	569	–

The former Queanbeyan City Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 17. Statement of developer contributions (continued)

\$ '000

S94 CONTRIBUTIONS – UNDER A PLAN

CONTRIBUTION PLAN NUMBER 3 - YARROWLUMLA CONTRIBUTIONS PLAN 2

PURPOSE	Opening balance	Contributions received during the period		Interest earned during period	Expenditure during period	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Roads	169	–	–	3	–	–	172	–
Total	169	–	–	3	–	–	172	–

CONTRIBUTION PLAN NUMBER 4 - YARROWLUMLA CONTRIBUTIONS PLAN 3

PURPOSE	Opening balance	Contributions received during the period		Interest earned during period	Expenditure during period	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Community facilities	145	321	–	4	–	–	470	–
Total	145	321	–	4	–	–	470	–

The former Queanbeyan City Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 18. Contingencies and other assets/liabilities not recognised

\$ '000

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

LIABILITIES NOT RECOGNISED:

1. Guarantees

(i) Defined benefit superannuation contribution plans

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

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

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

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

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

(ii) Statewide Limited

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

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

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

(iii) StateCover Limited

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

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

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

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

(iv) Other guarantees

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

The former Queanbeyan City Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

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

\$ '000

LIABILITIES NOT RECOGNISED (continued):

2. Other liabilities

(i) Third party claims

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

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

(ii) S94 plans

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

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

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

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

ASSETS NOT RECOGNISED:

(i) 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 Queanbeyan City 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)

The former Queanbeyan City 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 no interest in any joint ventures or associates.

(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	1/7/15 to 12/5/16	12/5/16
		Net profit	Net assets
South East Weight of Loads	To monitor the weight of heavy vehicles using public roads	59	608

Reasons for non-recognition

Council only has a 1/11th interest in the South East Weight of Loads joint arrangement.

The former Queanbeyan City 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)		457,303	452,546
a. Correction of prior period errors	20 (c)	—	(4,756)
b. Net operating result for the period		34,509	9,513
Balance at end of the reporting period		491,812	457,303

(b) Revaluation reserves

(i) Reserves are represented by:

– Infrastructure, property, plant and equipment revaluation reserve	210,651	207,706
Total	210,651	207,706

(ii) Reconciliation of movements in reserves:

Infrastructure, property, plant and equipment revaluation reserve			
– Opening balance		207,706	175,945
– Revaluations for the period	9(a)	2,945	31,761
– Balance at end of period		210,651	207,706
TOTAL VALUE OF RESERVES		210,651	207,706

(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.

The former Queanbeyan City Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

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

\$ '000	Notes	Actual 12/5/16	Actual 30/6/15
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(c) Correction of error/s relating to a previous reporting period

Correction of errors disclosed in this period's financial statements:

Adjustments arising from Council's continuous assessment of existing assets details:

Council undertakes a continual assessment of its assets including condition, useful lives, asset existence and assets related business rules (policies). As a result, in the current financial year Council has identified some assets which were not previously recorded in the Council's Asset Registers.

For those asset classes identified, it has been found that their accumulated depreciation and/or valuation for this year is materially different to what has been previously reported. Where practical, prior year comparatives for these items have been valued and an adjustment has been applied against the current reporting period opening balances.

Council corrected the various asset classes for assets previously not recognised. These adjustments were to the asset classes: Work In Progress, Parks and Other Structures, Buildings, Roads, Stormwater, Water Supply, Sewerage Supply, and Recycled Water. The major adjustment was Accumulated Depreciation in Road Surface due to changing the Useful Life of the asset classes (which were previously understated).

The errors have been corrected by restating the beginning balances of relevant affected line items in the Income Statement and Statement of Financial Position for the earliest prior period presented as follows:

Work In Progress Assets not previously recognised	57
Parks Other Structure Assets not previously recognised	(38)
Building Assets not previously recognised	172
Road Assets not recognised	(5,997)
Stormwater drainage Assets not previously recognised	815
Water supply network Assets not previously recognised	151
Sewerage supply network Assets not previously recognised	14
Recycle water Assets not previously recognised	70

(continued on the next page...)

The former Queanbeyan City Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

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

\$ '000	Notes	Actual 12/5/16	Actual 30/6/15
(c) Correction of error/s relating to a previous reporting period			
(continued from the previous page)			
In accordance with AASB 108 – Accounting Policies, Changes in Accounting Estimates and Errors, the above prior period errors 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)			
– Adjustments to closing equity – 30/6/15			
(relating to adjustments for the 30/6/15 year end)			
Total prior period adjustments – prior period errors		–	(4,756)

(d) Voluntary changes in accounting policies

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

(e) Changes in accounting estimates

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

The former Queanbeyan City Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 21. Financial result and financial position by fund

Income Statement by fund	Actual 1/7/15 to 12/5/16	Actual 1/7/15 to 12/5/16	Actual 1/7/15 to 12/5/16
\$ '000			
Continuing operations	Water	Sewer	General¹
Income from continuing operations			
Rates and annual charges ²	6,852	8,748	27,701
User charges and fees	11,304	662	3,768
Interest and investment revenue	364	1,111	1,346
Other revenues	382	274	7,693
Grants and contributions provided for operating purposes	84	97	7,107
Grants and contributions provided for capital purposes	860	7,483	21,532
Other income			
Share of interests in joint ventures and associates using the equity method	—	—	—
Total income from continuing operations	19,846	18,375	69,147
Expenses from continuing operations			
Employee benefits and on-costs	649	1,246	20,612
Borrowing costs	—	—	781
Materials and contracts	4,445	5,058	14,958
Depreciation and amortisation	2,243	3,053	6,812
Impairment	—	—	—
Other expenses	10,496	520	1,007
Net losses from the disposal of assets	103	—	876
Total expenses from continuing operations	17,936	9,877	45,046
Operating result from continuing operations	1,910	8,498	24,101
Discontinued operations			
Net profit/(loss) from discontinued operations	—	—	—
Net operating result for the period	1,910	8,498	24,101
Net operating result attributable to each council fund	1,910	8,498	24,101
Net operating result attributable to non-controlling interests	—	—	—
Net operating result for the period before grants and contributions provided for capital purposes	1,050	1,015	2,569

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

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

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

The former Queanbeyan City Council

Notes to the Financial Statements

as at 12 May 2016

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

Statement of Financial Position by fund \$ '000	Actual 12/5/16	Actual 12/5/16	Actual 12/5/16
ASSETS	Water	Sewer	General¹
Current assets			
Cash and cash equivalents	2,290	10,262	4,212
Investments	5,160	12,487	12,724
Receivables	6,027	1,819	9,607
Inventories	213	–	83
Other	–	–	608
Non-current assets classified as 'held for sale'	–	–	120
Total current assets	13,690	24,568	27,354
Non-current assets			
Investments	3,641	22,524	17,835
Receivables	1,507	455	374
Inventories	–	–	–
Infrastructure, property, plant and equipment	95,040	122,843	402,999
Investments accounted for using the equity method	–	–	–
Investment property	–	–	–
Intangible assets	–	–	–
Total non-current assets	100,188	145,822	421,208
TOTAL ASSETS	113,878	170,390	448,562
LIABILITIES			
Current liabilities			
Payables	2,369	1,540	5,080
Borrowings	–	–	570
Provisions	–	–	6,016
Total current liabilities	2,369	1,540	11,666
Non-current liabilities			
Payables	–	–	1,374
Borrowings	–	–	13,169
Provisions	–	–	249
Total non-current liabilities	–	–	14,792
TOTAL LIABILITIES	2,369	1,540	26,458
Net assets	111,509	168,850	422,104
EQUITY			
Retained earnings	86,532	138,267	267,013
Revaluation reserves	24,977	30,583	155,091
Total equity	111,509	168,850	422,104

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

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

The former Queanbeyan City Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

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

\$ '000	12/5/16	12/5/16	30/6/15	30/6/15
	Current	Non-current	Current	Non-current
(i) Non-current assets and disposal group assets				
Non-current assets 'held for sale'				
Land	120	–	120	–
Total non-current assets 'held for sale'	120	–	120	–
Disposal group assets 'held for sale'				
None				
<u>TOTAL NON-CURRENT ASSETS CLASSIFIED AS 'HELD FOR SALE'</u>	<u>120</u>	<u>–</u>	<u>120</u>	<u>–</u>

(ii) Details of assets and disposal groups

The assets held for sale represent small parcels of land previously identified and agreed by Council to be sold as soon as practicable, the timing of which is reflective of the activities required to be undertaken to prepare those parcels for sale.

\$ '000	Assets 'held for sale'	
	12/5/16	30/6/15
(iii) Reconciliation of non-current assets 'held for sale' and disposal groups – i.e. discontinued operations		
Opening balance	120	253
Less: carrying value of assets/operations sold	–	(133)
Balance still unsold after 12 months:	120	120
Closing balance of 'held for sale' non-current assets and operations	<u>120</u>	<u>120</u>

The former Queanbeyan City 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 07/12/16.

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 Queanbeyan City Council to form Queanbeyan Palerang Regional Council

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

The proclamation automatically transferred the assets, rights and liabilities of the former Queanbeyan City Council to Queanbeyan Palerang Regional Council on 13 May 2016.

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

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

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

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

The former Queanbeyan City 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 a Sewerage Treatment Plant that is due for replacement being expected within the next five years. Depending on the infrastructure solution chosen will determine the extent of any rehabilitation and restoration works that may be required. This future liability has not been brought to account as there is significant uncertainty of what the works may entail and Council is unable to make an assessment of whether these works will materially affect either Council's Financial Results or Financial Position as at 12/05/16.

