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Business Paper

DEMERGER TRANSITION COMMITTEE MEETING

COUNCIL CHAMBERS, GUNDAGAI

6pm, Tuesday 15th September, 2026

Administration Centres: 1300 459 689

NOTICE OF MEETING

A Meeting of The Demerger Transition Committee will be held in the Council Chambers, Gundagai on:

Tuesday, 15th September, 2026 at 6pm

The agenda for the meeting is enclosed.

Roger Bailey

Interim General Manager

Live Streaming of Meetings Statement

This meeting is streamed live via the internet and an audio-visual recording of the meeting will be publicly available on Council's website.

By attending this meeting, you consent to your image and, or, voice being live streamed and publicly available. Please refrain from making any defamatory statements.

Statement of Ethical Obligations

The Mayor and Councillors are bound by the Oath/Affirmation of Office made at the start of the Council term to undertake their civic duties in the best interests of the people of Cootamundra-Gundagai Regional Council and to faithfully and impartially carry out the functions, powers, authorities and discretions vested in them under the Local Government Act or any other Act, to the best of their skill and judgement.

It is also a requirement that the Mayor and Councillors disclose conflicts of interest in relation to items listed for consideration on the Agenda or which are considered at this meeting in accordance with Council's Code of Conduct and Code of Meeting Practice.

AGENDA

Order Of Business

1 Acknowledgement of Country **4**

2 Apologies, Leave of Absence and audio-visual attendance requests **4**

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1 ACKNOWLEDGEMENT OF COUNTRY

Council acknowledges the Wiradjuri people, the Traditional Custodians of the Land at which the meeting is held and pays its respects to Elders, both past and present, of the Wiradjuri Nation and extends that respect to other Aboriginal people who are present.

2 APOLOGIES, LEAVE OF ABSENCE AND AUDIO-VISUAL ATTENDANCE REQUESTS

3 DISCLOSURES OF INTEREST

4 CONFIRMATION OF MINUTES

4.1 MINUTES OF THE DEMERGER TRANSITION COMMITTEE MEETING HELD ON TUESDAY 11 AUGUST 2026

REPORTING OFFICER	Teresa Breslin, Executive Assistant to Mayor and General Manager
AUTHORISING OFFICER	Roger Bailey, Interim General Manager
FINANCIAL IMPLICATIONS	There are no Financial implications associated with this report.
LEGISLATIVE IMPLICATIONS	There are no Legislative implications associated with this report.
POLICY IMPLICATIONS	There are no Policy implications associated with this report.
ATTACHMENTS	1. Minutes of the Demerger Transition Committee Meeting held on Tuesday 11 August 2026

RECOMMENDATION

That the Minutes of the Demerger Transition Committee Meeting held on Tuesday 11 August 2026 be confirmed as a true and correct record of the meeting.

ABN: 46 211 642 339
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Minutes

DEMERGER TRANSITION COMMITTEE MEETING

ALBY SCHULTZ MEETING CENTRE, COOTAMUNDRA

4:01PM, TUESDAY 11th August, 2026

Administration Centres: 1300 459 689

MINUTES OF COOTAMUNDRA-GUNDAGAI REGIONAL COUNCIL
DEMERGER TRANSITION COMMITTEE MEETING
HELD AT THE ALBY SCHULTZ MEETING CENTRE, COOTAMUNDRA
ON TUESDAY, 11 AUGUST 2026 AT 4:01PM

PRESENT: Cr Rosalind Wight (Deputy Mayor and Chair), Cr Abb McAlister (Mayor) (online), Cr David Graham, Cr Penny Nicholson, Cr Gil Kelly, Cr Ethan Ryan

IN ATTENDANCE: Peter Bascomb (Demerger Transition Manager), Roger Bailey (Interim General Manager)

2 APOLOGIES, LEAVE OF ABSENCE, AND AUDIO-VISUAL ATTENDANCE REQUESTS

2.1 APOLOGIES

APOLOGY

COMMITTEE RESOLUTION

Moved: Cr David Graham
Seconded: Cr Gil Kelly

That the apology received from Cr Cooper be noted.

CARRIED

2.2 LEAVE OF ABSENCE

Nil

2.3 AUDIO-VISUAL ATTENDANCE REQUESTS

Nil

3 DISCLOSURES OF INTEREST

Nil

4 CONFIRMATION OF MINUTES

4.1 MINUTES OF THE DEMERGER TRANSITION COMMITTEE MEETING HELD ON TUESDAY 14 JULY 2026

COMMITTEE RESOLUTION

Moved: Cr Gil Kelly
Seconded: Cr Ethan Ryan

That the Minutes of the Demerger Transition Committee Meeting held on Tuesday 14 July 2026 be confirmed as a true and correct record of the meeting.

CARRIED

5 REPORTS

5.1 GENERAL MANAGER OFFICE

5.1.1 GM-DESIGNATE RECRUITMENT - REQUEST FOR QUOTATION

COMMITTEE RESOLUTION

Moved: Cr Gil Kelly
Seconded: Cr David Graham

That the Committee:

1. **Endorses the General Manager-Designate Recruitment - Request for Quotation documents attached to this report.**
2. **Authorises the immediate public release of the Request for Quotation consistent with Council's Procurement Policy.**
3. **Recommends to Council that the recruitment committees be renamed as recruitment 'panels'.**

CARRIED

5.1.2 CONFIRMATION OF SUCCESSOR COUNCILS' GOVERNANCE ARRANGEMENTS

COMMITTEE RESOLUTION

Moved: Cr Ethan Ryan
Seconded: Cr Gil Kelly

1. **The Committee recommends that Council confirm the following preferences for the governance arrangements for the successor councils:**
   - **(a) That the boundaries of the proposed Cootamundra and Gundagai Shire Councils be the same as existed immediately prior to the 2016 merger.**
   - **(b) That both Cootamundra and Gundagai Shire Councils be undivided - that is, neither council will have wards.**
   - **(c) That Cootamundra Shire Council have seven councillors.**
   - **(d) That Gundagai Shire Council have five councillors.**
   - **(e) That for both successor councils the Mayor be elected in accordance with the Local Government Act 1993 section 227(a), namely elected by the councillors from among their number.**
2. **The Committee recommends that Council request that the first election of councillors be conducted at the same time as the next local government general elections, currently scheduled for September 2028.**
3. **The committee recommends that Council request that, for the period from commencement on 1 July 2027 until the first councillor election, the Proclamation specify:**
   - **(a) that the governing bodies be**
     - **(i) For Cootamundra Shire Council, those Councillors holding office at 30 June 2027, and not suspended from office, whose primary residence is within the proclaimed boundary for the Cootamundra Shire local government area.**

(ii) For Gundagai Shire Council, those Councillors holding office at 30 June 2027, and not suspended from office, whose primary residence is within the proclaimed boundary for the Gundagai Shire local government area.

(b) That each governing body established under part (a) above is authorised to:

(i) Elect a Chief Administrator to chair meetings and perform the roles of the Mayor as described in the *Local Government Act 1993* section 226.

(ii) Determine the remuneration of Chief Administrator and Administrators in the same manner as councils determine the remuneration for the Mayor and other councillors.

CARRIED

The Meeting closed at 4:29pm.

