

COROWA SHIRE



Excellence • Integrity • Accountability • Innovation • Responsiveness • Teamwork

FINANCIAL STATEMENTS

For the year ended 30 June 2015

www.corowa.nsw.gov.au



Corowa Shire

...the choice

Corowa Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2015

“...proudly servicing the Towns and Villages of Corowa,
Mulwala, Howlong, Balldale, Buraja, Coreen, Daysdale,
Lowesdale, Rennie, & Savernake”



Corowa Shire Council

General Purpose Financial Statements

for the financial year ended 30 June 2015

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

Overview

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

(ii) Corowa Shire Council is a body politic of NSW, Australia - being constituted as a Local Government area by proclamation and is duly empowered by the Local Government Act (LGA) 1993 of NSW.

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

- the ability to provide goods, services & facilities, and to carry out activities appropriate to the current & 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 the Council on 20 October 2015. Council has the power to amend and reissue these financial statements.

Corowa Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2015

Understanding Council's Financial Statements

Introduction

Each year, individual Local Governments across NSW are required to present a set of audited financial statements to their Council & Community.

What you will find in the Statements

The financial statements set out the financial performance, financial position & cash flows of Council for the financial year ended 30 June 2015.

The format of the financial statements is standard across all NSW Councils and complies with both the accounting & 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 year, and are required to be adopted by Council - ensuring both responsibility for & ownership of the financial statements.

About the Primary Financial Statements

The financial statements incorporate 5 "primary" financial statements:

1. The Income Statement

Summarises Council's financial performance for the year, listing all income & 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

Primarily records changes in the fair values of Council's Infrastructure, Property, Plant & Equipment.

3. The Statement of Financial Position

A 30 June snapshot of Council's financial position indicating its Assets, Liabilities & "Net Wealth".

4. The Statement of Changes in Equity

The overall change for the year (in dollars) of Council's "Net Wealth".

5. The Statement of Cash Flows

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 5 primary financial statements.

About the Auditor's Reports

Council's financial statements are required to be audited by external accountants (that generally specialize 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 & position, &
2. Their observations on the conduct of the Audit including commentary on the Council's financial performance & financial position.

Who uses the Financial Statements ?

The financial statements are publicly available documents & must be presented at a Council meeting between 7 days & 5 weeks after the date of the Audit Report.

Submissions from the public can be made to Council up to 7 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.

Corowa Shire Council

General Purpose Financial Statements

for the financial year ended 30 June 2015

Statement by Councillors and Management

made pursuant to Section 413(2)(c) of the Local Government Act 1993 (as amended)

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

- The Local Government Act 1993 (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:

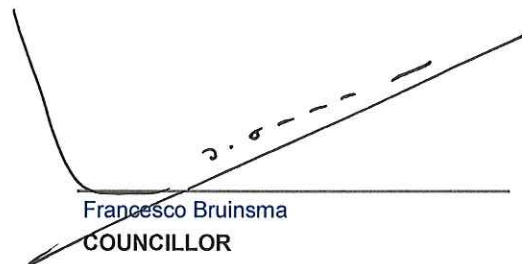
- present fairly the Council's operating result and financial position for the year, and
- accords with Council's accounting and other records.

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

Signed in accordance with a resolution of Council made on 20 October 2015.



Mark Shields
DEPUTY MAYOR



Francesco Bruinsma
COUNCILLOR



Chris Gillard
GENERAL MANAGER



Shane Norman
RESPONSIBLE ACCOUNTING OFFICER

Corowa Shire Council

Income Statement

for the financial year ended 30 June 2015

Budget ¹ 2015	\$ '000	Notes	Actual 2015	Actual 2014
Income from Continuing Operations				
Revenue:				
9,534	Rates & Annual Charges	3a	10,417	10,647
6,767	User Charges & Fees	3b	7,147	5,544
766	Interest & Investment Revenue	3c	857	894
2,826	Other Revenues	3d	2,996	2,962
5,885	Grants & Contributions provided for Operating Purposes	3e,f	7,341	7,023
1,147	Grants & Contributions provided for Capital Purposes	3e,f	1,521	4,730
Other Income:				
-	Net gains from the disposal of assets	5	-	32
26,925	Total Income from Continuing Operations		30,279	31,832
Expenses from Continuing Operations				
7,898	Employee Benefits & On-Costs	4a	8,142	7,894
458	Borrowing Costs	4b	666	482
7,900	Materials & Contracts	4c	9,262	8,889
6,875	Depreciation & Amortisation	4d	6,245	6,987
-	Impairment	4d	29	103
2,934	Other Expenses	4e	2,681	3,174
-	Net Losses from the Disposal of Assets	5	524	-
26,065	Total Expenses from Continuing Operations		27,549	27,529
860	Operating Result from Continuing Operations		2,730	4,303
Discontinued Operations				
-	Net Profit/(Loss) from Discontinued Operations	24	-	-
860	Net Operating Result for the Year		2,730	4,303
860	Net Operating Result attributable to Council		2,730	4,303
(287)	Net Operating Result for the year before Grants and Contributions provided for Capital Purposes		1,209	(427)

¹ Original Budget as approved by Council - refer Note 16

Corowa Shire Council

Statement of Comprehensive Income

for the financial year ended 30 June 2015

\$ '000	Notes	Actual 2015	Actual 2014
Net Operating Result for the year (as per Income statement)		2,730	4,303
Other Comprehensive Income:			
Amounts which will not be reclassified subsequently to the Operating Result			
Nil			
Gain (loss) on revaluation of I,PP&E	20b (ii)	14,601	1,459
Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	(1,135)
Total Items which will not be reclassified subsequently to the Operating Result		14,601	324
Amounts which will be reclassified subsequently to the Operating Result when specific conditions are met			
Nil			
Total Items which will be reclassified subsequently to the Operating Result when specific conditions are met		-	-
Total Other Comprehensive Income for the year		14,601	324
Total Comprehensive Income for the Year		17,331	4,627
Total Comprehensive Income attributable to Council		17,331	4,627
Total Comprehensive Income attributable to Non-controlling Interests		-	-

Corowa Shire Council

Statement of Financial Position

as at 30 June 2015

\$ '000	Notes	Actual 2015	Actual 2014
ASSETS			
Current Assets			
Cash & Cash Equivalents	6a	8,355	7,497
Investments	6b	13,528	12,937
Receivables	7	3,984	4,864
Inventories	8	1,397	1,247
Non-current assets classified as "held for sale"	22	-	286
Total Current Assets		27,264	26,831
Non-Current Assets			
Investments	6b	-	480
Inventories	8	61	73
Infrastructure, Property, Plant & Equipment	9	335,141	319,674
Total Non-Current Assets		335,202	320,227
TOTAL ASSETS		362,466	347,058
LIABILITIES			
Current Liabilities			
Payables	10	2,125	2,564
Borrowings	10	121	216
Provisions	10	2,711	2,703
Total Current Liabilities		4,957	5,483
Non-Current Liabilities			
Borrowings	10	4,566	5,961
Provisions	10	256	258
Total Non-Current Liabilities		4,822	6,219
TOTAL LIABILITIES		9,779	11,702
Net Assets		352,687	335,356
EQUITY			
Retained Earnings	20	133,686	130,956
Revaluation Reserves	20	219,001	204,400
Council Equity Interest		352,687	335,356
Non-controlling Equity Interests		-	-
Total Equity		352,687	335,356

Corowa Shire Council

Statement of Changes in Equity
for the financial year ended 30 June 2015

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non- controlling Interest	Total Equity
2015						
Opening Balance (as per Last Year's Audited Accounts)		130,956	204,400	335,356	-	335,356
a. Correction of Prior Period Errors	20 (c)	-	-	-	-	-
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
Revised Opening Balance (as at 1/7/14)		130,956	204,400	335,356	-	335,356
c. Net Operating Result for the Year		2,730	-	2,730	-	2,730
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	14,601	14,601	-	14,601
- Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	-	-	-	-
Other Comprehensive Income		-	14,601	14,601	-	14,601
Total Comprehensive Income (c&d)		2,730	14,601	17,331	-	17,331
Equity - Balance at end of the reporting period		133,686	219,001	352,687	-	352,687

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non- controlling Interest	Total Equity
2014						
Opening Balance (as per Last Year's Audited Accounts)		126,653	204,076	330,729	-	330,729
a. Correction of Prior Period Errors	20 (c)	-	-	-	-	-
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
Revised Opening Balance (as at 1/7/13)		126,653	204,076	330,729	-	330,729
c. Net Operating Result for the Year		4,303	-	4,303	-	4,303
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	1,459	1,459	-	1,459
- Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	(1,135)	(1,135)	-	(1,135)
Other Comprehensive Income		-	324	324	-	324
Total Comprehensive Income (c&d)		4,303	324	4,627	-	4,627
Equity - Balance at end of the reporting period		130,956	204,400	335,356	-	335,356

Corowa Shire Council

Statement of Cash Flows

for the financial year ended 30 June 2015

Budget 2015	\$ '000	Notes	Actual 2015	Actual 2014
Cash Flows from Operating Activities				
Receipts:				
9,534			10,426	9,432
6,767			6,793	6,772
766			840	855
7,002			8,608	10,916
-			1	10
2,826			3,530	1,941
Payments:				
(7,898)			(8,102)	(8,046)
(7,867)			(9,478)	(7,799)
(458)			(669)	(489)
-			-	-
(2,934)			(3,197)	(3,171)
<u>7,738</u>		11b	<u>8,752</u>	<u>10,421</u>
Cash Flows from Investing Activities				
Receipts:				
-			500	-
-			139	73
-			637	196
-			19	60
Payments:				
-			(591)	(4,095)
(7,301)			(7,108)	(10,287)
<u>(7,301)</u>			<u>(6,404)</u>	<u>(14,053)</u>
Cash Flows from Financing Activities				
Payments:				
(222)			(1,490)	(215)
<u>(222)</u>			<u>(1,490)</u>	<u>(215)</u>
215			858	(3,847)
-	plus: Cash & Cash Equivalents - beginning of year	11a	7,497	11,344
<u>215</u>	Cash & Cash Equivalents - end of the year	11a	<u>8,355</u>	<u>7,497</u>
Additional Information:				
-	plus: Investments on hand - end of year	6b	13,528	13,417
Total Cash, Cash Equivalents & Investments			<u>21,883</u>	<u>20,914</u>

Please refer to Note 11 for information on the following:

- Non Cash Financing & Investing Activities.
- Financing Arrangements.
- Net cash flow disclosures relating to any Discontinued Operations

Corowa Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Contents of the Notes accompanying the Financial Statements

Note	Details	Page
1	Summary of Significant Accounting Policies	10 - 25
2(a)	Council Functions / Activities - Financial Information	26
2(b)	Council Functions / Activities - Component Descriptions	27
3	Income from Continuing Operations	28-33
4	Expenses from Continuing Operations	34 - 37
5	Gains or Losses from the Disposal of Assets	38
6(a)	Cash & Cash Equivalent Assets	39
6(b)	Investments	40
6(c)	Restricted Cash, Cash Equivalents & Investments - Details	41 - 42
7	Receivables	43
8	Inventories and Other Assets	44 - 45
9(a)	Infrastructure, Property, Plant & Equipment	46
9(b)	Externally Restricted Infrastructure, Property, Plant and Equipment	47
9(c)	Infrastructure, Property, Plant and Equipment - Current Year Impairments	48
10(a)	Payables, Borrowings and Provisions	49 - 51
11	Statement of Cash Flows - Additional Information	52 - 53
12	Commitments for Expenditure	54 - 55
13	Statement of Performance Measures:	
	13a (i) Local Government Industry Indicators (Consolidated)	56
	13a (ii) Local Government Industry Graphs (Consolidated)	57 - 58
	13b Local Government Industry Indicators (by Fund)	59
14	Investment Properties	60
15	Financial Risk Management	61 - 64
16	Material Budget Variations	65 - 67
17	Statement of Developer Contributions	68 - 69
18	Contingencies and Other Liabilities/Assets not recognised	70 - 71
19	Interests in Other Entities	72
20	Equity - Retained Earnings and Revaluation Reserves	73
21	Financial Result & Financial Position by Fund	74 - 75
22	"Held for Sale" Non Current Assets & Disposal Groups	76 - 77
23	Events occurring after the Reporting Date	78
24	Discontinued Operations	79
25	Intangible Assets	80
26	Reinstatement, Rehabilitation and Restoration Liabilities	81
27	Fair Value Measurement	82 - 90

Additional Council Disclosures

28	Council Information and Contact Details	91
----	---	----

Corowa Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

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) & 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 IFRS's, 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), Regulations and Local Government Code of Accounting Practice & 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 were no accounting standards that became mandatory this year which materially impacted on Council's financial statements.

(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 2014.

Refer further to paragraph (ab) relating to a summary of the effects of Standards with future operative dates.

(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 & 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 years presented, unless otherwise stated.

There have also been no changes in accounting policies when compared with previous financial statements unless otherwise stated.

Corowa Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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

Critical judgements in applying Council's accounting policies

- (i) Impairment of Receivables - Council has made a significant judgement about the impairment of a number of its receivables in Note 7.
- (ii) Projected Section 94 Commitments - Council has used significant judgement in determining future Section 94 income and expenditure in Note 17.

(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:

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.

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

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

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

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

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

Corowa Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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.

Interest Income from Cash & Investments is accounted for using the effective interest rate at the date that interest is earned.

Dividend Income

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

Other Income

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

(c) Principles of Consolidation

These financial statements incorporate (i) the assets and liabilities of Council and any entities (or operations) that it **controls** (as at 30 June 2015) and (ii) all the related operating results (for the financial year ended the 30th June 2015).

(i) The Consolidated Fund

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

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

The following entities have been included as part of the Consolidated Fund:

- General Purpose Operations
- Water Supply
- Sewerage Service
- Howlong Town Improvement
- Domestic Waste Fund
- Section 355 Committees

(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 which must be applied only for the purposes of or in accordance with the trusts relating to those monies.

Corowa Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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) Joint Arrangements

Council has no interest in any Joint Arrangements.

(iv) Associates

Council has no interest in any Associates.

(v) County Councils

Council is not a member of any County Councils.

(d) Leases

All Leases entered into by Council are reviewed and classified on inception date as either a Finance Lease or an Operating Lease.

Operating Leases

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

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

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

(e) Cash and Cash Equivalents

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

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

- other short-term, highly liquid investments **with original maturities of three months or less** that are readily convertible to known amounts of cash and which 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 & 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/intention for which the investment was acquired & at the time it was acquired.

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

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

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

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

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

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

Corowa Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

(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 & 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.

General Accounting & 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.

Corowa Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

(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.

(iii) Types of Investments

Council has an approved Investment Policy in order to undertake its investment of money in accordance with (and to comply with) Section 625 of the Local Government Act and S212 of the LG (General) Regulation 2005.

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

Council maintains its investment Policy in compliance with the Act and ensures that it or its representatives exercise care, diligence and skill that a prudent person would exercise in investing Council funds.

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

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.

Corowa Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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 & 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 which are known to be uncollectible are written off in accordance with Council's policy.

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

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

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

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

Subsequent recoveries of amounts previously written off are credited against other expenses in the income statement.

(i) Inventories

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.

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

Corowa Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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 and Internal Valuation)
- **Land Improvements**
(as approximated by depreciated historical cost)
- **Buildings – Specialised/Non Specialised**
(External Valuation)
- **Other Structures**
(as approximated by depreciated historical cost)
- **Roads Assets incl. roads, bridges & footpaths**
(Internal Valuation)
- **Bulk Earthworks** (Internal Valuation)
- **Stormwater Drainage** (External Valuation)
- **Water and Sewerage Networks**
(Internal Valuation)
- **Other Assets**
(as approximated by depreciated historical cost)
- **Investment Properties** – refer Note 1(p),

Initial Recognition

On initial recognition, an assets 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 (ie. 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 & 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

Corowa Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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 in the NSW Office of Water - Rates Reference Manual.

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

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

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

Capitalisation Thresholds

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

Land

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

Plant & Equipment

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

Buildings & Land Improvements

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

Water & Sewer Assets

Reticulation extensions	> \$5,000
Other	> \$5,000

Stormwater Assets

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

Transport Assets

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

Depreciation

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

Land is not depreciated.

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

Plant & Equipment

- Office Equipment	5 to 10 years
- Office furniture	10 to 80 years
- Computer Equipment	3 to 10 years
- Vehicles	5 to 8 years
- Heavy Plant/Road Making equip.	5 to 8 years
- Other plant and equipment	5 to 90 years

Other Equipment

- Playground equipment	15 years
- Quarry	15 to 25 years

Buildings

- Buildings : Masonry	60 to 80 years
- Buildings : Other	10 to 60 years

Water & Sewer Assets

- Dams and reservoirs	100 to 150 years
- Bores	30 years
- Treatment and Filtrations Structure	50 year
- Reticulation pipes : PVC	70 years
- Reticulation pipes : Other	45 to 90 years
- Pumps and telemetry	5 to 25 years

Stormwater Assets

- Drains	100 years
- Culverts	80 years
- Pits	100 years

Corowa Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

Transportation Assets

- Sealed Roads : Surface	10 to 20 years
- Unsealed roads	15 years
- Bridge : Concrete	100 years
- Road Pavements	80 years
- Kerb & Gutter	80 years
- Footpaths	35 to 50 years

Other Infrastructure Assets

- Bulk earthworks	Infinite
-------------------	----------

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 De-recognition

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

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

(k) Land

Land (other than Land under Roads) is in accordance with Part 2 of Chapter 6 of the Local Government Act (1993) classified as either Operational or Community.

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

(l) Land under roads

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

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

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

(m) Intangible Assets

Council has not classified any assets as Intangible.

(n) Crown Reserves

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

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

Improvements on Crown Reserves are also recorded as assets, while maintenance costs incurred by Council and revenues relating 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

Corowa Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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

(p) Investment property

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

Council does not hold any investment properties.

(q) Provisions for close down, restoration and for environmental clean up costs – including Tips and Quarries

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

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

Provisions for close down and restoration costs do not include any additional obligations which 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, eg 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.

Corowa Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

Specific Information relating to Council's provisions relating to Close down, Restoration and Remediation costs can be found at Note 26.

(r) Non-Current Assets (or Disposal Groups) "Held for Sale" & 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 30 June and the replacement assets were already purchased and accounted for as at 30 June.

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 & 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 financial year which 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.

Corowa Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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

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

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

(v) Borrowing costs

Borrowing costs are expensed.

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 & 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.

Corowa Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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 valuation is monitored annually and the Actuary has estimated that as at 30 June 2015 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 year ending 30 June 2015 was \$ 242,493.

The amount of additional contributions included in the total employer contribution advised above is \$ 122,245.

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.

Corowa Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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 year 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 30/06/15.

(y) Self insurance

Council does not self insure.

(z) Allocation between current and non-current assets & 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 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 & 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, ie. they are inclusive of GST where applicable.

Investing and Financing cash flows are treated on a net basis (where recoverable from the ATO), ie. they are exclusive of GST. Instead, the GST component of investing and financing activity cash flows which 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

Certain new (or amended) accounting standards and interpretations have been published that are not mandatory for reporting periods ending 30 June 2015.

Council has not adopted any of these standards early.

Corowa Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

Council's assessment of the impact of these new standards and interpretations is set out below.

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

Applicable to Local Government:

AASB 9 - Financial Instruments (and associated amending standards)

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.

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 where very specific conditions are met).

AASB 15 - Revenue from contracts with customers and associated amending standards

AASB 15 will introduce a five 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 full impact of AASB 15 has not yet been ascertained or quantified.

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

The effective date of this standard is for annual reporting periods beginning on or after 1 January 2017.

AASB 124 - Related Party Disclosures

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).

Not applicable to Local Government per se;

None.

(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.

The changes made have had no impact to the 2014 financial result.

(ae) Disclaimer

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

Corowa Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

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 2015	Actual 2015	Actual 2014	Original Budget 2015	Actual 2015	Actual 2014	Original Budget 2015	Actual 2015	Actual 2014	Actual 2015	Actual 2014	Actual 2015	Actual 2014
Governance	-	-	-	646	372	730	(646)	(372)	(730)	-	-	-	-
Administration	2,521	2,713	2,333	3,135	3,522	3,964	(614)	(809)	(1,631)	16	-	19,633	21,642
Public Order & Safety	546	539	531	687	819	541	(141)	(280)	(10)	315	273	946	965
Health	33	7	18	263	191	211	(230)	(184)	(193)	-	-	343	350
Environment	2,220	2,296	2,369	3,306	2,734	3,154	(1,086)	(438)	(785)	292	297	46,674	39,595
Community Services & Education	48	61	6	367	243	234	(319)	(182)	(228)	35	-	1,525	1,629
Housing & Community Amenities	295	336	337	731	623	699	(436)	(287)	(362)	41	58	2,463	2,510
Water Supplies	4,142	5,396	4,401	3,457	4,092	3,640	685	1,304	761	37	64	48,615	46,544
Sewerage Services	4,289	4,498	4,078	3,050	3,675	3,276	1,239	823	802	63	62	41,130	41,134
Recreation & Culture	141	352	514	3,266	3,311	3,149	(3,125)	(2,959)	(2,635)	69	46	25,061	25,469
Mining, Manufacturing & Construction	75	265	464	248	220	285	(173)	45	179	-	-	131	132
Transport & Communication	1,779	3,031	8,112	5,179	6,585	5,989	(3,400)	(3,554)	2,123	687	6,046	171,670	163,198
Economic Affairs	1,189	1,405	1,464	1,515	1,162	1,657	(326)	243	(193)	-	-	4,275	3,890
Total Functions & Activities	17,278	20,899	24,627	25,850	27,549	27,529	(8,572)	(6,650)	(2,902)	1,555	6,846	362,466	347,058
Share of gains/(losses) in Associates & Joint Ventures (using the Equity Method)	-	-	-	-	-	-	-	-	-	-	-	-	-
General Purpose Income ¹	9,647	9,380	7,205	215	-	-	9,432	9,380	7,205	4,627	2,338	-	-
Operating Result from Continuing Operations	26,925	30,279	31,832	26,065	27,549	27,529	860	2,730	4,303	6,182	9,184	362,466	347,058

1. Includes: Rates & Annual Charges (incl. Ex-Gratia), Untied General Purpose Grants & Unrestricted Interest & Investment Income.