The former Queanbeyan City Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 27. Fair value measurement

\$ '000

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

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

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

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

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

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

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

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

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

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

1/7/15 to 12/5/16		Fair value measurement hierarchy			Total
		Level 1	Level 2	Level 3	
Recurring fair value measurements		Quoted prices in active mkts	Significant observable inputs	Significant unobservable inputs	
Financial assets					
Investments					
– 'Designated at fair value on initial recognition'	12/05/16	–	–	11,371	11,371
Total financial assets		–	–	11,371	11,371
Infrastructure, property, plant and equipment					
Plant & Equipment	12/05/16	–	–	2,771	2,771
Office Equipment	12/05/16	–	–	1,078	1,078
Furniture and fittings...	12/05/16	–	–	89	89
Operational land...	30/06/12	–	–	40,175	40,175
Community land...	12/05/16	–	–	78,058	78,058
Land under roads (post 30/6/2008)...	30/06/12	–	–	1,803	1,803
Park structures...	30/06/15	–	–	21,058	21,058
Buildings - non-specialised	30/06/12	–	–	14,220	14,220
Buildings - specialised	30/06/12	–	–	38,084	38,084
Other Structures	30/06/12	–	–	1,969	1,969
Roads	30/06/15	–	–	77,659	77,659
Bridges	30/06/15	–	–	3,649	3,649
Footpaths	30/06/15	–	–	19,076	19,076
Bulk Earthworks (non-depreciable)	30/06/15	–	–	1,721	1,721
Stormwater drainage	30/06/12	–	–	101,943	101,943

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The former Queanbeyan City Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 27. Fair value measurement (continued)

\$ '000

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

		Fair value measurement hierarchy			
		Level 1	Level 2	Level 3	Total
	Date	Quoted	Significant	Significant	
	of latest	prices in	observable	unobservable	
	valuation	active mkts	inputs	inputs	
1/7/15 to 12/5/16					
Recurring fair value measurements					
Infrastructure, property, plant and equipment cont'd					
Water Supply Network	30/06/12	—	—	92,541	92,541
Sewerage Network	30/06/12	—	—	115,927	115,927
Recycled Water Network	12/05/16	—	—	2,343	2,343
Swimming Pools	30/06/12	—	—	2,480	2,480
Library Books	12/05/16	—	—	287	287
Total infrastructure, property, plant and equipment		—	—	616,931	616,931
Non-recurring fair value measurements					
Non-current assets classified as 'held for sale'					
Land	30/06/12	—	—	120	120
Total NCA's classified as 'held for sale'		—	—	120	120
1/7/14 to 30/6/15					
Recurring fair value measurements					
Financial assets					
Investments					
– 'Designated at fair value on initial recognition'		—	—	18,306	18,306
Total financial assets		—	—	18,306	18,306
Infrastructure, property, plant and equipment					
Plant and equipment		—	—	2,542	2,542
Office equipment		—	—	959	959
Furniture and fittings		—	—	93	93
Plant and equipment (under finance lease)		—	—	17	17
Operational land	30/06/12	—	—	40,185	40,185
Community land	30/06/12	—	—	75,749	75,749
Land under roads (post 30/6/2008)		—	—	1,803	1,803
Park structures	30/06/15	—	—	19,460	19,460
Buidlings – non-specialised	30/06/12	—	—	12,213	12,213
Buildings – specialised	30/06/12	—	—	37,157	37,157
Other structures		—	—	1,932	1,932
Roads	30/06/15	—	—	73,153	73,153
Bridges	30/06/15	—	—	3,719	3,719
Footpaths	30/06/15	—	—	17,630	17,630
Drainage infrastructure	30/06/15	—	—	97,835	97,835
Water supply network	30/06/12	—	—	92,300	92,300
Sewerage network	30/06/12	—	—	110,579	110,579
Recycled Water network	30/06/12	—	—	1,655	1,655
Swimming pools	30/06/12	—	—	2,468	2,468
Library books		—	—	313	313
Bulk earthworks	30/06/15	—	—	1,721	1,721
Total infrastructure, property, plant and equipment		—	—	593,483	593,483

The former Queanbeyan City Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 27. Fair value measurement (continued)

\$ '000

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

		Fair value measurement hierarchy			
1/7/14 to 30/6/15		Level 1	Level 2	Level 3	Total
	Date	Quoted	Significant	Significant	
	of latest	prices in	observable	unobservable	
	valuation	active mkts	inputs	inputs	
Non-recurring fair value measurements					
Non-current assets classified as 'held for sale'					
Land	30/06/12	—	—	120	120
Total NCA's classified as 'held for sale'		—	—	120	120

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

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

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

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

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

Financial assets

1. Investments

Investments are valued at fair value through profit or loss. Council obtains valuations from its Investment Adviser (CPG) at the end of each reporting period to ensure the financial statements reflect the most up-to-date valuation for those securities that for which no active market exists. There has been no change to the valuation process during the reporting period.

The former Queanbeyan City Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 27. Fair value measurement (continued)

\$ '000

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

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

	Total IPP & E	Total
Opening balance – 1/7/14	570,276	570,276
Purchases (GBV)	13,730	13,730
Disposals (WDV)	(229)	(229)
Depreciation and impairment	(12,311)	(12,311)
Other movement (details here)	27,005	27,005
Closing balance – 30/6/15	598,471	598,471
Purchases (GBV)	32,779	32,779
Disposals (WDV)	(1,205)	(1,205)
Depreciation and impairment	(12,108)	(12,108)
Other movement	2,345	2,345
Closing balance – 12/5/16	620,282	620,282

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

Nil

The former Queanbeyan City Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 27. Fair value measurement (continued)

\$ '000

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

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

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

Class	Fair value (12/5/16) \$'000	Valuation technique/s	Unobservable inputs
Financial assets			
Designated at fair value on initial recognition	11,371		At fair value through profit and loss
I, PP&E			
Plant & Equipment	3,938	Cost Approach	Gross Replacement Cost, Remaining Useful Life, Residual Value.
Office Equipment	1,078	Gross Replacement Cost, Remaining Useful Life, Residual Value.	Gross Replacement Cost, Remaining Useful Life, Residual Value.
Furniture & Fittings	89	Gross Replacement Cost, Remaining Useful Life, Residual Value.	Gross Replacement Cost, Remaining Useful Life, Residual Value.
Operational Land	40,175	Price per square meter	
Community Land	78,058	Unimproved Capital Value (equivalent price per square metre)	
Land under Roads (post 30/06/2008)	1,803	Unimproved Capital Value (price per square metre)	
Park Structures	21,058	Gross Replacement Cost, Asset Condition, Remaining Useful Life, Residual Value.	Gross Replacement Cost, Remaining Useful Life, Residual Value.
Buildings Non-specialised	14,220	Gross Replacement Cost, Asset Condition, Remaining Useful Life, Residual Value.	Gross Replacement Cost, Remaining Useful Life, Residual Value.
Buildings Specialised	38,084	Gross Replacement Cost, Asset Condition, Remaining Useful Life, Residual Value.	Gross Replacement Cost, Remaining Useful Life, Residual Value.
Other Structures	1,969	Gross Replacement Cost, Asset Condition, Remaining Useful Life, Residual Value.	Gross Replacement Cost, Remaining Useful Life, Residual Value.
Roads	77,659	Gross Replacement Cost, Asset Condition, Remaining Useful Life.	Gross Replacement Cost, Remaining Useful Life, Residual Value.

(continued on the next page...)

The former Queanbeyan City Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 27. Fair value measurement (continued)

\$ '000

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

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

Class	Fair value (12/5/16) \$'000	Valuation technique/s	Unobservable inputs
I, PP&E (continued)			
Bridges	3,649	Gross Replacement Cost, Asset Condition, Remaining Useful Life.	Gross Replacement Cost, Remaining Useful Life, Residual Value.
Footpaths	19,076	Gross Replacement Cost, Asset Condition, Remaining Useful Life.	Gross Replacement Cost, Remaining Useful Life, Residual Value.
Bulk Earthworks (non-depreciable)	1,721	Gross Replacement Cost, Asset Condition, Remaining Useful Life.	Gross Replacement Cost, Remaining Useful Life, Residual Value.
Stormwater Drainage	101,943	Gross Replacement Cost, Asset Condition, Remaining Useful Life.	Gross Replacement Cost, Remaining Useful Life, Residual Value.
Water Supply Network	92,541	Gross Replacement Cost, Asset Condition, Remaining Useful Life, Residual Value.	Gross Replacement Cost, Remaining Useful Life, Residual Value.
Sewerage Network	115,927	Gross Replacement Cost, Asset Condition, Remaining Useful Life, Residual Value.	Gross Replacement Cost, Remaining Useful Life, Residual Value.
Recycled Water Network	2,343	Gross Replacement Cost, Asset Condition, Remaining Useful Life, Residual Value.	Gross Replacement Cost, Remaining Useful Life, Residual Value.
Swimming Pools	2,480	Gross Replacement Cost, Asset Condition, Remaining Useful Life, Residual Value	Gross Replacement Cost, Remaining Useful Life, Residual Value.
Library Books	287	Discount Rate, Cost Escalation	

Non-current assets classified as 'held for sale'

Land	120		
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(5). Highest and best use

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

The former Queanbeyan City Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 28. Council information and contact details

Principal place of business:

257 Crawford Street
Queanbeyan NSW 2620

Contact details

Mailing address:

PO Box 90
Queanbeyan NSW 2620

Opening hours:

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

Telephone: 02 6285 6000

Facsimile: 02 6285 4666

Internet: www.qprc.nsw.gov.au

Email: council@qprc.nsw.gov.au

Officers

INTERIM GENERAL MANAGER

Peter Tegart

Members

ADMINISTRATOR

Tim Overall

RESPONSIBLE ACCOUNTING OFFICER

Shane Taylor

PUBLIC OFFICER

Bill Warne

AUDITORS

Hill Rogers
Level 5
1 Chifley Square
SYDNEY NSW 2000

Other information

ABN: 12 842 195 133



QUEANBEYAN-PALERANG REGIONAL COUNCIL

GENERAL PURPOSE FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying general purpose financial statements of the former Queanbeyan City Council, which comprises the Statement of Financial Position as at 12 May 2016, Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the period ended on that date, a summary of significant accounting policies and other explanatory notes and the Statement by Councillors and Management. The financial statements include the consolidated financial statements of the economic entity and the entities it controlled at period end or from time to time during the period.

Responsibility of Council for the Financial Statements

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

Auditors' Responsibility

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

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

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

Independence

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

Auditor's Opinion

In our opinion,

- (a) the Council's accounting records have been kept in accordance with the requirements of the Local Government Act 1993, Chapter 13 part 3 Division 2; and
- (b) the financial statements:
 - (i) have been presented in accordance with the requirements of this Division;
 - (ii) are consistent with the Council's accounting records;
 - (iii) present fairly the Council's financial position, the results of its operations and its cash flows; and
 - (iv) are in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia.
- (c) all information relevant to the conduct of the audit has been obtained; and
- (d) there are no material deficiencies in the accounting records or financial statements that we have become aware of during the course of the audit.