CHAIRPERSON **INTERIM GENERAL MANAGER**

5 REPORTS

5.1 GENERAL MANAGER OFFICE

5.1.1 REPORT FROM GM-DESIGNATE RECRUITMENT PANELS

DOCUMENT NUMBER	481625
REPORTING OFFICER	Peter Bascomb, Demerger Transition Manager
AUTHORISING OFFICER	Peter Bascomb, Demerger Transition Manager
RELEVANCE TO COMMUNITY STRATEGIC PLAN	**4. Collaborative and progressive leadership** 4.4 Recognised as a premier local government Council that represents and advocates for community needs
FINANCIAL IMPLICATIONS	There are no additional financial implications associated with this report.
LEGISLATIVE IMPLICATIONS	There are no legislative implications associated with this report.
POLICY IMPLICATIONS	There are no policy implications associated with this report.
ATTACHMENTS	Nil

RECOMMENDATION

That the Committee note the report and endorse the appointment of LG Services Group Pty Ltd (ABN 606 6178 8389) by both Recruitment Panels.

<u>Introduction</u>

Both the Cootamundra GM-Designate Recruitment Panel and the Gundagai GM-Designate Recruitment Panel (CGMRP and GGMRP respectively) held their inaugural meetings on Tuesday 8 September 2026. This report provides a summary of the Panels' determinations.

<u>Discussion</u>

The agenda for both Panels was identical an included only two items.

Election of Chair

The Council resolution that established the Panels authorised each Panel to elect its own Chair.

As they were the inaugural meetings, Council's Demerger Transition Manager (DTM), as the delegate of the Interim General Manager, opened each meeting and called for nominations.

Cr Abb McAlister was elected as the Chair of the Gundagai GM-Designate Recruitment Panel.

Cr Ethan Ryan was elected as the Chair of the Cootamundra GM-Designate Recruitment Panel.

Appointment of Recruitment Consultant

The Council resolution that established the Panels authorised each Panel to appoint a consultant to assist with the recruitment of the GM-Designate.

The request for quotation was published on VendorPanel on 12 August 2026 and closed at 12Noon on Monday 31 August 2026. VendorPanel notified over 100 pre-qualified consultants. Council received 14 responses before the advertised closing time and 2 after the RfQ closed.

It was possible for both Panels to select different consultants, in the end both Panels selected LG Services Group Pty Ltd (LGSG).

Both LGSG and the unsuccessful consultants were advised of the Panels' decisions on Wednesday 9 September 2026.

Financial

The cost of recruiting the GMs-Designate, and their subsequent remuneration, will be funded through Council's allocated demerger budget.

OLG 23a Guideline consideration

N/a

5.1.2 ALLOCATION OF COUNCIL CASH RESERVES BETWEEN THE SUCCESSOR COUNCILS

DOCUMENT NUMBER	481644
REPORTING OFFICER	Peter Bascomb, Demerger Transition Manager
AUTHORISING OFFICER	Roger Bailey, Interim General Manager
RELEVANCE TO COMMUNITY STRATEGIC PLAN	**4. Collaborative and progressive leadership** 4.4 Recognised as a premier local government Council that represents and advocates for community needs
FINANCIAL IMPLICATIONS	There are no additional financial implications associated with this report.
LEGISLATIVE IMPLICATIONS	There are no legislative implications associated with this report.
POLICY IMPLICATIONS	There are no policy implications associated with this report.
ATTACHMENTS	1. MLA Cash Allocation Report ⇩

RECOMMENDATION

The Committee recommends that Council:

1. **Allocate its 2026-2027 financial year cash reserves opening balances based on Morrison Low Advisory cash analysis allocation, namely:**

Reserve	Cootamundra	Gundagai	Total
Externally Restricted Assets			
Developer Contributions - General	702,826	762,826	1,465,652
Developer Contributions - Sewer	421,276	-	421,276
Water Supply	1,685,556	9,951,887	11,637,443
Sewerage Service	6,931,847	103,924	7,035,771
Domestic Waste	2,489,737	744,624	3,234,361
Stormwater Infrastructure Renewal	869,230	58,230	927,460
Total	**13,100,472**	**11,621,491**	**24,721,963**
Internally Restricted Assets			
Employees Leave Entitlement	861,371	821,332	1,682,703
Plant Replacement	1,221,996	1,090,721	2,312,717
Waste Management	-	-	-
Bradman's Birthplace	73,267	-	73,267
Cootamundra Heritage Centre	23,563	-	23,563
Cemetery	12,886	12,886	25,772
Development - Land & Buildings	1,811,074	809,539	2,620,613
Cootamundra Caravan Park	255,392	-	255,392
Aerodrome Bitumen Resurfacing	229,879	-	229,879
Quarries & Pit Restoration	230,672	17,653	248,325
Southern Phone	505,598	-	505,598
Dog on the Tuckerbox Land	-	367,500	367,500
Total	**5,225,698**	**3,119,631**	**8,345,329**
Grand Total	**18,326,170**	**14,741,122**	**33,067,292**

2. Fund the current $6,153,964 externally restricted cash shortfall by a pro-rata reduction in Council's internally restricted cash reserves except for Employee Leave Entitlements and Advanced Financial Assistance Grants.

3. Distribute Council's unallocated funds to the proposed successor Councils based proportion of general rates raised in FY27 from each successor council area.

4. Acknowledge that the figures used in Part (a) and Part (b) may vary following completion of the current audit of Council's financial statements.

Introduction

This report presents the outcome of the project to identify the appropriate split of Council's cash reserves across the two councils.

Discussion

Council's Resolution 099/2026 from its April 2026 meeting included the following:

2.6. That Council:

2.6.1. Approves the methodology for allocating Council's reserves detailed in the report for item 5.1.3 in the Demerger Transition Committee Business Paper for its 15 April 2026 meeting.

2.6.2. Authorises the engagement of a contractor, selected by the Interim General Manager and the Demerger Transition Manager, to undertake the work of splitting the reserves according to the approved methodology so that the successor council reserves can be provided to the consultant engaged to prepare the updated Financial Sustainability Plan.

2.6.3. Consistent with Council's adopted Restricted Assets Policy, establishes a reserve to retain the Financial Assistance Grants (FAGs) paid in advance with the reserve plus interest to carry forward to the actual year for which the FAGs were paid.

2.6.4. Acknowledges that the reserve established in part 2.6.3 above will further reduce the cash available for Council's internally restricted reserves.

2.6.5. Acknowledges that it is possible that the division of an Externally Restricted Reserves may result in one of the proposed successor Councils having a negative balance requiring that Council to borrow to repay the other successor Council.

2.6.6. Acknowledges that Council's Internally Restricted Reserves are not fully cash backed and require the balances of all such reserves to be reduced on a pro rata basis to the reserves are fully cash backed.

2.6.7. Requires that the organisation record all future reserve transactions so that the successor council reserve balances are accurately known on 30 June 2027.

Morrison Low Advisory (MLA) was subsequently appointed to undertake most of the work while Vanguard Consulting were to review the allocation of unexpended grants as part of their work completing Council's FY26 Annual Statements. MLAs final report is attached.

The adopted methodology for each reserve is outlined in the following table.

