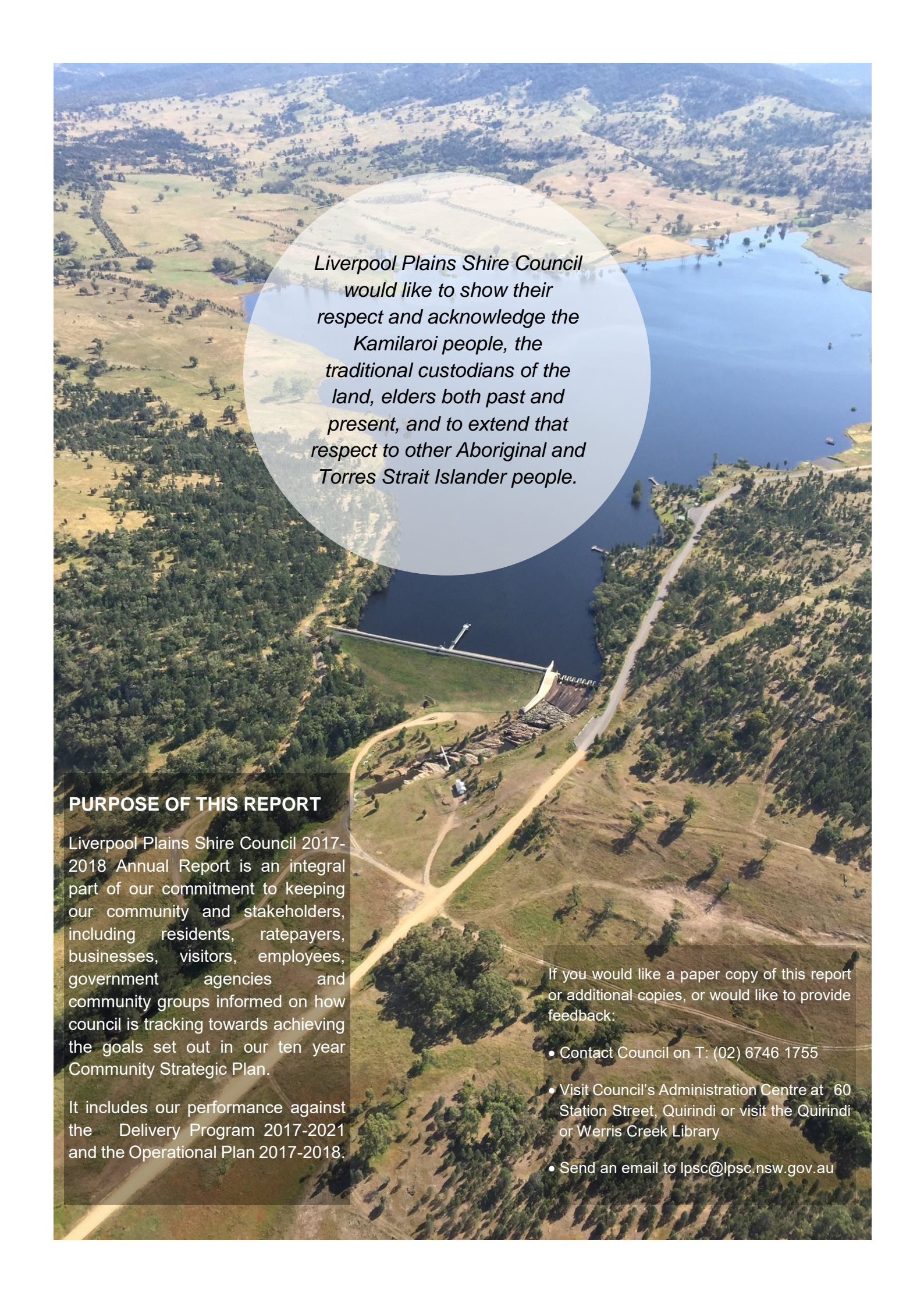




Liverpool Plains Shire Council

Annual Report

2017 - 2018

An aerial photograph of a river landscape. In the foreground, a wide, light-colored river flows from the bottom left towards the center. A dam structure is visible across the river, with a small bridge or walkway crossing it. The river continues into the background, surrounded by lush green hills and forests. The sky is clear and blue. A large, semi-transparent circular overlay is positioned in the upper center of the image, containing text.