HILL ROGERS



BRETT HANGER

Partner

Dated at Sydney this 7th day of December 2016



7 December 2016

The Administrator
Queanbeyan-Palerang Regional Council
PO Box 90
QUEANBEYAN NSW 2620

Administrator,

Audit Report – Period Ended 12 May 2016

We are pleased to advise completion of the audit of the former Queanbeyan City Council's books and records for the period ended 12 May 2016 and that all information required by us was readily available. We have signed our reports as required under Section 417(1) of the Local Government Act, 1993 and the Local Government Code of Accounting Practice and Financial Reporting to the General and Special Purpose Financial Statements.

Our audit has been conducted in accordance with Australian Auditing Standards so as to express an opinion on both the General and Special Purpose Financial Statements of the Council. We have ensured that the financial statements have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations and the Local Government Code of Accounting Practice and Financial Reporting.

This report on the conduct of the audit is also issued under Section 417(1) and we now offer the following comments on the financial statements and the audit;

1. RESULTS FOR THE PERIOD

1.1 *Operating Result*

The operating result for the period was a surplus of \$34.509 million as compared with \$9.513 million in the previous year.

Assurance Partners

Practising as Hill Rogers Assurance Partners | ABN 56 435 338 966
Member of Morison KSi, an association of global independent accounting firms. Liability limited by a scheme approved under Professional Standards Legislation.

The following table sets out the results for the period and the extent (%) that each category of revenue and expenses contributed to the total.

	2016 \$000	% of Total	2015 \$000	% of Total	Increase (Decrease) \$000
Revenues before capital items					
Rates & annual charges	43,301	61%	42,151	57%	1,150
User charges, fees & other revenues	17,818	25%	19,294	26%	(1,476)
Grants & contributions provided for operating purposes	7,288	10%	9,050	12%	(1,762)
Interest & investment revenue	2,821	4%	3,216	4%	(395)
	71,228	100%	73,711	100%	(2,483)
Expenses					
Employee benefits & costs	22,507	34%	24,681	34%	(2,174)
Materials, contracts & other expenses	31,198	47%	35,638	48%	(4,440)
Depreciation, amortisation & impairment	12,108	18%	12,311	17%	(203)
Borrowing costs	781	1%	884	1%	(103)
	66,594	100%	73,514	100%	(6,920)
Surplus (Deficit) before capital items	4,634		197		4,437
Grants & contributions provided for capital purposes	29,875		9,316		20,559
Net Surplus (Deficit) for the period	34,509		9,513		24,996
Performance Measures	2016		2015		
Operating Performance	7.35%		-1.52%		
Own Source Operating Revenue	63.09%		77.53%		

The above table shows an overall increase of \$24.996 million and is mainly attributable to an increase in receipts of non-cash contributions relating to the Googoong development (up \$18.234 million); coupled with recognising expenses for a 45 week period compared with an annual comparative period.

Operating Performance measures the ability to contain operating expenditure within operating revenue excluding capital amounts. For 2016, this indicator was 7.35%; above the benchmark of 0%.

Own Source Operating Revenue measures the degree of reliance on external funding sources such as grants and contributions. For 2016, this indicator was 63.09%; below the benchmark of 60%.

1.2 Funding Result

As the operating result only accounts for operating income and expenditure, in reviewing the overall financial performance of Council, it is useful to consider the total source of revenues and how they were applied during the period which is illustrated in the table below.

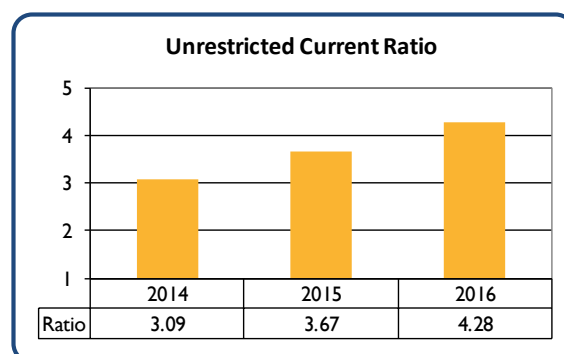
	2016	2015
	\$000	\$000
Funds were provided by:-		
Operating Result (as above)	34,509	9,513
Add back non funding items:-		
- Depreciation, amortisation & impairment	12,108	12,311
- Book value of non-current assets sold	1,205	229
- Non-cash contributions of assets acquired	(24,395)	(6,321)
	23,427	15,732
New loan borrowings	0	500
Transfers from externally restricted assets (net)	0	4,885
Net Changes in current/non-current assets & liabilities	0	63
	23,427	21,187
Funds were applied to:-		
Purchase and construction of assets	(8,384)	(7,409)
Increase/Purchase in non-current investments	(5,750)	(10,500)
Principal repaid on loans	(407)	(407)
Finance lease instalments	(4)	(89)
Transfers to externally restricted assets (net)	(3,964)	0
Transfers to internal reserves (net)	(1,038)	(888)
Advances to deferred debtors	(125)	0
Net Changes in current/non current assets & liabilities	(382)	0
	(20,054)	(19,293)
Increase/(Decrease) in Available Working Capital	3,373	1,894

2. FINANCIAL POSITION

2.1 Unrestricted Current Ratio

The Unrestricted Current Ratio is a financial indicator specific to local government and represents Council's ability to meet its debts and obligations as they fall due.

After eliminating externally restricted assets and current liabilities not expected to be paid within the next 12 months net current assets amounted to \$20.240 million representing a factor of 4.28 to 1.



2.2 Available Working Capital – (Working Funds)

At 12 May 2016 the Available Working Capital of Council stood at \$9.022 million as detailed below;

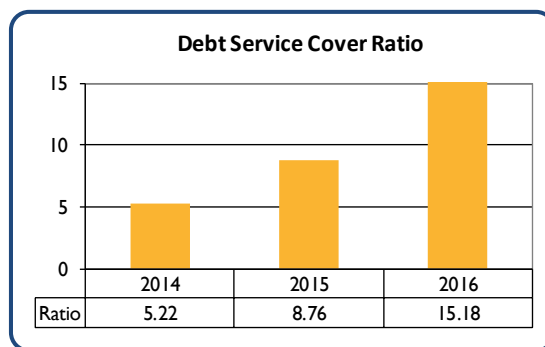
	2016 \$000	2015 \$000	Change \$000
Net Current Assets (Working Capital) as per Accounts	50,037	42,444	7,593
Add: Payables & provisions not expected to be realised in the next 12 months included above	4,572	4,014	558
Adjusted Net Current Assets	54,609	46,458	8,151
Add: Budgeted & expected to pay in the next 12 months			
- Borrowings	570	477	93
- Employees leave entitlements	2,321	2,277	44
- Deposits & retention moneys	584	486	98
- Deferred debtors	(16)	(5)	(11)
Less: Externally restricted assets	(34,369)	(30,405)	(3,964)
Less: Internally restricted assets	(14,677)	(13,639)	(1,038)
Available Working Capital as at 12 May	9,022	5,649	3,373

The balance of Available Working Capital should be at a level to manage Council's day to day operations including the financing of hard core debtors, stores and to provide a buffer against unforeseen and unbudgeted expenditures. Taking into consideration the nature and level of the internally restricted assets (Reserves) set aside to fund future works and services and liabilities, Council's Available Working Capital at 12 May 2016 was sound.

2.3 Debt

After repaying principal and interest of \$1.192 million, total debt as at 12 May 2016 stood at \$13.739 million (2015 - \$14.150 million).

The debt service cover ratio measures the availability of operating cash to service debt repayments. For 2016, the ratio indicated that operating results before capital, interest and depreciation covered payments required to service debt by a factor of 15.18 to 1.



2.4 Summary

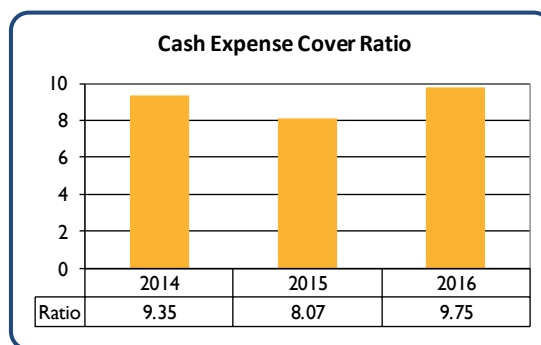
Council's overall financial position, when taking into account the above financial indicators was, in our opinion, sound.

3. CASH ASSETS

3.1 Cash Expense Cover Ratio

This liquidity ratio indicates the number of months of expenditure requirements that can be met with available cash and term deposit balances without the need for additional cash inflow.

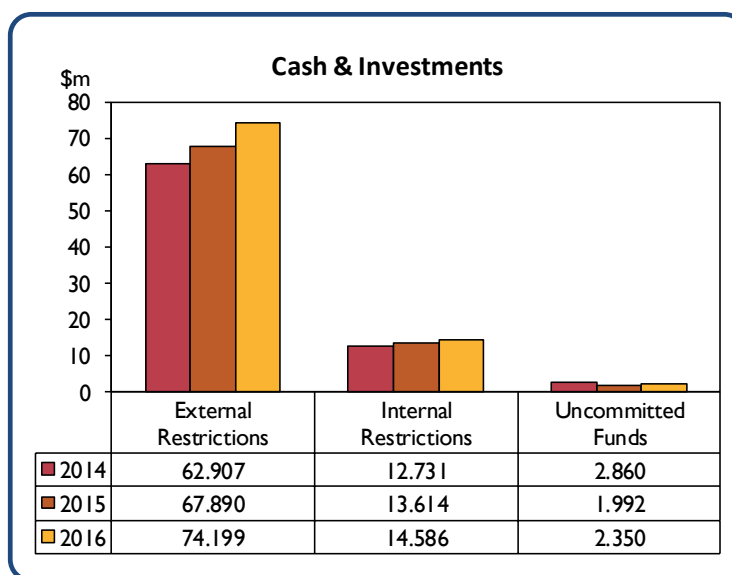
For 2016, this ratio stood at 9.75 months compared to the benchmark of 3.



3.2 Cash & Investment Securities

Cash and investments amounted \$91.135 million at 12 May 2016 as compared with \$83.496 million at 30 June 2015 and \$78.498 million in 2014.

The chart alongside summarises the purposes for which cash and investments securities were held.



Externally restricted cash and investments are restricted in their use by externally imposed requirements and consisted of unexpended loans (\$2.696 million), unexpended developer contributions (\$25.114 million), specific purpose grants and other contributions (\$2.840 million), domestic waste and stormwater management charges (\$6.268 million) and water and sewerage funds (\$37.281 million).