Corowa Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 2(b). Council Functions / Activities - Component Descriptions

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

GOVERNANCE

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

ADMINISTRATION

Corporate Support and Other Support Services (not otherwise attributed to the listed functions / activities).

PUBLIC ORDER & SAFETY

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

HEALTH

Inspection, immunisations, food control, health centres, other, administration.

ENVIRONMENT

Noxious plants and insect/vermin control, other environmental protection, solid waste management, street cleaning, drainage, stormwater management.

COMMUNITY SERVICES & EDUCATION

Administration, family day care, child care, youth services, other family and children, aged and disabled, migrant services, Aboriginal services, other community services, education.

HOUSING & COMMUNITY AMENITIES

Housing, town planning, street lighting, other sanitation and garbage, public cemeteries, public conveniences, other community amenities.

WATER SUPPLIES

SEWERAGE SERVICES

RECREATION & CULTURE

Public libraries, museums, art galleries, community centres, public halls, other cultural services, swimming pools, sporting grounds, parks and gardens (lakes), other sport and recreation.

FUEL & ENERGY - Gas Supplies

AGRICULTURE

MINING, MANUFACTURING & CONSTRUCTION

Building control, abattoirs, quarries & pits, other.

TRANSPORT & COMMUNICATION

Urban roads, sealed rural roads, unsealed rural roads, bridges, footpaths, aerodromes, parking areas, bus shelters and services, water transport, RMS works, other.

ECONOMIC AFFAIRS

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

Corowa Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 3. Income from Continuing Operations

\$ '000	Notes	Actual 2015	Actual 2014
(a) Rates & Annual Charges			
Ordinary Rates			
Residential		2,564	2,310
Farmland		1,500	1,403
Business		341	492
Total Ordinary Rates		4,405	4,205
Special Rates			
Water Supplies		698	1,386
Sewerage Services		3,413	3,367
Town Improvement		235	218
Total Special Rates		4,346	4,971
Annual Charges (pursuant to s.496, s.496A, s.496B, s.501 & s.611)			
Domestic Waste Management Services		1,374	1,471
Waste Levy		292	-
Total Annual Charges		1,666	1,471
<u>TOTAL RATES & ANNUAL CHARGES</u>		<u>10,417</u>	<u>10,647</u>

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

Corowa Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2015	Actual 2014
(b) User Charges & Fees			
Specific User Charges (per s.502 - Specific "actual use" charges)			
Water Supply Services		3,798	2,600
Sewerage Services		562	316
Waste Management Services (non-domestic)		129	133
Other		22	54
Total User Charges		4,511	3,103
Other User Charges & Fees			
(i) Fees & Charges - Statutory & Regulatory Functions (per s.608)			
Building Regulation		107	76
Planning & Building Regulation		156	113
Private Works - Section 67		347	87
Registration Fees		10	11
Section 149 Certificates (EPA Act)		29	28
Section 603 Certificates		27	26
Tapping Fees		33	45
Total Fees & Charges - Statutory/Regulatory		709	386
(ii) Fees & Charges - Other (incl. General User Charges) (per s.608)			
Aerodrome		16	17
Caravan Park		-	7
Cemeteries		92	98
Community Centres		34	28
Leaseback Fees - Council Vehicles		30	23
RMS (formerly RTA) Charges (State Roads not controlled by Council)		627	509
Saleyards		807	897
Swimming Centres		33	35
Tourism		50	126
Waste Disposal Tipping Fees		147	145
Rent & Hire of non-investment property		88	93
Other		3	77
Total Fees & Charges - Other		1,927	2,055
TOTAL USER CHARGES & FEES		7,147	5,544

Corowa Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2015	Actual 2014
(c) Interest & Investment Revenue (incl. losses)			
Interest & Dividends			
- Interest on Overdue Rates & Annual Charges (incl. Special Purpose Rates)		91	85
- Interest earned on Investments (interest & coupon payment income)		720	762
- Interest on Deferred Debtors		12	-
- Interest & Dividend Income (Other)		34	18
Fair Value Adjustments			
- Fair Valuation movements in Investments (at FV or Held for Trading)		-	29
<u>TOTAL INTEREST & INVESTMENT REVENUE</u>		<u>857</u>	<u>894</u>
Interest Revenue is attributable to:			
Unrestricted Investments/Financial Assets:			
Overdue Rates & Annual Charges (General Fund)		34	85
General Council Cash & Investments		314	357
Restricted Investments/Funds - External:			
Water Fund Operations		278	268
Sewerage Fund Operations		231	182
Restricted Investments/Funds - Internal:			
Internally Restricted Assets		-	2
Total Interest & Investment Revenue Recognised		<u>857</u>	<u>894</u>
(d) Other Revenues			
Rental Income - Other Council Properties		138	124
Legal Fees Recovery - Rates & Charges (Extra Charges)		43	52
Commissions & Agency Fees		150	127
Diesel Rebate		88	61
Insurance Claim Recoveries		141	199
Sales - General		28	123
Plant Hire Charges		2,245	2,130
Other		163	146
<u>TOTAL OTHER REVENUE</u>		<u>2,996</u>	<u>2,962</u>

Corowa Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 3. Income from Continuing Operations (continued)

\$ '000	2015 Operating	2014 Operating	2015 Capital	2014 Capital
(e) Grants				
General Purpose (Untied)				
Financial Assistance - General Component	1 3,137	1,551	-	-
Financial Assistance - Local Roads Component	1 1,371	674	-	-
Pensioners' Rates Subsidies - General Component	119	113	-	-
Total General Purpose	4,627	2,338	-	-
¹ The Financial Assistance Grant for the comparative 13/14 year reflects a one off timing difference (reduction). This grant ceased being paid in advance in the 13/14 year by up to 50% as had occurred in previous years.				
Specific Purpose				
Pensioners' Rates Subsidies:				
- Water	37	64	-	-
- Sewerage	63	62	-	-
- Domestic Waste Management	72	77	-	-
Bushfire & Emergency Services	253	273	61	-
Environmental Protection	106	166	-	-
Flood Restoration	-	-	16	4,151
Library	64	46	-	-
Noxious Weeds	87	54	-	-
Street Lighting	41	23	-	-
Transport (Roads to Recovery)	650	1,895	-	-
Other	103	35	2	-
Total Specific Purpose	1,476	2,695	79	4,151
Total Grants	6,103	5,033	79	4,151
Grant Revenue is attributable to:				
- Commonwealth Funding	5,449	4,120	-	-
- State Funding	553	913	78	4,151
- Other Funding	101	-	1	-
	6,103	5,033	79	4,151

Corowa Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 3. Income from Continuing Operations (continued)

\$ '000	2015 Operating	2014 Operating	2015 Capital	2014 Capital
(f) Contributions				
Nil				
Developer Contributions:				
(s93 & s94 - EP&A Act, s64 of the LGA):				
S 94 - Contributions towards amenities/services	-	-	90	26
S 64 - Water Supply Contributions	-	-	82	9
S 64 - Sewerage Service Contributions	-	-	93	17
Total Developer Contributions	17 -	-	265	52
Other Contributions:				
Bushfire Services	-	2	-	69
Kerb & Gutter	-	-	63	69
Other Councils - Joint Works/Services	189	165	-	-
Recreation & Culture	-	-	209	345
Roads & Bridges	-	61	467	-
RMS Contributions (Regional Roads, Block Grant)	954	1,247	-	35
Sewerage (excl. Section 64 contributions)	-	-	122	-
Tourism	-	171	-	-
Water Supplies (excl. Section 64 contributions)	-	-	316	-
Quarries	73	233	-	-
Other	22	111	-	9
Total Other Contributions	1,238	1,990	1,177	527
Total Contributions	1,238	1,990	1,442	579
TOTAL GRANTS & CONTRIBUTIONS	7,341	7,023	1,521	4,730

Corowa Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 3. Income from Continuing Operations (continued)

\$ '000	Actual 2015	Actual 2014
(g) Restrictions relating to Grants and Contributions		
Nil		
Certain grants & contributions are obtained by Council on condition that they be spent in a specified manner:		
Unexpended at the Close of the Previous Reporting Period	1,110	340
add: Grants & contributions recognised in the current period but not yet spent:	265	770
less: Grants & contributions recognised in a previous reporting period now spent:	(718)	-
Net Increase / (Decrease) in Restricted Assets during the Period	(453)	770
Unexpended and held as Restricted Assets	657	1,110
Comprising:		
- Specific Purpose Unexpended Grants	-	718
- Developer Contributions	657	392
	657	1,110

Corowa Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 4. Expenses from Continuing Operations

\$ '000	Notes	Actual 2015	Actual 2014
(a) Employee Benefits & On-Costs			
Salaries and Wages		6,190	6,820
Travelling		42	236
Employee Leave Entitlements (ELE)		1,572	1,042
Superannuation - Defined Contribution Plans		587	477
Superannuation - Defined Benefit Plans		242	273
Workers' Compensation Insurance		295	232
Fringe Benefit Tax (FBT)		93	43
Training Costs (other than Salaries & Wages)		79	4
Other		33	-
Total Employee Costs		9,133	9,127
less: Capitalised Costs		(991)	(1,233)
<u>TOTAL EMPLOYEE COSTS EXPENSED</u>		<u>8,142</u>	<u>7,894</u>
Number of "Equivalent Full Time" Employees at year end		108	112
(b) Borrowing Costs			
(i) Interest Bearing Liability Costs			
Interest on Loans		666	482
Total Interest Bearing Liability Costs		666	482
less: Capitalised Costs		-	-
Total Interest Bearing Liability Costs Expensed		666	482
(ii) Other Borrowing Costs			
Nil			
Total Other Borrowing Costs		-	-
<u>TOTAL BORROWING COSTS EXPENSED</u>		<u>666</u>	<u>482</u>

Corowa Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2015	Actual 2014
(c) Materials & Contracts			
Raw Materials & Consumables		9,156	8,768
Auditors Remuneration ⁽¹⁾		49	44
Legal Expenses:			
- Legal Expenses: Planning & Development		7	21
- Legal Expenses: Debt Recovery		47	53
- Legal Expenses: Other		3	3
Total Materials & Contracts		9,262	8,889
less: Capitalised Costs		-	-
<u>TOTAL MATERIALS & CONTRACTS</u>		<u>9,262</u>	<u>8,889</u>
1. Auditor Remuneration			
During the year, the following fees were incurred for services provided by the Council's Auditor (& the Auditors of other Consolidated Entities):			
(i) Audit and Other Assurance Services			
- Audit & review of financial statements: Council's Auditor		28	26
- Audit of regulatory returns		6	-
- Other audit & assurance services - Internal Audit		15	18
Remuneration for audit and other assurance services		49	44
Total Auditor Remuneration		49	44

Corowa Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Impairment Costs		Depreciation/Amortisation	
		Actual 2015	Actual 2014	Actual 2015	Actual 2014
Plant and Equipment		-	-	335	596
Office Equipment		-	-	68	72
Furniture & Fittings		-	-	15	13
Land Improvements (depreciable)		-	-	48	43
Buildings - Non Specialised		-	-	643	646
Buildings - Specialised		-	97	922	941
Other Structures		-	-	-	9
Infrastructure:					
- Roads		-	-	1,856	2,367
- Bridges		-	-	33	93
- Footpaths		-	-	84	170
- Stormwater Drainage		27	-	302	374
- Water Supply Network		2	-	1,158	876
- Sewerage Network		-	6	748	737
Other Assets					
- Other		-	-	33	50
Total Depreciation & Impairment Costs		29	103	6,245	6,987
less: Capitalised Costs		-	-	-	-
<u>TOTAL DEPRECIATION & IMPAIRMENT COSTS EXPENSED</u>		<u>29</u>	<u>103</u>	<u>6,245</u>	<u>6,987</u>

Corowa Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2015	Actual 2014
(e) Other Expenses			
Other Expenses for the year include the following:			
Advertising		40	89
Bank Charges		66	51
Cleaning		225	231
Computer Software Charges		90	249
Contributions/Levies to Other Levels of Government		-	-
- Bushfire Fighting Fund		111	138
- Emergency Services Levy (includes FRNSW, SES, and RFS Levies)		276	-
- NSW Fire Brigade Levy		-	34
- NSW Rural Fire Service Levy		-	89
Councillor Expenses - Mayoral Fee		20	19
Councillor Expenses - Councillors' Fees		91	81
Councillors' Expenses (incl. Mayor) - Other (excluding fees above)		6	65
Donations, Contributions & Assistance to other organisations (Section 356)		-	71
Election Expenses		-	1
Electricity & Heating		663	1,159
Fire Control Expenses		53	164
Insurance		438	190
Office Expenses (including computer expenses)		73	-
Postage		32	28
Printing & Stationery		97	53
Street Lighting		157	138
Subscriptions & Publications		68	-
Telephone & Communications		101	111
Tourism Expenses (excluding employee costs)		45	169
Valuation Fees		-	44
Other		29	-
Total Other Expenses		2,681	3,174
less: Capitalised Costs		-	-
TOTAL OTHER EXPENSES		2,681	3,174

Corowa Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 5. Gains or Losses from the Disposal of Assets

\$ '000	Notes	Actual 2015	Actual 2014
Property (excl. Investment Property)			
Proceeds from Disposal - Property		61	-
less: Carrying Amount of Property Assets Sold / Written Off		(51)	-
Net Gain/(Loss) on Disposal		10	-
Plant & Equipment			
Proceeds from Disposal - Plant & Equipment		236	196
less: Carrying Amount of P&E Assets Sold / Written Off		(274)	(181)
Net Gain/(Loss) on Disposal		(38)	15
Infrastructure			
Proceeds from Disposal - Infrastructure		-	-
less: Carrying Amount of Infrastructure Assets Sold / Written Off		(631)	-
Net Gain/(Loss) on Disposal		(631)	-
Real Estate Assets Held For Sale			
Proceeds from Disposal - Real Estate Assets		139	73
less: Carrying Amount of Real Estate Assets Sold / Written Off		(78)	(56)
Net Gain/(Loss) on Disposal		61	17
Financial Assets *			
Proceeds from Disposal / Redemptions / Maturities - Financial Assets		500	-
less: Carrying Amount of Financial Assets Sold / Redeemed / Matured		(480)	-
Net Gain/(Loss) on Disposal		20	-
Non Current Assets Classified as "Held for Sale"			
Proceeds from Disposal - Non Current Assets "Held for Sale"		340	-
less: Carrying Amount of 'Held for Sale' Assets Sold / Written Off		(286)	-
Net Gain/(Loss) on Disposal		54	-
NET GAIN/(LOSS) ON DISPOSAL OF ASSETS		(524)	32
* Financial Assets disposals / redemptions include:			
- Net Gain/(Loss) from Financial Instruments "At Fair Value through profit & loss"		20	-
Net Gain/(Loss) on Disposal of Financial Instruments		20	-

Corowa Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 6a. - Cash Assets and Note 6b. - Investments

\$ '000	Notes	2015	2015	2014	2014
		Actual Current	Actual Non Current	Actual Current	Actual Non Current
Cash & Cash Equivalents (Note 6a)					
Cash on Hand and at Bank		166	-	136	-
Cash-Equivalent Assets ¹					
- Deposits at Call		2,624	-	2,173	-
- Short Term Deposits		5,565	-	5,188	-
Total Cash & Cash Equivalents		8,355	-	7,497	-
Investments (Note 6b)					
- Long Term Deposits		13,528	-	12,937	-
- Other Long Term Financial Assets		-	-	-	480
Total Investments		13,528	-	12,937	480
TOTAL CASH ASSETS, CASH EQUIVALENTS & INVESTMENTS		21,883	-	20,434	480

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

Cash, Cash Equivalents & Investments were classified at year end in accordance with AASB 139 as follows:

Cash & Cash Equivalents

a. "At Fair Value through the Profit & Loss"		8,355	-	7,497	-
---	--	--------------	----------	--------------	----------

Investments

Nil

a. "At Fair Value through the Profit & Loss"

- "Held for Trading"	6(b-i)	-	-	-	-
b. "Held to Maturity"	6(b-ii)	13,528	-	12,937	480
c. "Loans & Receivables"	6(b-iii)	-	-	-	-
d. "Available for Sale"	6(b-iv)	-	-	-	-

Investments		13,528	-	12,937	480
--------------------	--	---------------	----------	---------------	------------

Refer to Note 27 - Fair Value Measurement for information regarding the fair value of investments held.

Corowa Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 6b. Investments (continued)

\$ '000	2015 Actual Current	2015 Actual Non Current	2014 Actual Current	2014 Actual Non Current
Note 6(b-i)				
Reconciliation of Investments classified as "At Fair Value through the Profit & Loss"				
Balance at the Beginning of the Year	-	-	-	-
Balance at End of Year	-	-	-	-
Note 6(b-ii)				
Reconciliation of Investments classified as "Held to Maturity"				
Balance at the Beginning of the Year	12,937	480	8,842	451
Additions	591	-	4,095	-
Impairment (loss)/prior loss reversal (via P&L)	-	-	-	29
Disposals (sales & redemptions)	-	(480)	-	-
Balance at End of Year	13,528	-	12,937	480
Comprising:				
- Long Term Deposits	13,528	-	12,937	-
- Other Long Term Financial Assets	-	-	-	480
Total	13,528	-	12,937	480
Note 6(b-iii)				
Reconciliation of Investments classified as "Loans & Receivables"				
Balance at the Beginning of the Year	-	-	-	-
Balance at End of Year	-	-	-	-
Note 6(b-iv)				
Reconciliation of Investments classified as "Available for Sale"				
Balance at the Beginning of the Year	-	-	-	-
Balance at End of Year	-	-	-	-
Comprising:				
- Managed Funds	-	-	-	-
- Other Long Term Maturity Financial Assets	-	-	-	-
Total	-	-	-	-

Corowa Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 6c. Restricted Cash, Cash Equivalents & Investments - Details

\$ '000	2015	2015	2014	2014
	Actual Current	Actual Non Current	Actual Current	Actual Non Current
Total Cash, Cash Equivalents and Investments	21,883	-	20,434	480
attributable to:				
External Restrictions (refer below)	13,325	-	12,919	480
Internal Restrictions (refer below)	5,886	-	5,726	-
Unrestricted	2,672	-	1,789	-
	21,883	-	20,434	480

2015 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
-----------------	--------------------	------------------------------	--------------------------------	--------------------

Details of Restrictions

External Restrictions - Included in Liabilities

Nil

External Restrictions - Other

Developer Contributions - General	(D)	302	63	-	365
Developer Contributions - Water Fund	(D)	63	92	-	155
Developer Contributions - Sewer Fund	(D)	27	110	-	137
RMS (formerly RTA) Contributions	(E)	-	-	-	-
Specific Purpose Unexpended Grants	(F)	718	-	(718)	-
Water Supplies	(G)	6,797	1,210	-	8,007
Sewerage Services	(G)	5,150	-	(796)	4,354
Domestic Waste Management	(G)	342	-	(35)	307
External Restrictions - Other		13,399	1,475	(1,549)	13,325
Total External Restrictions		13,399	1,475	(1,549)	13,325

Corowa Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 6c. Restricted Cash, Cash Equivalents & Investments - Details (continued)

2015 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
Internal Restrictions				
Plant & Vehicle Replacement	951	-	-	951
Employees Leave Entitlement	1,303	-	-	1,303
Carry Over Works	523	274	(400)	397
Buildings / Office Equipment	601	-	-	601
Gravel Pits Restoration	362	73	-	435
Waste Depot Restoration	343	26	-	369
Cemetery	31	-	-	31
Corowa Swimming Pool	1,434	-	-	1,434
Economic Development	94	-	-	94
Howlong Town Improvement	84	87	-	171
Insurance	-	100	-	100
Total Internal Restrictions	5,726	560	(400)	5,886
TOTAL RESTRICTIONS	19,125	2,035	(1,949)	19,211

- A** Loan moneys which must be applied for the purposes for which the loans were raised.
- B** Advances by Roads and Maritime Services for (RMS) works on the State's classified roads.
- C** Self Insurance liability resulting from reported claims or incurred claims not yet reported.
- D** Development contributions which are not yet expended for the provision of services and amenities in accordance with contributions plans (refer Note 17).
- E** RMS Contributions which are not yet expended for the provision of services and amenities in accordance with those contributions.
- F** Grants which are not yet expended for the purposes for which the grants were obtained. (refer Note 1)
- G** Water, Sewerage, Domestic Waste Management (DWM) & other Special Rates/Levies/Charges are externally restricted assets and must be applied for the purposes for which they were raised.

Corowa Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 7. Receivables

\$ '000	Notes	2015		2014	
		Current	Non Current	Current	Non Current
Purpose					
Rates & Annual Charges		706	-	715	-
Interest & Extra Charges		121	-	89	-
User Charges & Fees		946	-	862	-
Private Works		340	-	25	-
Contributions to Works		63	-	92	-
Accrued Revenues					
- Interest on Investments		183	-	198	-
Government Grants & Subsidies		18	-	752	-
Deferred Debtors		235	-	254	-
Loans to Sporting Clubs		50	-	-	-
Amounts due from Other Councils		189	-	170	-
Net GST Receivable		148	-	126	-
RMS Works		626	-	1,436	-
Other Debtors		359	-	145	-
TOTAL NET RECEIVABLES		3,984	-	4,864	-
Externally Restricted Receivables					
Water Supply					
- Rates & Availability Charges		64	-	90	-
- Other		919	-	503	-
Sewerage Services					
- Rates & Availability Charges		276	-	261	-
- Other		123	-	121	-
Domestic Waste Management		163	-	104	-
Total External Restrictions		1,545	-	1,079	-
Internally Restricted Receivables					
Nil					
Internally Restricted Receivables		-	-	-	-
Unrestricted Receivables		2,439	-	3,785	-
TOTAL NET RECEIVABLES		3,984	-	4,864	-

Notes on Debtors above:

- (i) Rates & Annual Charges Outstanding are secured against the property.
- (ii) Doubtful Rates Debtors are provided for where the value of the property is less than the debt outstanding.
An allowance for other doubtful debts is made when there is objective evidence that a receivable is impaired.
- (iii) Interest was charged on overdue rates & charges at 8.50% (2014 9.00%).
Generally all other receivables are non interest bearing.
- (iv) Please refer to Note 15 for issues concerning Credit Risk and Fair Value disclosures.