*Liverpool Plains Shire Council
would like to show their
respect and acknowledge the
Kamilaroi people, the
traditional custodians of the
land, elders both past and
present, and to extend that
respect to other Aboriginal and
Torres Strait Islander people.*

PURPOSE OF THIS REPORT

Liverpool Plains Shire Council 2017-2018 Annual Report is an integral part of our commitment to keeping our community and stakeholders, including residents, ratepayers, businesses, visitors, employees, government agencies and community groups informed on how council is tracking towards achieving the goals set out in our ten year Community Strategic Plan.

It includes our performance against the Delivery Program 2017-2021 and the Operational Plan 2017-2018.

If you would like a paper copy of this report or additional copies, or would like to provide feedback:

- Contact Council on T: (02) 6746 1755
- Visit Council's Administration Centre at 60 Station Street, Quirindi or visit the Quirindi or Werris Creek Library
- Send an email to lpssc@lpssc.nsw.gov.au



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OUR COMMUNITY VISION

That the Liverpool Plains Shire area achieves higher levels of growth and generates improved quality of life through expanded opportunities for economic and social development being realised within an environmentally and financially sustainable framework.

OUR CORPORATE VALUES

The below set of values is the focus of our efforts towards the sustainability of our organisation and community:

- Professional, friendly and innovative customer service
- Encourage and promote a strong sense of community
- Collaboration and engagement
- Conduct business with integrity and respect
- Honesty
- Accountability and responsibility
- Encourage and stimulate economic growth and prosperity in the community
- Establish a safe, caring and clean community environment
- Sustain a dynamic area having pride in its agricultural and natural heritage

WHO WE ARE...

The Liverpool Plains Shire is centrally located in north-west New South Wales and is strategically nestled in the foothills of the Great Dividing Range. The Shire is diverse and abundantly resourced, surrounded by picturesque mountain ranges and traverses the vast Liverpool Plains. The land is rich in agriculture and indigenous heritage and has strong and prosperous communities across the Shire area. The second half of the Financial Year has seen one of the worst droughts in recorded history for the area with many areas receiving below average rainfall. Council has advocated for assistance from all levels of Government and has implemented a number of strategies to assist residents with the continuing dry.



Local government has always been an integral part of the local community. Council's responsibilities have grown from being an administrator of public finances and affairs to being a provider of a range of vital services across the Shire. These services include urban, rural and regional roads, childcare and home support services, libraries, pools and sporting facilities, waste services, noxious weeds, parks and reserves, planning and development, footpaths, water and sewerage, visitor information centres, events, theatres and so much more.

Council would not be able to facilitate these services without the support of our residents and ratepayers, local businesses and investors, community clubs, groups and organisations as well as other government organisations.

ACHIEVEMENTS

- Outright Winners at the Regional Development 2017 Northern Inland Innovation Award for the LPSC RV Strategy. Five awards were taken home by different groups from the Liverpool Plains area across different categories including:
 - Innovative Community Contribution
 - Research and Education
 - Professional and Government Service (2 awards)
 - Retail, Tourism and Leisure
- Completion of stage one of the outdoor playground/interactive learning pathway at Eastside Child Care Centre
- Near completion of the combined Emergency Services Precinct in Quirindi
- Successful grant applications including:
 - \$20 million for the Quipolly Water Treatment Plant upgrade
 - \$1.8 million for upgrading Williewarina Road (70% completed by the 30 June 2018)
 - \$481 400 for the upgrade of the Werris Creek Pool filtration system and Kids Pool Equipment and \$415 000 for the Quirindi Combined Sports Courts Refurbishment
 - \$1.2 million for upgrading the Merriwa Road up the Liverpool Range
- An increase in the RV facilities across the Shire
- Quirindi Clock Tower Refurbishment
- Completion of Cycleway at Willow Tree (missing link across Rail Line)



CHALLENGES

- The delay in the outcome announcement of Council's grant funding application for the Liverpool Plains Regional Water Security Scheme lead to a delay in the project commencement.