Table 1: Adopted Split Methodologies

	Reserve	Recommended Method	Comment
Externally Restricted	Domestic Waste	Transaction Trace	
	Water Supply	Transaction Trace	
	Sewerage Service	Transaction Trace	
	Stormwater Infrastructure Renewal	Transaction Trace	
	Developer Contributions General	Transaction Trace	
	Developer Contributions – Sewer	Transaction Trace	
	General Funds Unspent Grants & Contributions (incl. Starry Nights)	Project Based	
	RERRF, SCF Rd1,	Project Based	SCF to be finalised this FY
	OLG Flood Unspent Grants	Project Based	Expected to be fully acquitted by 30 June 2026
Internally Restricted	Aerodrome Bitumen Resurfacing	Cootamundra	
	Bradman's Birthplace	Cootamundra	
	Cootamundra Caravan Park	Cootamundra	
	Heritage Centre	Cootamundra	
	Development – Land & Buildings	Transaction Trace	
	Employee Leave Entitlement	Based on staffing	
	Quarries & Pit Restoration	Transaction Trace	
	Plant Replacement	Special case	Proportional split based on difference between WDV and replacement cost.
	Cemetery	Transaction Trace	
	Southern Phone	Cootamundra	

	Waste Management	Transaction Trace	
	Dog on Tuckerbox Land	Gundagai	
New	Pre-Paid Financial Assistance Grants	Special case	Based on population or transport assets as appropriate

Unfortunately, the work undertaken by MLA has not gone as smoothy as anticipated. As identified in their report MLA encountered difficulty in accessing historical data and identifying the rationale for several reserve movements. Prior to mid-2018 Council maintained the financial systems of the two predecessor councils. Unfortunately, Council has not been able to access the FY17 financial information from the archive of the former Gundagai system which is no longer supported by the system's vendor. A contractor has been retained to attempt to gain access at a database level but without success to date.

While the lack of complete data is unfortunate, MLA have been able to deduce the data for Gundagai. For example the total water access charge collected by Council is known as is the amount collected from the former Cootamundra Shire area, meaning that the amount collected from the Gundagai area can calculated as the difference between the two. Further, the expenditure on Gundagai water is known is for the subsequent 9 financial years (FY18 – FY26 inclusive). An average of those years was used as an estimate for the FY17 year. While this is not ideal, it is assessed that any variation is unlikely to be material in consideration of Council's overall financial position.

MLA also uncovered multiple changes in policies and accounting practices which complicated the allocation of transactions. There were also multiple instances of reserve movements for which no documentation existed. One example is the closing balance contained in the audited financial statements for the Sewerage Service Reserve on 30 June 2021 of $6,514,000 which differs by $920,000 from the opening balance contained in the audited financial statements on 1 July 2021 of $5,594,000. Documentation supporting this discrepancy has not been located.

Another example is the two waste management reserves. MLA's examination revealed that Council's waste finances have not been well managed with income and expenditure not been accurately recorded, with no expenditure in some years. For a more complete explanation of the issue and the approach adopted by MLA to resolve it please see the relevant section in the MLA report.

MLA's report outlines these difficulties and the rationale for the various ways they allowed for them. Notwithstanding the difficulties encountered, Table 2 gives MLA's recommended distribution of Council's cash reserves.

Table 2: MLA's recommended distribution

Table 1 Calculated Reserve Balances as at 30 June 2026

Reserve	Estimated Reserve Balance 30/6/26	Cootamundra	Gundagai	Total	Variance
Externally Restricted Assets					
Developer Contributions - General	1,465,652	702,826	762,826	1,465,652	-
Developer Contributions - Sewer	421,276	421,276	-	421,276	-
Water Supply	8,427,614	1,685,556	9,951,887	11,637,443	(3,209,829)
Sewerage Service	5,035,636	6,931,847	103,924	7,035,771	(2,000,135)
Domestic Waste	2,734,361	2,489,737	744,624	3,234,361	(500,000)
Stormwater Infrastructure Renewal	483,460	869,230	58,230	927,460	(444,000)
Total	**18,567,999**	**13,100,472**	**11,621,491**	**24,721,963**	**(6,153,964)**
Internally Restricted Assets					
Employees Leave Entitlement	1,682,703	861,371	821,332	1,682,703	-
Plant Replacement	2,312,717	1,221,996	1,090,721	2,312,717	-
Waste Management	500,000	-	-	-	500,000
Bradman's Birthplace	76,337	73,267	-	73,267	3,070
Cootamundra Heritage Centre	25,882	23,563	-	23,563	2,319
Cemetery	25,772	12,886	12,886	25,772	-
Development - Land & Buildings	1,766,071	1,811,074	809,539	2,620,613	(854,542)
Cootamundra Caravan Park	215,737	255,392	-	255,392	(39,655)
Aerodrome Bitumen Resurfacing	160,788	229,879	-	229,879	(69,091)
Quarries & Pit Restoration	248,325	230,672	17,653	248,325	-
Southern Phone	505,598	505,598	-	505,598	-
Dog on the Tuckerbox Land	367,500	-	367,500	367,500	-
Total	**7,887,430**	**5,225,698**	**3,119,631**	**8,345,329**	**(457,899)**
Grand Total	**26,455,429**	**18,326,170**	**14,741,122**	**33,067,292**	**(6,611,863)**

The implication of MLAs distribution is that Council's externally restricted reserves are not fully cash backed as legislatively required. This cash shortfall of $6,153,964 further implies that some cash has been used for purposes other than for which it was raised and/or Council's fees and charges have been too high given the level of expenditure.

If Council were to adopt the MLA distribution it would need to transfer $6,153,964 from the general fund to the externally restricted reserves. Council does not have that level of unrestricted cash available.

Given this lack of cash Council has two options, neither of which impact Council's unrestricted cash balance.

1. Use the MLA balances

This is the intent of part 2.6 of Council's resolution 099/2026. Council could "find" the cash to fully fund the shortfall in externally restricted cash in two ways.

The first is the method envisaged by part 2.6.6 of resolution 2026/99, namely reduce the internally restricted reserves by the shortfall in external restrictions. It is recommended that Employee Leave Entitlement and Advanced Financial Assistance Grants reserves remain untouched.

The second is to leave the internally restricted reserves and accept a significant negative unrestricted cash balance. This is not recommended as it creates the illusion that there is in fact cash available to fund, say, a full plant replacement program.

2. An alternative methodology

It can be argued that Council's reserve balances have been subject to audit by the NSW Auditor General since 2017 and therefore it is unnecessary, even inappropriate, to significantly change the balances based on adjustments to previous years. If this argument is accepted, then Council could accept the final audited FY26 balances and split the balances between the balances between the two successor councils.

If Council accepts this path, it is recommended that Council allocate the balances between the two successor Councils in the same proportion as the balances recommended by MLA.

The reserve balances as submitted for audit with the FY26 financial statements are as follows, noting that this table includes the unexpended grants which were not investigated by MLA. These balances may vary during the finalisation of the audit.