Corowa Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 8. Inventories & Other Assets

\$ '000	Notes	2015		2014		
		Current	Non Current	Current	Non Current	
Inventories						
Real Estate for resale (refer below)		914	61	980	73	
Stores & Materials		483	-	267	-	
Total Inventories		1,397	61	1,247	73	
Other Assets						
Nil		-	-	-	-	
Total Other Assets		-	-	-	-	
TOTAL INVENTORIES / OTHER ASSETS		1,397	61	1,247	73	

Externally Restricted Assets

There are no restrictions applicable to the above assets.

Corowa Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 8. Inventories & Other Assets (continued)

\$ '000	2015		2014	
	Current	Non Current	Current	Non Current
(i) Other Disclosures				
(a) Details for Real Estate Development				
Residential	-	-	-	-
Industrial/Commercial	914	61	980	73
Total Real Estate for Resale	914	61	980	73
(Valued at the lower of cost and net realisable value)				
Represented by:				
Acquisition Costs	-	-	-	-
Development Costs	914	61	980	73
Total Costs	914	61	980	73
less: Provision for Under Recovery	-	-	-	-
Total Real Estate for Resale	914	61	980	73
Movements:				
Real Estate assets at beginning of the year	980	73	-	-
- Purchases and other costs	12	(12)	1,036	73
- WDV of Sales (exp)	(78)	-	(56)	-
Total Real Estate for Resale	914	61	980	73

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

The following Inventories & Other Assets, even though classified as current are not expected to be recovered in the next 12 months;

	2015	2014
Real Estate for Resale	872	896
	872	896

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 9a. Infrastructure, Property, Plant & Equipment

\$ '000	as at 30/6/2014					Asset Movements during the Reporting Period							as at 30/6/2015				
	At	At	Accumulated		Carrying	Asset Additions	WDV of Asset Disposals	Depreciation Expense	Impairment Loss (recognised in P/L)	WIP Transfers	Revaluation Decrements to Equity (ARR)	Revaluation Increments to Equity (ARR)	At	At	Accumulated		Carrying
	Cost	Fair Value	Dep'n	Impairment	Value								Cost	Fair Value	Dep'n	Impairment	Value
Capital Work in Progress	2,214	-	-	-	2,214	485	-	-	(29)	(2,148)	-	-	522	-	-	-	522
Plant & Equipment	-	8,338	4,328	-	4,010	1,002	(275)	(335)	-	14	-	7	-	8,658	4,236	-	4,422
Office Equipment	-	626	496	-	130	130	-	(68)	-	339	(1)	-	-	796	267	-	529
Furniture & Fittings	-	235	146	-	89	-	-	(15)	-	-	-	31	-	228	123	-	105
Land:																	
- Operational Land	-	8,937	-	-	8,937	-	(21)	-	-	-	-	-	-	8,916	-	-	8,916
- Community Land	-	4,715	-	-	4,715	274	-	-	-	-	-	-	-	4,989	-	-	4,989
- Land under Roads (post 30/6/08)	-	54	-	-	54	39	-	-	-	-	-	-	-	94	-	-	94
Land Improvements - depreciable	-	1,669	218	-	1,451	75	-	(48)	-	-	-	-	-	1,744	267	-	1,477
Buildings - Non Specialised	-	21,287	10,232	-	11,055	66	(31)	(643)	-	198	(6)	-	-	21,375	10,737	-	10,638
Buildings - Specialised	-	32,651	17,956	-	14,695	474	-	(922)	-	28	(13)	-	-	32,938	18,676	-	14,262
Other Structures	-	1,119	656	-	463	-	-	-	-	-	-	-	-	1,141	678	-	463
Infrastructure:																	
- Roads	-	118,715	32,251	-	86,464	2,478	(316)	(1,856)	-	573	-	7,296	-	119,066	24,427	-	94,639
- Bridges	-	9,179	2,102	-	7,077	85	-	(33)	-	-	-	582	-	8,120	408	-	7,712
- Footpaths	-	5,288	2,346	-	2,942	69	-	(84)	-	21	-	1,672	-	5,374	755	-	4,619
- Bulk Earthworks (non-depreciable)	-	65,174	-	-	65,174	-	-	-	-	-	(2,067)	-	-	63,107	-	-	63,107
- Stormwater Drainage	-	47,686	9,086	-	38,600	1,221	(52)	(302)	-	129	-	6,084	-	50,917	5,236	-	45,681
- Water Supply Network	-	57,046	19,648	-	37,398	820	(217)	(1,158)	-	563	-	371	-	58,517	20,739	-	37,778
- Sewerage Network	-	47,797	14,049	-	33,748	877	(46)	(748)	-	283	-	435	-	49,070	14,520	-	34,550
Other Assets:																	
- Other	-	689	325	-	364	3	-	(33)	-	-	-	210	-	655	111	-	544
Reinstatement, Rehabilitation & Restoration Assets (refer Note 26):																	
- Quarry Assets	-	133	39	-	94	-	-	-	-	-	-	-	-	133	39	-	94
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIP.	2,214	431,338	113,878	-	319,674	8,098	(958)	(6,245)	(29)	-	(2,087)	16,688	522	435,838	101,219	-	335,141

Additions to Buildings & Infrastructure Assets are made up of Asset Renewals (\$5,382) and New Assets (\$2,503).
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 & Equipment.

Corowa Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 9b. Externally Restricted Infrastructure, Property, Plant & Equipment

\$ '000

Class of Asset	Actual 2015				Actual 2014			
	At Cost	At Fair Value	A/Dep & Impair'm't	Carrying Value	At Cost	At Fair Value	A/Dep & Impair'm't	Carrying Value
Water Supply								
WIP	-	136	-	136	-	527	-	527
Plant & Equipment	-	2,652	1,929	723	-	2,620	1,884	736
Office Equipment	-	12	9	3	-	14	5	9
Land								
- Operational Land	-	1,684	-	1,684	-	1,684	-	1,684
Buildings	-	6,396	2,261	4,135	-	6,396	2,203	4,193
Infrastructure	-	49,469	16,549	32,920	-	48,030	15,561	32,469
Total Water Supply	-	60,349	20,748	39,601	-	59,271	19,653	39,618
Sewerage Services								
WIP	-	17	-	17	-	294	-	294
Plant & Equipment	-	2,569	1,313	1,256	-	2,530	1,406	1,124
Office Equipment	-	4	2	2	-	2	1	1
Land								
- Operational Land	-	1,689	-	1,689	-	1,689	-	1,689
Infrastructure	-	46,773	13,342	33,431	-	45,540	12,778	32,762
Total Sewerage Services	-	51,052	14,657	36,395	-	50,055	14,185	35,870
TOTAL RESTRICTED I,PP&E	-	111,401	35,405	75,996	-	109,326	33,838	75,488

Corowa Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 9c. Infrastructure, Property, Plant & Equipment - Current Year Impairments

\$ '000	Notes	Actual 2015	Actual 2014
(i) Impairment Losses recognised in the Income Statement:			
- Being Capital Works in Progress now classified as Expenses		(29)	(103)
Total Impairment Losses		(29)	(103)
(ii) Reversal of Impairment Losses previously recognised in the Income Statement:			
- NIL		-	-
Total Impairment Reversals		-	-
<u>IMPAIRMENT of ASSETS - GAINS/(LOSSES) in P/L</u>	4(d)	<u>(29)</u>	<u>(103)</u>
(iii) Impairment Losses recognised direct to Equity (ARR):			
- Roads - Flood Restoration Works		-	(1,135)
Total Impairment Losses		-	(1,135)
(iv) Reversals of Impairment Losses previously recognised direct to Equity (ARR):			
- NIL		-	-
Total Impairment Reversals		-	-
<u>IMPAIRMENT of ASSETS - DIRECT to EQUITY (ARR)</u>	20 (ii)	<u>-</u>	<u>(1,135)</u>

Corowa Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 10a. Payables, Borrowings & Provisions

\$ '000	Notes	2015		2014	
		Current	Non Current	Current	Non Current
Payables					
Goods & Services		1,306	-	1,814	-
Payments Received In Advance		182	-	137	-
Accrued Expenses:					
- Borrowings		10	-	13	-
- Salaries & Wages		150	-	116	-
Security Bonds, Deposits & Retentions		477	-	476	-
ATO - Net GST Payable		-	-	8	-
Total Payables		2,125	-	2,564	-
Borrowings					
Loans - Secured ¹		121	4,566	216	5,961
Total Borrowings		121	4,566	216	5,961
Provisions					
Employee Benefits;					
Annual Leave		1,081	-	953	-
Long Service Leave		1,262	69	1,382	71
Sub Total - Aggregate Employee Benefits		2,343	69	2,335	71
Asset Remediation/Restoration (Future Works)	26	368	187	368	187
Total Provisions		2,711	256	2,703	258
Total Payables, Borrowings & Provisions		4,957	4,822	5,483	6,219

Corowa Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 10a. Payables, Borrowings & Provisions

\$ '000	Notes	2015		2014	
		Current	Non Current	Current	Non Current
(i) Liabilities relating to Restricted Assets					
		2015		2014	
		Current	Non Current	Current	Non Current
Externally Restricted Assets					
Water		-	-	-	-
Sewer		55	2,673	155	3,996
Liabilities relating to externally restricted assets		55	2,673	155	3,996
Internally Restricted Assets					
Nil					
Liabilities relating to internally restricted assets		-	-	-	-
Total Liabilities relating to restricted assets		55	2,673	155	3,996
Total Liabilities relating to Unrestricted Assets		4,902	2,149	5,328	2,223
TOTAL PAYABLES, BORROWINGS & PROVISIONS		4,957	4,822	5,483	6,219

¹. Loans are secured over the General Rating Income of Council

Disclosures on Liability Interest Rate Risk Exposures, Fair Value Disclosures & Security can be found in Note 15.

Corowa Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 10a. Payables, Borrowings & Provisions (continued)

\$ '000	Actual 2015	Actual 2014
(ii) Current Liabilities not anticipated to be settled within the next 12 months		
The following Liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions - Employees Benefits	1,450	1,435
	<u>1,450</u>	<u>1,435</u>

Note 10b. Description of and movements in Provisions

Class of Provision	2014		2015			Closing Balance as at 30/6/15
	Opening Balance as at 1/7/14	Additional Provisions	Decrease due to Payments	Remeasurement effects due to Discounting	Unused amounts reversed	
Annual Leave	953	711	(583)	-	-	1,081
Long Service Leave	1,453	220	(342)	-	-	1,331
Asset Remediation	555	-	-	-	-	555
TOTAL	2,961	931	(925)	-	-	2,967

- a. Employees Leave Entitlements & On-Costs represents those benefits accrued and payable and an estimate of those that will become payable in the future as a result of past service.
- b. Asset Remediation, Reinstatement & Restoration Provisions represent the Present Value estimate of future costs Council will incur in order to remove, restore & remediate assets &/or activities as a result of past operations.

Corowa Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 11. Statement of Cash Flows - Additional Information

\$ '000	Notes	Actual 2015	Actual 2014
(a) Reconciliation of Cash Assets			
Total Cash & Cash Equivalent Assets	6a	8,355	7,497
Less Bank Overdraft	10	-	-
BALANCE as per the STATEMENT of CASH FLOWS		8,355	7,497
(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities			
Net Operating Result from Income Statement		2,730	4,303
Adjust for non cash items:			
Depreciation & Amortisation		6,245	6,987
Net Losses/(Gains) on Disposal of Assets		524	(32)
Non Cash Capital Grants and Contributions		(988)	(165)
Impairment Losses Recognition - I,PP&E		29	103
Losses/(Gains) recognised on Fair Value Re-measurements through the P&L:			
- Investments classified as "At Fair Value" or "Held for Trading"		-	(29)
+/- Movement in Operating Assets and Liabilities & Other Cash Items:			
Decrease/(Increase) in Receivables		861	(1,702)
Decrease/(Increase) in Inventories		(216)	355
Increase/(Decrease) in Payables		-	735
Increase/(Decrease) in accrued Interest Payable		(3)	(7)
Increase/(Decrease) in other accrued Expenses Payable		34	31
Increase/(Decrease) in Other Liabilities		(470)	25
Increase/(Decrease) in Employee Leave Entitlements		6	(183)
NET CASH PROVIDED FROM/(USED IN)		8,752	10,421
OPERATING ACTIVITIES from the STATEMENT of CASH FLOWS		8,752	10,421

Corowa Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 11. Statement of Cash Flows - Additional Information (continued)

\$ '000	Notes	Actual 2015	Actual 2014
(c) Non-Cash Investing & Financing Activities			
Other Dedications		988	165
Total Non-Cash Investing & Financing Activities		988	165
(d) Financing Arrangements			
(i) Unrestricted access was available at balance date to the following lines of credit:			
Bank Overdraft Facilities ⁽¹⁾		380	380
Credit Cards / Purchase Cards		10	10
Total Financing Arrangements		390	390
Amounts utilised as at Balance Date:			
- Credit Cards / Purchase Cards		5	1
Total Financing Arrangements Utilised		5	1

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 & Other Payables are disclosed in Note 15.

(ii) Secured Loan Liabilities

Loans are secured by a mortgage over future years Rate Revenue only.

(e) Bank Guarantees

Nil

(f) Net Cash Flows Attributable to Discontinued Operations

Please refer to Note 24 for details of Cash Flows that relate to Discontinued Operations

Corowa Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 12. Commitments for Expenditure

\$ '000	Notes	Actual 2015	Actual 2014
(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 & Equipment			
Buildings		-	-
Business Software		-	33
Infrastructure			
- Roads		-	586
Total Commitments		-	619
These expenditures are payable as follows:			
Within the next year		-	619
Total Payable		-	619
Sources for Funding of Capital Commitments:			
Unexpended Grants		-	586
Internally Restricted Reserves		-	33
Total Sources of Funding		-	619

Corowa Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2015

Note 12. Commitments for Expenditure (continued)

\$ '000	Notes	Actual 2015	Actual 2014
---------	-------	----------------	----------------

(b) Finance Lease Commitments

Nil

(c) Operating Lease Commitments (Non Cancellable)

Nil

Conditions relating to Finance & Operating Leases:

- All Finance & 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

(e) Investment in Joint Operations - Commitments

For Capital Commitments and Other Commitments relating to Investments in Joint Operations, refer to Note 19 (c)

Corowa Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 13a(i). Statement of Performance Measurement - Indicators (Consolidated)

\$ '000	Amounts	Indicator	Prior Periods	
	2015	2015	2014	2013
Local Government Industry Indicators - Consolidated				
1. Operating Performance Ratio				
Total continuing operating revenue ⁽¹⁾				
(excl. Capital Grants & Contributions) - Operating Expenses	<u>1,733</u>	6.03%	-1.80%	-2.81%
Total continuing operating revenue ⁽¹⁾	<u>28,758</u>			
(excl. Capital Grants & Contributions)				
2. Own Source Operating Revenue Ratio				
Total continuing operating revenue ⁽¹⁾				
(excl. ALL Grants & Contributions)	<u>21,417</u>	70.73%	63.01%	64.57%
Total continuing operating revenue ⁽¹⁾	<u>30,279</u>			
3. Unrestricted Current Ratio				
Current Assets less all External Restrictions ⁽²⁾	<u>11,522</u>	3.34x	3.07x	3.93x
Current Liabilities less Specific Purpose Liabilities ^(3, 4)	<u>3,452</u>			
4. Debt Service Cover Ratio				
Operating Result ⁽¹⁾ before capital excluding interest and depreciation / impairment / amortisation	<u>8,673</u>	4.02x	10.16x	9.89x
Principal Repayments (from the Statement of Cash Flows)	<u>2,156</u>			
+ Borrowing Costs (from the Income Statement)				
5. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage				
Rates, Annual and Extra Charges Outstanding	<u>827</u>	7.28%	6.94%	8.37%
Rates, Annual and Extra Charges Collectible	<u>11,355</u>			
6. Cash Expense Cover Ratio				
Current Year's Cash and Cash Equivalents				
+ All Term Deposits	<u>21,883</u>	11.45 mths	12.43mths	12.08mths
Payments from cash flow of operating and financing activities	<u>1,911</u>			

Notes

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

⁽²⁾ Refer Notes 6-8 inclusive.

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

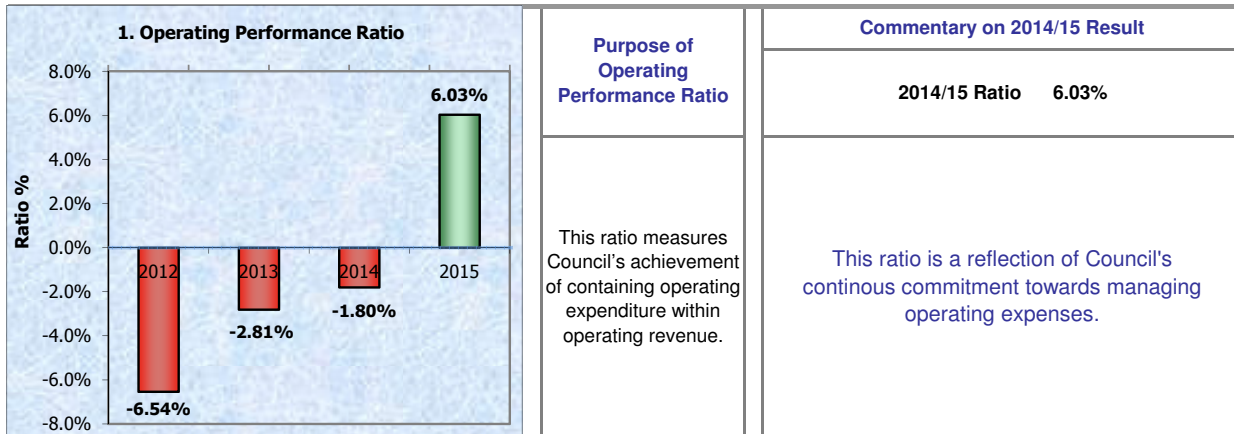
⁽³⁾ Refer to Note 10(a).