GOALS FOR 2018- 2019

- Completion of the Animal Welfare facility
- Combined Emergency Services Precinct fully operational
- Commencement of the Liverpool Plains Regional Water Security Scheme
- Complete Williewarina Road upgrade
- Complete Merriwa Road Upgrade

COUNCILS PLANNING AND REPORTING FRAMEWORK

Council's planning is governed by the Integrated Planning and Reporting (IPR) Framework set down by the Office of Local Government.

The individual elements of this framework include the following:

- The *Community Strategic Plan* identifies the long-term vision of our community and outlines the priorities our community wants delivered within our Shire. The Community Strategic Plan outlines the community's objectives and the strategic responses required to achieve those objectives as determined by the community during planning workshops held around the Shire.
- The four year *Delivery Program* is the elected representative's commitment for their four year term in office and sets out clear priorities, ongoing activities and specific actions Council will take to achieve the community's vision as identified in the Community Strategic Plan.
- The annual *Operational Plan* outlines the specific actions Council will undertake for that year to achieve the goals of the Delivery Program. The Operational Plan also gives direction for Council's budget expenditure for the year.
- The *Resourcing Strategy* outlines key requirements for Council to meet the goals, priorities and visions outlined in the Delivery Program and the Community Strategic Plan. The Resourcing Strategy includes three key plans:
 - *Asset Management Plan*
 - *Workforce Management Plan*
 - *Long Term Financial Plan*
- The *Annual Report* is council's report to the community against specific actions in the operational plan and delivery program and outlines what has been accomplished over the year towards achieving the objectives in the community strategic plan



MESSAGE FROM THE MAYOR AND GENERAL MANAGER

The 2017-2018 Annual Report provides an opportunity to reflect on the year that has passed and it is our pleasure to do so on the behalf of Councillors and Staff. Community has been centre stage this year. Faced with one the worst drought on record, the Liverpool Plains community should be extremely proud of the way it has shown adversity and strength under immense pressure.

The Quipolly Water Project has been a main focus of the year and is one of the largest projects we have undertaken in the Shire with water security a key outcome this project will achieve.

2017-2018 has seen numerous grant funding opportunities come from both State Government and Federal Government and LPSC has been successful in securing funding for many project that otherwise wouldn't have come to fruition. Some of these include the upgrade and sealing of the Williewarina Road, the installation of a new filtration system and kiddie's equipment at Werris Creek Swimming Pool, the upgrade of the Merriwa Road, upgrade of the Memorial Clock Tower in Quirindi amongst others....xx

This past year has seen some major achievements across all areas of Council operations.

Highlights include:

Over \$6.4 million spent maintaining and upgrading our rural, regional and urban road networks.

Near completion of the \$4.5 million Liverpool Range Emergency Services Precinct.

Completion of the Quirindi Clock Tower Refurbishment.

Construction of the Ron Dellar Grandstand and shed at David Taylor Oval, Werris Creek.

Sister Cities Award for Community Involvement.

Promotion and tourism of the Shire continues to be a significant priority of Council. Our staff continue to encourage visitors to our district by hosting and/or supporting a variety of events throughout the Shire including:

- ❖ Hangi in the Country
- ❖ Liverpool Plains Military Tattoo
- ❖ New England Bikers Pigs N Pines Run
- ❖ Sunflower Festival of the Arts



Although it has been a busy year, our achievements have been substantial and we are very proud of the work achieved by all. Our focus still remains the same, to ensure the Liverpool Plains Shire area achieves higher levels of growth and generates improved quality of life through expanded opportunities for economic and social development, within an environmentally and financially sustainable framework.