Internally restricted cash and investments have been restricted in their use by resolution or policy of Council to reflect forward plans, identified programs of works, and are, in fact, Council's **"Reserves"**. These Reserves totalled \$14.586 million and their purposes are more fully disclosed in Note 6 of the financial statements.

Unrestricted cash and investments amounted to \$2.350 million, which is available to provide liquidity for day to day operations.

3.3 Cash Flows

The Statement of Cash Flows illustrates the flow of cash moving in and out of Council during the period and reveals that Cash Assets increased by \$324,000 to \$16.764 million at 12 May 2016.

In addition to operating activities which contributed net cash of \$15.928 million were the proceeds from the sale of assets (\$206,000) and redemption of investment securities (\$16.022 million). Cash outflows other than operating activities were used to repay loans and finance leases (\$411,000), purchase investment securities (\$22.912 million), make advances to deferred debtors (\$125,000) and to purchase and construct assets (\$8.384 million).

4. RECEIVABLES

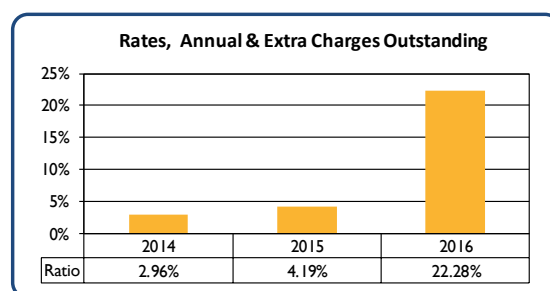
4.1 Rates & Annual Charges (excluding interest & extra charges)

Net rates and annual charges levied during the period totalled \$43.301 million and represented 43% of Council's total revenue.

Including arrears, the total rates and annual charges collectible was \$44.912 million of which \$35.052 million (98%) was collected.

4.2 Rates, Annual & Extra Charges

Arrears of rates, annual and extra charges stood at \$10.140 million at 12 May 2016 and represented 22.28% of those receivables. This indicator has been adversely impacted Council's amalgamation such that the final rates instalment issued for the period was not due until after balance date.



4.3 Other Receivables

Receivables (other than rates annual & extra charges) totalled \$9.702 million and included amounts due from government departments (\$1.819 million) and user charges and fees (\$6.965 million).

5. PAYABLES

5.1 Employees Leave Entitlements

Council's provision for its liability toward employees leave entitlements and associated on costs amounted to \$6.265 million.

A cash reserve of \$987,000 was held representing 16% of this liability and was, in our opinion, sufficient to enable Council to meet unbudgeted and unanticipated retirements.

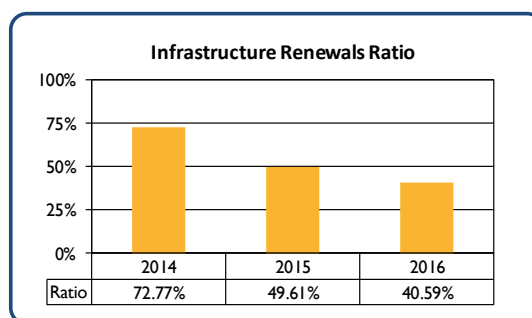
5.2 Deposits, Retentions & Bonds

Deposits, retentions and bonds held at period end amounted to \$1.461 million and were fully funded by internally restricted cash and investments.

6. INFRASTRUCTURE RENEWALS

The Infrastructure Renewals Ratio measures the rate at which these assets are renewed against the rate at which they are depreciating.

Special Schedule No. 7 discloses that asset renewals for 2016 represented 41% of the depreciation charges for these assets. An industry benchmark is considered to be 100%, measured annually over the long term.



7. REVALUATION OF ASSETS

Council's infrastructure, property, plant and equipment are required to be carried at fair value with revaluations of each asset class to be performed at least every five years.

During the period, water and sewerage asset values were indexed and community land was revalued. This resulted in a net increase of \$2.945 million that was credited directly to Equity. Notes 1(j) and 9 of the financial statements provide further details.

8. MANAGEMENT LETTER

An audit management letter addressing the findings from our interim audit was issued on 3 June 2016. This included our recommendations on possible ways to strengthen and/or improve procedures and management's comments and proposed actions.

9. CONCLUSION

We wish to record our appreciation to your General Manager and his staff for their ready co-operation and the courtesies extended to us during the conduct of the audit.

Yours faithfully,
HILL ROGERS

BRETT HANGER
Partner

The former Queanbeyan City Council

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

“Country Living, City Benefits”



The former Queanbeyan City Council

Special Purpose Financial Statements

for the period 1 July 2015 to 12 May 2016

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Statement of Financial Position – Other Business Activities	n/a
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Background

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

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

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

The Former Queanbeyan City Council

Special Purpose Financial Statements

for the period 1 July 2015 to 12 May 2016

Statement by Councillors and Management

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

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

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

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

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

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

Signed in accordance with a resolution of Queanbeyan Palerang Regional Council made on 23 November 2016.



Tim Overall
Administrator



Peter Tegart
Interim General Manager



Shane Taylor
Responsible Accounting Officer

The former Queanbeyan City Council

Income Statement of Council's Water Supply Business Activity

for the period 1 July 2015 to 12 May 2016

	Actual 1/7/15 to 12/5/16	Actual 1/7/14 to 30/6/15
\$ '000		
Income from continuing operations		
Access charges	6,852	6,999
User charges	11,096	10,848
Fees	208	185
Interest	364	421
Grants and contributions provided for non-capital purposes	84	81
Other income	382	173
Total income from continuing operations	18,986	18,707
Expenses from continuing operations		
Employee benefits and on-costs	649	601
Borrowing costs	—	—
Materials and contracts	4,445	4,525
Depreciation and impairment	2,243	2,251
Water purchase charges	10,395	11,212
Loss on sale of assets	103	—
Calculated taxation equivalents	—	32
Debt guarantee fee (if applicable)	—	—
Other expenses	101	140
Total expenses from continuing operations	17,936	18,761
Surplus (deficit) from continuing operations before capital amounts ¹	1,050	(53)
Grants and contributions provided for capital purposes	860	758
Surplus (deficit) from continuing operations after capital amounts	1,910	705
Surplus (deficit) from discontinued operations	—	—
Surplus (deficit) from all operations before tax	1,910	705
Less: corporate taxation equivalent (30%) [based on result before capital]	(315)	—
SURPLUS (DEFICIT) AFTER TAX	1,595	705
Plus opening retained profits	84,622	83,885
Plus/less: prior period adjustments	—	—
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	—	32
– Debt guarantee fees	—	—
– Corporate taxation equivalent	315	—
Less:		
– Tax equivalent dividend paid	—	—
– Surplus dividend paid	—	—
Closing retained profits	86,532	84,622
Return on capital %	1.1%	-0.1%
Subsidy from Council	1,145	2,916
Calculation of dividend payable:		
Surplus (deficit) after tax	1,595	705
Less: capital grants and contributions (excluding developer contributions)	(549)	(121)
Surplus for dividend calculation purposes	1,046	583
Potential dividend calculated from surplus	523	292

The former Queanbeyan City Council

Income Statement of Council's Sewerage Business Activity

for the period 1 July 2015 to 12 May 2016

	Actual 1/7/15 to 12/5/16	Actual 1/7/14 to 30/6/15
\$ '000		
Income from continuing operations		
Access charges	8,748	8,462
User charges	575	398
Liquid trade waste charges	—	—
Fees	87	94
Interest	1,111	1,291
Grants and contributions provided for non-capital purposes	97	764
Other income	274	249
Total income from continuing operations	10,892	11,258
Expenses from continuing operations		
Employee benefits and on-costs	1,246	1,223
Borrowing costs	—	—
Materials and contracts	5,058	5,930
Depreciation and impairment	3,053	3,683
Loss on sale of assets	—	—
Calculated taxation equivalents	—	13
Debt guarantee fee (if applicable)	—	—
Other expenses	520	567
Total expenses from continuing operations	9,877	11,416
Surplus (deficit) from continuing operations before capital amounts ¹	1,015	(158)
Grants and contributions provided for capital purposes	7,483	1,704
Surplus (deficit) from continuing operations after capital amounts	8,498	1,546
Surplus (deficit) from discontinued operations	—	—
Surplus (deficit) from all operations before tax	8,498	1,546
Less: corporate taxation equivalent (30%) [based on result before capital]	(305)	—
SURPLUS (DEFICIT) AFTER TAX	8,194	1,546
Plus opening retained profits	129,769	128,210
Plus/less: prior period adjustments	—	—
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	—	13
– Debt guarantee fees	—	—
– Corporate taxation equivalent	305	—
Less:		
– Tax equivalent dividend paid	—	—
– Surplus dividend paid	—	—
Closing retained profits	138,267	129,769
Return on capital %	0.8%	-0.1%
Subsidy from Council	1,823	3,672
Calculation of dividend payable:		
Surplus (deficit) after tax	8,194	1,546
Less: capital grants and contributions (excluding developer contributions)	5,686	(56)
Surplus for dividend calculation purposes	13,880	1,490
Potential dividend calculated from surplus	6,940	745

The former Queanbeyan City Council

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

\$ '000	Actual 12/5/16	Actual 30/6/15
ASSETS		
Current assets		
Cash and cash equivalents	2,290	–
Investments	5,160	6,464
Receivables	6,027	3,165
Inventories	213	187
Other	–	–
Non-current assets classified as held for sale	–	–
Total current assets	13,690	9,816
Non-current assets		
Investments	3,641	5,250
Receivables	1,507	791
Inventories	–	–
Infrastructure, property, plant and equipment	95,040	94,786
Investments accounted for using equity method	–	–
Investment property	–	–
Intangible assets	–	–
Other	–	–
Total non-current assets	100,188	100,827
TOTAL ASSETS	113,878	110,643
LIABILITIES		
Current liabilities		
Bank overdraft	–	–
Payables	2,369	2,669
Borrowings	–	–
Provisions	–	–
Total current liabilities	2,369	2,669
Non-current liabilities		
Payables	–	–
Borrowings	–	–
Provisions	–	–
Total non-current liabilities	–	–
TOTAL LIABILITIES	2,369	2,669
NET ASSETS	111,509	107,974
EQUITY		
Retained earnings	86,532	84,622
Revaluation reserves	24,977	23,352
Council equity interest	111,509	107,974
Non-controlling equity interest	–	–
TOTAL EQUITY	111,509	107,974

