Cootamundra-Gundagai Regional Council

2016

Financial Statements Review

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What are we going to discuss?

Who are Council's Auditors and what do they do?	Cash flows
Significant matters for 2016	Level of Cash & Investments
Operating Result	Borrowings and Debt
Sources of Income	General Observations
Application of Expenditure	Audit Findings
Assets & Liabilities	

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Who are we and what do we do?

Why does Council require an audit?

s.422 of Local Government Act 1993 requires that Councils appoint an independent auditor.

But a better reason is because there is a separation between ownership (ratepayers) and control (management) and an independent auditor is able to provide assurance to stakeholders.

What is the objective of an audit?

The objective of an audit of a financial report is to enable the auditors to express an opinion whether the financial report is prepared in, all material respects, in accordance with an applicable financial reporting framework.

Isn't the Auditor General the auditor for all councils?

Following the changes to the Local Government Act that passed through NSW Parliament in August last year the Auditor General has been appointed as auditor to all NSW councils for the 2017 year onwards. The NSWAO has engaged intentus as their contract agent for the audit of Cootamundra-Gundagai Regional Council.

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Significant Matters for 2016

- **Amalgamation Proclamation** The Local Government (Council Amalgamations) Proclamation 2016 was made on 12 May 2016 under the Local Government Act 1993 by the Governor of New South Wales, the Hon David Hurley AC DSC (Ret'd) and the Minister for Local Government, The Hon Paul Toole MP. This gave rise to the new amalgamated council and dissolved the former councils.

- The **operating result** from ordinary activities **before capital** amounts was a surplus of $993,000 (Cootamundra) and $1,593,000 (Gundagai) mindful that certain revenue was for 100% of the year and expenses were for 87%

- **Operating grants and contributions** increased for both councils following increased Roads to Recovery (R2R) payments.

- **Capital grants and contributions** also grew for both councils primarily through roads funding.