We remain committed to continually improving our financial viability, the growth and sustainability of our great Shire, improving our customer service and delivering outcomes for the Liverpool Plains Shire Council community.

We thank both staff and Council for all their efforts and dedication in 2017-2018 and look forward to achieving more over the coming years.

Andrew Hope and Ron van Katwyk

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OUR COUNCILLORS



Mayor Andrew Hope



Deputy Mayor Doug Hawkins



Cr Virginia Black



Cr Ken Cudmore



Cr Ian Lobsey



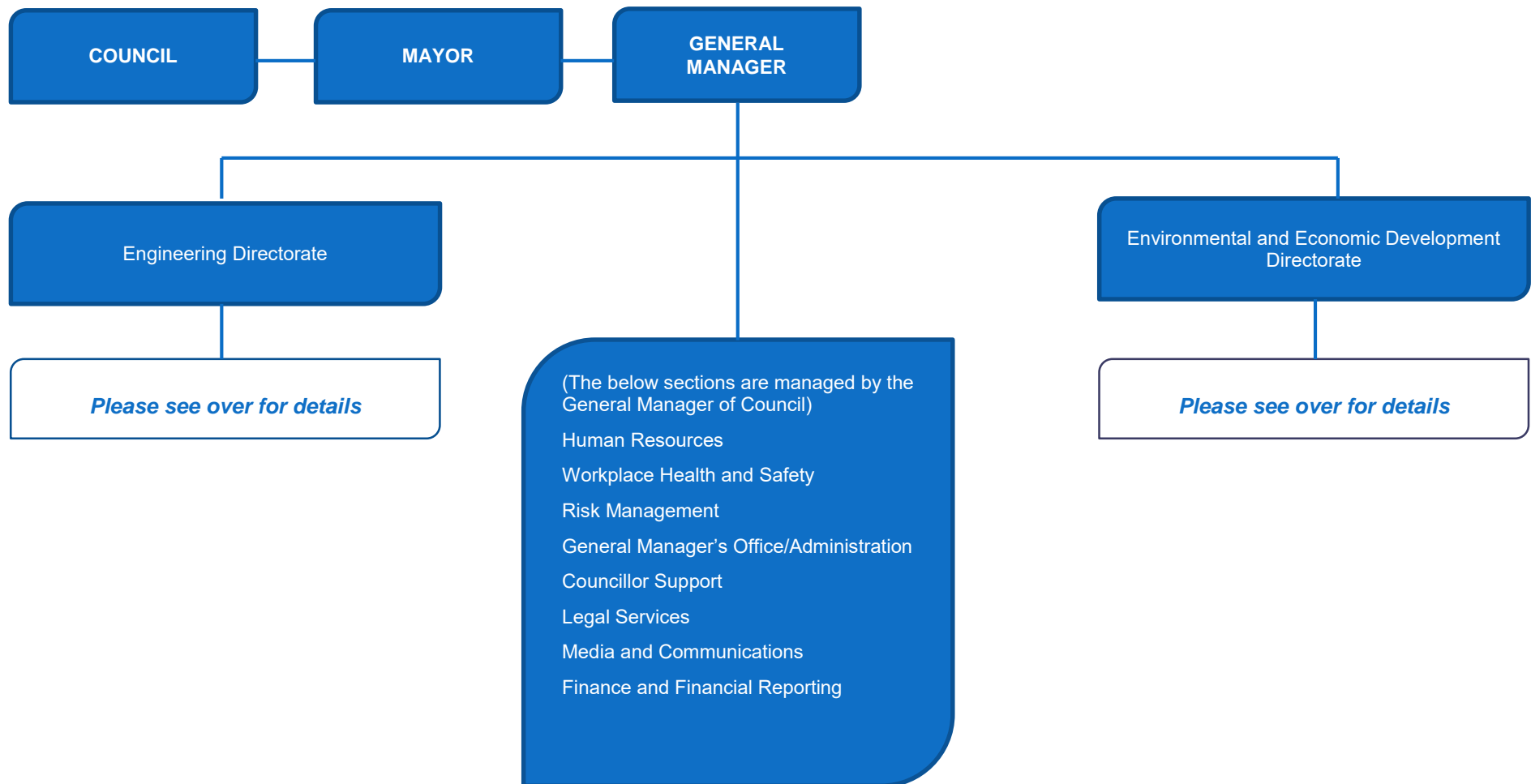
Cr Paul Moules



Cr Robert Webster

ORGANISATIONAL STRUCTURE