The former Queanbeyan City Council

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

\$ '000	Actual 12/5/16	Actual 30/6/15
ASSETS		
Current assets		
Cash and cash equivalents	10,262	–
Investments	12,487	22,119
Receivables	1,819	337
Inventories	–	3
Other	–	–
Non-current assets classified as held for sale	–	–
Total Current Assets	24,568	22,459
Non-current assets		
Investments	22,524	20,000
Receivables	455	67
Inventories	–	–
Infrastructure, property, plant and equipment	122,843	116,368
Investments accounted for using equity method	–	–
Investment property	–	–
Intangible assets	–	–
Other	–	–
Total non-current assets	145,822	136,435
TOTAL ASSETS	170,390	158,894
LIABILITIES		
Current liabilities		
Bank overdraft	–	–
Payables	1,540	242
Borrowings	–	–
Provisions	–	–
Total current liabilities	1,540	242
Non-current liabilities		
Payables	–	–
Borrowings	–	–
Provisions	–	–
Total non-current liabilities	–	–
TOTAL LIABILITIES	1,540	242
NET ASSETS	168,850	158,652
EQUITY		
Retained earnings	138,267	129,769
Revaluation reserves	30,583	28,883
Council equity interest	168,850	158,652
Non-controlling equity interest	–	–
TOTAL EQUITY	168,850	158,652

The former Queanbeyan City Council

Special Purpose Financial Statements

for the period 1 July 2015 to 12 May 2016

Contents of the notes accompanying the financial statements

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

The former Queanbeyan City Council

Notes to the Special Purpose Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Significant accounting policies

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

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

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

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

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

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

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

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

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

National Competition Policy

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

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

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

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

Declared business activities

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

Category 1

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

a. Queanbeyan City Council Water Supplies

Water supply function servicing the City of Queanbeyan.

b. Queanbeyan City Council Sewerage Service

Sewerage reticulation and treatment system servicing the City of Queanbeyan.

Category 2

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

None

Monetary amounts

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

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

The former Queanbeyan City Council

Notes to the Special Purpose Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Significant accounting policies (continued)

(i) Taxation-equivalent charges

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

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

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

Notional rate applied (%)

Corporate income tax rate – **30%**

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

Payroll tax – The New South Wales component of wages are subject to a rate of **5.45%** in excess of the tax threshold of \$750,000 (proportionally adjusted based on the total Australia wide wages). Australian Capital Territory Wages are subject to a rate of 6.85% on the value of taxable wages in excess of \$2,000,000 (proportionally adjusted based on the total Australia wide wages).

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

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

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

Income tax

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

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

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

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

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

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

Local government rates and charges

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

Loan and debt guarantee fees

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

The former Queanbeyan City Council

Notes to the Special Purpose Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Significant accounting policies (continued)

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

(ii) Subsidies

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

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

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

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

(iii) Return on investments (rate of return)

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

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

The rate of return on capital is calculated as follows:

Operating result before capital income + interest expense

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

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

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

(iv) Dividends

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

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

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

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

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

The former Queanbeyan City Council

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

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

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

12/5/16

1. Calculation and payment of tax-equivalents

[all local government local water utilities must pay this dividend for tax equivalents]

(i)	Calculated tax equivalents	<input type="text" value="–"/>
(ii)	Number of assessments multiplied by \$3/assessment	<input type="text" value="53,688"/>
(iii)	Amounts payable for tax equivalents [lesser of (i) and (ii)]	<input type="text" value="–"/>
(iv)	Amounts actually paid for tax equivalents	<input type="text" value="–"/>

2. Dividend from surplus

(i)	50% of surplus before dividends [calculated in accordance with Best-Practice Management for Water Supply and Sewerage Guidelines]	<input type="text" value="523,000"/>
(ii)	Number of assessments multiplied by \$30/assessment, less tax equivalent charges/assessment	<input type="text" value="536,880"/>
(iii)	Cumulative surplus before dividends for the 3 years to 12 May 2016, less the cumulative dividends paid for the 2 years to 30 June 2015 and 30 June 2014	<input type="text" value="2,299,130"/>

2016 Surplus	<input type="text" value="1,046,000"/>	2015 Surplus	<input type="text" value="583,130"/>	2014 Surplus	<input type="text" value="670,000"/>
		2015 Dividend	<input type="text" value="–"/>	2014 Dividend	<input type="text" value="–"/>

(iv)	Maximum dividend from surplus [least of (i), (ii) and (iii) above]	<input type="text" value="523,000"/>
(v)	Dividend actually paid from surplus [refer below for required pre-dividend payment criteria]	<input type="text" value="–"/>
(vi)	Are the overhead reallocation charges to the water business fair and reasonable? ^a	<input type="text"/>

3. Required outcomes for 6 criteria

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

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

The former Queanbeyan City Council

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

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

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

12/5/16

National Water Initiative (NWI) financial performance indicators

NWI F1	Total revenue (water) Total income (w13) – grants for the acquisition of assets (w11a) – interest income (w9) – Aboriginal Communities W&S Program income (w10a)	\$'000	18,622
NWI F4	Revenue from residential usage charges (water) Income from residential usage charges (w6b) x 100 divided by the sum of [income from residential usage charges (w6a) + income from residential access charges (w6b)]	%	61.82%
NWI F9	Written down replacement cost of fixed assets (water) Written down current cost of system assets (w47)	\$'000	92,542
NWI F11	Operating cost (OMA) (water) Management expenses (w1) + operational and maintenance expenses (w2)	\$'000	15,674
NWI F14	Capital expenditure (water) Acquisition of fixed assets (w16)	\$'000	1,219
NWI F17	Economic real rate of return (water) [total income (w13) – interest income (w9) – grants for acquisition of assets (w11a) – operating costs (NWI F11) – current cost depreciation (w3)] x 100 divided by [written down current cost of system assets (w47) + plant and equipment (w33b)]	%	0.74%
NWI F26	Capital works grants (water) Grants for the acquisition of assets (w11a)	\$'000	–

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

The former Queanbeyan City Council

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

Note 3. Sewerage business best-practice management disclosure requirements

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

12/5/16

1. Calculation and payment of tax-equivalents

[all local government local water utilities must pay this dividend for tax equivalents]

(i)	Calculated tax equivalents	<input type="text" value="–"/>
(ii)	Number of assessments multiplied by \$3/assessment	<input type="text" value="49,743"/>
(iii)	Amounts payable for tax equivalents [lesser of (i) and (ii)]	<input type="text" value="–"/>
(iv)	Amounts actually paid for tax equivalents	<input type="text" value="–"/>

2. Dividend from surplus

(i)	50% of surplus before dividends [calculated in accordance with Best-Practice Management for Water Supply and Sewerage Guidelines]	<input type="text" value="6,939,750"/>
(ii)	Number of assessments x (\$30 less tax equivalent charges per assessment)	<input type="text" value="497,430"/>
(iii)	Cumulative surplus before dividends for the 3 years to 12 May 2016, less the cumulative dividends paid for the 2 years to 30 June 2015 and 30 June 2014	<input type="text" value="18,830,341"/>

2016 Surplus	<input type="text" value="13,879,500"/>	2015 Surplus	<input type="text" value="1,489,841"/>	2014 Surplus	<input type="text" value="3,461,000"/>
		2015 Dividend	<input type="text" value="–"/>	2014 Dividend	<input type="text" value="–"/>

(iv)	Maximum dividend from surplus [least of (i), (ii) and (iii) above]	<input type="text" value="497,430"/>
(v)	Dividend actually paid from surplus [refer below for required pre-dividend payment criteria]	<input type="text"/>
(vi)	Are the overhead reallocation charges to the sewer business fair and reasonable? ^a	<input type="text"/>

3. Required outcomes for 4 criteria

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

(i)	Completion of strategic business plan (including financial plan)	<input type="text"/>
(ii)	Pricing with full cost-recovery, without significant cross subsidies [refer item 2 (a) in table 1 on page 22 of the Best-Practice Guidelines]	<input type="text"/>
	Complying charges	
	(a) Residential [item 2 (c) in table 1]	<input type="text"/>
	(b) Non-residential [item 2 (c) in table 1]	<input type="text"/>
	(c) Trade waste [item 2 (d) in table 1]	<input type="text"/>
	DSP with commercial developer charges [item 2 (e) in table 1]	<input type="text"/>
	Liquid trade waste approvals and policy [item 2 (f) in table 1]	<input type="text"/>
(iii)	Complete performance reporting form (by 15 September each year)	<input type="text"/>
(iv)	a. Integrated water cycle management evaluation	<input type="text"/>
	b. Complete and implement integrated water cycle management strategy	<input type="text"/>

The former Queanbeyan City Council

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

Note 3. Sewerage business best-practice management disclosure requirements (continued)

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

12/5/16

National Water Initiative (NWI) financial performance indicators

NWI F2	Total revenue (sewerage) Total income (s14) – grants for acquisition of assets (s12a) – interest income (s10) – Aboriginal Communities W&S Program income (w10a)	\$'000	9,781
NWI F10	Written down replacement cost of fixed assets (sewerage) Written down current cost of system assets (s48)	\$'000	118,271
NWI F12	Operating cost (sewerage) Management expenses (s1) + operational and maintenance expenses (s2)	\$'000	6,604
NWI F15	Capital expenditure (sewerage) Acquisition of fixed assets (s17)	\$'000	6,698
NWI F18	Economic real rate of return (sewerage) [total income (s14) – interest income (s10) – grants for acquisition of assets (s12a) – operating cost (NWI F12) – current cost depreciation (s3)] x 100 divided by [written down current cost (i.e. WDCC) of system assets (s48) + plant and equipment (s34b)]	%	0.10%
NWI F27	Capital works grants (sewerage) Grants for the acquisition of assets (12a)	\$'000	–

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

NWI F3	Total income (water and sewerage) Total income (w13 + s14) + gain/loss on disposal of assets (w14 + s15) minus grants for acquisition of assets (w11a + s12a) – interest income (w9 + s10)	\$'000	28,403
NWI F8	Revenue from community service obligations (water and sewerage) Community service obligations (NWI F25) x 100 divided by total income (NWI F3)	%	0.58%
NWI F16	Capital expenditure (water and sewerage) Acquisition of fixed assets (w16 + s17)	\$'000	7,917
NWI F19	Economic real rate of return (water and sewerage) [total income (w13 + s14) – interest income (w9 + s10) – grants for acquisition of assets (w11a + s12a) – operating cost (NWI F11 + NWI F12) – current cost depreciation (w3 + s3)] x 100 divided by [written down replacement cost of fixed assets (NWI F9 + NWI F10) + plant and equipment (w33b + s34b)]	%	0.38%
NWI F20	Dividend (water and sewerage) Dividend paid from surplus (2 (v) of Note 2 + 2 (v) of Note 3)	\$'000	–
NWI F21	Dividend payout ratio (water and sewerage) Dividend (NWI F20) x 100 divided by net profit after tax (NWI F24)	%	0.00%