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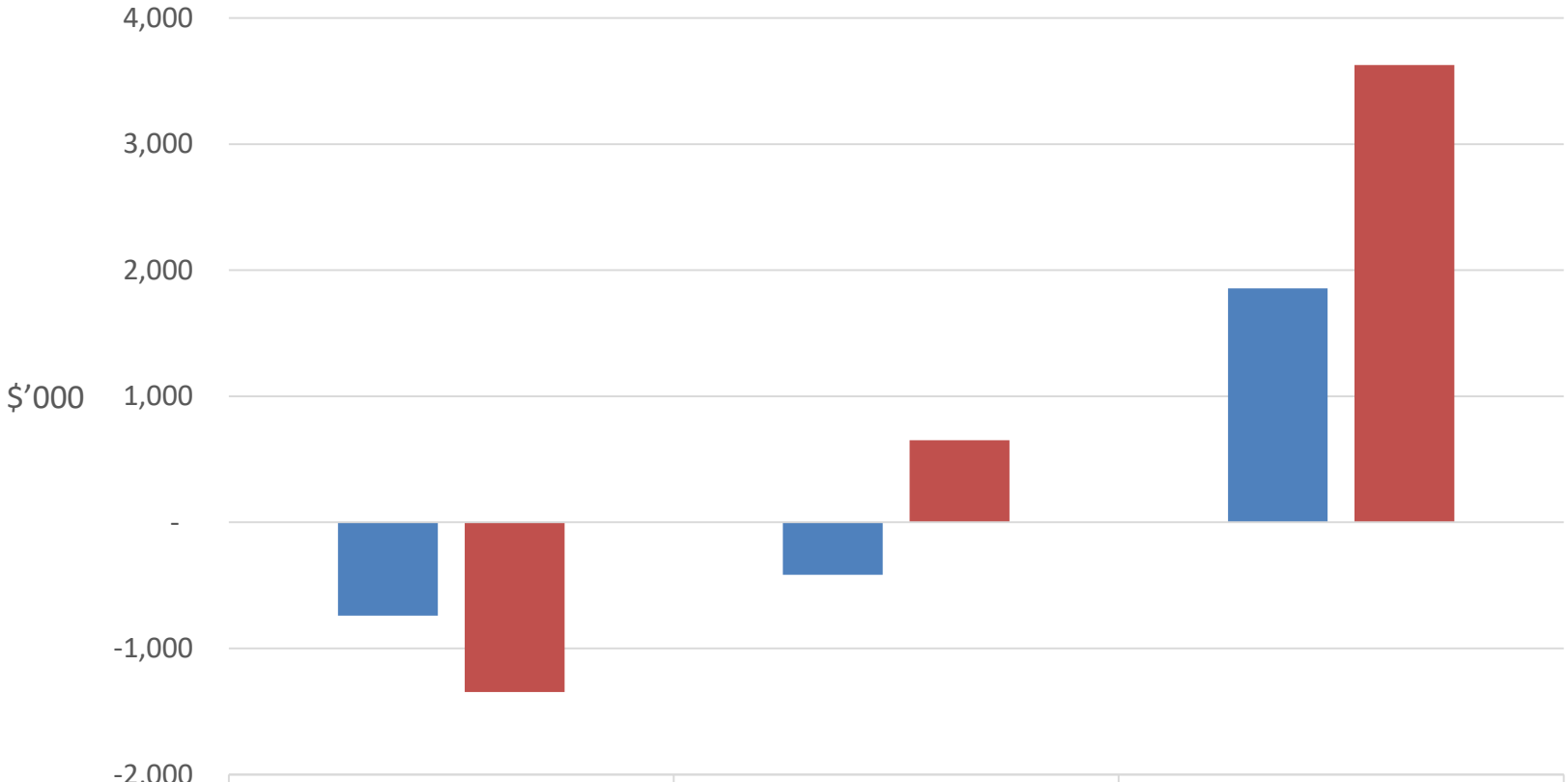
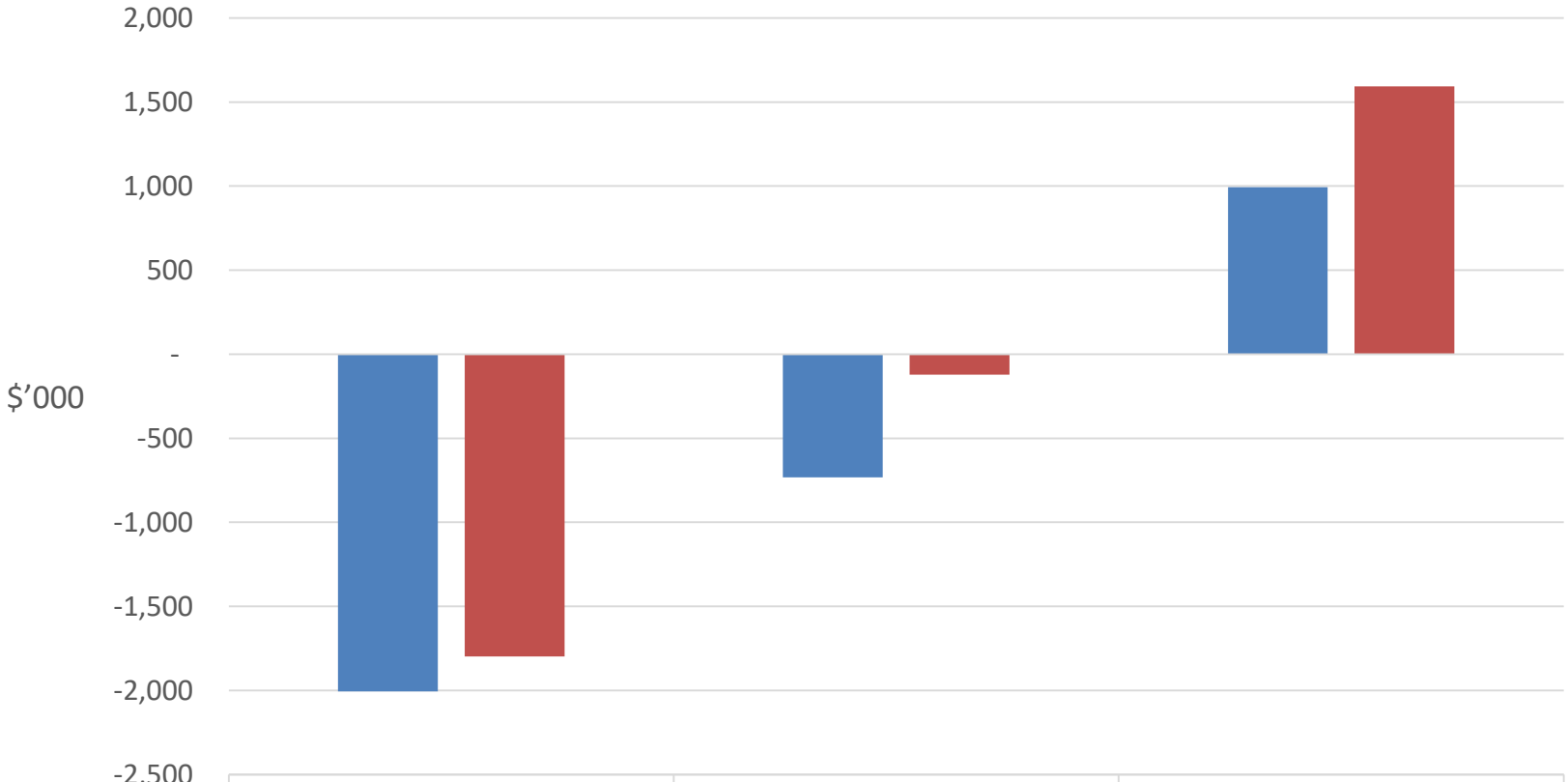
Consolidated Operating Result