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

Corowa Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2015

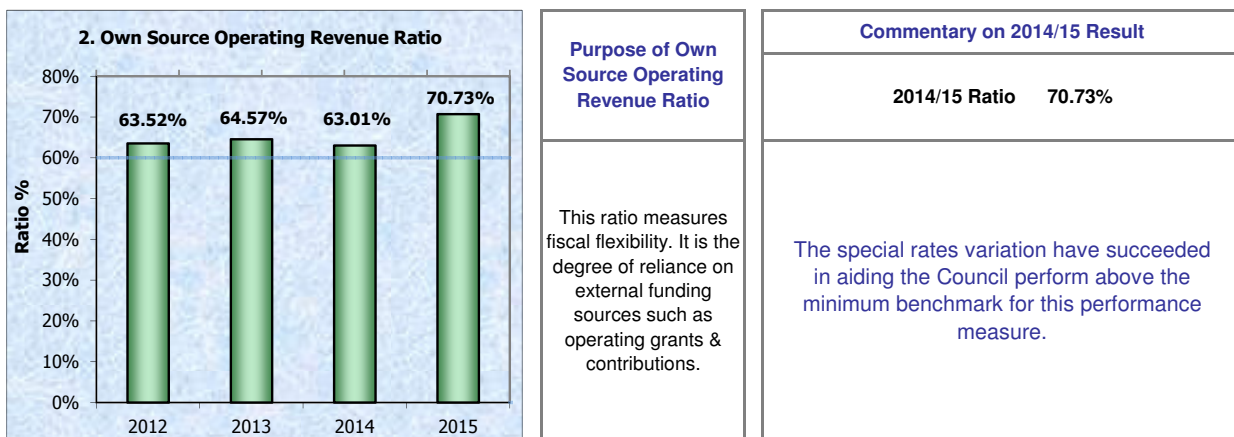
Note 13a(ii). Local Government Industry Indicators - Graphs (Consolidated)



Benchmark: Minimum >=0.00%

Source for Benchmark: Code of Accounting Practice and Financial Reporting #23

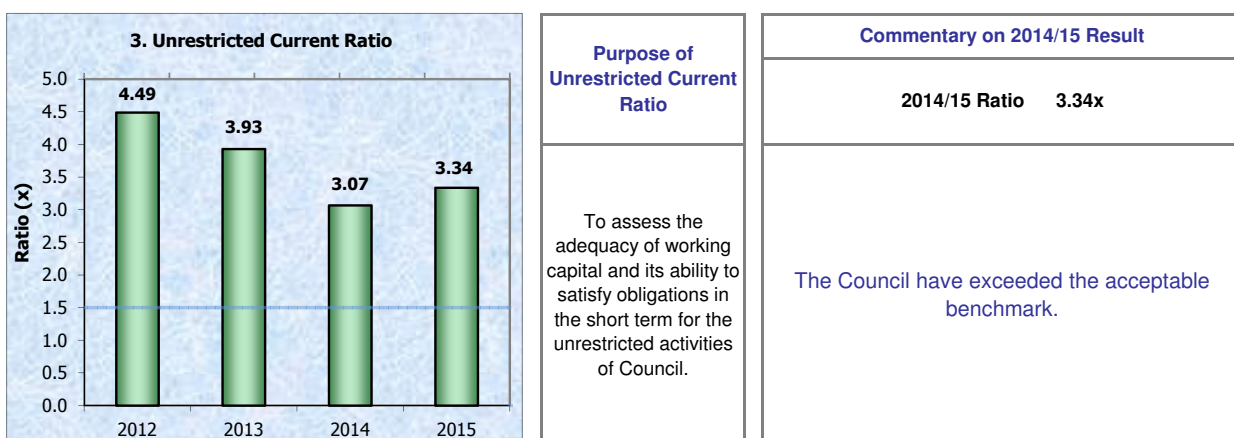
Ratio is within Benchmark
 Ratio is outside Benchmark



Benchmark: Minimum >=60.00%

Source for Benchmark: Code of Accounting Practice and Financial Reporting #23

Ratio is within Benchmark
 Ratio is outside Benchmark



Benchmark: Minimum >=1.50

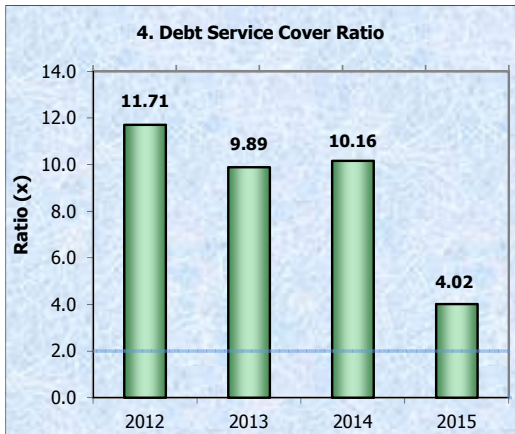
Source for Benchmark: Code of Accounting Practice and Financial Reporting #23

Ratio is within Benchmark
 Ratio is outside Benchmark

Corowa Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 13a(ii). Local Government Industry Indicators - Graphs (Consolidated)



Benchmark: Minimum >=2.00

Source for Benchmark: Code of Accounting Practice and Financial Reporting #23

Purpose of Debt Service Cover Ratio

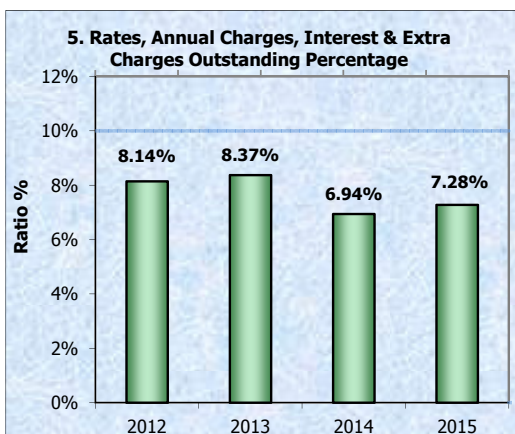
This ratio measures the availability of operating cash to service debt including interest, principal and lease payments

Commentary on 2014/15 Result

2014/15 Ratio 4.02x

During the current financial year, the Council have paid off 3 of its loans. This has contributed in the significant reduction in the ratio.

Ratio is within Benchmark
 Ratio is outside Benchmark



Benchmark: Maximum <10.00%

Source for Benchmark: Code of Accounting Practice and Financial Reporting #23

Purpose of Rates & Annual Charges Outstanding Ratio

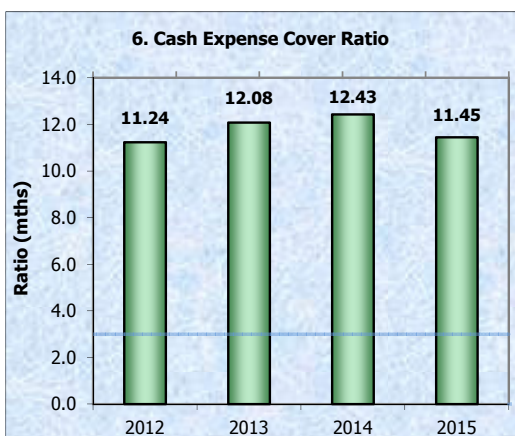
To assess the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of recovery efforts.

Commentary on 2014/15 Result

2014/15 Ratio 7.28%

The Council's ongoing focus in monitoring its performance has helped maintain the ratio under the desired benchmark.

Ratio is within Benchmark
 Ratio is outside Benchmark



Benchmark: Minimum >=3.00

Source for Benchmark: Code of Accounting Practice and Financial Reporting #23

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 2014/15 Result

2014/15 Ratio 11.45 mths

Council is in a strong position in regards to the availability of funds to pay for immediate debt.

Ratio is within Benchmark
 Ratio is outside Benchmark

Corowa Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 13b. Statement of Performance Measurement - Indicators (by Fund)

\$ '000	Water 2015	Sewer 2015	General ⁵ 2015
Local Government Industry Indicators - by Fund			
1. Operating Performance Ratio			
Total continuing operating revenue ⁽¹⁾			
(excl. Capital Grants & Contributions) - Operating Expenses			
Total continuing operating revenue⁽¹⁾	21.57%	14.59%	0.17%
(excl. Capital Grants & Contributions)			
prior period:	15.94%	18.72%	-10.51%
2. Own Source Operating Revenue Ratio			
Total continuing operating revenue ⁽¹⁾			
(excl. ALL Grants & Contributions)			
Total continuing operating revenue⁽¹⁾	91.91%	93.83%	60.06%
prior period:	98.35%	98.06%	50.16%
3. Unrestricted Current Ratio			
Current Assets less all External Restrictions ⁽²⁾			
Current Liabilities less Specific Purpose Liabilities ^(3, 4)	No Liabilities	86.42x	3.34x
prior period:	No Liabilities	32.77	3.07
4. Debt Service Cover Ratio			
Operating Result ⁽¹⁾ before capital excluding interest and depreciation / impairment / amortisation			
Principal Repayments (from the Statement of Cash Flows)	0.00	0.98x	23.18x
+ Borrowing Costs (from the Income Statement)			
prior period:	0.00	3.68	18.75
5. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage			
Rates, Annual and Extra Charges Outstanding			
Rates, Annual and Extra Charges Collectible	7.87%	7.50%	7.10%
prior period:	5.88%	7.08%	7.11%
6. Cash Expense Cover Ratio			
Current Year's Cash and Cash Equivalents			
+ All Term Deposits			
Payments from cash flow of operating and financing activities x12	33.55 mths	24.52 mths	6.22 mths
prior period:	29.82	23.65	7.31

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 & Sewer activities which are listed separately.

Corowa Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2015

Note 14. Investment Properties

\$ '000	Notes	Actual 2015	Actual 2014
---------	-------	----------------	----------------

Council has not classified any Land or Buildings as "Investment Properties".

Corowa Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 15. Financial Risk Management

\$ '000

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 & Financial Liabilities recognised in the financial statements is presented below.

	Carrying Value		Fair Value	
	2015	2014	2015	2014
Financial Assets				
Cash and Cash Equivalents	8,355	7,497	8,355	7,497
Investments				
- "Held to Maturity"	13,528	13,417	13,528	480
- "Available for Sale"	-	-	-	12,937
Receivables	3,984	4,864	3,984	4,864
Total Financial Assets	25,867	25,778	25,867	25,778
Financial Liabilities				
Payables	1,943	2,427	1,943	2,427
Loans / Advances	4,687	6,177	4,687	6,177
Total Financial Liabilities	6,630	8,604	6,630	8,604

Fair Value is determined as follows:

- **Cash & Cash Equivalents, Receivables, Payables** - are estimated to be the carrying value which approximates mkt value.
- **Borrowings & Held to Maturity Investments** - are based upon estimated future cash flows discounted by the current market interest rates applicable to assets & liabilities with similar risk profiles, unless quoted market prices are available.
- Financial Assets classified (i) "**at fair value through profit & 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 & liabilities

Corowa Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 15. Financial Risk Management (continued)

\$ '000

(a) Cash & Cash Equivalents, Financial assets 'at fair value through the profit & Loss' "Available-for-sale" financial assets & "Held-to-maturity" Investments

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

Council's Finance area manages the Cash & Investments portfolio with the assistance of independent advisors.

Council has an Investment Policy which complies with the Local Government Act & 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 & Investments.

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
2015				
Possible impact of a 10% movement in Market Values	-	-	-	-
Possible impact of a 1% movement in Interest Rates	219	219	(219)	(219)
2014				
Possible impact of a 10% movement in Market Values	-	-	-	-
Possible impact of a 1% movement in Interest Rates	218	218	(218)	(218)

Corowa Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 15. Financial Risk Management (continued)

\$ '000

(b) Receivables

Council's major receivables comprise (i) Rates & Annual charges and (ii) User Charges & 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 & 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:

		2015	2015	2014	2014
		Rates & Annual Charges	Other Receivables	Rates & Annual Charges	Other Receivables
(i) Ageing of Receivables - %					
Current (not yet overdue)		0%	70%	0%	69%
Overdue		100%	30%	100%	31%
		<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>
(ii) Ageing of Receivables - value					
Rates & Annual Charges	Other Receivables	Rates & Annual Charges	Other Receivables	Rates & Annual Charges	Other Receivables
Current	Current	-	2,269	-	2,851
< 1 year overdue	0 - 30 days overdue	189	223	191	705
1 - 2 years overdue	30 - 60 days overdue	34	19	34	-
2 - 5 years overdue	60 - 90 days overdue	427	-	432	-
> 5 years overdue	> 90 days overdue	56	767	58	593
		<u>706</u>	<u>3,278</u>	<u>715</u>	<u>4,149</u>

Corowa Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 15. Financial Risk Management (continued)

\$ '000

(c) Payables & Borrowings

Payables & 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 & overdraft facilities utilised as required.

The contractual undiscounted cash outflows (ie. principal and interest) of Council's Payables & 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		
2015									
Trade/Other Payables	477	1,466	-	-	-	-	-	1,943	1,943
Loans & Advances	-	243	243	243	243	243	3,474	4,689	4,687
Total Financial Liabilities	477	1,709	243	243	243	243	3,474	6,632	6,630
2014									
Trade/Other Payables	476	1,951	-	-	-	-	-	2,427	2,427
Loans & Advances	-	669	669	650	587	568	8,753	11,896	6,177
Total Financial Liabilities	476	2,620	669	650	587	568	8,753	14,323	8,604

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

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

	2015		2014	
	Carrying Value	Average Interest Rate	Carrying Value	Average Interest Rate
Trade/Other Payables	1,943	0.0%	2,427	0.0%
Loans & Advances - Fixed Interest Rate	4,687	6.9%	6,177	6.9%
	<u>6,630</u>		<u>8,604</u>	

Corowa Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 16. Material Budget Variations

\$ '000

Council's Original Financial Budget for 14/15 was adopted by the Council on 24 June 2014.

While the Income Statement included in this General Purpose Financial Report must disclose the Original Budget adopted by Council, the Local Government Act requires Council to review its Financial Budget on a Quarterly Basis, so that it is able to manage the various variations between actuals versus budget that invariably occur throughout the year.

This Note sets out the details of MATERIAL VARIATIONS between Council's Original Budget and its Actual results for the year as per the Income Statement - even though such variations may have been adjusted for during each Quarterly Budget Review.

Note that for Variations* of Budget to Actual :

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

F = Favourable Budget Variation, **U** = Unfavourable Budget Variation

\$ '000	2015 Budget	2015 Actual	2015 ----- Variance* -----		
REVENUES					
Rates & Annual Charges	9,534	10,417	883	9%	F
No Budget Variation Details Are Required - Variance is < 10%					
User Charges & Fees	6,767	7,147	380	6%	F
No Budget Variation Details Are Required - Variance is < 10%					
Interest & Investment Revenue	766	857	91	12%	F
This variance has occurred due to conservative estimates being made to the forecasted amount and the timing of payment made for the Council projects in 2014/15.					
Other Revenues	2,826	2,996	170	6%	F
No Budget Variation Details Are Required - Variance is < 10%					
Operating Grants & Contributions	5,885	7,341	1,456	25%	F
The increase were contributed by the unexpected grant from Service NSW and reclassification of Roads to Recovery capital grant as operating grant.					
Capital Grants & Contributions	1,147	1,521	374	33%	F
The variance were in relation to the reclassification of Roads to Recovery grant and unbudgetted gifted asset that rose from subdivision works.					
Net Gains from Disposal of Assets	-	-	-	0%	F
No Budget Variation Details Are Required					

Corowa Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 16. Material Budget Variations (continued)

\$ '000	2015 Budget	2015 Actual	2015 ----- Variance* -----		
EXPENSES					
Employee Benefits & On-Costs	7,898	8,142	(244)	(3%)	U
No Budget Variation Details Are Required - Variance is < 10%					
Borrowing Costs	458	666	(208)	(45%)	U
During the current financial year, the Council have paid off 3 of its loans the settlement of which was not budgeted for.					
Materials & Contracts	7,900	9,262	(1,362)	(17%)	U
The unexpected grant from Service NSW have partly contributed to the increase in expenses.					
Depreciation & Amortisation	6,875	6,245	630	9%	F
No Budget Variation Details Are Required - Variance is < 10%					
Other Expenses	2,934	2,681	253	9%	F
No Budget Variation Details Are Required - Variance is < 10%					

Corowa Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 16. Material Budget Variations (continued)

\$ '000	2015 Budget	2015 Actual	2015 ----- Variance* -----		
Budget Variations relating to Council's Cash Flow Statement include:					
Cash Flows from Operating Activities	7,738	8,752	1,014	13.1%	F
The variance was mainly contributed by the unanticipated significant increase in user charge for water usage.					
Cash Flows from Investing Activities	(7,301)	(6,404)	897	(12.3%)	F
The Council did not budget for the sale of the industrial land and the old council building.					
Cash Flows from Financing Activities	(222)	(1,490)	(1,268)	571.2%	U
During the current financial year, the Council have paid off 3 of its loans the settlement of which was not budgetted for.					

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 17. Statement of Developer Contributions

\$ '000

Council recovers contributions, raises levies & 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 & levies and the value of all remaining funds which are "restricted" in their future use.

SUMMARY OF CONTRIBUTIONS & LEVIES

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage	72	20	-	-	-	-	92	-	-	92	-
Roads	69	40	-	-	-	-	109	-	-	109	-
Open Space	75	6	-	-	-	-	81	-	-	81	-
Community Facilities	60	23	-	-	-	-	83	-	-	83	-
S94 Contributions - under a Plan	276	89	-	-	-	-	365	-	-	365	-
S94A Levies - under a Plan	-	-	-	-	-	-	-				-
Total S94 Revenue Under Plans	276	89	-	-	-	-	365				-
S94 not under Plans	-	-	-	-	-	-	-	-	-	-	-
S64 Contributions	116	176	-	-	-	-	292				-
Total Contributions	392	265	-	-	-	-	657	-	-	365	-

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 17. Statement of Developer Contributions (continued)

\$ '000

S94 CONTRIBUTIONS - UNDER A PLAN

CONTRIBUTION PLAN NUMBER 01

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage	72	20	-	-	-	-	92	-	-	92	-
Roads	69	40	-	-	-	-	109	-	-	109	-
Open Space	75	6	-	-	-	-	81	-	-	81	-
Community Facilities	60	23	-	-	-	-	83	-	-	83	-
Total	276	89	-	-	-	-	365	-	-	365	-

Corowa Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2015

Note 18. Contingencies & 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 & 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 Councils 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 30/6 this year 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.

Corowa Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 18. Contingencies & Other Assets/Liabilities Not Recognised (continued)

\$ '000

LIABILITIES NOT RECOGNISED (continued):

2. Other Liabilities

(i) Third Party Claims

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

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

(ii) S94 Plans

Council levies Section 94/94A Contributions upon various development across the Council area through the required Contributions Plans.

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

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

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

(iii) Potential Land Acquisitions due to Planning Restrictions imposed by Council

Council has classified a number of privately owned land parcels as Local Open Space or Bushland.

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

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

ASSETS NOT RECOGNISED:

(i) Land Under Roads

As permitted under AASB 1051, Council has elected not to bring to account Land Under Roads that it owned or controlled up to & including 30/6/08.

(ii) Infringement Notices/Fines

Fines & 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 Year End, 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.

Corowa Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2015

Note 19. Interests in Other Entities

\$ '000

Council has no interest in any Controlled Entities, Joint Arrangements or Associates.

Corowa Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 20. Equity - Retained Earnings and Revaluation Reserves

\$ '000	Notes	Actual 2015	Actual 2014
(a) Retained Earnings			
Movements in Retained Earnings were as follows:			
Balance at beginning of Year (from previous years audited accounts)		130,956	126,653
a. Correction of Prior Period Errors	20 (c)	-	-
b. Changes in Accounting Policies (prior period effects)	20 (d)	-	-
c. Other Comprehensive Income (excl. direct to Reserves transactions)		-	-
d. Net Operating Result for the Year		2,730	4,303
Balance at End of the Reporting Period		133,686	130,956

(b) Reserves**(i) Reserves are represented by:**

- Infrastructure, Property, Plant & Equipment Revaluation Reserve		219,001	204,400
Total		219,001	204,400

(ii) Reconciliation of movements in Reserves:

Infrastructure, Property, Plant & Equipment Revaluation Reserve			
- Opening Balance		204,400	204,076
- Revaluations for the year	9(a)	14,601	1,459
- (Impairment of revalued assets) / Impairment reversals	9(a),(c)	-	(1,135)
- Balance at End of Year		219,001	204,400
TOTAL VALUE OF RESERVES		219,001	204,400

(iii) Nature & Purpose of Reserves**Infrastructure, Property, Plant & Equipment Revaluation Reserve**

- The Infrastructure, Property, Plant & Equipment Revaluation Reserve is used to record increments/decrements of Non Current Asset values due to their revaluation.

Upon sale, amounts in Reserves are recognised in Retained earnings by way of transfer from the Reserve.

Corowa Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 21. Financial Result & Financial Position by Fund

Income Statement by Fund \$ '000	Actual 2015	Actual 2015	Actual 2015	Actual 2015
Continuing Operations	Waste	Water	Sewer	General¹
Income from Continuing Operations				
Rates & Annual Charges	203	689	3,419	6,106
User Charges & Fees	1,171	3,949	563	1,464
Interest & Investment Revenue	12	278	231	336
Other Revenues	-	35	-	2,961
Grants & Contributions provided for Operating Purposes	72	37	63	7,169
Grants & Contributions provided for Capital Purposes	-	399	214	908
Other Income				
Net Gains from Disposal of Assets	-	-	-	-
Share of interests in Joint Ventures & Associates using the Equity Method	-	-	-	-
Total Income from Continuing Operations	1,458	5,387	4,490	18,944
Expenses from Continuing Operations				
Employee Benefits & on-costs	146	1,474	1,276	5,246
Borrowing Costs	-	-	540	126
Materials & Contracts	1,288	878	876	6,220
Depreciation & Amortisation	-	1,163	749	4,333
Other Expenses	-	352	180	2,149
Net Losses from the Disposal of Assets	-	217	46	261
Total Expenses from Continuing Operations	1,434	4,084	3,667	18,364
Operating Result from Continuing Operations	24	1,303	823	580
Discontinued Operations				
Net Profit/(Loss) from Discontinued Operations	-	-	-	-
Net Operating Result for the Year	24	1,303	823	580
Net Operating Result attributable to each Council Fund	24	1,303	823	580
Net Operating Result attributable to Non-controlling Interests	-	-	-	-
Net Operating Result for the year before Grants and Contributions provided for Capital Purposes	24	904	609	(328)

¹ General Fund refers to all Council's activities other than Water, Sewer & Waste

* Waste represents Domestic Waste

NB. All amounts disclosed above are Gross - that is, they include internal charges & recoveries made between the Funds.

Corowa Shire Council

Notes to the Financial Statements

as at 30 June 2015

Note 21. Financial Result & Financial Position by Fund (continued)

Statement of Financial Position by Fund \$ '000	Actual 2015	Actual 2015	Actual 2015	Actual 2015
ASSETS	Waste	Water	Sewer	General¹
Current Assets				
Cash & Cash Equivalents	363	1,551	853	5,588
Investments	-	6,612	3,638	3,278
Receivables	107	983	399	2,495
Inventories	-	-	-	1,397
Total Current Assets	470	9,146	4,890	12,758
Non-Current Assets				
Inventories	-	-	-	61
Infrastructure, Property, Plant & Equipment	-	39,601	36,394	259,146
Total Non-Current Assets	-	39,601	36,394	259,207
TOTAL ASSETS	470	48,747	41,284	271,965
LIABILITIES				
Current Liabilities				
Payables	-	-	6	2,119
Borrowings	-	-	49	72
Provisions	-	-	-	2,711
Total Current Liabilities	-	-	55	4,902
Non-Current Liabilities				
Borrowings	-	-	2,673	1,893
Provisions	-	-	-	256
Total Non-Current Liabilities	-	-	2,673	2,149
TOTAL LIABILITIES	-	-	2,728	7,051
Net Assets	470	48,747	38,556	264,914
EQUITY				
Retained Earnings	470	36,557	26,537	70,122
Revaluation Reserves	-	12,190	12,018	194,793
Council Equity Interest	470	48,747	38,555	264,915
Non-controlling Interests	-	-	-	-
Total Equity	470	48,747	38,555	264,915

¹ General Fund refers to all Council's activities other than Water, Sewer & Waste

* Waste represents Domestic Waste

NB. All amounts disclosed above are Gross - that is, they include internal receivables & payables between the Funds.