The former Queanbeyan City Council

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

Note 3. Sewerage business best-practice management disclosure requirements (continued)

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

12/5/16

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

NWI F22	Net debt to equity (water and sewerage)	%	-20.10%
	Overdraft (w36 + s37) + borrowings (w38 + s39) – cash and investments (w30 + s31) x 100 divided by [total assets (w35 + s36) – total liabilities (w40 + s41)]		
NWI F23	Interest cover (water and sewerage)		> 100
	Earnings before interest and tax (EBIT) divided by net interest		
	Earnings before interest and tax (EBIT):		825
	Operating result (w15a + s16a) + interest expense (w4a + s4a) – interest income (w9 + s10) – gain/loss on disposal of assets (w14 + s15) + miscellaneous expenses (w4b + w4c + s4b + s4c)		
	Net interest:		- 1,475
	Interest expense (w4a + s4a) – interest income (w9 + s10)		
NWI F24	Net profit after tax (water and sewerage)	\$'000	2,065
	Surplus before dividends (w15a + s16a) – tax equivalents paid (Note 2-1 (iv) + Note 3-1 (iv))		
NWI F25	Community service obligations (water and sewerage)	\$'000	164
	Grants for pensioner rebates (w11b + s12b)		

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



QUEANBEYAN-PALERANG REGIONAL COUNCIL

SPECIAL PURPOSE FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying special purpose financial statements of the former Queanbeyan City Council, which comprises the Statement of Financial Position as at 12 May 2016, Income Statement for the period ended on that date, a summary of significant accounting policies and other explanatory notes and the Statement by Councillors and Management.

Responsibility of Council for the Financial Statements

The Council is responsible for the preparation and fair presentation of the financial statements in accordance with the Local Government Act 1993 and have determined that the accounting policies described in Note 1 to the financial statements, which form part of the financial statements, are appropriate to meet the financial reporting requirements of the Division of Local Government. This responsibility includes the maintenance of adequate accounting records and internal controls designed to prevent and detect fraud and error; designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. Our audit responsibility does not extend to the best practice management disclosures in Notes 2 and 3 and, accordingly, no opinion is expressed on these disclosures.

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

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

Independence

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

Auditor's Opinion

In our opinion, the special purpose financial statements of the Council are presented fairly in accordance with the requirements of those applicable Accounting Standards detailed in Note 1 and the Local Government Code of Accounting Practice and Financial Reporting.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 to the financial statements, which describes the basis of accounting. The financial statements have been prepared for the purpose of fulfilling the financial reporting requirements of the Office of Local Government. As a result, the financial statements may not be suitable for another purpose.

HILL ROGERS



BRETT HANGER
Partner

Dated at Sydney this 7th day of December 2016

The former Queanbeyan City Council

SPECIAL SCHEDULES

for the period 1 July 2015 to 12 May 2016

“Country Living, City Benefits”



The former Queanbeyan City Council

Special Schedules

for the period 1 July 2015 to 12 May 2016

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¹ Special Schedules are not audited.

Background

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

The former Queanbeyan City 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	2,431	13	–	(2,418)
Administration	15,676	381	4,101	(11,194)
Public order and safety				
Fire service levy, fire protection, emergency services	763	398	14	(351)
Beach control	–	–	–	–
Enforcement of local government regulations	235	339	–	104
Animal control	283	149	–	(134)
Other	1	–	–	(1)
Total public order and safety	1,282	886	14	(382)
Health	631	102	–	(529)
Environment				
Noxious plants and insect/vermin control	250	19	–	(231)
Other environmental protection	213	74	–	(139)
Solid waste management	3,461	4,935	105	1,579
Street cleaning	395	–	–	(395)
Drainage	1,662	313	5,581	4,232
Stormwater management	–	–	–	–
Total environment	5,981	5,341	5,686	5,046
Community services and education				
Administration and education	288	23	–	(265)
Social protection (welfare)	252	4	–	(248)
Aged persons and disabled	–	–	–	–
Children's services	1,361	1,144	–	(217)
Total community services and education	1,901	1,171	–	(730)
Housing and community amenities				
Public cemeteries	319	511	–	192
Public conveniences	173	–	–	(173)
Street lighting	527	127	–	(400)
Town planning	754	717	3,501	3,464
Other community amenities	–	–	–	–
Total housing and community amenities	1,773	1,355	3,501	3,083
Water supplies	14,398	18,986	860	5,448
Sewerage services	6,301	10,892	7,483	12,074

The former Queanbeyan City 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	1,241	222	173	(846)
Museums	36	–	–	(36)
Art galleries	–	20	–	20
Community centres and halls	1,775	778	–	(997)
Performing arts venues	–	–	–	–
Other performing arts	–	–	–	–
Other cultural services	122	11	–	(111)
Sporting grounds and venues	799	81	605	(113)
Swimming pools	1,130	996	–	(134)
Parks and gardens (lakes)	2,785	22	–	(2,763)
Other sport and recreation	444	119	–	(325)
Total recreation and culture	8,332	2,249	778	(5,305)
Mining, manufacturing and construction				
Building control	1,634	1,214	–	(420)
Other mining, manufacturing and construction	–	–	–	–
Total mining, manufacturing and const.	1,634	1,214	–	(420)
Transport and communication				
Urban roads (UR) – local	3,611	980	4,504	1,873
Urban roads – regional	129	183	71	125
Sealed rural roads (SRR) – local	104	–	–	(104)
Sealed rural roads (SRR) – regional	46	–	–	(46)
Unsealed rural roads (URR) – local	–	–	62	62
Unsealed rural roads (URR) – regional	–	–	–	–
Bridges on UR – local	107	–	–	(107)
Bridges on SRR – local	–	–	–	–
Bridges on URR – local	–	–	–	–
Bridges on regional roads	–	–	–	–
Parking areas	75	–	55	(20)
Footpaths	715	2	1,593	880
Aerodromes	–	–	–	–
Other transport and communication	994	462	1,167	635
Total transport and communication	5,781	1,627	7,452	3,298
Economic affairs				
Camping areas and caravan parks	122	27	–	(95)
Tourism and area promotion	33	–	–	(33)
Other economic affairs	317	2	–	(315)
Total economic affairs	472	29	–	(443)
Totals – functions	66,593	44,246	29,875	7,528
General purpose revenues ⁽¹⁾		26,981		26,981
Share of interests – joint ventures and associates using the equity method	–	–		–
NET OPERATING RESULT ⁽²⁾	66,593	71,227	29,875	34,509

(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 Queanbeyan City Council

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

for the period 1 July 2015 to 12 May 2016

\$'000

Classification of debt	Principal outstanding at beginning of the period			New loans raised during the period	Debt redemption during the period		Transfers to sinking funds	Interest applicable for period	Principal outstanding at the end of the period		
	Current	Non-current	Total		From revenue	Sinking funds			Current	Non-current	Total
Loans (by source)											
Commonwealth government	–	–	–							–	–
Treasury corporation	–	–	–							–	–
Other state government	–	–	–							–	–
Public subscription	–	–	–							–	–
Financial institutions	473	13,673	14,146	–	407	–	–	781	570	13,169	13,739
Other	–	–	–							–	–
Total loans	473	13,673	14,146	–	407	–	–	781	570	13,169	13,739
Other long term debt											
Ratepayers advances	–	–	–							–	–
Government advances	–	–	–							–	–
Finance leases	4	–	4	–	4	–	–	–	–	–	–
Deferred payments	–	–	–							–	–
Total long term debt	4	–	4	–	4	–	–	–	–	–	–
Total debt	477	13,673	14,150	–	411	–	–	781	570	13,169	13,739

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

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

The former Queanbeyan City Council

Special Schedule 3 – Water Supply Income Statement

Includes all internal transactions, i.e. prepared on a gross basis
for the period 1 July 2015 to 12 May 2016

	Actuals 1/7/15 to 12/5/16	Actuals 1/7/14 to 30/6/15
\$'000		
A Expenses and income		
Expenses		
1. Management expenses		
a. Administration	2,951	2,593
b. Engineering and supervision	673	899
2. Operation and maintenance expenses		
– dams and weirs		
a. Operation expenses	–	–
b. Maintenance expenses	–	–
– Mains		
c. Operation expenses	691	690
d. Maintenance expenses	728	816
– Reservoirs		
e. Operation expenses	103	110
f. Maintenance expenses	34	32
– Pumping stations		
g. Operation expenses (excluding energy costs)	11	13
h. Energy costs	48	47
i. Maintenance expenses	10	6
– Treatment		
j. Operation expenses (excluding chemical costs)	–	–
k. Chemical costs	–	–
l. Maintenance expenses	–	–
– Other		
m. Operation expenses	30	17
n. Maintenance expenses	–	–
o. Purchase of water	10,395	11,215
3. Depreciation expenses		
a. System assets	2,237	2,243
b. Plant and equipment	10	7
4. Miscellaneous expenses		
a. Interest expenses	–	–
b. Revaluation decrements	–	–
c. Other expenses	15	39
d. Impairment – system assets	–	–
e. Impairment – plant and equipment	–	–
f. Aboriginal Communities Water and Sewerage Program	–	–
5. Total expenses	17,936	18,727

The former Queanbeyan City Council

Special Schedule 3 – Water Supply Income Statement (continued)

Includes all internal transactions, i.e. prepared on a gross basis
for the period 1 July 2015 to 12 May 2016

\$'000	Actuals 1/7/15 to 12/5/16	Actuals 1/7/14 to 30/6/15
Income		
6. Residential charges		
a. Access (including rates)	6,852	6,999
b. Usage charges	11,096	10,835
7. Non-residential charges		
a. Access (including rates)	–	–
b. Usage charges	34	13
8. Extra charges	–	62
9. Interest income	364	358
10. Other income	556	357
10a. Aboriginal Communities Water and Sewerage Program	–	–
11. Grants		
a. Grants for acquisition of assets	–	–
b. Grants for pensioner rebates	84	81
c. Other grants	–	–
12. Contributions		
a. Developer charges	–	122
b. Developer provided assets	–	636
c. Other contributions	–	–
13. Total income	18,986	19,463
14. Gain (or loss) on disposal of assets	–	–
15. Operating result	1,050	736
15a. Operating result (less grants for acquisition of assets)	1,050	736