Liverpool Plains Shire Council has three functional areas. One is led by the General Manager and the others are led by Directors. Each is divided into departments responsible for delivering services in line with the needs of the community as detailed in the Community Strategic Plan.



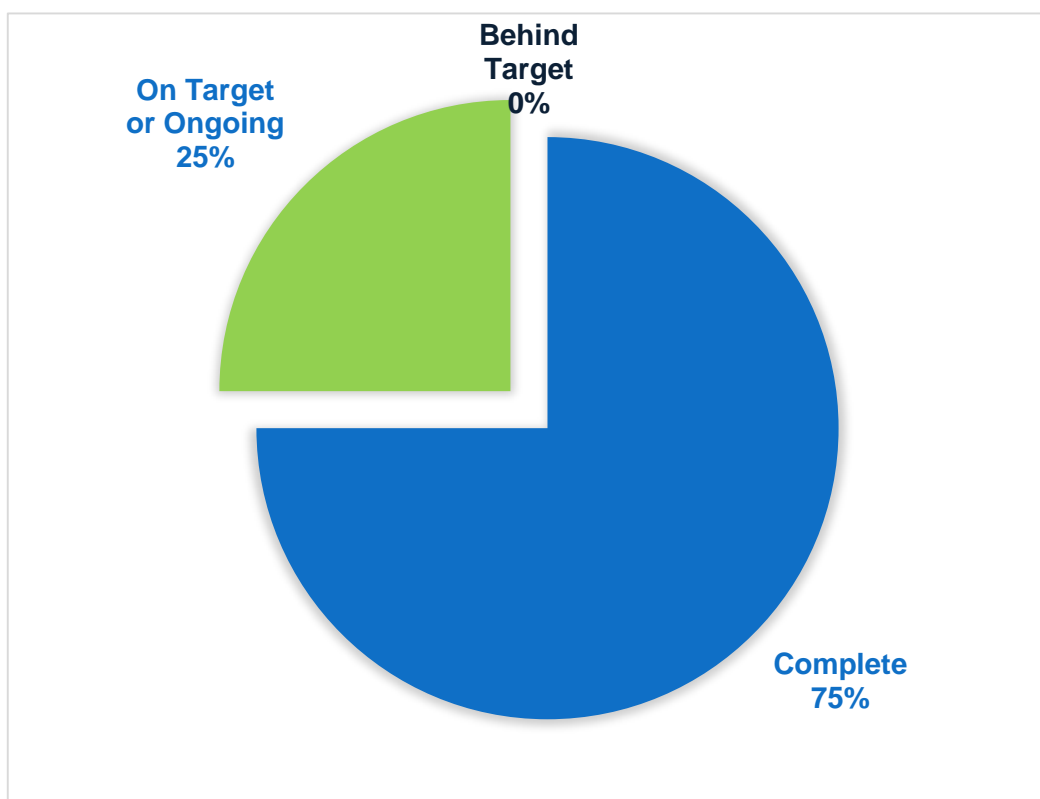


DELIVERY PROGRAM SUCCESS

Our Performance in 2017-2018

The following tables show our performance against Council's four year Delivery Program 2017 - 2021 and Operational Plan 2017-2018. All areas of Council deliver a range of ongoing services to the community with the Operational Plan outlining the activities and specific tasks to be undertaken during the Financial Year.