	2014	2015	2016
Cootamundra	-741	-415	1,856
Gundagai	-1,347	651	3,626

Consolidated Operating Result – Before Capital G&C



	2014	2015	2016
Cootamundra	-2,005	-733	993
Gundagai	-1,798	-122	1,593

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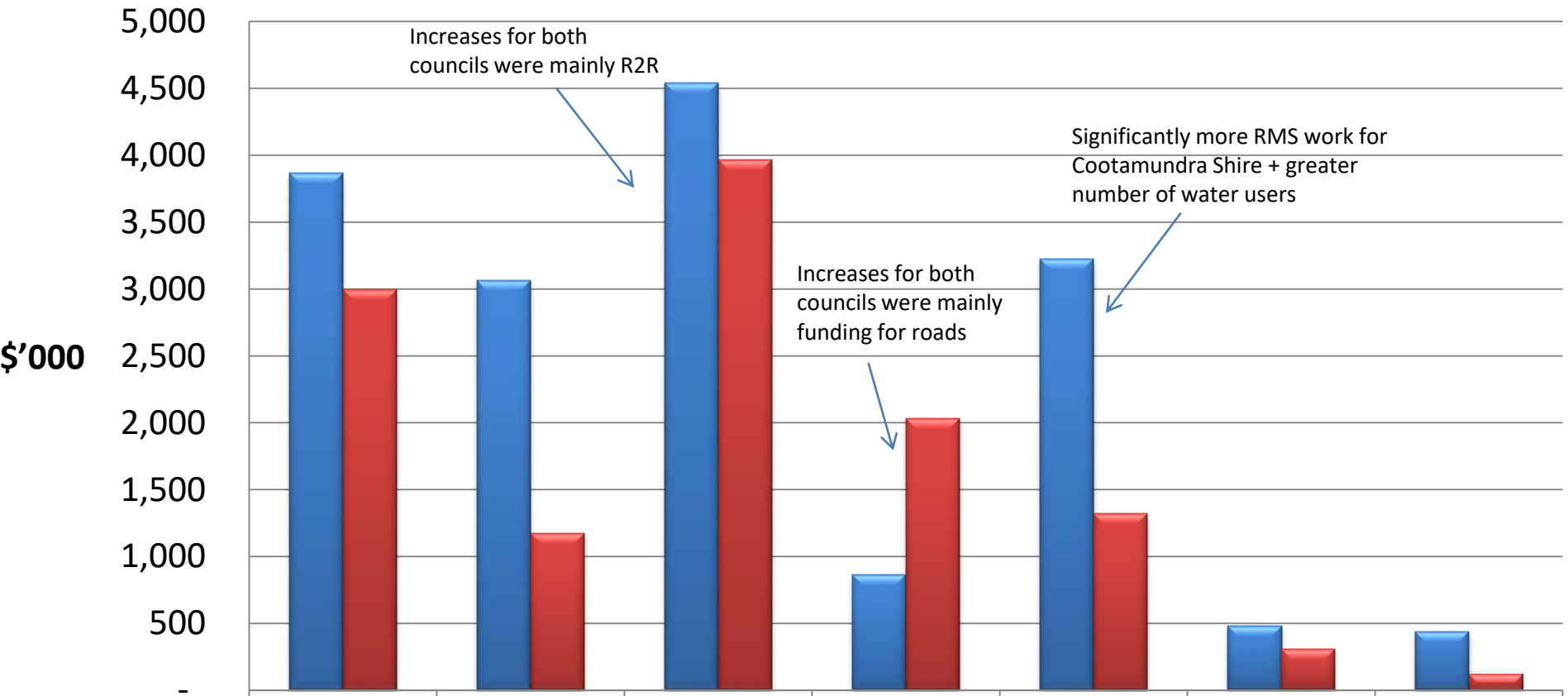
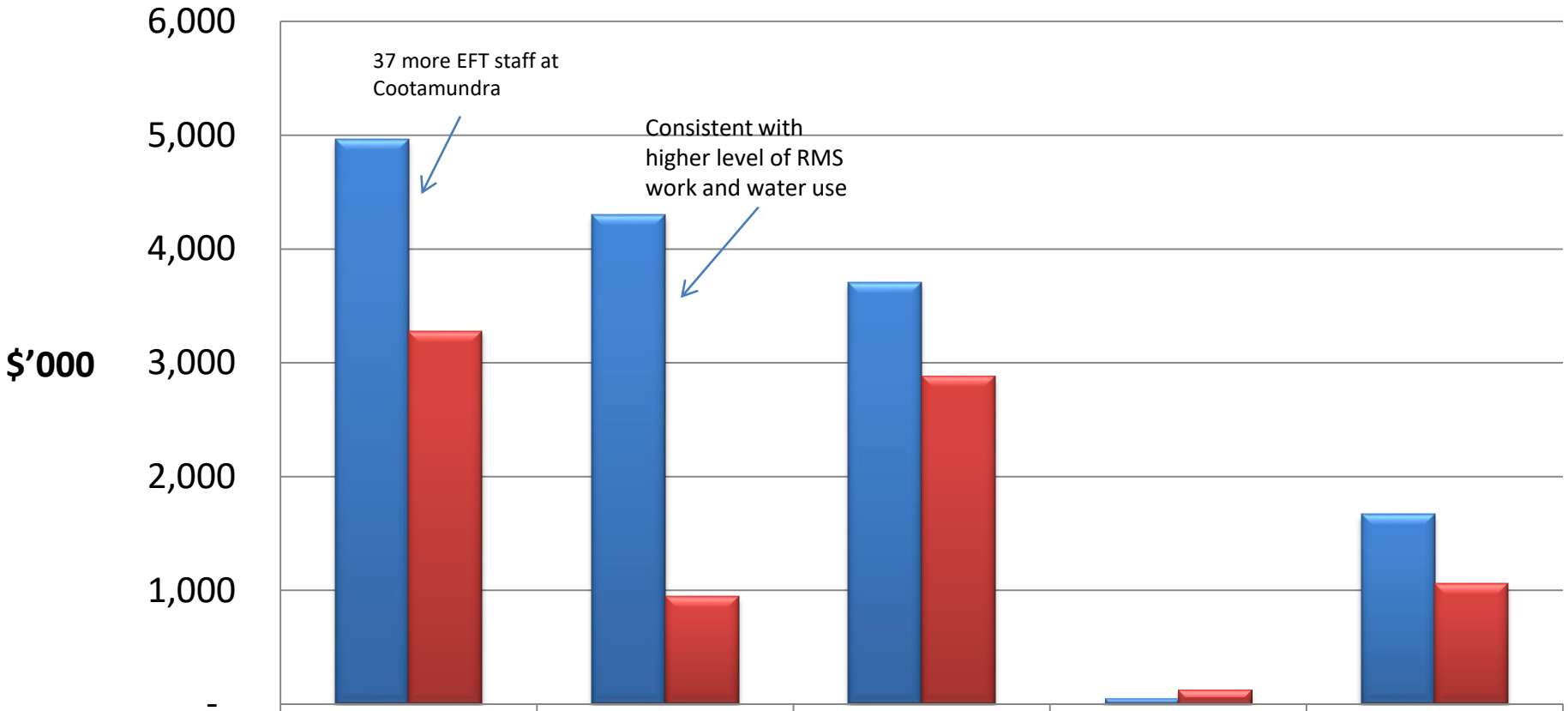
Operating Revenue – By Source



	Rates	Annual Charges	G & C - Operating	G & C - Capital	User Charges	Interest Revenue	Other
Cootamundra	3,864	3,064	4,541	863	3,225	481	439
Gundagai	2,995	1,175	3,963	2,033	1,322	309	121

Total operating revenue $16,551,000 (Cootamundra) $11,918,000 (Gundagai)

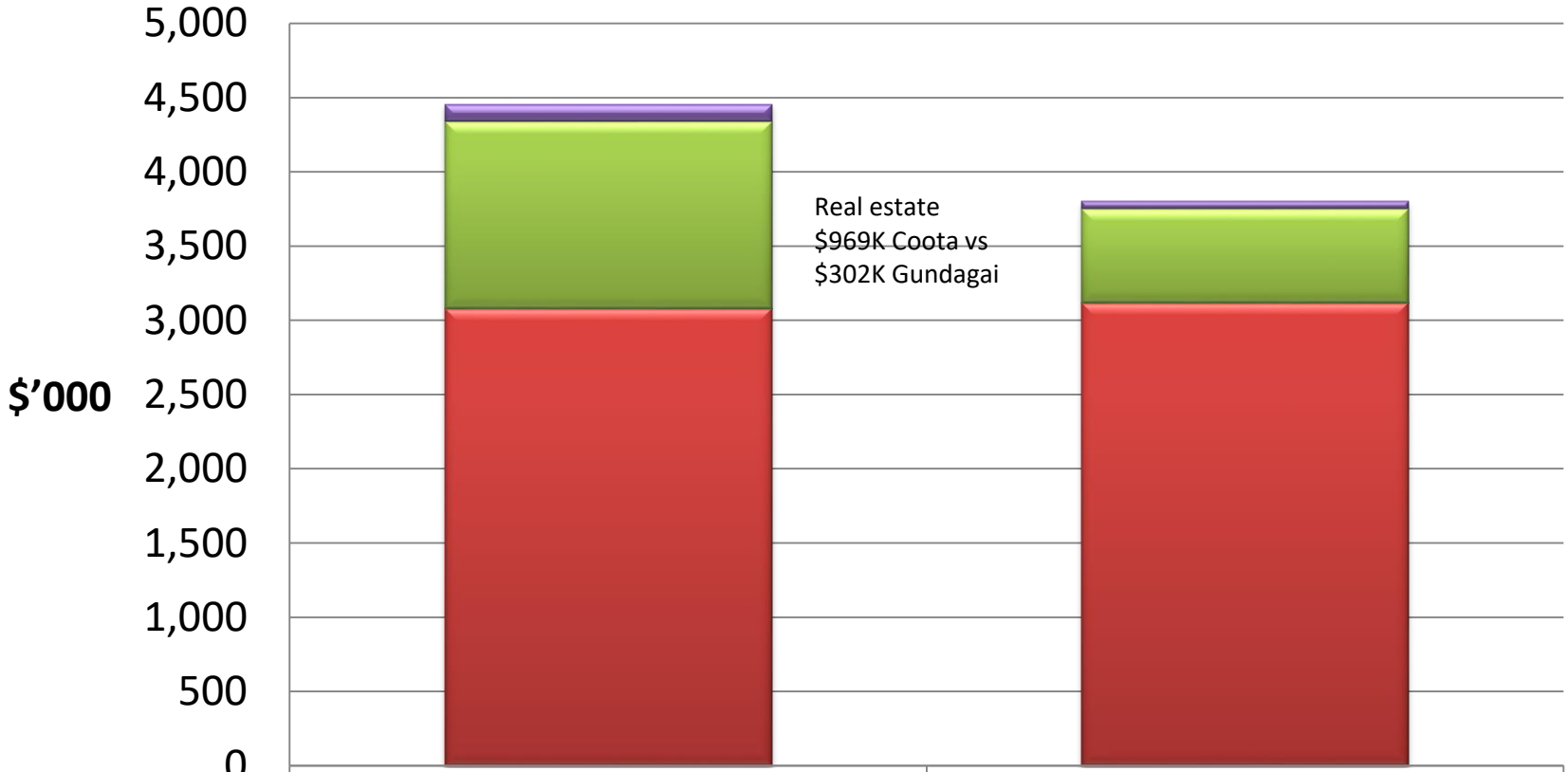
Operating Expenses – By Type



	Employees	Materials	Depreciation	Borrowing Costs	Other
Cootamundra	4,965	4,299	3,706	54	1,671
Gundagai	3,277	943	2,882	129	1,061

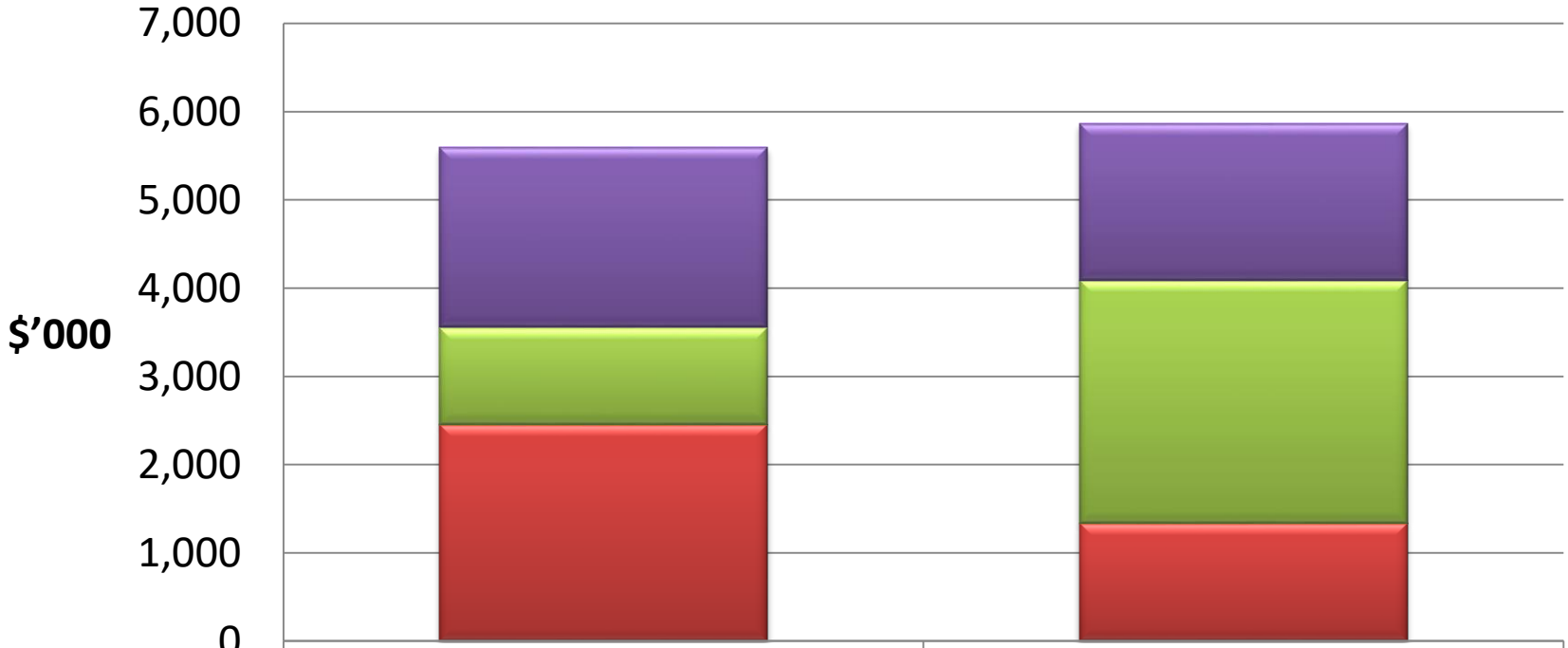
Total operating expenditure $14,695,000 (Cootamundra) $8,292,000 (Gundagai)

Assets excluding IPP&E



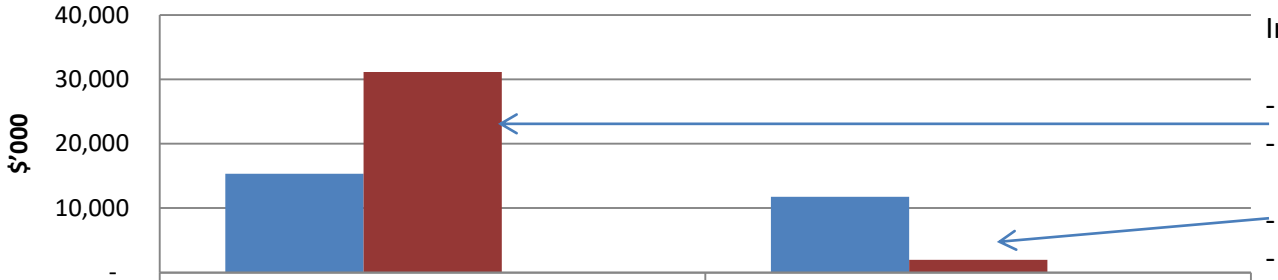
	Cootamundra	Gundagai
Other	116	53
Inventories	1,263	635
Receivables	3,077	3,116

Liabilities



	Cootamundra	Gundagai
Provisions	2,043	1,773
Borrowings	1,099	2,752
Payables	2,455	1,339

Cash Inflows



	Cootamundra	Gundagai
Operating	15,338	11,739
Investing	31,131	1,975
Financing	-	-

Investing inflows:

- Investments $30.9M
- PP&E $0.23M
- Investments $1.5M
- IPP&E $0.46M

Cash Outflows

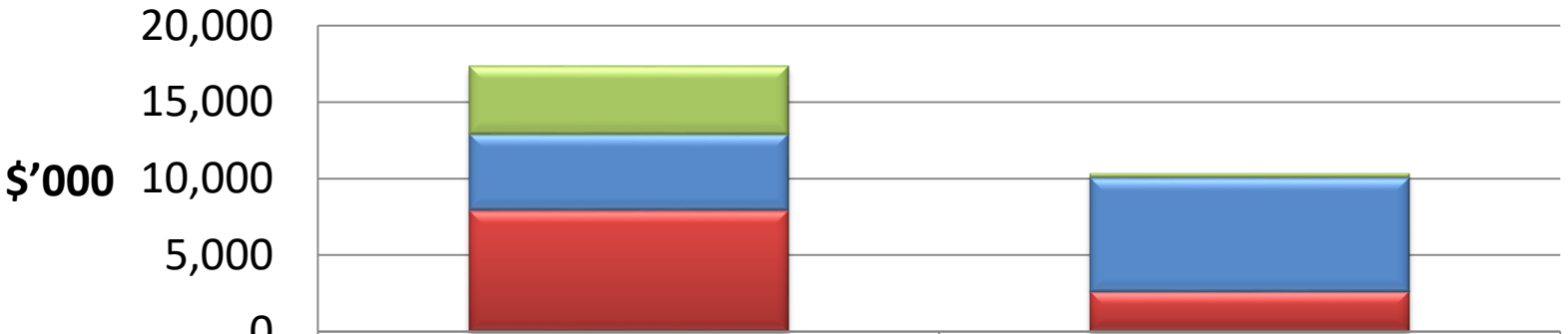
	Cootamundra	Gundagai
Operating	-11,078	-6,009
Investing	-35,303	-9,742
Financing	-125	-250

Investing Outflows:

- Investments $31.98M
- PP&E $3.24M
- Investments $4.15M
- IPP&E $5.6M

Technical cash outflow for both Councils of $37,000 (Cootamundra) and $2,287,000 (Gundagai) but when investments are included this changes to an inflow of $1,046,000 (Cootamundra) and $363,000 (Gundagai).

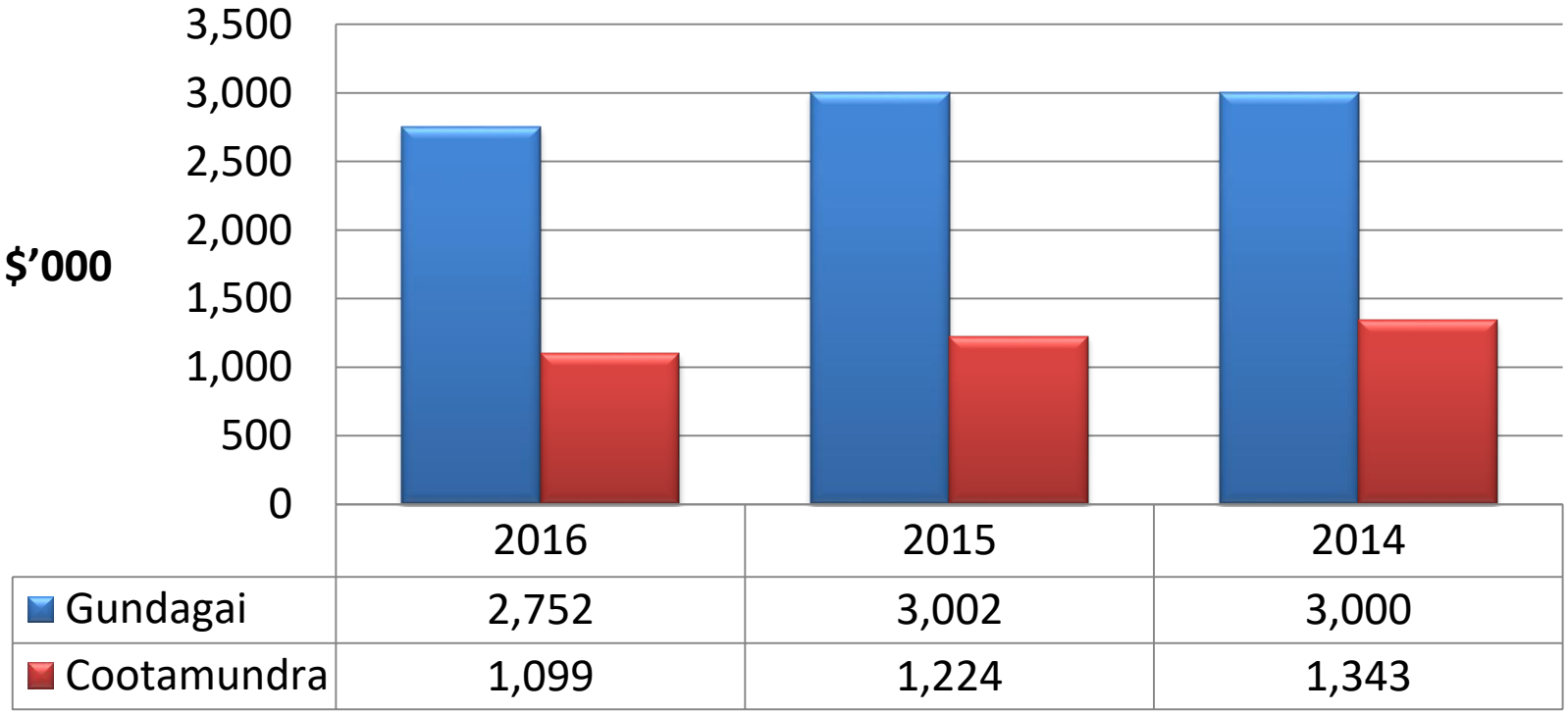
Cash and Investments



	Cootamundra	Gundagai
Unrestricted	4,454	269
External	4,956	7,440
Internal	7,948	2,626

Cash and investments totalled $17,358,000 (Cootamundra) and $10,335,000 (Gundagai).

External Debt



	2016	2015	2014
Gundagai	2,752	3,002	3,000
Cootamundra	1,099	1,224	1,343

Key Observations

- Comparisons are made difficult due to the truncated accounting period.
- Income from Operating Grants has increased with the federal R2R money the main contributor. Capital grants & contributions were also up for both.
- Revaluation of infrastructure assets was paused due to the amalgamation.
- Cash result for was a (technical) net **outflow** for both former councils – however the underlying levels of cash and investments for both have in fact **increased** .
- Due to the amalgamation, many of the ratios and performance measures were compromised and have not been considered in this presentation.

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Audit Findings

- Unqualified audit reports were issued for both councils.
- All reporting and disclosure obligations were satisfied
- Management letters issued and acted upon appropriately
- We extend our thanks to Council's staff and AKW the former auditors of Gundagai Council for their preparation and co-operation which saw both audits completed efficiently.

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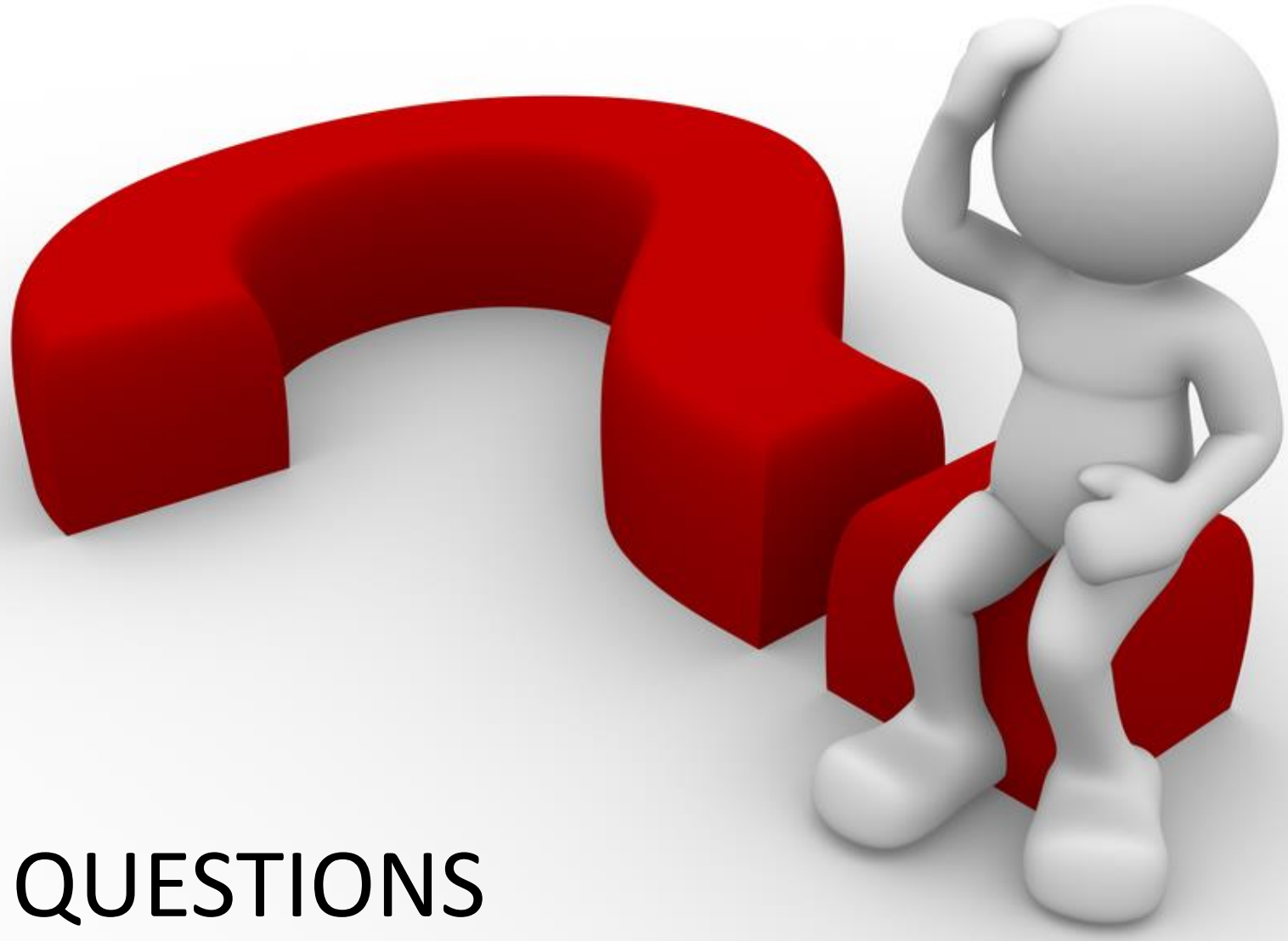

QUESTIONS