The former Queanbeyan City Council

Special Schedule 3 – Water Supply Income Statement (continued)

Includes all internal transactions, i.e. prepared on a gross basis
for the period 1 July 2015 to 12 May 2016

	Actuals 1/7/15 to 12/5/16	Actuals 1/7/14 to 30/6/15
\$'000		
B Capital transactions		
Non-operating expenditures		
16. Acquisition of fixed assets		
a. New assets for improved standards	–	–
b. New assets for growth	605	637
c. Renewals	614	269
d. Plant and equipment	–	–
17. Repayment of debt	–	–
18. Totals	1,219	906
Non-operating funds employed		
19. Proceeds from disposal of assets	–	–
20. Borrowing utilised	–	–
21. Totals	–	–
C Rates and charges		
22. Number of assessments		
a. Residential (occupied)	16,433	15,153
b. Residential (unoccupied, ie. vacant lot)	377	368
c. Non-residential (occupied)	1,060	1,060
d. Non-residential (unoccupied, ie. vacant lot)	26	26
23. Number of ETs for which developer charges were received	– ET	– ET
24. Total amount of pensioner rebates (actual dollars)	\$ 149,165	\$ 149,567

The former Queanbeyan City Council

Special Schedule 4 – Water Supply Statement of Financial Position

Includes internal transactions, i.e. prepared on a gross basis
as at 12 May 2016

\$'000	Actuals Current	Actuals Non-current	Actuals Total
ASSETS			
25. Cash and investments			
a. Developer charges	5,780	–	5,780
b. Special purpose grants	–	–	–
c. Accrued leave	–	–	–
d. Unexpended loans	–	–	–
e. Sinking fund	–	–	–
f. Other	2,290	3,021	5,311
26. Receivables			
a. Specific purpose grants	–	–	–
b. Rates and availability charges	1,303	325	1,628
c. User charges	–	–	–
d. Other	4,725	1,181	5,906
27. Inventories	213	–	213
28. Property, plant and equipment			
a. System assets	–	92,542	92,542
b. Plant and equipment	–	2,498	2,498
29. Other assets	–	–	–
30. Total assets	14,310	99,568	113,878
LIABILITIES			
31. Bank overdraft	–	–	–
32. Creditors	2,369	–	2,369
33. Borrowings	–	–	–
34. Provisions			
a. Tax equivalents	–	–	–
b. Dividend	–	–	–
c. Other	–	–	–
35. Total liabilities	2,369	–	2,369
36. NET ASSETS COMMITTED	11,941	99,568	111,509
EQUITY			
37. Accumulated surplus			86,532
38. Asset revaluation reserve			24,977
39. TOTAL EQUITY			111,509
Note to system assets:			
40. Current replacement cost of system assets			163,446
41. Accumulated current cost depreciation of system assets			(70,904)
42. Written down current cost of system assets			92,542

The former Queanbeyan City Council

Special Schedule 5 – Sewerage Service Income Statement

Includes all internal transactions, i.e. prepared on a gross basis
for the period 1 July 2015 to 12 May 2016

	Actuals 1/7/15 to 12/5/16	Actuals 1/7/14 to 30/6/15
\$'000		
A Expenses and income		
Expenses		
1. Management expenses		
a. Administration	2,889	2,320
b. Engineering and supervision	623	1,218
2. Operation and maintenance expenses		
– mains		
a. Operation expenses	467	414
b. Maintenance expenses	227	262
– Pumping stations		
c. Operation expenses (excluding energy costs)	152	122
d. Energy costs	71	146
e. Maintenance expenses	161	81
– Treatment		
f. Operation expenses (excl. chemical, energy, effluent and biosolids management costs)	1,032	733
g. Chemical costs	377	463
h. Energy costs	323	314
i. Effluent management	4	4
j. Biosolids management	19	14
k. Maintenance expenses	259	270
– Other		
l. Operation expenses	–	159
m. Maintenance expenses	–	–
3. Depreciation expenses		
a. System assets	2,972	3,491
b. Plant and equipment	81	192
4. Miscellaneous expenses		
a. Interest expenses	–	–
b. Revaluation decrements	–	–
c. Other expenses	220	1,202
d. Impairment – system assets	–	–
e. Impairment – plant and equipment	–	–
f. Aboriginal Communities Water and Sewerage Program	–	–
g. Tax equivalents dividends (actually paid)	–	–
5. Total expenses	9,877	11,405

The former Queanbeyan City Council

Special Schedule 5 – Sewerage Service Income Statement (continued)

Includes all internal transactions, i.e. prepared on a gross basis
for the period 1 July 2015 to 12 May 2016

\$'000	Actuals 1/7/15 to 12/5/16	Actuals 1/7/14 to 30/6/15
Income		
6. Residential charges (including rates)	6,852	7,279
7. Non-residential charges		
a. Access (including rates)	1,136	1,188
b. Usage charges	490	371
8. Trade waste charges		
a. Annual fees	97	23
b. Usage charges	–	–
c. Excess mass charges	–	–
d. Re-inspection fees	–	–
9. Extra charges	–	30
10. Interest income	1,111	1,261
11. Other income	1,009	1,026
11a. Aboriginal Communities Water and Sewerage Program	–	–
12. Grants		
a. Grants for acquisition of assets	–	–
b. Grants for pensioner rebates	80	81
c. Other grants	–	–
13. Contributions		
a. Developer charges	97	56
b. Developer provided assets	–	1,648
c. Other contributions	20	–
14. Total income	10,892	12,963
15. Gain (or loss) on disposal of assets	–	–
16. Operating result	1,015	1,558
16a. Operating result (less grants for acquisition of assets)	1,015	1,558

The former Queanbeyan City Council

Special Schedule 5 – Sewerage Service Income Statement (continued)

Includes all internal transactions, i.e. prepared on a gross basis
for the period 1 July 2015 to 12 May 2016

	Actuals 1/7/15 to 12/5/16	Actuals 1/7/14 to 30/6/15
\$'000		
B Capital transactions		
Non-operating expenditures		
17. Acquisition of fixed assets		
a. New assets for improved standards	—	—
b. New assets for growth	6,673	1,745
c. Renewals	25	106
d. Plant and equipment	—	—
18. Repayment of debt	—	—
19. Totals	6,698	1,851
Non-operating funds employed		
20. Proceeds from disposal of assets	—	—
21. Borrowing utilised	—	—
22. Totals	—	—
C Rates and charges		
23. Number of assessments		
a. Residential (occupied)	15,118	15,102
b. Residential (unoccupied, ie. vacant lot)	377	368
c. Non-residential (occupied)	1,060	1,060
d. Non-residential (unoccupied, ie. vacant lot)	26	26
24. Number of ETs for which developer charges were received	— ET	— ET
25. Total amount of pensioner rebates (actual dollars)	\$ 148,552	\$ 148,978

The former Queanbeyan City Council

Special Schedule 6 – Sewerage Service Statement of Financial Position

Includes internal transactions, i.e. prepared on a gross basis
as at 12 May 2016

\$'000	Actuals Current	Actuals Non-current	Actuals Total
ASSETS			
26. Cash and investments			
a. Developer charges	13,303	—	13,303
b. Special purpose grants	—	—	—
c. Accrued leave	—	—	—
d. Unexpended loans	—	—	—
e. Sinking fund	—	—	—
f. Other	8,893	23,077	31,970
27. Receivables			
a. Specific purpose grants	—	—	—
b. Rates and availability charges	1,762	440	2,202
c. User charges	—	—	—
d. Other	58	14	72
28. Inventories	—	—	—
29. Property, plant and equipment			
a. System assets	—	118,271	118,271
b. Plant and equipment	—	4,572	4,572
30. Other assets	—	—	—
31. Total assets	24,015	146,375	170,390
LIABILITIES			
32. Bank overdraft	—	—	—
33. Creditors	1,540	—	1,540
34. Borrowings	—	—	—
35. Provisions			
a. Tax equivalents	—	—	—
b. Dividend	—	—	—
c. Other	—	—	—
36. Total liabilities	1,540	—	1,540
37. NET ASSETS COMMITTED	22,475	146,375	168,850
EQUITY			
38. Accumulated surplus			138,266
39. Asset revaluation reserve			30,584
40. TOTAL EQUITY			168,850
Note to system assets:			
41. Current replacement cost of system assets			244,752
42. Accumulated current cost depreciation of system assets			(126,481)
43. Written down current cost of system assets			118,271

The former Queanbeyan City Council

Notes to Special Schedules 3 and 5

for the period 1 July 2015 to 12 May 2016

Administration ⁽¹⁾

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

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

Engineering and supervision ⁽¹⁾

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

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

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

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

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

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

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

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

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

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

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

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

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

Notes:

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

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

The former Queanbeyan City 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	Aged Care Facilities	–	–	–	15	376	992	0%	0%	100%	0%	0%
	Amenities – Car Parks	–	–	19	27	61	102	0%	0%	100%	0%	0%
	Amenities – Parks and Sports Grounds	801	–	1	1	6,457	8,545	33%	31%	26%	9%	0%
	Amenities / Toilets	–	–	5	11	380	414	100%	0%	0%	0%	0%
	Animal Control Facilities	–	–	16	20	279	399	0%	0%	100%	0%	0%
	Aquatic Centre	–	–	387	299	–	–	–	–	–	–	–
	Cemetery Facilities	–	–	7	8	691	972	0%	62%	38%	0%	0%
	Club Houses	–	–	96	57	3,878	4,862	49%	24%	27%	0%	0%
	Community Centres	–	–	–	–	4,165	6,723	18%	20%	62%	0%	0%
	Conference Centres	–	–	32	22	2,328	4,099	0%	100%	0%	0%	0%
	Council Halls	–	–	24	11	344	830	0%	100%	0%	0%	0%
	Council Offices	25	–	199	159	6,714	12,348	0%	2%	98%	0%	0%
	Council Works Depot	86	–	120	76	4,303	5,923	25%	1%	72%	1%	0%
	Cultural Centres	–	–	93	53	7,695	9,759	0%	87%	13%	0%	0%
	Emergency Services Facilities	–	–	16	11	2,430	3,415	1%	99%	0%	0%	0%
	Irrigation Facilities – Parks	–	–	–	1	17	33	0%	100%	0%	0%	0%
	Library Facilities	–	–	18	11	2,385	3,964	100%	0%	0%	0%	0%
	Preschool Facilities	–	–	2	–	706	1,805	0%	77%	23%	0%	0%
	Sewer Pump Stations	–	–	418	313	327	372	0%	100%	0%	0%	0%
	Sewer Treatment Facilities	63	–	1,684	1,418	162	1,044	0%	10%	83%	6%	0%
	Showground Facilities	2,282	–	8	5	2,028	3,436	0%	5%	28%	66%	0%
	Sporting Facilities	–	–	1	2	4,309	9,128	25%	61%	15%	0%	0%
	Tourist Facilities	–	–	39	54	1,409	2,403	20%	16%	65%	0%	0%
	Waste Management Facilities	–	–	17	17	592	1,187	0%	0%	100%	0%	0%
	Water Reservoirs	–	–	164	99	47	123	0%	100%	0%	0%	0%
	Water Treatment Facilities	–	–	61	19	–	–	0%	0%	0%	0%	–
	Youth and Recreation Centres	–	–	11	14	221	654	0%	0%	100%	0%	0%
	Sub-total	3,257	–	3,438	2,723	52,304	83,532	18.1%	37.1%	41.0%	3.9%	0.0%