Table 3: Reserve balances submitted for audit

Externally Restricted Reserves	Bal 30 June 2026
Domestic Waste	2,734,361
Water Supply	8,427,614
Sewerage Service	5,035,636
Stormwater Infrastructure Renewal	483,460
Developer Contributions - General	1,465,652
Developer Contributions - Sewer	421,276
General Fund Unspent Grants & Contributions	806,247
RERRF, SCF Rd1, OLG Flood Unspent Grants	1,004,992
Total External	20,379,237

Internally Restricted Reserves	Bal 30 June 2026
Aerodrome Bitumen Resurfacing	160,788
Bradman's Birthplace	76,337
Cootamundra Caravan Park	215,737
Heritage Centre	25,882
Development - Land & Buildings	1,766,071
Employee Leave Entitlements	1,682,703
Quarries & Pit Restoration	248,325
Plant Replacement	2,312,717
Cemetery	25,772
Southern Phone	505,598
Waste Management	500,000
Dog on Tuckerbox Land	367,500
Advanced Financial Assistance Grant	6,127,518
Total Internal	**14,014,947**

Using these balances the recommended distribution is as follows, noting that the percentage split is the critical figure as the actual reserve balance in the final audited statements may vary from those submitted for audit.

Table 4: Recommended Distribution pending finalisation of audit

Splitting Reserves based on current balances, excluding waste management					
	Cootamundra		Gundagai		
	%	%	%	$	Total
Developer Contributions - General	48.0%	$702,826	52.0%	$762,826	$1,465,652
Developer Contributions - Sewer	100.0%	$421,276	0.0%	$0	$421,276
Unexpended Grants	49.3%	$892,240	50.7%	$918,999	$1,811,239
Water Supply	14.5%	$1,220,648	85.5%	$7,206,966	$8,427,614
Sewerage Service	98.5%	$4,961,255	1.5%	$74,381	$5,035,636
Domestic Waste	77.0%	$2,104,848	23.0%	$629,513	$2,734,361
Stormwater Infrastructure Renewal	93.7%	$453,106	6.3%	$30,354	$483,460
		$10,756,200		$9,623,038	$20,379,238
Employees Leave Entitlement	51.2%	$861,371	48.8%	$821,332	$1,682,703
Plant Replacement	52.8%	$1,221,996	47.2%	$1,090,721	$2,312,717
Waste Management	70.0%	$350,000	30.0%	$150,000	$500,000
Bradman's Birthplace	100.0%	$76,337	0.0%	$0	$76,337
Cootamundra Heritage Centre	100.0%	$25,882	0.0%	$0	$25,882
Cemetery	50.0%	$12,886	50.0%	$12,886	$25,772
Development - Land & Buildings	69.1%	$1,220,510	30.9%	$545,561	$1,766,071
Cootamundra Caravan Park	100.0%	$215,737	0.0%	$0	$215,737
Aerodrome Bitumen Resurfacing	100.0%	$160,788	0.0%	$0	$160,788
Quarries & Pit Restoration	92.9%	$230,672	7.1%	$17,653	$248,325
Southern Phone	100.0%	$505,598	0.0%	$0	$505,598
Advanced FAGs^	70.0%	$4,289,263	30.0%	$1,838,255	$6,127,518
Dog on the Tuckerbox Land	0.0%	$0	100.0%	$367,500	$367,500
		$9,171,039		$4,843,909	$14,014,948

There are two primary advantages to using this approach:

1. Council's internally restricted reserves are not impacted, meaning Council's current expenditure plans can remain intact.
2. Given that the method relies on FY26 audited balances and not implicitly altering past financial year data it is unlikely that Council will be required to restate past financial years.

Financial

The cost of the work undertaken by Morrison Low Advisory has been funded from Council's allocated demerger budget.

A council's externally restricted reserves must be fully cash backed. Council cannot afford to fully fund the externally restricted reserve balances identified by MLA.

OLG 23a Guideline consideration

N/a

Morrison Low Advisory

COOTAMUNDRA-GUNDAGAI REGIONAL COUNCIL

Demerger Transition Program - Cash Allocation Analysis

Cootamundra-Gundagai Regional Council

AUGUST 2026

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Executive Summary

The outcome from the analysis of transactions and other methods of determining the split between reserves held by Cootamundra-Gundagai Regional Council ('Council') in favour of the two successor councils as part of the demerger transition process is contained in Table 1.

Table 1 Calculated Reserve Balances as at 30 June 2026

Reserve	Estimated Reserve Balance 30/6/26	Cootamundra	Gundagai	Total	Variance
Externally Restricted Assets					
Developer Contributions - General	1,465,652	702,826	762,826	1,465,652	-
Developer Contributions - Sewer	421,276	421,276	-	421,276	-
Water Supply	8,427,614	1,685,556	9,951,887	11,637,443	(3,209,829)
Sewerage Service	5,035,636	6,931,847	103,924	7,035,771	(2,000,135)
Domestic Waste	2,734,361	2,489,737	744,624	3,234,361	(500,000)
Stormwater Infrastructure Renewal	483,460	869,230	58,230	927,460	(444,000)
Total	**18,567,999**	**13,100,472**	**11,621,491**	**24,721,963**	**(6,153,964)**
Internally Restricted Assets					
Employees Leave Entitlement	1,682,703	861,371	821,332	1,682,703	-
Plant Replacement	2,312,717	1,221,996	1,090,721	2,312,717	-
Waste Management	500,000	-	-	-	500,000
Bradman's Birthplace	76,337	73,267	-	73,267	3,070
Cootamundra Heritage Centre	25,882	23,563	-	23,563	2,319
Cemetery	25,772	12,886	12,886	25,772	-
Development - Land & Buildings	1,766,071	1,811,074	809,539	2,620,613	(854,542)
Cootamundra Caravan Park	215,737	255,392	-	255,392	(39,655)
Aerodrome Bitumen Resurfacing	160,788	229,879	-	229,879	(69,091)
Quarries & Pit Restoration	248,325	230,672	17,653	248,325	-
Southern Phone	505,598	505,598	-	505,598	-
Dog on the Tuckerbox Land	367,500	-	367,500	367,500	-
Total	**7,887,430**	**5,225,698**	**3,119,631**	**8,345,329**	**(457,899)**
Grand Total	**26,455,429**	**18,326,170**	**14,741,122**	**33,067,292**	**(6,611,863)**

Table 1 shows that Council holds estimated restricted funds totalling $26,455,429 at 30 June 2026 which is prior to the process to split reserves was undertaken.

The calculated reserve balance for each council following this analysis is in column 2 (Cootamundra) and column 3 (Gundagai)

The overall shortfall across the restrictions is $6,611,863 of which $6,153,964 is attributed to externally restricted reserves. If the $500,000 held in the Waste Management Reserve is combined with the Domestic Waste Management Reserve the shortfall attributed to externally restricted reserves would decrease to $5,653,964 and the shortfall in internally restricted reserves would increase to $957,899.

Table 2 shows the projected reserve balance for each council following the process to split the reserves as at 30 June 2026.

Table 2 Projected Council's Reserve Balance as at 30 June 2026

Reserve	Cootamundra	Gundagai	Total
Externally Restricted Assets			
Developer Contributions - General	702,826	762,826	1,465,652
Developer Contributions - Sewer	421,276	-	421,276
Water Supply	1,685,556	9,951,887	11,637,443
Sewerage Service	6,931,847	103,924	7,035,771
Domestic Waste	2,489,737	744,624	3,234,361
Stormwater Infrastructure Renewal	869,230	58,230	927,460
Total	**13,100,472**	**11,621,491**	**24,721,963**
Internally Restricted Assets			
Employees Leave Entitlement	861,371	821,332	1,682,703
Plant Replacement	1,221,996	1,090,721	2,312,717
Waste Management	-	-	-
Bradman's Birthplace	73,267	-	73,267
Cootamundra Heritage Centre	23,563	-	23,563
Cemetery	12,886	12,886	25,772
Development - Land & Buildings	1,811,074	809,539	2,620,613
Cootamundra Caravan Park	255,392	-	255,392
Aerodrome Bitumen Resurfacing	229,879	-	229,879
Quarries & Pit Restoration	230,672	17,653	248,325
Southern Phone	505,598	-	505,598
Dog on the Tuckerbox Land	-	367,500	367,500
Total	**5,225,698**	**3,119,631**	**8,345,329**
Grand Total	**18,326,170**	**14,741,122**	**33,067,292**

Each Councils proportion of Externally restricted assets have been calculated as follows:

- Cootamundra $13,100,472
- Gundagai $11,621,491

Each Councils proportion of Internally restricted assets have been calculated as follows:

- Cootamundra $5,225,698
- Gundagai $3,119,631

This requires an amount of $6,611,863 to be sourced to enable the split to be put in place.

The resulting shortfall in cash amounts to $6,611,863 equates to approximately 79.23% of internally restricted funds.

Introduction

Cootamundra-Gundagai Regional Council (‘Council’) engaged Morrison Low Advisory to undertake the analysis to split the six (6) external reserves and twelve (12) internal reserves between the two successor councils from its proposed demerger as of 30 June 2026.

As part of the demerger, Council endorsed a set of principles (methodology) on which the division of cash reserves could be made.

This report examines the externally restricted and internally restricted cash reserves of Cootamundra-Gundagai Regional Council.

The information presented has been gathered through various means which is detailed in the methodology section of this report.

The report then presents the findings in the outcomes of analysis section which details the outcome of each reserve analysis and proposed cash allocation.

The result of this work will forecast opening balances of all reserves which will impact on the long-term financial plan for each of the successor councils.

Methodology

As part of the demerger of Cootamundra-Gundagai Regional Council, it was authorised to undertake work to split cash reserves according to an approved methodology.

The scope of the work was based on reserves held by Cootamundra-Gundagai regional Council contained in the audited 2024/2025 Financial Statement. The Unexpended Grant Reserve or the financial assistance grant paid in advance was excluded from this body of work as it was to be undertaken as part of the completion on the 2025/2026 Financial Statements.

The Process to Split Reserves report dated 15 April 2026 proposed a set of principles on which that division could be made. Throughout the project, it became apparent for some restrictions the proposed methodology was not feasible, and an alternative methodology was employed. The table below outlines the methodology proposed and the methodology employed for each of the restrictions.

Table 3 Allocation methodology for each restriction

Reserve	Allocation methodology proposed	Allocation methodology employed
Externally Restricted Assets		
Developer Contributions - General	Transaction trace	Transaction trace
Developer Contributions - Sewer	Transaction trace	Transaction trace
Water Supply	Transaction trace	Transaction trace
Sewerage Service	Transaction trace	Transaction trace
Domestic Waste	Transaction trace	Transaction and proportional splits
Stormwater Infrastructure Renewal	Transaction trace	Transaction trace
Internally Restricted Assets		
Employees Leave Entitlement	Staffing attributed to each successor council	Staffing attributed to each successor council
Plant Replacement	Difference between written down value and net replacement cost	Net replacement cost
Waste Management	Transaction trace	Transaction and proportional splits
Bradman's Birthplace	Transaction trace	Transaction trace
Cootamundra Heritage Centre	Transaction trace	Transaction trace
Cootamundra Swimming Pool	Transaction trace	Transaction trace
Cemetery	Transaction trace	Transaction trace and apportionment to year-end balance
Development - Land & Buildings	Transaction trace	Transaction trace
Cootamundra Caravan Park	Transaction trace	Transaction trace
Aerodrome Bitumen Resurfacing	Transaction trace	Transaction trace
Quarries & Pit Restoration	Transaction trace	Transaction trace
Southern Phone	Transaction trace	Transaction trace
Dog on the Tuckerbox Land	Transaction trace	Transaction trace

A transaction trace was determined to be the preferred methodology to divide available cash for most reserves. This method starts with the closing balances of reserves of the predecessor councils at the time a reserve was merged, then forensically reviewing each subsequent transaction between 13 May 2016 and 30 June 2026 to allocate it to one of the successor councils.

The recommended methodology to divide the Employee Leave Entitlement Reserve was based on staffing numbers.

The recommended methodology to divide the Plant Replacement Reserve was a proportional split based on the difference between written down value and replacement cost for each item of plant. This was changed to the net replacement cost as the written down value for plant items proved to be unreliable.

The recommended transaction trace methodology to divide Reserves could not be used in all instances for each year due to insufficient information. This primarily related to the 2016/2017 and 2017/2018 (part) financial periods. Reference to other methods used are detailed in each specific section below if used.

Principles used in analysis

The first step undertaken was to record the movement within each reserve (transfer to and transfer from) for each financial period commencing from 13 May 2016 up to 30 June 2026; a ten-year period. This information was obtained from relevant pages within respective financial statements.

Closing reserve balances for Cootamundra Shire Council and Gundagai Shire Council were obtained from their respective final financial statements being as at 12 May 2016. These figures agreed to each opening balance of Cootamundra-Gundagai Regional Council reserves.

Several methods were employed to determine the allocation of income and expenditure for applicable years to each respective council for each reserve such as:

- Transaction tracing through work orders and the general ledger
- Computer system records for the previous Cootamundra Shire Council (these could not be accessed for the previous Gundagai Shire Council)
- End of financial year workpapers
- Development Application Register
- Rating and charging income tables
- Percentage split based on previous years actuals for individual councils where transaction tracing was not available; where this method was adopted it is detailed within commentary for each reserve contained within this report.

Limitations of analysis

Records from the 2017 financial year for the previous Gundagai Shire Council could not be accessed and generally the income and expenditure attributed to Gundagai for that year in the review were a balancing figure as totals and amounts that could be attributed to Cootamundra were known.

Outcomes of Analysis

Externally Restricted Reserves

Externally restricted assets refer to funds that are kept restricted (i.e. they cannot be used for general purpose) as they are either subject to some form of external legislative or contractual obligation.

Developer Contributions – General Reserve

The allocation of funds held in the Developer Contributions – General Reserve were undertaken using the transaction trace methodology.

Income was brought to account utilising the development application register which identified the location for each contribution. Expenses were identified using work orders which contained specific descriptions of where funds were allocated.

As mentioned earlier in this report the 2017 income and expenditure figures are a balancing figure for the distribution calculation of this reserve.

The calculated reserve balance of $1,465,652 agreed with the estimated 30 June 2026 financial year reserve balance. The balance of the reserve was distributed as follows:

- Cootamundra $702,826
- Gundagai $762,826

Developer Contributions – Sewer Reserve

The allocation of funds held in the Developer Contributions – Sewer Reserve were undertaken using the transaction trace methodology.

Income was brought to account using the development application register which identified the location for each contribution. Expenses were identified using work orders which contained specific descriptions of where funds were allocated.

The calculated reserve balance of $421,276 agreed with the estimated 30 June 2026 financial year reserve balance. The balance of the reserve was distributed as follows:

- Cootamundra $421,276
- Gundagai Nil

Water Supply Reserve

The allocation of funds held in the Water Supply Reserve were undertaken using the transaction trace methodology.

Income was brought to account by analysing transactions for the period 2018 (part year) to 2026. Additionally, records from the previous Cootamundra computer system were used for transactions for 2017 and 2018 (part year). Expenses were identified using work orders which contained specific descriptions of where funds were allocated.

2016/2017 expense and some income transactions were not available for analysis for Gundagai. Subsequently an estimate was made to calculate these amounts based on the following:

- The 2016/2017 annual charge and water usage was known ($1,024,521) through the water and sewer charging tables. This amount for years, 2017/2018 – 2019/2020, equated to approximately 92.26% of the total income received. The full income for 2016/2017 was estimated to be $1,110,471 (calculated by dividing $1,024,521 by 92.26%).

- The 2016/2017 expense amount was unknown. The percentage of operational expenses compared to operational income for years 2018/2019 – 2025/2026 equated to 47.66%. Expenses were calculated multiplying the total operational income by 47.66% ($1,110,471 x 47.66% = $529,250).
- In addition, the 2017/2018 operational expense appeared extremely low as a percentage of income received (31.94%) compared to every other financial year. Subsequently this amount was increased by $194,929 to $590,921 which brings it in line with the average percentage of operational expenses compared to operational income ($1,239,867 x 47.66% = $590,921).

The calculated reserve balance of $11,637,443 did not agree with the estimated 30 June 2026 financial year reserve balance of $8,427,614. The variance of $3,209,829 is primarily made up of transfers to and from the reserve for 2019/2020. Net $446,000 was transferred to the reserve where in fact it should have been approximately $3,916,000 by taking into account grant and loans monies received to fund capital works. This difference is approximately $3,470,000. Other variations were observed in all financial years; these were not investigated as they were either minor in nature; not likely to have a material impact and time constraints.

Of note is the closing balance contained in the audited financial statements for the Water Supply Reserve on 30 June 2021 of $3,713,000 which differs by $2,157,000 from the opening balance contained in the audited financial statements on 1 July 2021 of $5,870,000. The origin of this adjustment is not known; however, it may have been an attempt to correct prior year errors.

The balance of the reserve was distributed as follows:

- Cootamundra $1,685,557
- Gundagai $9,951,887

Funds totalling $3,209,829 will be required to come from unrestricted cash of Cootamundra-Gundagai Regional Council.

Sewerage Service Reserve

The allocation of funds held in the Sewerage Reserve were undertaken using the transaction trace methodology.

Income was brought to account by analysing transactions for the period 2018 (part year) to 2026. Additionally, records from the previous Cootamundra computer system were used for transactions for 2017 and 2018 (part year). Expenses were identified using work orders which contained specific descriptions of where funds were allocated.

2016/2017 expense and some income transactions were not available for analysis for Gundagai. Subsequently an estimate was made to calculate these amounts based on the following:

- The 2016/2017 annual charge was known ($898,353) through the water and sewer charging tables. This amount for years 2017/2018 – 2019/2020 equated to approximately 96.76% of the total income received. The full income for 2016/2017 was estimated to be $928,434 (calculated by dividing $898,353 by 96.76%).
- The 2016/2017 expense amount was unknown. The percentage of operational expenses compared to operational income for years 2018/2019 – 2025/2026 equated to 82.85%. Expenses were calculated multiplying the total operational income by 82.85% ($928,434 x 82.85% = $769,208).

- In addition, the 2017/2018 operational expense appeared extremely low as a percentage of income received (42.90%) compared to every other financial year. Subsequently this amount was increased by $388,644 to $806,044 which brings it in line with the average percentage of operational expenses compared to operational income ($972,897 x 82.85% = $806,044).

The calculated reserve balance of $7,035,771 did not agree with the estimated 30 June 2026 financial year reserve balance of $5,035,636. The variance of $2,000,135 is primarily made up of transfers to and from reserve for 2019/2020 – 2022/2023. Net $2,343,000 was transferred to the reserve, where in fact it should have been approximately $4,532,000 by taking into account grant and loans monies received to fund capital works. This difference is approximately $2,189,000. Other variations were observed in all financial years; these were not investigated as they were either minor in nature; not likely to have a material impact and time constraints.

Of note is the closing balance contained in the audited financial statements for the Sewerage Service Reserve on 30 June 2021 of $6,514,000 which differs by $920,000 from the opening balance contained in the audited financial statements on 1 July 2021 of $5,594,000. The origin of this adjustment is not known; however, it may have been an attempt to correct prior year errors.

The balance of the reserve was distributed as follows:

- Cootamundra $6,931,847
- Gundagai $103,924

Funds totalling $2,000,135 will be required to come from unrestricted cash of Cootamundra-Gundagai Regional Council.

Domestic Waste Reserve

The allocation of funds held in the Domestic Waste Reserve was attempted to be undertaken using the transaction trace methodology.

Insufficient evidence was available to draw an accurate conclusion for the break-up of income and expenses between this reserve and the waste management reserve.

It is unclear which income and expenses have been allocated to either the domestic waste reserve or the waste management reserve, or if all expenses have been allocated to either reserve in any given year.

The income received compared to the expenses paid each year is significantly greater. This raises the question, either income is greater than what is required and therefore charges are higher than necessary, or all expenses are not booked to this cost centre.

In comparison to the average domestic waste bill from the latest time series data on the Office of Local Government's website for Group 11 councils, Cootamundra-Gundagai Regional Council's annual charge is $516, whereas the average is $474. This ranked Council's charge as 8th highest of 19 councils in the group.

Given the income received from the annual charge, it would appear to be the latter; that not all expenses are being recognised.

Income was bought to account analysing transactions for the period 2018 (part year) to 2026. Additionally, records from the previous Cootamundra computer system were used for transactions for 2017 and 2018 (part year). Expenses were identified using work orders which contained specific descriptions of where funds were allocated.

2016/2017 expense and some income transactions were not available for analysis for Gundagai. Subsequently an estimate was made to calculate these amounts. Basically, expenses for both the domestic waste reserve and waste management reserve were estimated based from future year actuals provided.

For the purpose of this exercise, it is proposed to join the domestic waste and waste management reserves together due to their intertwined nature since amalgamation.

Domestic Waste reserve – The calculated reserve balance of $13,382,731 did not agree with the estimated 30 June 2026 financial year reserve balance of $2,734,361. The reasons for the variance of $10,648,370 is unable to be identified.

Waste Management reserve – The calculated reserve balance of ($343,280) did not agree with the estimated 30 June 2026 financial year reserve balance of $500,000. The reasons for the variance of $843,280 is unable to be identified.

The following is an extract from the Council Rating and Revenue Raising Manual (page 48).

11.2 What services are or are not domestic waste management services

The clear intention of the Act is that council household garbage services are to be funded by specific annual charges made and levied for that purpose. The council is expressly prevented from applying income from an ordinary rate towards the cost of providing domestic waste management services (section 504) and from making a special rate for the cost of such services (section 495).

The following are some examples of services **not** considered to be "domestic waste management services" and should not be confused as such:

- providing landowner access to council tipping sites and rural depots or any related activities of the council (even though some of the waste received may be of a "domestic" nature);
- the removal or treatment etc., of any waste being the by-product of business, commercial, industrial or any other non-domestic activities;
- the removal of any kind of waste from business, commercial, industrial or any other non-domestic premises (regardless that the waste may comprise materials similar to domestic waste);
- removal of abandoned motor vehicles from private land, clearing of vegetation, grass etc;
- street cleansing and parks maintenance etc.

It is recommended that the general ledger be setup to ensure revenue raised and expenses incurred for domestic waste be kept in such a way that the externally restricted Domestic Waste reserve holds any surplus funds. Additionally, the annual charge should not collect more than is reasonably necessary to provide the service.

It is recommended that the general ledger be setup to ensure revenue raised and expenses incurred for non-domestic waste management be kept in such a way that the internally restricted Waste Management reserve holds any surplus funds.

Due to the unclear evidence to support the transactions over the 10-year period since amalgamation and the obvious lack of funds held by Cootamundra-Gundagai Regional Council, it is proposed that the total of both reserves of $3,234,361 be apportioned as follows:

- The profit made by Cootamundra for the past three financial years is $3,254,525 which equates to 76.98% of the total profit ($4,227,880) of both councils combined.
- The profit made by Gundagai for the past three financial years is $973,355 which equates to 23.02% of the total profit ($4,227,880) of both councils combined.

The recommended distribution of the balance of the reserve is as follows:

- Cootamundra $2,489,737
- Gundagai $744,624

Stormwater Infrastructure Renewal Reserve

The allocation of funds held in the Stormwater Infrastructure Renewal Reserve were undertaken using the transaction trace methodology.

Income was brought to account by analysing transactions for the period 2018 (part year) to 2026. Additionally, records from the previous Cootamundra computer system were used for transactions for 2017 and 2018 (part year). Expenses were identified using work orders which contained specific descriptions of where funds were allocated.

The calculated reserve balance of $927,460 did not agree with the estimated 30 June 2026 financial year reserve balance of $483,460. The variance of $444,000 is made up of the following grant funded projects that were also transferred from this reserve:

- 2018/2019 $10,000 SCF Round 1
- 2019/2020 $367,000 SCF Round 1
- 2020/2021 $67,000 SCF Round 1

The balance of the reserve was distributed as follows:

Cootamundra $869,230

Gundagai $58,230

Funds totalling $444,000 will be required to come from unrestricted cash of Cootamundra-Gundagai Regional Council.

Internally Restricted Reserves

Internally restricted assets are restricted by resolution of Council. Internal restrictions are developed by Council to cover commitments/obligation that are expected to arise in the future and where it is prudent for Council to hold cash in restrictions to cover those obligations.

Employees Leave Entitlement

On 30 June 2026 the amount held in the reserve totalled to $1,682,703 which was calculated on current liabilities and age of each employee as follows:

- Over 60 years 100% funding of ELE
- 55 to 60 years 60% funding of ELE
- 50 to 55 years 40% funding of ELE
- 45 to 50 years 20% funding of ELE
- Under 45 years 10% funding of ELE

The allocation of funds held in the Employees Leave Entitlement Reserve was undertaken based on staff attributed to each respective council.

The balance of the reserve was distributed as follows:

- Cootamundra $861,371
- Gundagai $821,332

Plant Replacement Reserve

On 30 June 2026 the amount held in the reserve totalled to $2,312,717.

The report considered by Council in April 2026 stated that a "proportional split based on difference between written down value and replacement cost" would be the appropriate method to split funds held in the reserve.

Following analysis of results calculated from using this method it became clear that it was not appropriate as the nominal plant reserve amount would be negative for both councils.

The estimated replacement cost and estimated trade value were calculated for each item of plant at the same base date. Accordingly, the net replacement figure for each item of plant is deemed to be an acceptable amount to use in aggregate to apportion this reserve. This resulted in 52.84% being attributed to Cootamundra and 47.16% to Gundagai.

The balance of the reserve was distributed as follows:

- Cootamundra $1,221,996
- Gundagai $1,090,721

Waste Management Reserve

The allocation of funds held in the Waste Management Reserve were attempted to be undertaken using the transaction trace methodology.

Insufficient evidence was available to draw an accurate conclusion for the break-up of income and expenses between this reserve and the domestic waste management reserve.

This reserve has been capped at a ceiling $500,000 since 30 June 2023. There has not been any transfer to or from the reserve for three years following. At amalgamation in May 2016 the reserve contained $1,706,000 which was fully transferred out. The reserve remained with a nil balance until 2020/2021 when $413,000 was transferred to the reserve. A further $2,333,000 was transferred to the reserve in 2021/2022 with $2,246,000 being transferred from the reserve in 2022/2023. This left the balance of $500,000.

It would appear that this reserve is not being used for the intended purpose and appears to be being used in conjunction with the domestic waste management reserve.

Refer to commentary in the Domestic Waste Management Reserve section of this document for commentary regarding both reserves.

It is important that successor councils establish a Waste Management Reserve to retain any surplus from general waste operations. This will allow successor councils to build a reserve to cover any future capital costs, including the rehabilitation of any discontinued landfill sites.

Bradman's Birthplace Reserve

The allocation of funds held in the Bradman's Birthplace Reserve were undertaken using the transaction trace methodology.

Income was brought to account by analysing transactions for the period 2018 (part year) to 2026. Additionally, records from the previous Cootamundra computer system were used for transactions for 2017 and 2018 (part year). Expenses were identified using work orders which contained specific descriptions of where funds were allocated.

The calculated reserve balance of $73,267 did not agree with the estimated 30 June 2026 financial year reserve balance of $76,337. The balance of the reserve was distributed as follows:

- Cootamundra $73,267
- Gundagai Nil

The remaining funds totalling $3,070 will be distributed to the unrestricted cash of Cootamundra-Gundagai Regional Council.

Cootamundra Heritage Centre Reserve

The allocation of funds held in the Cootamundra Heritage Centre Reserve were undertaken using the transaction trace methodology.

Income and expenses were brought to account by analysing transactions for the period 2018 (part year) to 2026. Additionally, records from the previous Cootamundra computer system were used for transactions for 2017 and 2018 (part year).

The calculated reserve balance of $23,563 did not agree with the estimated 30 June 2026 financial year reserve balance of $25,882. The variance of $2,319 primarily made up of roundings and minor corrections were noted in most years.

The balance of the reserve was distributed as follows:

- Cootamundra $23,563
- Gundagai Nil

The remaining funds totalling $2,319 will be distributed to unrestricted cash of Cootamundra-Gundagai Regional Council.

Cemetery Reserve

The allocation of funds held in the Cemetery Reserve were primarily undertaken using the transaction trace methodology.

Income was brought to account by analysing transactions for the period 2018 (part year) to 2026. The split between councils could not be easily identified without inspecting each receipt which may not have added any clarity to the transaction. Accordingly, records from the Cemetery registers for Gundagai and Cootamundra were used to identify income for each respective council area. Amounts gleaned from that source did not agree with those in the ledgers for each year, however, were considered to be potentially of greater accuracy and therefore utilised.

Expenses were identified using work orders which contained specific descriptions of where funds were allocated. Expenses for Gundagai for 2017 were not available. Accordingly, an estimate was determined based on the ratio for expense to income for the 2018 financial year. In addition, the expense for a new cemetery register and mapping system of $47,922 was apportioned equally.

Additionally, records from the previous Cootamundra computer system were used to assist with transactions for 2017 and 2018 (part year) for both income and expense identification.

This analysis resulted in both councils having a negative balance for this reserve; Cootamundra ($11,069) and Gundagai ($11,342).

The calculated reserve balance of negative ($22,411) did not agree with the estimated 30 June 2026 financial year reserve balance of $25,772.

The recommended distribution of the balance of the reserve is proposed to be evenly split due to the close albeit negative balance for each Council; as follows:

- Cootamundra $12,886
- Gundagai $12,886

Development – Land & Buildings Reserve

The allocation of funds held in the Development – Land & Buildings Reserve were undertaken using the transaction trace methodology.

Income and expenses were brought to account by analysing transactions and work orders which contained specific descriptions of where funds were allocated.

The calculated reserve balance of $2,620,613 did not agree with the estimated 30 June 2026 financial year reserve balance of $1,766,071. The variance of $854,542 is made up of income and expenses that were not transferred to/from the reserve over the following financial years:

- 2017/2018 $10,464 Cootamundra income not recorded
- 2017/2018 ($8,878) Cootamundra expenses not recorded
- 2018/2019 $294,270 Cootamundra income not recorded
- 2018/2019 ($61,905) Cootamundra expenses not recorded
- 2018/2019 $143,951 Gundagai income not recorded
- 2019/2020 $406,690 Cootamundra income not recorded
- 2019/2020 ($205,606) Cootamundra expenses not recorded
- 2019/2020 $132,462 Gundagai income not recorded
- 2020/2021 $1,604 Cootamundra income not recorded
- 2020/2021 $1,481 Gundagai income not recorded
- 2022/2023 (12,086) Cootamundra expenses not recorded
- 2022/2023 $177,000 Unknown transfer from reserve – no supporting documentation
- 2024/2025 ($24,905) Cootamundra expenses not recorded

Note, there was a Council resolution (#332/2022) in November 2022 to transfer $1,000,000 from this reserve; $500,000 was recorded equally between the two councils.

The balance of the reserve was distributed as follows:

- Cootamundra $1,811,074
- Gundagai $809,539

Funds totalling $854,452 will be required to come from unrestricted cash of Cootamundra-Gundagai Regional Council.

Cootamundra Caravan Park

The allocation of funds held in the Cootamundra Caravan Park Reserve were undertaken using the transaction trace methodology.

Income and expenses were brought to account by analysing transactions for the period 2018 (part year) to 2026. Additionally, records from the previous Cootamundra computer system were used for transactions for 2017 and 2018 (part year).

The calculated reserve balance of $255,392 did not agree with the estimated 30 June 2026 financial year reserve balance of $215,737. The variance of $39,655 is primarily made up of income not brought to account in 2024/2025 of $38,236. Other minor corrections were noted in most years.

The balance of the reserve was distributed as follows:

- Cootamundra $255,392
- Gundagai Nil

Funds totalling $39,655 will be required to come from unrestricted cash of Cootamundra-Gundagai Regional Council.

Aerodrome Bitumen Resurfacing Reserve

The allocation of funds held in the Aerodrome Bitumen Resurfacing Reserve were undertaken using the transaction trace methodology.

Income and expenses were brought to account by analysing transactions for the period 2018 (part year) to 2026. Additionally, records from the previous Cootamundra computer system were used for transactions for 2017 and 2018 (part year).

The calculated reserve balance of $229,879 did not agree with the estimated 30 June 2026 financial year reserve balance of $160,788. The variance of $69,091 relates to the net transfer from reserve of $69,101 ($85,404 – $16,313) in 2019/2020. The grant was for Drag pad and Taxiway for water refilling (SCCF-0995) for a total of $160,312. An amount of $176,625 was expended on the project over three years. Accordingly, the amount of $16,313 should have been transferred from the reserve.

The balance of the reserve was distributed as follows:

- Cootamundra $229,879
- Gundagai Nil

Funds totalling $69,091 will be required to come from unrestricted cash of Cootamundra-Gundagai Regional Council.

Quarries and Pit Restoration Reserve

The allocation of funds held in the Quarries and Pit Restoration Reserve were primarily undertaken using the transaction trace methodology.

Income and expenses were brought to account by analysing transactions for the period 2019 to 2026. Transactions were not available for 2017 and 2018. However, according to applicable financial statement workpapers there was no movement in this reserve in 2017. Gravel pit restoration expenses of $30,180 were recorded for 2018 which was attributed to Gundagai. The basis of this allocation was that there had not been any income or expenses recorded for Cootamundra quarries/pits until the 2021 financial year, whereas Gundagai had entries recorded from the 2019 financial year. Also to support this determination, records of other reserves' transactions had been located for 2017 and 2018 where none had been found with respect of this reserve.

Additionally, expenses for the years 2021 to 2023 that are attributed to Cootamundra $34,548 and Gundagai $209,332 were not brought to account and therefore not deducted from the reserve.

It was noted during the analysis of reserve movements that the bringing to account income from 'winning' gravel was spasmodic with income not brought to account for Cootamundra since amalgamation and none for Gundagai for the past three years (2024 – 2026).

This analysis resulted in both councils having a negative balance for this reserve; Cootamundra ($14,584) and Gundagai ($190,564).

The calculated reserve balance of negative ($205,148) did not agree with the estimated 30 June 2026 financial year reserve balance of $248,325.

As income had not been calculated and brought to account for many years, and discrepancies identified relating to transfers to/from this reserve, the recommended distribution of the balance of the reserve, which has been apportioned based on the percentage owing by respective councils, is as follows:

- Cootamundra $230,672
- Gundagai $17,653

If this is not deemed acceptable, neither council could be allocated a portion of this reserve. The funds totalling $248,325 could be distributed to unrestricted cash of Cootamundra-Gundagai Regional Council.

Southern Phone Reserve

The allocation of funds held in the Southern Phone Reserve were undertaken using the transaction trace methodology.

Income and expenses were brought to account by analysing transactions for the period 2019 when the reserve commenced to 2026.

The calculated reserve balance of $505,598 agreed with the estimated 30 June 2026 financial year reserve balance. The balance of the reserve was distributed as follows:

- Cootamundra $505,598
- Gundagai Nil

Dog on the Tuckerbox Land Reserve

The allocation of funds held in the Dog on the Tuckerbox Land Reserve were undertaken using the transaction trace methodology.

Income and expenses were brought to account analysing transactions for the period 2026 when the reserve commenced.

The calculated reserve balance of $367,500 agreed with the estimated 30 June 2026 financial year reserve balance. The balance of the reserve was distributed as follows:

- Cootamundra Nil

Document Status

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