Corowa Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 22. "Held for Sale" Non Current Assets & Disposal Groups

\$ '000	2015		2014	
	Current	Non Current	Current	Non Current
(i) Non Current Assets & Disposal Group Assets				
Non Current Assets "Held for Sale"				
Land	-	-	73	-
Buildings	-	-	213	-
Total Non Current Assets "Held for Sale"	-	-	286	-
Disposal Group Assets "Held for Sale"				
Nil				
<u>TOTAL NON CURRENT ASSETS CLASSIFIED AS "HELD FOR SALE"</u>	<u>-</u>	<u>-</u>	<u>286</u>	<u>-</u>

(ii) Details of Assets & Disposal Groups

The Council have sold the old Council office and have no assets Held for Sale at 30 June 2015.

(iii) Disposal Group Liabilities**Disposal Group Related Liabilities "Held for Sale"**

Nil

Corowa Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 22. "Held for Sale" Non Current Assets & Disposal Groups (continued)

\$ '000	Disposal Groups		Assets "Held for Sale"	
	2015	2014	2015	2014
(iv) Reconciliation of Non Current Assets "Held for Sale" & Disposal Groups - i.e. Discontinued Operations				
Opening Balance	-	-	286	286
less: Carrying Value of Assets/Operations Sold	-	-	(286)	-
Balance still unsold after 12 months:	-	-	-	286
Closing Balance of "Held for Sale" Non Current Assets & Operations	-	-	-	286
(v) Reconciliation of Discontinued Operations Related Liabilities				
Opening Balance			-	-
less: Carrying Value of Operations Sold			-	-
Balance still unsold after 12 months:			-	-
Closing Balance of Disposal Group Liabilities (ie Discontinued Operations)			-	-

Refer to Note 27 - Fair Value Measurement for fair value measurement information.

Corowa Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 23. Events occurring after the Reporting Date

\$ '000	Actual 2015	Actual 2014
---------	----------------	----------------

Events that occur between the end of the reporting period (ending 30 June 2015) 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 20/10/15.

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 30 June 2015.

(ii) Events that provide evidence of conditions that arose after the Reporting Period

These financial statements (& figures therein) do not incorporate any "non-adjusting events" that have occurred after 30 June 2015 and which are only indicative of conditions that arose after 30 June 2015.

Corowa Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2015

Note 24. Discontinued Operations

	Actual	Actual
\$ '000	2015	2014

Council has not classified any of its Operations as "Discontinued".

Corowa Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 25. Intangible Assets

\$ '000	Actual 2015	Actual 2014
---------	----------------	----------------

Intangible Assets represent identifiable non-monetary asset 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.

Corowa Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 26. Reinstatement, Rehabilitation & Restoration Liabilities

\$ '000	Actual 2015	Actual 2014
---------	----------------	----------------

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

Asset/Operation	Estimated year of restoration	NPV of Provision	
		2015	2014
Balldale Quarry	2036	154	154
Davies Hill Quarry Daysdale	2036	33	33
Corowa Tip	2015	368	368
Balance at End of the Reporting Period	10(a)	<u><u>555</u></u>	<u><u>555</u></u>

Under AASB 116 - Property, Plant & Equipment, where the use of an asset results in the obligation to dismantle or remove the asset and restore the site on which the asset stands, an estimate of such costs is required to be included in the cost of the asset.

An equivalent liability must be recognised under AASB 137 - Provisions, Contingent Liabilities and Contingent Assets.

The provision has been calculated by determining the present value of the future expenditures expected to be incurred. The discount rate used is the risk free borrowing rate applicable to Council.

Reconciliation of movement in Provision for year:

Balance at beginning of year	555	555
Amortisation of discount (expensed to borrowing costs)	-	-
Total - Reinstatement, rehabilitation and restoration provision	<u><u>555</u></u>	<u><u>555</u></u>

Amount of Expected Reimbursements

Of the above Provisions for Reinstatement, Rehabilitation and Restoration works, those applicable to Garbage Services & Waste Management are able to be funded through future charges incorporated within Council's Annual Domestic Waste Management Charge.

Corowa Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2015

Note 27. Fair Value Measurement

\$ '000	Actual 2015	Actual 2014
---------	----------------	----------------

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

- Infrastructure, Property, Plant and Equipment
- Financial Assets & Liabilities

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).

Corowa Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 27. Fair Value Measurement

\$ '000

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

2015	Date of latest Valuation	Fair Value Measurement Hierarchy			Total
		Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	
Recurring Fair Value Measurements					
Financial Assets					
Investments					
- "Held for Trading"	30/06/2015	13,528	-	-	13,528
Total Financial Assets		13,528	-	-	13,528
Infrastructure, Property, Plant & Equipment					
Plant & Equipment	30/06/2013	-	-	4,422	4,422
Office Equipment	30/06/2013	-	-	529	529
Furniture & Fittings	30/06/2013	-	-	105	105
Land	30/06/2013	-	-	15,476	15,476
Buildings	30/06/2013	-	-	24,900	24,900
Other Structures	30/06/2012	-	-	463	463
Roads	30/06/2015	-	-	94,639	94,639
Bridges	30/06/2015	-	-	7,712	7,712
Footpaths	30/06/2015	-	-	4,619	4,619
Bulk Earthworks (non-depreciable)	30/06/2015	-	-	63,107	63,107
Stormwater Drainage	30/06/2015	-	-	45,681	45,681
Water Supply Network	30/06/2012	-	-	37,778	37,778
Sewerage Network	30/06/2012	-	-	34,550	34,550
Other Asset	30/06/2012	-	-	544	544
Quarry Assets	30/06/2011	-	-	94	94
Total Infrastructure, Property, Plant & Equipment		-	-	334,619	334,619

Corowa Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 27. Fair Value Measurement

\$ '000

2014	Date of latest Valuation	Fair Value Measurement Hierarchy			Total
		Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	
Recurring Fair Value Measurements					
Financial Assets					
Investments					
- "Held for Trading"	30/06/2014	13,417	-	-	13,417
Total Financial Assets		13,417	-	-	13,417
Infrastructure, Property, Plant & Equipment					
Plant & Equipment	30/06/2013	-	-	4,010	4,010
Office Equipment	30/06/2013	-	-	130	130
Furniture & Fittings	30/06/2013	-	-	89	89
Land	30/06/2013	-	-	15,157	15,157
Buildings	30/06/2013	-	-	25,750	25,750
Other Structures	30/06/2012	-	-	463	463
Roads	30/06/2010	-	-	86,464	86,464
Bridges	30/06/2010	-	-	7,077	7,077
Footpaths	30/06/2010	-	-	2,942	2,942
Bulk Earthworks (non-depreciable)	30/06/2010	-	-	65,174	65,174
Stormwater Drainage	30/06/2010	-	-	38,600	38,600
Water Supply Network	30/06/2012	-	-	37,398	37,398
Sewerage Network	30/06/2012	-	-	33,748	33,748
Other Asset	30/06/2012	-	-	364	364
Quarry Assets	30/06/2011	-	-	94	94
Total Infrastructure, Property, Plant & Equipment		-	-	317,460	317,460
Non-recurring Fair Value Measurements					
Non Current Assets classified as "Held for Sale"					
Land	30/06/2013	-	73	-	73
Buildings	30/06/2013	-	213	-	213
Total NCA's classified as "Held for Sale"		-	286	-	286

Corowa Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 27. Fair Value Measurement (continued)

\$ '000

(2) Transfers between Level 1 & Level 2 Fair Value Hierarchies

During the year, there were no transfers between Level 1 and Level 2 Fair Value hierarchies for recurring fair value measurements.

Corowa Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 27. Fair Value Measurement (continued)

\$ '000

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

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

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

• Infrastructure, Property, Plant & Equipment

Plant & Equipment, Office Equipment, Furniture & Fittings and Other Assets

Plant & Equipment, Office Equipment, Furniture & Fittings and Other Assets are valued at cost but are disclosed at fair value in the notes. The carrying amount of these assets is assumed to approximate fair value due to the nature of the items.

Following are the example of assets in their respective class:

- Plant and Equipment - Graders, truck, roller, tractors and motor vehicles.
- Office Equipment - Computers, photocopiers and projector.
- Furniture and Fittings - Chairs, desks and filing cabinets.
- Other Assets - Playground.

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

Land and Buildings

Operational & Community Land

Value of Operational & Community Land are based on the Land Value provided by the Valuer-General, which was last valued on 30 June 2013.

Land Value was based on the valuer's opinion of estimated market value of arm's length transaction between buyer and seller, both willing and knowledgeable parties.

Buildings - Non-Specialised & Specialised

Both types of buildings are valued by external valuer, Asset Val Pty Ltd on 30 June 2013. The buildings were valued at fair value in accordance with Compiled Accounting Standard AASB116 Property, Plant and Equipment, the guidance contained in the NSW Treasury Accounting Policy tpp 07-1 and the NSW Department of Local Government Guidelines. 'Fair value' is the best estimate of the price reasonably obtained in the market at the date of valuation. As defined in AASB 116, it is "the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction".

The valuer may use market observable data to start off but the adjustments to localise the fair value have made both Land and Building to be classified as Level 3 input instead.

There has been no change to the valuation process for both Land and Buildings during the reporting period.

Other Structures

Balldale water system is classified as other structure in the notes. The water system is a non portable water supply and the cost approach has been adopted. The replacement cost was estimated for the asset because no market based evidence (Level 2) could be use as reference.

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

Corowa Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 27. Fair Value Measurement (continued)

\$ '000

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

Infrastructure, Property, Plant & Equipment (continued)

Roads, Bridges and Footpaths

Valuations of Roads, Bridges and Footpaths were undertaken in-house based on actual cost and assumptions by Council's Asset Management Department. Level 3 valuation input is used because there is no evidence of Level 2 inputs for this asset classes.

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

Stormwater drainage

Stormwater drainage includes drains, culverts and pits were valued internally by the Council's Asset Management Department. The assets are classified as Level 3 input because estimated value were subject to judgement calls on replacement cost, pattern of consumption, remaining useful life, residual value and asset conditions to name a few.

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

Sewerage Network

Pump stations, sewerage mains and treatment plants are among assets in Sewerage Network.

The cost approach was adopted to estimate the value of these assets by componentising the assets into significant parts with different useful lives and taking into account a range of values. Key inputs such as estimated pattern of consumption, residual value, asset condition and useful life required extensive professional judgement and impact significantly on the final determination of fair value. As such, this asset class is taken as Level 3 input.

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

• Non Current Assets classified as "Held for Sale"

Land and Buildings

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.

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

Corowa Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 27. Fair Value Measurement (continued)

\$ '000

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

a. The following tables present the changes in Level 3 Fair Value Asset Classes.

	Plant & Equipment	Office Equipment	Furniture & Fittings	Land	Total
Adoption of AASB 13	4,010	130	89	15,157	19,386
Transfers from/(to) another asset class	14	339	-	-	353
Purchases (GBV)	1,002	130	-	388	1,520
Disposals (WDV)	(275)	-	-	(21)	(296)
Depreciation & Impairment	(335)	(68)	(15)	(48)	(466)
Revaluation Decrement	-	(1)	-	-	(1)
Revaluation Increment	7	-	31	-	38
Closing Balance - 30/6/15	4,423	530	105	15,476	20,534

	Buildings	Other Structures	Roads	Bridges	Total
Adoption of AASB 13	25,750	463	86,464	7,077	119,754
Transfers from/(to) another asset class	226	-	573	-	799
Purchases (GBV)	540	-	2,478	85	3,103
Disposals (WDV)	(31)	-	(316)	-	(347)
Depreciation & Impairment	(1,565)	-	(1,856)	(33)	(3,454)
Revaluation Decrement	(19)	-	-	-	(19)
Revaluation Increment	-	-	7,296	582	7,878
Closing Balance - 30/6/15	24,901	463	94,639	7,711	127,714

Corowa Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 27. Fair Value Measurement (continued)

\$ '000

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

a. The following tables present the changes in Level 3 Fair Value Asset Classes. (continued)

	Footpaths	Bulk Earthworks	Storm Drainage	Water Supply Network	Total
Adoption of AASB 13	2,942	65,174	38,600	37,398	144,114
Transfers from/(to) another asset class	21	-	129	563	713
Purchases (GBV)	69	-	1,221	820	2,110
Disposals (WDV)	-	-	(52)	(217)	(269)
Depreciation & Impairment	(84)	-	(302)	(1,158)	(1,544)
Revaluation Decrement	-	(2,067)	-	-	(2,067)
Revaluation Increment	1,672	-	6,084	371	8,127
Closing Balance - 30/6/15	4,620	63,107	45,680	37,777	151,184

	Sewerage Network	Other Asset	Quarry Assets	Total
Adoption of AASB 13	33,748	364	94	34,206
Transfers from/(to) another asset class	283	-	-	283
Purchases (GBV)	877	3	-	880
Disposals (WDV)	(46)	-	-	(46)
Depreciation & Impairment	(748)	(33)	-	(781)
Adjustment & Transfer	-	-	-	-
Revaluation Increment	435	210	-	645
Closing Balance - 30/6/15	34,549	544	94	35,187

Corowa Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 27. Fair Value Measurement (continued)

\$ '000

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

b. Information relating to the transfers into and out of the Level 3 Fair Valuation hierarchy (as disclosed in the Table above) includes:

Not applicable

c. The Valuation Process for Level 3 Fair Value Measurements

The Council's valuation on its infrastructure assets are recorded at depreciated replacement cost (i.e. written-down value) using the fair value approach. Valuing the infrastructure assets at fair value is in accordance to Australian Accounting Standard 116 (AASB 116).

National Asset Management Strategy (NAMS) Financial Reporting Guidelines have been used to determine the formulae applied in calculating depreciation. The methodology for determining written down value varies depending on the physical characteristics of a given asset. Assets can be categorised into three broad categories.

- No Depreciation - For valuation purposes these assets are said to have infinite useful life. The written down value of these assets is not affected by use or the passing of time, and is always equal to the replacement value.
- Straight Line Depreciation - These assets are consumed consistently through the course of their useful life. A daily depreciation can be calculated by dividing the replacement value by the number of days in the asset's useful life. Subsequently the accumulated depreciation can be calculated by multiplying this daily depreciation by the number of days since the asset was acquired. The written down value is equal to the replacement value minus this calculated accumulated depreciation.
- Non-Linear Depreciation - Most of Council's long-life infrastructure assets fall into this category. The daily depreciation of these assets varies depending on what stage of life they are in. In most cases asset life stages can be either in mint, new, rapid deterioration or acquiescence condition.

Full revaluations are undertaken for all assets on a 5 year cycle which is in line with AASB 116 that requires the infrastructure assets to be re-valued periodically. Depending on the class of asset, valuation is either done internally, externally or both.

The assets are recorded in the Corporate Asset Register that is equipped with sophisticated triggers that signal recalculation of the annual valuation of an asset as soon as any relevant attribute is changed, eg. width, length, diameter, material, etc. Trigger functions are also used to ensure that at any time an asset is added, changed, or deleted from the Register an audit trail is kept.

(5). Highest and best use

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

Corowa Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2015

Note 28. Council Information & Contact Details

Principal Place of Business:

100 Edward Street, Ball Park
Corowa NSW 2646

Contact Details**Mailing Address:**

PO Box 77
Corowa NSW 2646

Opening Hours:

8:30a.m. To 5:00p.m.
Monday to Friday

Telephone: 02 6033 8999

Facsimile: 02 6033 3317

Internet: www.corowa.nsw.gov.au

Email: council@corowa.nsw.gov.au

Officers**GENERAL MANAGER**

Chris Gillard

RESPONSIBLE ACCOUNTING OFFICER

Shane Norman

PUBLIC OFFICER

Kristy Kay

AUDITORS

Crowe Horwath Albury
491 Smollett St, Albury NSW 2640

Elected Members**MAYOR**

Paul Miegel

COUNCILLORS

Francesco Bruinsma

Daryl Davey

Gail Law

Fred Longmire

Joan Palmer

Fiona Schirmer

Mark Shields

Norm Wales APM

Other Information

ABN: 43 874 223 315

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

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Corowa Shire Council ('the Council'), which comprises the statement of financial position as at 30 June 2015 and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes 1 to 28 and the Statement by Councillors and Management of the Council. The financial statements and Council's statement are in the approved form as required by Section 413(2) (a) and (c) of the Local Government Act, 1993.

COUNCIL'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

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

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

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

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

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

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

INDEPENDENCE

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

AUDITOR'S OPINION

In our opinion:

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



CROWE HORWATH ALBURY



BRADLEY D BOHUN

Partner

Dated at Albury this 27th day of October 2015.

Report on the Conduct of the Audit

Corowa Shire Council

For the year ended 30 June 2015

Contents

1	Report on the Conduct of Audit	3
2	Operating Result	4
3	Financial Position	6
4	Performance Indicators	7
5	Specific Balance Sheet Items.....	9
6	Other Matters	12

1 Report on the Conduct of Audit

We have completed our audit of the financial statements for Corowa Shire Council ('Council') for the year ended 30 June 2015, in accordance with Section 415 of the Local Government Act, 1993. Our audit opinion under Section 417(2) has been issued to Council and this report on the conduct of the audit should be read in conjunction with the audit opinion.

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

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

Our engagement is summarised as:

Nature of Engagement	Opinion	Basis of Preparation
General purpose financial statements	Unqualified	Going concern Not for Profit entity
Special purpose financial statements	Emphasis of matter regarding basis of preparation	National Competition Policy requirements by area of business activity
Special Schedule 7	Agreed upon procedures	Report of factual findings to Council and OLG
Special Schedule 9	Emphasis of matter regarding basis of preparation	OLG requirements

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

2 Operating Result

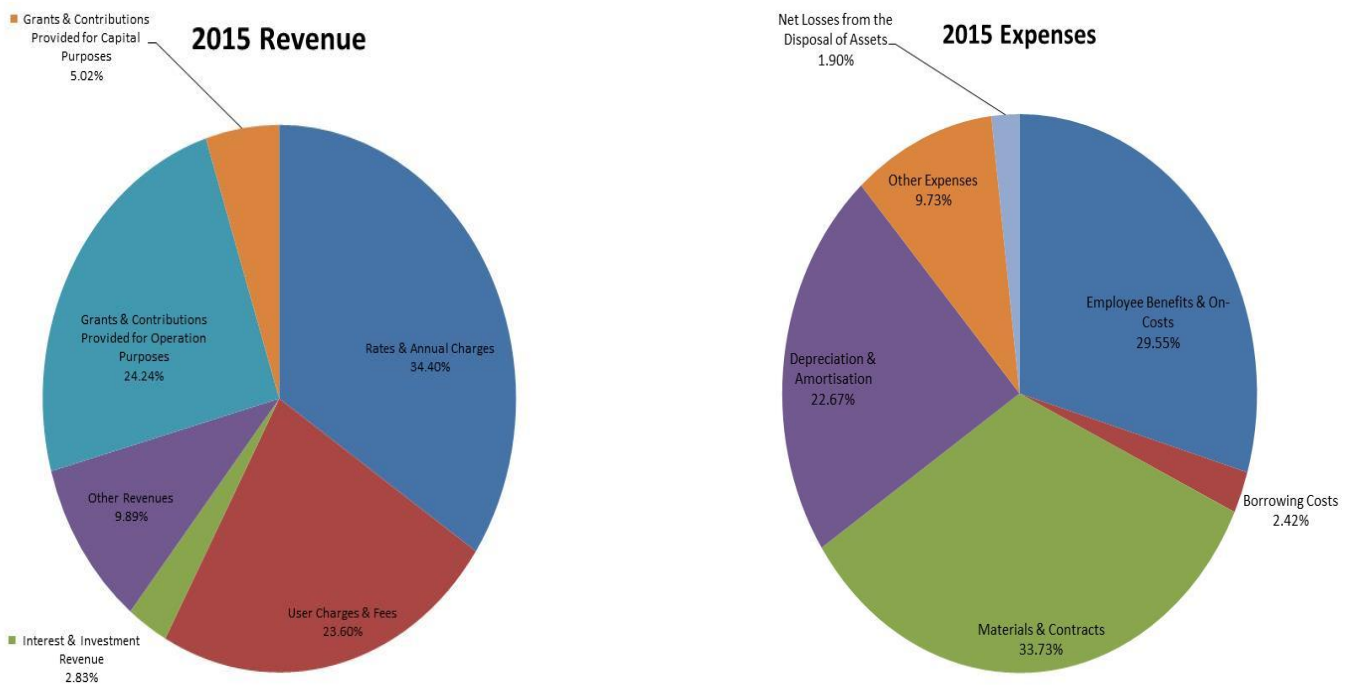
Corowa Shire Council is a rural based Council in Southern New South Wales, whose affairs are governed by:

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

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

As disclosed in the Income Statement, the Council achieved a surplus in net operating result from continuing operations (including capital contributions) of \$2,730k (2014: \$4,303k surplus) for the year ended 30 June 2015.

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



Significant income and expense items in the current year were:

	2015 \$'000	2014 \$'000	2013 \$'000
Rates and annual charges	10,417 ¹	10,647 ¹	8,793
User charges and fees	7,147	5,544	6,639
Interest & investment income	857	894	900
Grants and contributions - operating	7,341	7,023	6,122
Grants and contributions - capital	1,521	4,730	4,727
Employee costs	(8,142)	(7,894)	(7,612)
Materials and contracts	(9,262)	(8,889)	(8,481)
Depreciation and amortisation	(6,245)	(6,987)	(6,916)

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

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

¹ Council has had in place a special rate variation of 7% which commenced in 2014 year and continues to be applied in 2015.

3 Financial Position

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

	2015 \$'000	2014 \$'000	2013 \$'000
Cash and Liquid Investments	21,883	20,434	20,186
External Restrictions - included in liabilities	-	-	-
- not included in liabilities	(13,325)	(13,399)	(10,335)
Internal Restrictions - included in liabilities	(1,303)	(1,303)	(1,003)
- not included in liabilities	(4,583)	(4,423)	(6,844)
Unrestricted Cash and Investments	2,672	1,309	2,004
Other Net Current Assets / (Liabilities) excluding anticipated LSL Provision & restrictions included in liabilities	359	1,190	457
Unrestricted Working Capital	3,031	2,499	2,461

Council has used internal restrictions, these are a discretionary item specific to each individual Council. It should be noted that the level of internal restrictions can be adjusted via Council.

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

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

4 Performance Indicators

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

4.1 Operating Performance Ratio

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

The operating performance ratio at Note 13 has strengthened this year due to a increases in rates and annual charges and user charges and fees. The Council's ratio is 6.03% which is above the minimum benchmark of 0.00% set by the Code of Accounting Practice and Financial Reporting.

4.2 Own Source Operating Revenue Ratio

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

This ratio has strengthened in 2015 from 63.01% in 2014 to 70.73%, this result remains above the minimum benchmark of 60.00%.

4.3 Liquidity (Unrestricted Current) Ratio

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

The liquidity ratio at Note 13 shows an increase in Council's liquidity position to 3.34:1 compared to 3.07:1 in the prior year. Council continues to report a result well in excess of the 1.5:1 benchmark minimum.

4.4 Debt Service Cover Ratio

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

This ratio indicates that Council has sufficient and appropriate operating results to service the borrowing repayments.

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

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

Council has performed better than the benchmark (from: Code of Accounting Practice and Financial Reporting) in both the current and prior period, indicating a relatively low % of receivables remain outstanding at year end.

4.6 Cash Expense Cover Ratio

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

Council has performed strongly in both the current and prior period, indicating a strong liquidity position with a ratio of 11.45 months (2014: 12.43 months), well above the benchmark of 3.00 months.

4.7 Performance Indicators by Fund

The following performance indicators are shown on a fund basis as at 30 June 2015. The below allows analysis of how Council performs at a final level and would indicate the result of Council's general operations excluding its water and sewer operations.

Indicators	Water	Sewer	General
Operating performance ratio	21.57%	14.59%	0.17%
Own source operating revenue	91.91%	93.83%	60.06%
Unrestricted current ratio	No liabilities	86.42x	3.34x
Debt service cover ratio	0.00x	0.98x	23.18x
Rates, Annual Charges, Interest and extra charges outstanding %	7.87%	7.50%	7.10%
Cash expense cover ratio	33.55 months	24.52 months	6.22 months

5 Specific Balance Sheet Items

5.1 Receivables

Total current receivable at 30 June 2015, net of allowance for impairment was \$3,984k (2014: \$4,864k).

This balance primarily consists of user charges and fees of \$946k (2014: \$862k), rates and annual charges of \$706k (2014: \$715k) and RMS works of \$626k (2014: \$1,436k). The percentage of rates and annual charges outstanding is referred to in Section 4.5 of this report.

The allowance for impairment at 30 June 2015 was \$nil (2014: \$nil). An assessment by Council of the collectability of the receivables balance indicated that an allowance for impairment was not necessary as receivables are considered collectible coupled with the fact that rate debts are secured over the underlying property and the level of default is minimal.

5.2 Capital Expenditure

During the reporting period Council spent \$8,098k (2014: \$6,448k) on asset additions of infrastructure, property, plant and equipment. A further \$nil (2014: \$4,004k) was spent on reinstatement costs for impaired assets.

The primary areas of capital expenditure were as follows:

	2015 \$'000	2014 \$'000	2013 \$'000
Work in progress	485	2,037	450
Land & improvements	388	314	186
Buildings	540	523	151
Plant and equipment	1,132	612	1,473
Roads, bridges and footpaths	2,632	1,279	909
Stormwater drainage	1,221	965	1,364
Water supply network	820	450	566
Sewerage network	877	268	20
Other	3	-	-
Asset additions	8,098	6,448	5,119
Reinstatement costs for impaired assets	-	4,004	3,574
Total capital expenditure	8,098	10,452	8,693

5.3 Borrowings

Total borrowings have decreased by \$1,490k from the prior year's balance of \$6,177k to the 2015 total balance of \$4,687k. These loans are secured over the general Rating Income of Council.

5.4 Fair Value of Infrastructure Assets

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

2011: Community land, land improvements, other structures and other assets;
 2012: Water and sewer networks;
 2013: Operational land and buildings;
 2014: Land under roads (if applicable); and
 2015: Roads, bridges, footpaths, drainage and bulk earthworks.

In 2015 the Council performed a revaluation of various asset categories to fair value. This revaluation resulted in the following increments and decrements:

Plant & Equipment:	\$7k	Increment
Furniture & Fittings:	\$31k	Increment
Roads:	\$7,296k	Increment
Bridges:	\$582k	Increment
Footpaths:	\$1,672k	Increment
Bulk earthworks	\$2,067k	Decrement
Stormwater drainage:	\$6,084k	Increment
Water supply network:	\$371k	Increment*
Sewerage network:	\$435k	Increment*
Other:	\$210k	Increment

The roads and water supply network increments were post audit adjustments raised.

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

As at June 2015 all Council's infrastructure, property, plant and equipment is held at fair value with the exception of capital WIP which is held at cost.

5.5 New Standards and Interpretations Not Yet Adopted

Certain new accounting standards have been published that are not mandatory for the 30 June 2015 reporting period as follows:

- AASB 9 *Financial Instruments* and associated amending standards, effective 1 January 2018.
- AASB 15 *Revenue from Contracts with Customers*, effective 1 January 2018,
- AASB 2014-3 Amendments to Australian Accounting Standards – *Accounting for Acquisitions of Interests in Joint Operations (AASB1 and AASB11) and AASB 2014-10 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*, effective 1 January 2018.
- AASB 2015-2 Presentation of Financial Statements (amendments to AASB101), effective 1 January 2016.

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

6 Other Matters

6.1 Management Letter

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

6.2 Independence

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

6.3 Assistance Provided

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

6.4 Reliance on the Report

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

Contact Us

Crowe Horwath Albury

491 Smollett Street
Albury NSW 2640 Australia
Tel +61 2 6021 1111
Fax +61 2 6041 1892
www.crowehorwath.com.au

Disclaimer

Crowe Horwath Albury is a member of Crowe Horwath International, a Swiss verein. Each member firm of Crowe Horwath is a separate and independent legal entity. Liability limited by a scheme approved under Professional Standards Legislation other than for the acts or omissions of financial services licensees.

Corowa Shire Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2015

“...proudly servicing the Towns and Villages of Corowa,
Mulwala, Howlong, Balldale, Buraja, Coreen, Daysdale,
Lowesdale, Rennie, & Savernake”



Corowa Shire Council

Special Purpose Financial Statements

for the financial year ended 30 June 2015

Contents	Page
1. Statement by Councillors & Management	2
2. Special Purpose Financial Statements:	
Income Statement - Water Supply Business Activity	3
Income Statement - Sewerage Business Activity	4
Income Statement - Other Business Activities	5
Statement of Financial Position - Water Supply Business Activity	6
Statement of Financial Position - Sewerage Business Activity	7
Statement of Financial Position - Other Business Activities	8
3. Notes to the Special Purpose Financial Statements	9
4. Auditor's Report	

Background

(i) These Special Purpose Financial Statements have been prepared for the use by both Council and the Division 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 & 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 over \$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 & debt guarantee fees (where the business benefits from councils borrowing position by comparison with commercial rates).

Corowa Shire Council

Special Purpose Financial Statements

for the financial year ended 30 June 2015

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 & Costing for Council Businesses - A Guide to Competitive Neutrality".
- The Local Government Code of Accounting Practice and Financial Reporting.
- The NSW Office of Water (Department of Environment, Climate Change and Water) Guidelines - "Best Practice Management of Water and Sewerage".

To the best of our knowledge and belief, these Financial Statements:

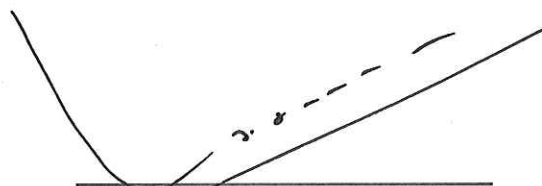
- Present fairly the Operating Result and Financial Position for each of Council's declared Business Activities for the year, and
- Accord with Council's accounting and other records.

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 Council made on 20 October 2015.



Mark Shields
DEPUTY MAYOR



Francesco Bruinsma
COUNCILLOR



Chris Gillard
GENERAL MANAGER



Shane Norman
RESPONSIBLE ACCOUNTING OFFICER

Corowa Shire Council

Income Statement of Council's Water Supply Business Activity

for the financial year ended 30 June 2015

\$ '000	Actual 2015	Actual 2014
Income from continuing operations		
Access charges	689	1,392
User charges	3,916	2,601
Fees	33	79
Interest	278	268
Grants and contributions provided for non capital purposes	37	64
Other income	35	1
Total income from continuing operations	4,988	4,405
Expenses from continuing operations		
Employee benefits and on-costs	1,474	1,405
Materials and contracts	878	1,170
Depreciation and impairment	1,163	879
Water purchase charges	-	58
Loss on sale of assets	217	-
Calculated taxation equivalents	45	63
Other expenses	352	128
Total expenses from continuing operations	4,129	3,703
Surplus (deficit) from Continuing Operations before capital amounts	859	702
Grants and contributions provided for capital purposes	399	9
Surplus (deficit) from Continuing Operations after capital amounts	1,258	711
Surplus (deficit) from discontinued operations	-	-
Surplus (deficit) from ALL Operations before tax	1,258	711
less: Corporate Taxation Equivalent (30%) [based on result before capital]	(258)	(211)
SURPLUS (DEFICIT) AFTER TAX	1,000	500
plus Opening Retained Profits	35,253	34,479
plus Adjustments for amounts unpaid:		
- Taxation equivalent payments	45	63
- Debt guarantee fees	-	-
- Corporate taxation equivalent	258	211
Closing Retained Profits	36,556	35,253
Return on Capital %	2.2%	1.8%
Subsidy from Council	337	708
Calculation of dividend payable:		
Surplus (deficit) after tax	1,000	500
less: Capital grants and contributions (excluding developer contributions)	(317)	-
Surplus for dividend calculation purposes	683	500
Potential Dividend calculated from surplus	342	250

Corowa Shire Council

Income Statement of Council's Sewerage Business Activity

for the financial year ended 30 June 2015

\$ '000	Actual 2015	Actual 2014
Income from continuing operations		
Access charges	3,419	3,371
User charges	549	316
Liquid Trade Waste charges	14	35
Fees	-	9
Interest	231	182
Grants and contributions provided for non capital purposes	63	62
Other income	-	90
Total income from continuing operations	4,276	4,065
Expenses from continuing operations		
Employee benefits and on-costs	1,276	1,113
Borrowing costs	540	348
Materials and contracts	876	881
Depreciation and impairment	749	737
Loss on sale of assets	46	-
Calculated taxation equivalents	31	47
Other expenses	180	178
Total expenses from continuing operations	3,698	3,304
Surplus (deficit) from Continuing Operations before capital amounts	578	761
Grants and contributions provided for capital purposes	214	17
Surplus (deficit) from Continuing Operations after capital amounts	792	778
Surplus (deficit) from discontinued operations	-	-
Surplus (deficit) from ALL Operations before tax	792	778
less: Corporate Taxation Equivalent (30%) [based on result before capital]	(173)	(228)
SURPLUS (DEFICIT) AFTER TAX	619	550
plus Opening Retained Profits	25,714	24,889
plus Adjustments for amounts unpaid:		
- Taxation equivalent payments	31	47
- Debt guarantee fees	-	-
- Corporate taxation equivalent	173	228
Closing Retained Profits	26,537	25,714
Return on Capital %	3.1%	3.1%
Subsidy from Council	-	168
Calculation of dividend payable:		
Surplus (deficit) after tax	619	550
less: Capital grants and contributions (excluding developer contributions)	(121)	-
Surplus for dividend calculation purposes	498	550
Potential Dividend calculated from surplus	249	275

Corowa Shire Council

Income Statement of Council's Other Business Activities

for the financial year ended 30 June 2015

Domestic Waste

Category 2

\$ '000	Actual 2015	Actual 2014
Income from continuing operations		
Access charges	203	204
User charges	1,171	1,233
Interest	12	-
Grants and contributions provided for non capital purposes	72	77
Total income from continuing operations	1,458	1,514
Expenses from continuing operations		
Employee benefits and on-costs	146	91
Borrowing costs	-	-
Materials and contracts	1,288	1,180
Other expenses	-	140
Total expenses from continuing operations	1,434	1,411
Surplus (deficit) from Continuing Operations before capital amounts	24	103
Grants and contributions provided for capital purposes	-	-
Surplus (deficit) from Continuing Operations after capital amounts	24	103
Surplus (deficit) from discontinued operations	-	-
Surplus (deficit) from ALL Operations before tax	24	103
less: Corporate Taxation Equivalent (30%) [based on result before capital]	(7)	(31)
SURPLUS (DEFICIT) AFTER TAX	17	72
plus Opening Retained Profits	446	343
plus Adjustments for amounts unpaid:		
- Taxation equivalent payments	-	-
- Debt guarantee fees	-	-
- Corporate taxation equivalent	7	31
Closing Retained Profits	470	446
Return on Capital %	n/a	n/a
Subsidy from Council	-	-

Corowa Shire Council

Statement of Financial Position - Council's Water Supply Business Activity
as at 30 June 2015

\$ '000	Actual 2015	Actual 2014
ASSETS		
Current Assets		
Cash and cash equivalents	1,551	2,510
Investments	6,612	4,350
Receivables	983	593
Total Current Assets	9,146	7,453
Non-Current Assets		
Infrastructure, property, plant and equipment	39,601	39,618
Total non-Current Assets	39,601	39,618
TOTAL ASSETS	48,747	47,071
LIABILITIES		
Current Liabilities		
Payables	-	-
Total Current Liabilities	-	-
Non-Current Liabilities		
Payables	-	-
Total Non-Current Liabilities	-	-
TOTAL LIABILITIES	-	-
NET ASSETS	48,747	47,071
EQUITY		
Retained earnings	36,557	35,253
Revaluation reserves	12,190	11,818
Council equity interest	48,747	47,071
Non-controlling equity interest	-	-
TOTAL EQUITY	48,747	47,071

Corowa Shire Council

Statement of Financial Position - Council's Sewerage Business Activity
as at 30 June 2015

\$ '000	Actual 2015	Actual 2014
ASSETS		
Current Assets		
Cash and cash equivalents	853	1,719
Investments	3,638	2,978
Receivables	399	382
Total Current Assets	4,890	5,079
Non-Current Assets		
Investments	-	480
Infrastructure, property, plant and equipment	36,394	35,870
Total non-Current Assets	36,394	36,350
TOTAL ASSETS	41,284	41,429
LIABILITIES		
Current Liabilities		
Payables	6	6
Interest bearing liabilities	49	149
Total Current Liabilities	55	155
Non-Current Liabilities		
Interest bearing liabilities	2,673	3,996
Total Non-Current Liabilities	2,673	3,996
TOTAL LIABILITIES	2,728	4,151
NET ASSETS	38,556	37,278
EQUITY		
Retained earnings	26,537	25,714
Revaluation reserves	12,018	11,564
Council equity interest	38,555	37,278
Non-controlling equity interest	-	-
TOTAL EQUITY	38,555	37,278

Corowa Shire Council

Statement of Financial Position - Council's Other Business Activities

as at 30 June 2015

Domestic Waste

Category 2

\$ '000	Actual 2015	Actual 2014
ASSETS		
Current Assets		
Cash and cash equivalents	307	342
Receivables	163	104
Total Current Assets	470	446
Non-Current Assets		
Receivables	-	-
Total Non-Current Assets	-	-
TOTAL ASSETS	470	446
LIABILITIES		
Current Liabilities		
Payables	-	-
Total Current Liabilities	-	-
Non-Current Liabilities		
Payables	-	-
Total Non-Current Liabilities	-	-
TOTAL LIABILITIES	-	-
NET ASSETS	470	446
EQUITY		
Retained earnings	470	446
Revaluation reserves	-	-
Council equity interest	470	446
Non-controlling equity interest	-	-
TOTAL EQUITY	470	446

Corowa Shire Council

Special Purpose Financial Statements

for the financial year ended 30 June 2015

Contents of the Notes accompanying the Financial Statements

Note	Details	Page
1	Summary of Significant Accounting Policies	10 - 12
2	Water Supply Business Best Practice Management disclosure requirements	13 - 14
3	Sewerage Business Best Practice Management disclosure requirements	15 - 17

Corowa Shire Council

Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2015

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.

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

The figures presented in these special purpose financial statements, 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) &
- Australian Accounting Interpretations.

The disclosures in these special purpose financial statements have been prepared in accordance with:

- the Local Government Act and 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 on the "Application of National Competition Policy to Local Government".

The "Pricing & 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 & costing guidelines outline the process for identifying and allocating costs to activities and provide a standard of disclosure requirements. 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 & 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. Corowa Shire Council Water Supplies

Supply of Water to the towns of Corowa, Howlong and Mulwala

b. Corowa Shire Council Sewerage Services

Service of Sewerage reticulation and treatment system to the towns of Corowa, Howlong and Mulwala

Category 2

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

a. Corowa Shire Council Domestic Waste Services

Collection of Domestic Waste from the towns of Balldale, Corowa, Howlong and Mulwala

Monetary Amounts

Amounts shown in the financial statements are in Australian currency and rounded to the nearest one 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 Notes 2 and Note 3 are disclosed in whole dollars.

Corowa Shire Council

Notes to the Special Purpose Financial Statements for the financial year ended 30 June 2015

Note 1. Significant Accounting Policies

(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 **\$432,000** of combined land values attracts **0%**. From \$432,001 to \$2,641,000 the rate is **1.6% + \$100**. For the remaining combined land value that exceeds \$2,641,000, a premium marginal rate of **2.0%** applies.

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

In accordance with the guidelines for Best Practice Management of Water Supply and Sewerage, 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 Guides 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 guidelines for Best Practice Management of Water Supply and Sewerage 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 of 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/(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 the “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 rate applied of 30% is the equivalent company tax rate prevalent as at balance date. No adjustments have been made for variations that have occurred during the year.

Local Government Rates & 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 & Debt Guarantee Fees

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

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

Corowa Shire Council

Notes to the Special Purpose Financial Statements for the financial year ended 30 June 2015

Note 1. Significant Accounting Policies

(ii) Subsidies

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

Subsidies occur where 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 the 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 30 June

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 3.02% at 30/6/15.

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 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 30 June 2015 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

In accordance with the guidelines for Best Practice Management of Water Supply and Sewerage, 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.

Corowa Shire Council

Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2015

Note 2. Water Supply Business

Best Practice Management disclosure requirements

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated)

2015

1. Calculation and Payment of Tax-Equivalents

[All Local Government Local Water Utilities must pay this dividend for tax-equivalents]

(i) Calculated Tax Equivalents	45,000
(ii) No of assessments multiplied by \$3/assessment	17,583
(iii) Amounts payable for Tax Equivalents [lesser of (i) and (ii)]	17,583
(iv) Amounts actually paid for Tax Equivalents	-

2. Dividend from Surplus

(i) 50% of Surplus before Dividends [Calculated in accordance with Best Practice Management for Water Supply and Sewerage Guidelines]	341,650
(ii) No. of assessments multiplied by \$30/assessment, less tax equivalent charges/assessment	158,247
(iii) Cumulative surplus before Dividends for the 3 years to 30 June 2015, less the cumulative dividends paid for the 2 years to 30 June 2014 & 30 June 2013	1,977,500

2015 Surplus	683,300	2014 Surplus	500,400	2013 Surplus	793,800
		2014 Dividend	-	2013 Dividend	-

(iv) Maximum dividend from surplus [least of (i), (ii) and (iii) above]	158,247
(v) Dividend actually paid from surplus [refer below for required pre-dividend payment Criteria]	-

3. Required outcomes for 6 Criteria

[To be eligible for the payment of a "Dividend from Surplus", ALL the Criteria below need a "YES"]

(i) Completion of Strategic Business Plan (including Financial Plan)	YES
(ii) Full Cost Recovery, without significant cross subsidies [Refer Item 2(a) in Table 1 on page 22 of the Best Practice Guidelines]	YES
- Complying charges [Item 2(b) in Table 1]	YES
- DSP with Commercial Developer Charges [Item 2(e) in Table 1]	NO
- If Dual Water Supplies, Complying Charges [Item 2(g) in Table 1]	
(iii) Sound Water Conservation and Demand Management implemented	YES
(iv) Sound Drought Management implemented	YES
(v) Complete Performance Reporting Form (by 15 September each year)	YES
(vi) a. Integrated Water Cycle Management Evaluation	YES
b. Complete and implement Integrated Water Cycle Management Strategy	YES

Corowa Shire Council

Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2015

Note 2. Water Supply Business

Best Practice Management disclosure requirements (continued)

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated)

2015

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	5,143
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)]	%	79.63%
NWI F9	Written Down Replacement Cost of Fixed Assets (Water) Written down current cost of system assets (w47)	\$'000	38,878
NWI F11	Operating Cost (OMA) (Water) Management Expenses (w1) + Operational & Maintenance Expenses (w2)	\$'000	2,558
NWI F14	Capital Expenditure (Water) Acquisition of fixed assets (w16)	\$'000	1,383
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 & Equipment (w33b)]	%	3.59%
NWI F26	Capital Works Grants (Water) Grants for the Acquisition of Assets (w11a)	\$'000	-

- Notes:
- References to w (eg. w12) refer to item numbers within Special Schedules No. 3 & 4 of Council's Annual Financial Statements.
 - The NWI Performance Indicators are based upon the National Performance Framework Handbook for Urban Performance Reporting Indicators & Definitions.