The former Queanbeyan City Council

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

\$'000

Asset class	Asset category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2015/16 Required maintenance ^a	2015/16 Actual maintenance to 12/5/16	Carrying value	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
								1	2	3	4	5
Other structures	Other structures	–		53	32	1,969	–					
	Sub-total	–	–	53	32	1,969	–	0.0%	0.0%	0.0%	0.0%	0.0%
Roads	Sealed roads	475		4,955	3,951	10,482	27,632	78%	18%	2%	1%	1%
	Sealed Road Surface	1,261		7	13	37,529	59,760	78%	18%	2%	2%	1%
	Sealed Road Structure	–		68	45	876	876	0%	0%	100%	0%	0%
	Unsealed Road	–		12	1	3,649	6,060	29%	17%	54%	0%	0%
	Bridges	424		330	330	15,949	23,557	37%	34%	27%	2%	0%
	Path Structure	75		6	1	3,002	3,961	54%	36%	9%	2%	0%
	Path Furniture	–		–	–	121	125	100%	0%	0%	0%	0%
	Car Park	–		–	–	4	4	100%	0%	0%	0%	0%
	K & G	1,161		37	10	2,374	4,278	56%	12%	4%	2%	25%
	Earthwork	–		–	–	2,182	2,353	100%	0%	0%	0%	0%
	Driveway	117		121	135	21,419	33,538	16%	47%	36%	0%	0%
	Road Island	–		–	–	1,721	1,721	100%	0%	0%	0%	0%
	Road Lighting	–		–	–	299	309	100%	0%	0%	0%	0%
	Road Furniture	–		–	–	322	327	100%	0%	0%	0%	0%
	Bus Interchange	–		–	–	987	1,048	100%	0%	0%	0%	0%
	Road Reserve Site Feature	–		–	–	360	388	100%	0%	0%	0%	0%
	Bus Ineterchange	–		–	–	827	857	100%	0%	0%	0%	0%
	Road Reserve Site Features	–		–	–	2	2	100%	0%	0%	0%	0%
	Sub-total	3,513	–	5,536	4,486	102,105	166,796	57.4%	25.5%	15.0%	1.2%	0.9%

The former Queanbeyan City Council

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

\$'000

Asset class	Asset category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2015/16 Required maintenance ^a	2015/16 Actual maintenance to 12/5/16	Carrying value	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
								1	2	3	4	5
Water supply network	Water Connections	–		763	217	6,555	16,020	0%	0%	100%	0%	0%
	Mains & Pipelines	328		613	95	75,225	126,188	17%	48%	34%	0%	0%
	Reservoirs	–		141	27	10,089	19,763	0%	69%	31%	0%	0%
	Pumping Station/s	–		66	4	609	1,390	0%	38%	62%	0%	0%
	District Water Meter	–		–	–	34	43	41%	59%	0%	0%	0%
	Pressure Reducing Valves	–		–	–	29	42	0%	100%	0%	0%	0%
	Sub-total	328	–	1,583	343	92,541	163,446	13.5%	45.8%	40.5%	0.2%	0.0%
Sewerage network	Mains & Pipeline Sewerage Network	18,642		824	383	105,784	209,456	33%	34%	25%	4%	5%
	Mains & Pipeline Recycled Water	–		–	–	2,343	2,389	100%				0%
	Pump Stations	–		405	105	9,023	12,590	59%	23%	5%	13%	0%
	Treatment	3,058		1,703	415	1,120	20,317	0%	0%	6%	79%	15%
	Sub-total	21,700	–	2,932	903	118,270	244,752	32.1%	30.1%	21.8%	10.3%	5.7%

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

\$'000

Asset class	Asset category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2015/16 Required maintenance ^a	2015/16 Actual maintenance to 12/5/16	Carrying value	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
								1	2	3	4	5
Stormwater drainage	Culverts <=6m in Span	–		–	–	1,845	3,019	48%	44%	8%	0%	0%
	Miscellaneous Structures (Headwall/Endwall)	–		–	–	390	537	88%	8%	5%	0%	0%
	Retarding Basin	–		13	4	471	503	100%	0%	0%	0%	0%
	Gross Pollutant Traps	–		12	15	940	1,425					100%
	Open Drainage	–		48	20	1,987	2,143					100%
	Inlet Pits	–		121	65	82	100					100%
	Stormwater Lines	659		–	–	96,228	160,678					100%
	Sub-total	659	–	194	104	101,943	168,405	1.4%	0.8%	0.2%	0.0%	97.6%
Open space/recreational assets	Swimming pools	737		8	12	2,480	3,460	0%	77%	1%	21%	0%
	Parks Structures	178		1,813	2,114	21,058	26,544	20%	75%	4%	1%	0%
	Sub-total	915	–	1,821	2,126	23,538	30,004	18.1%	75.4%	3.4%	3.1%	0.0%
	TOTAL – ALL ASSETS	30,372	–	15,557	10,717	492,670	856,935	25.6%	28.7%	21.0%	3.7%	21.0%

Notes:

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

Infrastructure asset condition assessment 'key'

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

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

\$ '000	Amounts 12/5/16	Indicator 12/5/16	Prior periods	
			30/6/15	30/6/14
Infrastructure asset performance indicators * consolidated				
1. Infrastructure renewals ratio				
Asset renewals ⁽¹⁾	4,210	40.59%	49.61%	72.77%
Depreciation, amortisation and impairment	10,371			
2. Infrastructure backlog ratio				
Estimated cost to bring assets to a satisfactory standard	30,372	6.19%	0.80%	0.90%
Carrying value of infrastructure assets	490,949			
3. Asset maintenance ratio				
Actual asset maintenance	10,717	0.69	0.79	0.87
Required asset maintenance	15,557			
4. Capital expenditure ratio				
Annual capital expenditure	31,574	2.61	1.10	2.08
Annual depreciation	12,108			

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.

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

<p>1. Infrastructure renewals ratio</p> <p>Benchmark: — Minimum $\geq 100.00\%$ Source for benchmark: Code of Accounting Practice and Financial Reporting #24</p>	<p>Purpose of asset renewals ratio</p> <p>To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.</p>	<p>Commentary on 12/5/16 result</p> <p>12/5/16 ratio 40.59%</p> <p>While fluctuations will occur on an annual basis Council's target is to achieve a long term average of 100%. The current year reduction is more reflective of a timing issue with significant renewal activities expected in future years.</p>
<p>2. Infrastructure backlog ratio</p> <p>Benchmark: — Maximum $< 2.00\%$ Source for benchmark: Code of Accounting Practice and Financial Reporting #24</p>	<p>Purpose of infrastructure backlog ratio</p> <p>This ratio shows what proportion the backlog is against the total value of a Council's infrastructure.</p>	<p>Commentary on 12/5/16 result</p> <p>12/5/16 ratio 6.19%</p> <p>Council undertook a Financial Sustainability with Professor Percy Allan. During this process all asset conditions were reviewed. This process allowed Council to ascertain a solid base for calculating the Infrastructure backlog. This review has caused an increase in the backlog ratio.</p>
<p>3. Asset maintenance ratio</p> <p>Benchmark: — Minimum > 1.00 Source for benchmark: Code of Accounting Practice and Financial Reporting #24</p>	<p>Purpose of asset maintenance ratio</p> <p>Compares actual vs. required annual asset maintenance. A ratio above 1.0 indicates Council is investing enough funds to stop the infrastructure backlog growing.</p>	<p>Commentary on 12/5/16 result</p> <p>12/5/16 ratio 0.69 x</p> <p>The Financial Sustainability review allowed Council to review its maintenance vs asset renewal expenditure. The review provided a clear direction to allocate funds to renewal over maintenance. Therefore this process resulted in a decrease of maintenance. Over the next few years this level of expenditure should plateau.</p>
<p>4. Capital expenditure ratio</p> <p>Benchmark: — Minimum > 1.10 Source for benchmark: Code of Accounting Practice and Financial Reporting #24</p>	<p>Purpose of capital expenditure ratio</p> <p>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.</p>	<p>Commentary on 12/5/16 result</p> <p>12/5/16 ratio 2.61 x</p> <p>This primarily reflects the significant value of Developer contributed assets. The increase also reflects to a large extent the timing of renewal and replacement works. Were this trend to continue, this would be of concern and is likely to result in a long term decrease in Council's infrastructure backlog.</p>

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

\$ '000	Water 12/5/16	Sewer 12/5/16	General ⁽¹⁾ 12/5/16
Infrastructure asset performance indicators by fund			
1. Infrastructure renewals ratio			
Asset renewals ⁽²⁾	0.00%	0.00%	81.24%
Depreciation, amortisation and impairment			
prior period:	11.99%	3.04%	101.13%
2. Infrastructure backlog ratio			
Estimated cost to bring assets to a satisfactory standard	0.35%	18.35%	2.98%
Carrying value of infrastructure assets			
prior period:	0.43%	1.29%	0.73%
3. Asset maintenance ratio			
Actual asset maintenance	0.22	0.31	0.86
Required asset maintenance			
prior period:	0.32	0.78	0.84
4. Capital expenditure ratio			
Annual capital expenditure	0.54	2.19	3.47
Annual depreciation			
prior period:	0.40	0.50	1.68

Notes

- (1) General fund refers to all of Council's activities except for its water and sewer activities which are listed separately.
- (2) Asset renewals represent the replacement and/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance.