

Questions and Answers

New Councils Webinar – 18 May 2017

No.	QUESTION	ANSWER
1	Can the financial statements be signed in August during election period?	The financial statements are able to be signed off during the caretaker period.
2	Is there guidance in relation to assets i.e. what is change in policy? For example if we re-asses post 13/5/17 the life of footpath or realign I believe it is just normal practise as long as we do not change accounting policy?	The OLG will not be providing additional guidance on what is a change in accounting policy Councils should consider whether changes they are making are changes in accounting policies or estimates based on the guidance in AASB 108.
3	It is not clear that Special Schedule 8 is only for the financial year 1 July 2016 to 30 June 2017.	Special Schedule 8 in the Code #25 Supplement is for the 2017-18 financial year. In December 2016 new councils were sent a notice to complete and submit their SS8 for 2016-17.
4	Is the relief from Related Parties disclosures applicable only for amalgamated councils or for all councils?	The relief is only applicable to the 19 new councils proclaimed on 12 May 2016.
5	How do we account for the contingent liability for defined benefit super funds?	As new councils do not have a present obligation it will still be disclosed as a contingent liability.
6	The previous slide mentioned auditing domestic waste, what does that entail?	<p>The End of Year Circular 16/31 states:</p> <p style="text-align: center;"><i>11. Domestic Waste Management (DWM) – Audit of Reasonable Costs</i></p> <p style="text-align: center;"><i>Councils are still required to have their DWM reasonable costs audited following the streamlining of the rating return process. Auditors will continue to audit these charges at the time of undertaking the financial audit, and will issue councils with an assurance statement (Annexure 2). Councils will be required to hold this statement, should it be required at a later date.</i></p> <p>It has been council's responsibility to keep this assurance statement should there be any issues raised by rates payers about their calculations.</p>
7	On asset estimate, are you saying that if two former councils have different useful lives allocated to similar assets, now amalgamation council have to incorporate AASB 108 note as changes in estimate?	At the amalgamation date the new council needs to be comfortable that the assets being brought in are at fair value. Then as per normal practice every year you re-assess the useful life of those assets. E.g. Former council recognised their footpaths at 1 million having a useful life of 50 years. The new council policy recognises the useful life of those assets as 20 years. This is not a change in accounting estimate going forward as the useful life over 20 years is based on the new council's policy. AASB108 is applicable only if, in the same year, the new council changes the useful life of all footpaths from 20 years to for example 30 years.
9	Is the relevant financial period for newly amalgamated councils other than Bayside 12 May or 13 May 2016 Date of Formation given that the former Council financials were to the end of 12 May 2016.	The relevant financial period for the 19 new councils (other than Bayside) commences on 13 th May 2017 as per the Proclamation amendment which was published at the same time as the Bayside Proclamation.



10	Land under roads - some record and some don't. How will the harmonisation be treated?	At the amalgamation date the new council needs to be comfortable that the assets being brought in are at fair value. That is if the former council recorded land under roads prior to 2008 the new council will need to fair value those assets even if the former council has not done that. If the new council's policy is that they will not record land under roads prior to 2008, the new council will need to make sure that the land under roads fair value would be effectively nil. It is all about fair value as from today based on what the new council's policy is going to be.
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