Corowa Shire Council

Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2015

Note 3. Sewerage Business

Best Practice Management disclosure requirements

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated)

2015

1. Calculation and Payment of Tax-Equivalents

[All Local Government Local Water Utilities must pay this dividend for tax-equivalents]

(i) Calculated Tax Equivalents	31,000
(ii) No of assessments multiplied by \$3/assessment	15,453
(iii) Amounts payable for Tax Equivalents [lesser of (i) and (ii)]	15,453
(iv) Amounts actually paid for Tax Equivalents	-

2. Dividend from Surplus

(i) 50% of Surplus before Dividends [Calculated in accordance with Best Practice Management for Water Supply and Sewerage Guidelines]	248,800
(ii) No. of assessments x (\$30 less tax equivalent charges per assessment)	139,077
(iii) Cumulative surplus before dividends for the 3 years to 30 June 2015, less the cumulative dividends paid for the 2 years to 30 June 2014 & 30 June 2013	1,378,100

2015 Surplus	497,600	2014 Surplus	549,700	2013 Surplus	330,800
		2014 Dividend	-	2013 Dividend	-

(iv) Maximum dividend from surplus [least of (i), (ii) and (iii) above]	139,077
(v) Dividend actually paid from surplus [refer below for required pre-dividend payment Criteria]	

3. Required outcomes for 4 Criteria

[To be eligible for the payment of a "Dividend from Surplus", ALL the Criteria below need a "YES"]

(i) Completion of Strategic Business Plan (including Financial Plan)	YES
(ii) Pricing with full cost-recovery, without significant cross subsidies [Refer Item 2(a) in Table 1 on page 22 of the Best Practice Guidelines]	YES
Complying charges (a) Residential [Item 2(c) in Table 1]	YES
(b) Non Residential [Item 2(c) in Table 1]	YES
(c) Trade Waste [Item 2(d) in Table 1]	YES
DSP with Commercial Developer Charges [Item 2(e) in Table 1]	NO
Liquid Trade Waste Approvals & Policy [Item 2(f) in Table 1]	YES
(iii) Complete Performance Reporting Form (by 15 September each year)	YES
(iv) a. Integrated Water Cycle Management Evaluation	YES
b. Complete and implement Integrated Water Cycle Management Strategy	YES

Corowa Shire Council

Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2015

Note 3. Sewerage Business

Best Practice Management disclosure requirements (continued)

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated)

2015

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	4,258
NWI F10	Written Down Replacement Cost of Fixed Assets (Sewerage) Written down current cost of system assets (s48)	\$'000	35,138
NWI F12	Operating Cost (Sewerage) Management Expenses (s1) + Operational & Maintenance Expenses (s2)	\$'000	2,198
NWI F15	Capital Expenditure (Sewerage) Acquisition of Fixed Assets (s17)	\$'000	1,160
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 (ie. WDCC) of System Assets (s48) + Plant & Equipment (s34b)]	%	3.60%
NWI F27	Capital Works Grants (Sewerage) Grants for the Acquisition of Assets (12a)	\$'000	-

National Water Initiative (NWI) Financial Performance Indicators
Water & Sewer (combined)

NWI F3	Total Income (Water & 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	9,401
NWI F8	Revenue from Community Service Obligations (Water & Sewerage) Community Service Obligations (NWI F25) x 100 divided by Total Income (NWI F3)	%	1.06%
NWI F16	Capital Expenditure (Water & Sewerage) Acquisition of Fixed Assets (w16 + s17)	\$'000	2,543
NWI F19	Economic Real Rate of Return (Water & 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 & equipment (w33b + s34b)]	%	3.60%
NWI F20	Dividend (Water & Sewerage) Dividend paid from surplus (2(v) of Note 2 + 2(v) of Note 3)	\$'000	-
NWI F21	Dividend Payout Ratio (Water & Sewerage) Dividend (NWI F20) x 100 divided by Net Profit after tax (NWI F24)	%	0.00%

Corowa Shire Council

Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2015

Note 3. Sewerage Business

Best Practice Management disclosure requirements (continued)

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated)

2015

**National Water Initiative (NWI) Financial Performance Indicators
Water & Sewer (combined)**

NWI F22	Net Debt to Equity (Water & Sewerage) Overdraft (w36 + s37) + Borrowings (w38 + s39) - Cash & Investments (w30 + s31) x 100 divided by [Total Assets (w35 + s36) - Total Liabilities (w40 + s41)]	%	-11.38%
NWI F23	Interest Cover (Water & Sewerage) Earnings before Interest & Tax (EBIT) divided by Net Interest Earnings before Interest & Tax (EBIT): Operating Result (w15a + s16a) + Interest expense (w4a + s4a) - Interest Income (w9 + s10) - Gain/Loss on disposal of assets (w14 + s15) + Miscellaneous Expenses (w4b + w4c + s4b + s4c) Net Interest: Interest Expense (w4a + s4a) - Interest Income (w9 + s10)		42
			2,733
			65
NWI F24	Net Profit After Tax (Water & Sewerage) Surplus before dividends (w15a + s16a) - Tax equivalents paid (Note 2-1(iv) + Note 3-1(iv))	\$'000	2,126
NWI F25	Community Service Obligations (Water & Sewerage) Grants for Pensioner Rebates (w11b + s12b)	\$'000	100

- Notes:
- References to w (eg. s12) refer to item numbers within Special Schedules No. 5 & 6 of Council's Annual Financial Statements.
 - The NWI Performance Indicators are based upon the National Performance Framework Handbook for Urban Performance Reporting Indicators & Definitions.

INDEPENDENT AUDITORS' REPORT TO COROWA SHIRE COUNCIL REPORT ON THE SPECIAL PURPOSE FINANCIAL STATEMENTS

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements, being special purpose financial statements, of Corowa Shire Council (the Council), which comprises the statements of financial position by business activity as at 30 June 2015, and the income statements by business activity for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the Statement by Councillors and Management.

COUNCIL'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

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

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

OPINION

In our opinion the special purpose financial statements of Corowa Shire Council are in accordance with the Local Government Code of Accounting Practice and Financial Reporting, including:

- (i) presenting fairly a view of the Council's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards to the extent described in Note 1 and the Local Government Code of Accounting Practice and Financial Reporting.

BASIS OF ACCOUNTING

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

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



CROWE HORWATH ALBURY



BRADLEY D BOHUN

Partner

Dated at Albury this 27th day of October 2015.

Corowa Shire Council

SPECIAL SCHEDULES

for the year ended 30 June 2015

“...proudly servicing the Towns and Villages of Corowa,
Mulwala, Howlong, Balldale, Buraja, Coreen, Daysdale,
Lowesdale, Rennie, & Savernake”



Corowa Shire Council

Special Schedules

for the financial year ended 30 June 2015

Contents

Page

Special Schedules¹

- Special Schedule No. 1	Net Cost of Services	2 - 3
- Special Schedule No. 2(a)	Statement of Long Term Debt (all purposes)	4
- Special Schedule No. 2(b)	Statement of Internal Loans (Sect. 410(3) LGA 1993)	5
- Special Schedule No. 3	Water Supply Operations - incl. Income Statement	6 - 9
- Special Schedule No. 4	Water Supply - Statement of Financial Position	10
- Special Schedule No. 5	Sewerage Service Operations - incl. Income Statement	11 - 14
- Special Schedule No. 6	Sewerage Service - Statement of Financial Position	15
- Notes to Special Schedules No. 3 & 5		16
- Special Schedule No. 7	Report on Infrastructure Assets (as at 30 June 2015)	17 - 23
- Special Schedule No. 8	Financial Projections	24
- Special Schedule No. 9	Permissible Income Calculation	25 - 27

¹ Special Schedules are not audited (with the exception of Special Schedule 9).

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.

Corowa Shire Council

Special Schedule No. 1 - Net Cost of Services

for the financial year ended 30 June 2015

\$'000

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
Governance	372	-	-	(372)
Administration	3,522	2,713	-	(809)
Public Order and Safety				
Fire Service Levy, Fire Protection, Emergency Services	717	463	61	(193)
Enforcement of Local Govt. Regulations	16	5	-	(11)
Animal Control	86	10	-	(76)
Other	-	-	-	-
Total Public Order & Safety	819	478	61	(280)
Health	191	7	-	(184)
Environment				
Noxious Plants and Insect/Vermin Control	223	87	-	(136)
Other Environmental Protection	102	134	-	32
Solid Waste Management	1,943	2,054	-	111
Street Cleaning	-	-	-	-
Drainage	466	-	21	(445)
Stormwater Management	-	-	-	-
Total Environment	2,734	2,275	21	(438)
Community Services and Education				
Administration & Education	169	35	-	(134)
Aged Persons and Disabled	1	-	-	(1)
Children's Services	73	26	-	(47)
Total Community Services & Education	243	61	-	(182)
Housing and Community Amenities				
Public Cemeteries	145	88	-	(57)
Public Conveniences	139	-	-	(139)
Street Lighting	157	41	-	(116)
Town Planning	160	195	-	35
Other Community Amenities	22	12	-	(10)
Total Housing and Community Amenities	623	336	-	(287)
Water Supplies	4,092	4,997	399	1,304
Sewerage Services	3,675	4,284	214	823

Corowa Shire Council

Special Schedule No. 1 - Net Cost of Services (continued)

for the financial year ended 30 June 2015

\$'000

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
Recreation and Culture				
Public Libraries	454	71	-	(383)
Museums	180	10	-	(170)
Community Centres and Halls	1,066	9	-	(1,057)
Other Cultural Services	76	-	-	(76)
Sporting Grounds and Venues	410	1	82	(327)
Swimming Pools	257	30	-	(227)
Parks & Gardens (Lakes)	772	15	133	(624)
Other Sport and Recreation	96	1	-	(95)
Total Recreation and Culture	3,311	137	215	(2,959)
Fuel & Energy	-	-	-	-
Agriculture	-	-	-	-
Mining, Manufacturing and Construction				
Building Control	168	167	25	24
Other Mining, Manufacturing & Construction	52	73	-	21
Total Mining, Manufacturing and Const.	220	240	25	45
Transport and Communication				
Urban Roads (UR) - Local	1,474	10	570	(894)
Sealed Rural Roads (SRR) - Local	1,542	653	-	(889)
Sealed Rural Roads (SRR) - Regional	190	568	-	378
Unsealed Rural Roads (URR) - Local	1,654	-	16	(1,638)
Bridges on SRR - Local	33	-	-	(33)
Parking Areas	-	-	-	-
Footpaths	137	22	-	(115)
Aerodromes	140	34	-	(106)
Other Transport & Communication	1,415	1,158	-	(257)
Total Transport and Communication	6,585	2,445	586	(3,554)
Economic Affairs				
Camping Areas & Caravan Parks	108	107	-	(1)
Other Economic Affairs	1,054	1,298	-	244
Total Economic Affairs	1,162	1,405	-	243
Totals – Functions	27,549	19,378	1,521	(6,650)
General Purpose Revenues ⁽²⁾		9,380		9,380
Share of interests - joint ventures & associates using the equity method	-	-		-
NET OPERATING RESULT ⁽¹⁾	27,549	28,758	1,521	2,730

(1) As reported in the Income Statement

(2) Includes: Rates & Annual Charges (incl. Ex Gratia, excl. Water & Sewer), Non Capital General Purpose Grants, Interest on Investments (excl. Ext. Restricted Assets) & Interest on overdue Rates & Annual Charges

Special Schedule No. 2(a) - Statement of Long Term Debt (all purpose)

for the financial year ended 30 June 2015

\$'000

Classification of Debt	Principal outstanding at beginning of the year			New Loans raised during the year	Debt redemption during the year		Transfers to Sinking Funds	Interest applicable for Year	Principal outstanding at the end of the year		
	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	216	5,961	6,177	-	1,490	-	-	666	121	4,566	4,687
Other	-	-	-	-	-	-	-	-	-	-	-
Total Loans	216	5,961	6,177	-	1,490	-	-	666	121	4,566	4,687
Other Long Term Debt											
Ratepayers Advances	-	-	-	-	-	-	-	-	-	-	-
Government Advances	-	-	-	-	-	-	-	-	-	-	-
Finance Leases	-	-	-	-	-	-	-	-	-	-	-
Deferred Payments	-	-	-	-	-	-	-	-	-	-	-
Total Long Term Debt	-	-	-	-	-	-	-	-	-	-	-
Total Debt	216	5,961	6,177	-	1,490	-	-	666	121	4,566	4,687

Notes: Excludes (i) Internal Loans & (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 are reported in the GPFS).

Corowa Shire Council

Special Schedule No. 2(b) - Statement of Internal Loans [Section 410(3) LGA 1993] for the financial year ended 30 June 2015

\$'000

Summary of Internal Loans

Borrower (by purpose)	Amount originally raised	Total repaid during the year (Principal & Interest)	Principal Outstanding at end of year
General	-	-	-
Water	-	-	-
Sewer	-	-	-
Domestic Waste Management	-	-	-
Gas	-	-	-
Other	-	-	-
Totals	-	-	-

Note: The summary of Internal Loans (above) represents the total of Council's Internal Loans categorised according to the borrower.

Details of Individual Internal Loans

Borrower (by purpose)	Lender (by purpose)	Date of Minister's Approval	Date Raised	Term (years)	Dates of Maturity	Rate of Interest	Amount Originally raised	Total repaid during year (Princ. & Int.)	Principal Outstanding at end of year
-	-			-			-	-	-
-	-			-			-	-	-
-	-			-			-	-	-
-	-			-			-	-	-
Totals							-	-	-

Corowa Shire Council

Special Schedule No. 3 - Water Supply Income Statement

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2015

\$'000	Actuals 2015	Actuals 2014
A Expenses and Income Expenses		
1. Management expenses		
a. Administration	615	369
b. Engineering and Supervision	-	728
2. Operation and Maintenance expenses		
- Dams & Weirs		
a. Operation expenses	-	-
b. Maintenance expenses	-	-
- Mains		
c. Operation expenses	71	-
d. Maintenance expenses	399	266
- Reservoirs		
e. Operation expenses	49	-
f. Maintenance expenses	8	16
- Pumping Stations		
g. Operation expenses (excluding energy costs)	38	-
h. Energy costs	218	131
i. Maintenance expenses	55	61
- Treatment		
j. Operation expenses (excluding chemical costs)	580	255
k. Chemical costs	102	86
l. Maintenance expenses	191	584
- Other		
m. Operation expenses	210	25
n. Maintenance expenses	22	32
o. Purchase of water	-	58
3. Depreciation expenses		
a. System assets	1,163	879
b. Plant and equipment	-	-
4. Miscellaneous expenses		
a. Interest expenses	-	-
b. Revaluation Decrements	-	-
c. Other expenses	362	150
5. Total expenses	4,083	3,640

Corowa Shire Council

Special Schedule No. 3 - Water Supply Income Statement (continued)

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2015

\$'000	Actuals 2015	Actuals 2014
Income		
6. Residential charges		
a. Access (including rates)	664	1,068
b. Usage charges	2,595	1,390
7. Non-residential charges		
a. Access (including rates)	-	324
b. Usage charges	1,346	1,210
8. Extra charges	34	30
9. Interest income	244	238
10. Other income	68	81
10a. Aboriginal Communities Water and Sewerage Program	-	-
11. Grants		
a. Grants for acquisition of assets	-	-
b. Grants for pensioner rebates	37	64
c. Other grants	-	-
12. Contributions		
a. Developer charges	399	9
b. Developer provided assets	-	-
c. Other contributions	-	-
13. Total income	<u>5,387</u>	<u>4,414</u>
14. Gain (or loss) on disposal of assets	-	-
15. Operating Result	<u>1,304</u>	<u>774</u>
15a. Operating Result (less grants for acquisition of assets)	1,304	774

Corowa Shire Council

Special Schedule No. 3 - Water Supply Income Statement (continued)

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2015

\$'000	Actuals 2015	Actuals 2014
B Capital transactions		
Non-operating expenditures		
16. Acquisition of Fixed Assets		
a. New Assets for Improved Standards	422	-
b. New Assets for Growth	333	-
c. Renewals	476	343
d. Plant and equipment	152	107
17. Repayment of debt		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
18. Transfer to sinking fund	-	-
19. Totals	1,383	450
Non-operating funds employed		
20. Proceeds from disposal of assets	-	-
21. Borrowing utilised		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
22. Transfer from sinking fund	-	-
23. Totals	-	-
C Rates and charges		
24. Number of assessments		
a. Residential (occupied)	5,109	4,732
b. Residential (unoccupied, ie. vacant lot)	178	194
c. Non-residential (occupied)	505	460
d. Non-residential (unoccupied, ie. vacant lot)	69	76
25. Number of ETs for which developer charges were received	51 ET	11 ET
26. Total amount of pensioner rebates (actual dollars)	\$ 114,400	\$ 11,647

Corowa Shire Council

Special Schedule No. 3 - Water Supply Cross Subsidies
for the financial year ended 30 June 2015

\$'000	Yes	No	Amount
D Best practice annual charges and developer charges*			
27. Annual charges			
a. Does Council have best-practice water supply annual charges and usage charges*?	<input type="checkbox"/> YES	<input type="checkbox"/>	
If Yes, go to 28a.			
If No, please report if council has removed land value from access charges (ie rates)?	<input type="checkbox"/>	<input type="checkbox"/>	
NB. Such charges for both residential customers and non-residential customers comply with section 3.2 of Water Supply, Sewerage and Trade Waste Pricing Guidelines, NSW Office of Water, December, 2002. Such charges do not involve significant cross subsidies.			
b. Cross-subsidy from residential customers using less than allowance (page 25 of Guidelines)			<input type="text"/>
c. Cross-subsidy to non-residential customers (page 24 of Guidelines)			<input type="text"/>
d. Cross-subsidy to large connections in unmetered supplies (page 26 of Guidelines)			<input type="text"/>
28. Developer charges			
a. Has council completed a water supply Development Servicing** Plan?	<input type="checkbox"/> YES	<input type="checkbox"/>	
b. Total cross-subsidy in water supply developer charges for 2012/13 (page 47 of Guidelines)			<input type="text"/>
** In accordance with page 9 of Developer Charges Guidelines for Water Supply, Sewerage and Stormwater, NSW Office of Water, December, 2002.			
29. Disclosure of cross-subsidies			
Total of cross-subsidies (27b +27c + 27d + 28b)			<input type="text" value="-"/>

* Councils which have not yet implemented best practice water supply pricing should disclose cross-subsidies in items 27b, 27c and 27d above.

However, disclosure of cross-subsidies is **not** required where a Council has implemented best practice pricing and is phasing in such pricing over a period of 3 years.

Corowa Shire Council

Special Schedule No. 4 - Water Supply Statement of Financial Position

Includes INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
as at 30 June 2015

\$'000	Actuals Current	Actuals Non Current	Actuals Total
ASSETS			
30. Cash and investments			
a. Developer charges	155	-	155
b. Special purpose grants	-	-	-
c. Accrued leave	-	-	-
d. Unexpended loans	-	-	-
e. Sinking fund	-	-	-
f. Other	8,007	-	8,007
31. Receivables			
a. Specific purpose grants	-	-	-
b. Rates and Availability Charges	64	-	64
c. User Charges	-	-	-
d. Other	919	-	919
32. Inventories	-	-	-
33. Property, plant and equipment			
a. System assets	-	38,878	38,878
b. Plant and equipment	-	723	723
34. Other assets	-	-	-
35. Total assets	<u>9,145</u>	<u>39,601</u>	<u>48,746</u>
LIABILITIES			
36. Bank overdraft	-	-	-
37. Creditors	-	-	-
38. Borrowings			
a. Loans	-	-	-
b. Advances	-	-	-
c. Finance leases	-	-	-
39. Provisions			
a. Tax equivalents	-	-	-
b. Dividend	-	-	-
c. Other	-	-	-
40. Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
41. NET ASSETS COMMITTED	<u>9,145</u>	<u>39,601</u>	<u>48,746</u>
EQUITY			
42. Accumulated surplus			36,557
43. Asset revaluation reserve			12,190
44. TOTAL EQUITY			<u>48,747</u>
Note to system assets:			
45. Current replacement cost of system assets			57,698
46. Accumulated current cost depreciation of system assets			(18,820)
47. Written down current cost of system assets			<u>38,878</u>

Corowa Shire Council

Special Schedule No. 5 - Sewerage Service Income Statement

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2015

\$'000	Actuals 2015	Actuals 2014
A Expenses and Income		
Expenses		
1. Management expenses		
a. Administration	509	169
b. Engineering and Supervision	-	619
2. Operation and Maintenance expenses		
- Mains		
a. Operation expenses	16	-
b. Maintenance expenses	181	170
- Pumping Stations		
c. Operation expenses (excluding energy costs)	155	-
d. Energy costs	104	127
e. Maintenance expenses	206	185
- Treatment		
f. Operation expenses (excl. chemical, energy, effluent & biosolids management costs)	509	193
g. Chemical costs	107	90
h. Energy costs	82	88
i. Effluent Management	-	64
j. Biosolids Management	13	-
k. Maintenance expenses	119	264
- Other		
l. Operation expenses	172	-
m. Maintenance expenses	25	33
3. Depreciation expenses		
a. System assets	749	737
b. Plant and equipment	-	-
4. Miscellaneous expenses		
a. Interest expenses	540	348
b. Revaluation Decrements	-	-
c. Other expenses	180	170
5. Total expenses	3,667	3,257

Corowa Shire Council

Special Schedule No. 5 - Sewerage Service Income Statement (continued)

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2015

\$'000	Actuals 2015	Actuals 2014
Income		
6. Residential charges (including rates)	3,405	3,127
7. Non-residential charges		
a. Access (including rates)	-	244
b. Usage charges	549	316
8. Trade Waste Charges		
a. Annual Fees	13	35
b. Usage charges	-	-
c. Excess mass charges	-	-
d. Re-inspection fees	-	-
9. Extra charges	-	25
10. Interest income	231	157
11. Other income	14	99
11a. Aboriginal Communities Water & Sewerage Program	-	-
12. Grants		
a. Grants for acquisition of assets	-	-
b. Grants for pensioner rebates	63	62
c. Other grants	-	-
13. Contributions		
a. Developer charges	214	17
b. Developer provided assets	-	-
c. Other contributions	-	-
14. Total income	<u>4,489</u>	<u>4,082</u>
15. Gain (or loss) on disposal of assets	-	-
16. Operating Result	<u>822</u>	<u>825</u>
16a. Operating Result (less grants for acquisition of assets)	822	825

Corowa Shire Council

Special Schedule No. 5 - Sewerage Service Income Statement (continued)

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2015

\$'000	Actuals 2015	Actuals 2014
B Capital transactions		
Non-operating expenditures		
17. Acquisition of Fixed Assets		
a. New Assets for Improved Standards	241	-
b. New Assets for Growth	142	-
c. Renewals	550	77
d. Plant and equipment	227	191
18. Repayment of debt		
a. Loans	1,421	154
b. Advances	-	-
c. Finance leases	-	-
19. Transfer to sinking fund	-	-
20. Totals	2,581	422
Non-operating funds employed		
21. Proceeds from disposal of assets	-	-
22. Borrowing utilised		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
23. Transfer from sinking fund	-	-
24. Totals	-	-
C Rates and charges		
25. Number of assessments		
a. Residential (occupied)	4,924	4,549
b. Residential (unoccupied, ie. vacant lot)	155	174
c. Non-residential (occupied)	-	-
d. Non-residential (unoccupied, ie. vacant lot)	72	79
26. Number of ETs for which developer charges were received	48 ET	11 ET
27. Total amount of pensioner rebates (actual dollars)	\$ 113,743	\$ 112,827

Corowa Shire Council

Special Schedule No. 5 - Sewerage Service Cross Subsidies for the financial year ended 30 June 2015

\$'000	Yes	No	Amount
D Best practice annual charges and developer charges*			
28. Annual charges			
a. Does Council have best-practice sewerage annual charges, usage charges and trade waste fees & charges*?	<input type="checkbox"/>	<input type="checkbox"/> NO	
If Yes, go to 29a.			
If No, please report if council has removed land value from access charges (ie rates)?			
	<input type="checkbox"/> YES	<input type="checkbox"/>	
NB. Such charges for both residential customers and non-residential customers comply with section 4.2 & 4.3 of the Water Supply, Sewerage and Trade Waste Pricing Guidelines, NSW Office of Water, December, 2002. Such charges do not involve significant cross subsidies.			
b. Cross-subsidy to non-residential customers (page 45 of Guidelines)			<input type="text"/>
c. Cross-subsidy to trade waste discharges (page 46 of Guidelines)			<input type="text"/>
29. Developer charges			
a. Has council completed a sewerage Development Servicing** Plan?	<input type="checkbox"/> YES	<input type="checkbox"/>	
b. Total cross-subsidy in sewerage developer charges for 2012/13 (page 47 of Guidelines)			<input type="text"/>
** In accordance with page 9 of Developer Charges Guidelines for Water Supply, Sewerage and Stormwater, NSW Office of Water, December, 2002.			
30. Disclosure of cross-subsidies			
Total of cross-subsidies (28b + 28c + 29b)			<input type="text"/> -

* Councils which have not yet implemented best practice sewer pricing & liquid waste pricing should disclose cross-subsidies in items 28b and 28c above.

However, disclosure of cross-subsidies is **not** required where a Council has implemented best practice sewerage and liquid waste pricing and is phasing in such pricing over a period of 3 years.

Corowa Shire Council

Special Schedule No. 6 - Sewerage Service Statement of Financial Position

Includes INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
as at 30 June 2015

\$'000	Actuals Current	Actuals Non Current	Actuals Total
ASSETS			
31. Cash and investments			
a. Developer charges	137	-	137
b. Special purpose grants	-	-	-
c. Accrued leave	-	-	-
d. Unexpended loans	-	-	-
e. Sinking fund	-	-	-
f. Other	4,354	-	4,354
32. Receivables			
a. Specific purpose grants	-	-	-
b. Rates and Availability Charges	276	-	276
c. User Charges	123	-	123
d. Other	-	-	-
33. Inventories	-	-	-
34. Property, plant and equipment			
a. System assets	-	35,139	35,139
b. Plant and equipment	-	1,255	1,255
35. Other assets	-	-	-
36. Total Assets	4,890	36,394	41,284
LIABILITIES			
37. Bank overdraft	-	-	-
38. Creditors	6	-	6
39. Borrowings			
a. Loans	49	2,673	2,722
b. Advances	-	-	-
c. Finance leases	-	-	-
40. Provisions			
a. Tax equivalents	-	-	-
b. Dividend	-	-	-
c. Other	-	-	-
41. Total Liabilities	55	2,673	2,728
42. NET ASSETS COMMITTED	4,835	33,721	38,556
EQUITY			
42. Accumulated surplus			26,537
44. Asset revaluation reserve			12,018
45. TOTAL EQUITY			38,555
Note to system assets:			
46. Current replacement cost of system assets			48,482
47. Accumulated current cost depreciation of system assets			(13,344)
48. Written down current cost of system assets			35,138

Corowa Shire Council

Notes to Special Schedule No.'s 3 & 5

for the financial year ended 30 June 2015

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 & 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) incl. 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.

Special Schedule No. 7 - Report on Infrastructure Assets

as at 30 June 2015

\$'000

Asset Class	Asset Category	Estimated cost to bring up to a satisfactory standard refer (1)	Required Annual Maintenance refer (2)	Actual Maintenance 2014/15 refer (3)	Written Down Value (WDV) refer (4)	Assets in Condition as a % of WDV				
						1	2	3	4	5
						refer (4) & (5)				
Buildings	Council Works Depots	-	20	4	752	14%	21%	62%	3%	0%
	Council Halls/Community Centres	-	100	86	10,278	0%	4%	80%	16%	0%
	Health Centres	-	15	3	331	0%	0%	100%	0%	0%
	Museum	-	20	103	1,001	0%	70%	30%	0%	0%
	Pre Schools	-	10	10	788	0%	0%	82%	18%	0%
	Rural Fire Service Building	-	3	2	955	26%	73%	0%	1%	0%
	Saleyards	36	15	6	1,983	11%	84%	4%	0%	0%
	Garbage Depots	-	6	4	288	0%	82%	17%	1%	0%
	Other Buildings	210	-	8	1,227	17%	42%	35%	5%	1%
	sub total	246	189	226	17,603	4.5%	25.0%	59.7%	10.7%	0.1%
Other Structures	Other Structures	571	-	-	463	51%	40%	5%	0%	4%
	sub total	571	-	-	463	50.9%	40.4%	4.6%	0.2%	3.9%
Roads	Sealed Roads Surface	1,258	560	492	23,511	89%	8%	1%	1%	0%
	Sealed Roads Structure	6,630	245	245	53,458	92%	6%	0%	2%	0%
	Unsealed Roads	-	1,050	850	16,593	75%	23%	2%	0%	0%
	Bridges	-	30	5	7,712	87%	13%	0%	0%	0%
	Footpath	-	30	40	3,757	73%	26%	1%	0%	0%
	Bikepath	-	5	8	862	83%	17%	0%	0%	0%
	Kerb and Gutter	29	25	5	14,288	87%	11%	2%	0%	0%
	Car Parks	446	10	2	1,077	82%	14%	1%	1%	2%
	sub total	8,363	1,955	1,647	121,258	87.3%	10.5%	1.0%	1.0%	0.2%

Special Schedule No. 7 - Report on Infrastructure Assets (continued)

as at 30 June 2015

\$'000

Asset Class	Asset Category	Estimated cost to bring up to a satisfactory standard refer (1)	Required Annual Maintenance refer (2)	Actual Maintenance 2014/15 refer (3)	Written Down Value (WDV) refer (4)	Assets in Condition as a % of WDV				
						1	2	3	4	5
						refer (4) & (5)				
Water Supply Network	Dams/Weirs	-	-	-	-	0%	0%	0%	0%	
	Mains	2,667	300	357	23,717	57%	37%	5%	1%	0%
	Reservoirs	36	20	40	4,133	1%	80%	19%	0%	0%
	Pumping Station/s	1,010	60	53	677	4%	10%	80%	6%	0%
	Treatment	632	200	191	9,070	24%	46%	29%	1%	0%
	Other	-	-	-	181	0%	100%	0%	0%	0%
	sub total	4,344	580	641	37,778	41.5%	43.3%	13.9%	1.2%	0.1%
Sewerage Network	Mains	126	250	172	15,102	68%	30%	0%	2%	0%
	Pumping Station/s	449	200	182	1,119	39%	46%	11%	4%	0%
	Treatment	1,375	50	48	14,037	63%	23%	13%	0%	0%
	Manholes	737	25	25	4,293	58%	36%	6%	0%	0%
	sub total	2,686	525	427	34,550	63.7%	28.7%	6.6%	1.0%	0.0%

Special Schedule No. 7 - Report on Infrastructure Assets (continued)

as at 30 June 2015

\$'000

Asset Class	Asset Category	Estimated cost to bring up to a satisfactory standard refer (1)	Required Annual Maintenance refer (2)	Actual Maintenance 2014/15 refer (3)	Written Down Value (WDV) refer (4)	Assets in Condition as a % of WDV				
						1	2	3	4	5
						refer (4) & (5)				
Stormwater Drainage	Retarding Basins	-	-	-	-	0%	0%	0%	0%	
	Outfalls	-	-	-	-	0%	0%	0%	0%	
	Stormwater Conduits	39	86	127	27,882	95%	4%	0%	0%	0%
	Inlet and Junction Pits	-	48	56	3,337	89%	10%	0%	0%	0%
	Head Walls	-	16	6	174	72%	27%	1%	0%	0%
	sub total	39	150	189	31,393	94.7%	5.0%	0.1%	0.3%	0.0%
Open Space/ Recreational Assets	Amenities/Toilets	80	20	14	855	6%	39%	51%	4%	1%
	Caravan Park	140	20	8	725	10%	8%	65%	15%	1%
	Swimming Pools	1,560	25	17	1,743	8%	25%	61%	0%	6%
	Parks & Gardens/Ovals	60	30	30	3,975	22%	20%	53%	5%	0%
	sub total	1,840	95	69	7,298	15.4%	22.4%	55.7%	4.7%	1.8%

Notes:

- (1). Satisfactory is defined as "satisfying expectations or needs, leaving no room for complaint, causing satisfaction, adequate".
The estimated cost to bring assets to a satisfactory standard is the amount of money that is required to be spent on an asset to ensure that it is in a satisfactory standard.
This estimated cost should not include any planned enhancements (ie.to heighten, intensify or improve the facilities).
- (2). Required Annual Maintenance is "what should be spent to maintain assets in a satisfactory standard.
- (3). Actual Maintenance is what has been spent in the current year to maintain the assets.
Actual Maintenance may be higher or lower than the required annual maintenance due to the timing of when the maintenance actually occurs.
- (4). Written Down Value is in accordance with Note 9 of Council's General Purpose Financial Statements

(5). **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

Corowa Shire Council

Special Schedule No. 7 - Report on Infrastructure Assets (continued)
for the financial year ended 30 June 2015

\$ '000	Amounts	Indicator	Prior Periods	
	2015	2015	2014	2013
Infrastructure Asset Performance Indicators Consolidated				
1. Building, Infrastructure & Other Structures Renewals Ratio				
Asset Renewals (Building, Infrastructure & Other Structures) ⁽¹⁾	5,382	93.19%	117.82%	99.82%
Depreciation, Amortisation & Impairment	5,775			
2. Infrastructure Backlog Ratio				
Estimated Cost to bring Assets to a Satisfactory Condition	18,090	7.18%	18.48%	18.25%
Total value ⁽²⁾ of Infrastructure, Building, Other Structures & depreciable Land Improvement Assets	251,819			
3. Asset Maintenance Ratio				
Actual Asset Maintenance	3,199	0.92	0.88	0.90
Required Asset Maintenance	3,494			
4. Capital Expenditure Ratio				
Annual Capital Expenditure	7,140	1.14x	1.47x	1.16x
Annual Depreciation	6,245			

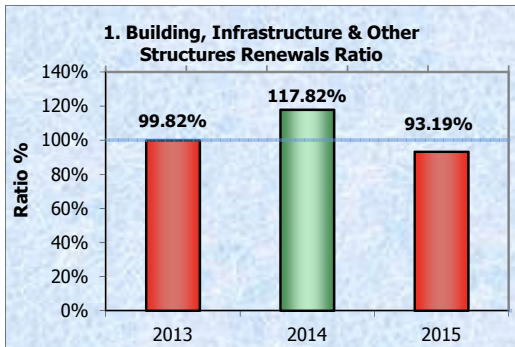
Notes

⁽¹⁾ Asset Renewals represent the replacement &/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. Asset Renewals include building, infrastructure & Other Structure assets only.

⁽²⁾ Written Down Value

Corowa Shire Council

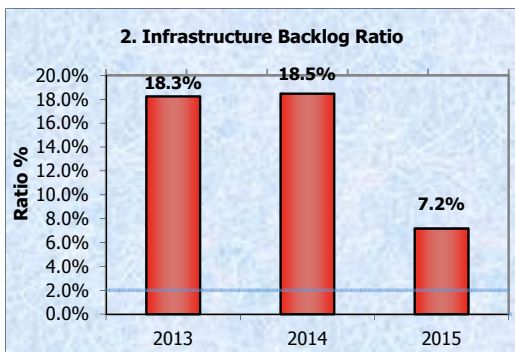
Special Schedule No. 7 - Report on Infrastructure Assets (continued)
for the financial year ended 30 June 2015



Benchmark: Minimum $\geq 100.00\%$
Source for Benchmark: Code of Accounting Practice and Financial Reporting #23

Commentary on 2014/15 Result	
2014/15 Ratio	93.19%
As predicted last year, this year performance is below the 100% benchmark but the organisation is still focus on the gradual improvement of this ratio.	

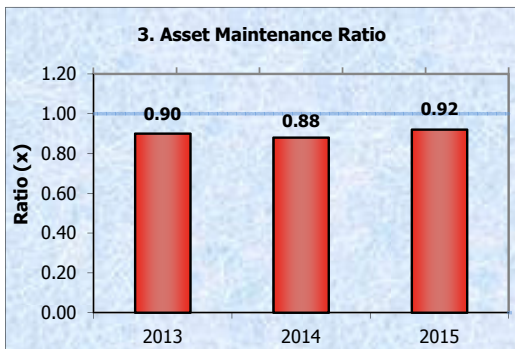
Ratio is within Benchmark
 Ratio is outside Benchmark



Benchmark: Maximum < 0.02
Source for Benchmark: Code of Accounting Practice and Financial Reporting #23

Commentary on 2014/15 Result	
2014/15 Ratio	7.18%
Performance in this area have shown significant improvement and the Council will continue to work towards the benchmark.	

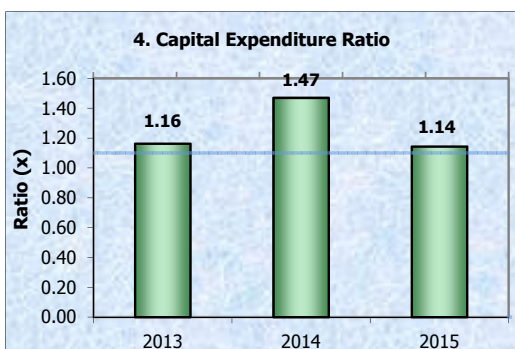
Ratio is within Benchmark
 Ratio is outside Benchmark



Benchmark: Minimum > 1.00
Source for Benchmark: Code of Accounting Practice and Financial Reporting #23

Commentary on 2014/15 Result	
2014/15 Ratio	0.92 x
Council has adopted a general strategy of asset consolidation as apposed to any further expansion in recognition of this problem.	

Ratio is within Benchmark
 Ratio is outside Benchmark



Benchmark: Minimum > 1.10
Source for Benchmark: Code of Accounting Practice and Financial Reporting #23

Commentary on 2014/15 Result	
2014/15 Ratio	1.14x
Last year's ratio was exceptionally high because of the extra-ordinary flood restoration works and now it is back to normality.	

Ratio is within Benchmark
 Ratio is outside Benchmark

Corowa Shire Council

Special Schedule No. 7 - Report on Infrastructure Assets (continued)
for the financial year ended 30 June 2015

\$ '000	Water 2015	Sewer 2015	General ⁽¹⁾ 2015
Infrastructure Asset Performance Indicators By Fund			
1. Building, Infrastructure & Other Structures Renewals Ratio			
Asset Renewals <u>(Building, Infrastructure & Other Structures)⁽²⁾</u>	54.14%	103.88%	102.84%
Depreciation, Amortisation & Impairment	prior period: 68.49%	50.87%	137.39%
2. Infrastructure Backlog Ratio			
Estimated Cost to bring Assets to a Satisfactory Condition <u>Total value⁽³⁾ of Infrastructure, Building, Other Structures & Depreciable Land Improvement Assets</u>	11.50%	7.78%	6.16%
	prior period: 31.28%	22.00%	14.81%
3. Asset Maintenance Ratio			
<u>Actual Asset Maintenance</u>	1.11	0.81	0.89
Required Asset Maintenance	prior period: 1.47	0.99	0.70
4. Capital Expenditure Ratio			
<u>Annual Capital Expenditure</u>	1.19	1.55	1.06
Annual Depreciation	prior period: 0.51	0.36	1.78

Notes

⁽¹⁾ General Fund refers to all of Council's activities except for its Water & Sewer activities which are listed separately.

⁽²⁾ Asset Renewals represent the replacement &/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. Asset Renewals include building, infrastructure & Other Structure assets only.

⁽³⁾ Written Down Value

Corowa Shire Council

Special Schedule No. 8 - Financial Projections as at 30 June 2015

Special Schedule 8 data is now being collected in the Financial Data Return.

Corowa Shire Council

Special Schedule No. 9 - Permissible Income Calculation

for the financial year ended 30 June 2016

\$'000		Calculation 2014/15	Calculation 2015/16
Notional General Income Calculation ⁽¹⁾			
Last Year Notional General Income Yield	a	4,433,215	4,756,017
Plus or minus Adjustments ⁽²⁾	b	21,906	37,843
Notional General Income	c = (a + b)	4,455,121	4,793,860
Permissible Income Calculation			
Special variation percentage ⁽³⁾	d	7.00%	7.00%
or Rate peg percentage	e	2.30%	2.40%
or Crown land adjustment (incl. rate peg percentage)	f	0.00%	0.00%
less expiring Special variation amount	g	-	-
plus Special variation amount	h = d x (c-g)	311,858	335,570
or plus Rate peg amount	i = c x e	-	-
or plus Crown land adjustment and rate peg amount	j = c x f	-	-
sub-total	k = (c+g+h+i+j)	4,766,979	5,129,430
plus (or minus) last year's Carry Forward Total	l	-	10,962
less Valuation Objections claimed in the previous year	m	-	-
sub-total	n = (l + m)	-	10,962
Total Permissible income	o = k + n	4,766,979	5,140,393
less Notional General Income Yield	p	4,756,017	5,120,853
Catch-up or (excess) result	q = o - p	10,962	19,540
plus Income lost due to valuation objections claimed ⁽⁴⁾	r	-	-
less Unused catch-up ⁽⁵⁾	s	-	-
Carry forward to next year	t = q + r - s	10,962	19,540

Notes

- The Notional General Income will not reconcile with rate income in the financial statements in the corresponding year. The statements are reported on an accrual accounting basis which include amounts that relate to prior years' rates income.
- Adjustments account for changes in the number of assessments and any increase or decrease in land value occurring during the year. The adjustments are called "supplementary valuations" as defined in the Valuation of Land Act 1916.
- The Special Variation Percentage is inclusive of the Rate Peg percentage and where applicable crown land adjustment.
- Valuation objections are unexpected changes in land values as a result of land owners successfully objecting to the land value issued by the Valuer-General. Councils can claim the value of the income lost due to valuation objections in any single year.
- Unused catch-up amounts will be deducted if they are not caught up within 2 years. Usually councils will have a nominal carry forward figure. These amounts can be adjusted for in setting the rates in a future year.
- Carry forward amounts which are in excess (an amount that exceeds the permissible income) require Ministerial approval by order published in the NSW Government Gazette in accordance with section 512 of the Local Government Act 1993. The OLG will extract these amounts from councils' Special Schedule 9 in the Financial Data Return (FDR) to administer this process.

COROWA SHIRE COUNCIL - SPECIAL SCHEDULE NO. 9 - INDEPENDENT AUDITORS REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

Report on Special Schedule No. 9

We have audited the accompanying special purpose financial statement comprising the reconciliation of total permissible general income (Special Schedule No. 9) of Corowa Shire Council for the year ending 30 June 2016.

Responsibility of Council for Special Schedule No. 9

The Council is responsible for the preparation and fair presentation of Special Schedule No. 9 in accordance with the Local Government Code of Accounting Practice and Financial Reporting (Guidelines) Update No. 23. 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 Special Schedule No. 9 that is 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 Special Schedule No. 9 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 Special Schedule No. 9 is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in Special Schedule No. 9. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of Special Schedule No. 9, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of Special Schedule No. 9.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with Australian Auditing Standards.

In making our risk assessments, we consider internal controls relevant to the entity's preparation of Special Schedule No. 9 in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

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.

Audit Opinion

In our opinion, Special Schedule No. 9 of Corowa Shire Council for 2015/16 is properly drawn up in accordance with the requirements of the Office of Local Government and in accordance with the books and records of the Council.

Basis of Accounting

Without modifying our opinion, we advise that this schedule has been prepared for distribution to the Office of Local Government for the purposes of confirming that Council's reconciliation of Council's total permissible general income is presented fairly. As a result, the schedule may not be suitable for another purpose.


CROWE HORWATH ALBURY

BRADLEY D BOHUN
Partner

Dated at Albury this 27th day of October 2015.