COUNCIL'S OVERALL PERFORMANCE



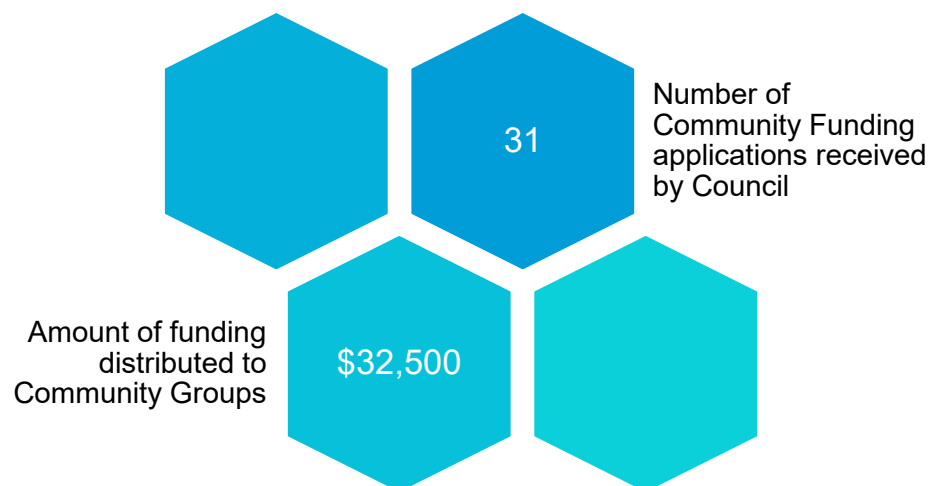
A GREAT RURAL LIFESTYLE WITH ACCESS TO QUALITY SERVICES

1. We value beautiful landscapes, dynamic towns and villages and safe communities.
2. Our health and education services meet our needs and are available in our local community where possible.
3. We celebrate local events and festivals as a cohesive community.
4. Our transport and telecommunications options support our business and lifestyle

Action / Project		Status at 30 June 2018
1.1	Lobby relevant authorities and organisations and support partnerships (ie. Safe Communities). Facilitate safety initiatives.	Ongoing
1.2	Develop and implement methodologies, to ensure preservation and conservation of community heritage. (Indigenous, Cultural and Structural)	Complete
1.3	Increased personal engagement with community through promotion of two-way information and feedback hubs to maintain their support in decision making activities.	Complete
2.1	Support and endorse opportunities for Quality of Life services (education, health and recreational) Working in partnership with key stakeholders such as Dept. of Health/ Dept. of Ed/ Private investors.	Complete
2.2	Advocate for a mix of affordable housing and Identify investment opportunities in partnership with community i.e. Aged Care	Complete
2.3	Lobby for Improved educational services	Complete
3.1	Identify, seek and obtain grant funding for various community social needs. Develop a funding programme with selection criteria and parameters.	Complete

Action / Project (continued)	Status at 30 June 2018
4.1 Lobby for improved services and infrastructure (ie. Rail & Road) and develop a regional strategy for improved services	Complete
4.2 Develop a local transport strategy to address needs of the community. Liaise and partner with other government representatives and organisations to facilitate optimum, achievable transport outcomes.	Complete

IN 2017-18
OUR
COMMUNITY
FUNDING
PROGRAM
CONSISTED
OF:



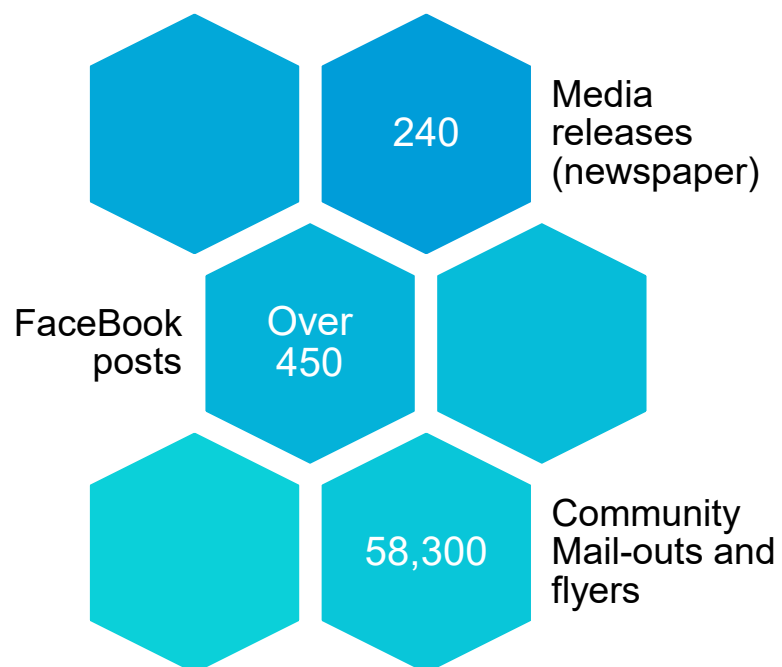
STRONG COMMUNITY, COUNCIL AND BUSINESS LEADERSHIP

1. We have a strong, sustainable, supported volunteer base.
2. Our Council, community and business leaders work together effectively.
3. Liverpool Plains Shire Council represents the community it serves.
4. We encourage our youth to become involved in the community as the leaders of tomorrow.

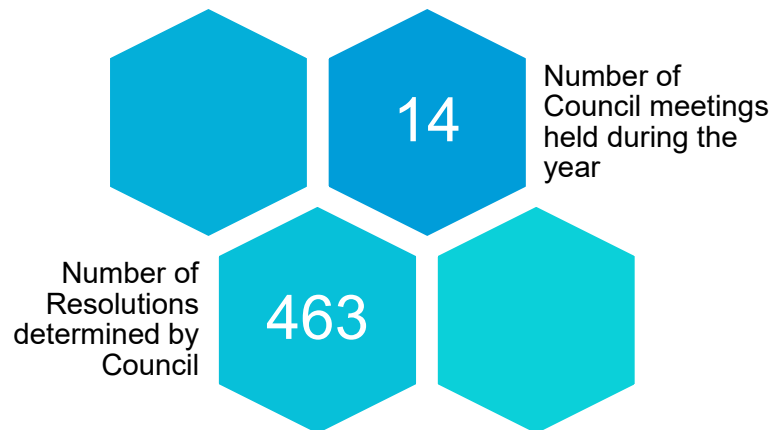
Action / Project		Status at 30 June 2018
1.1	To obtain funding for specific community projects and review current community funding arrangements	Complete
1.2	Council to support their own local community groups, such as Community Advisory Groups	Complete
1.3	Continue recognition events for volunteers committees. Include Australia Day Recognition for Volunteers	Complete
1.4	Demonstrate support of SES/VRA/RFS	Complete
2.1	Facilitate the formation of a Business Improvement Association for the revitalizing of the Shire	Complete
2.2	Complete, implement and deliver the local planning strategy and plans that is focused on being delivered in a practical manner	On Target (2 year program)
3.1	Investigate opportunities to streamline approval process (Layman's Terms)	On target
3.2	Promote open and shared communication throughout entire organisation and improve staff knowledge, practices and processes, whilst investigating opportunities for traineeships	On target
3.3	Provide a State of the Shire report to measure LPSC progress including financial management towards the goals of the Shire every 12 months.	Complete
3.4	Ensure organizational review is in line with providing efficient services and staff to meet the needs of the community, whilst investigating opportunities to streamline council processes	Complete

Action / Project		Status at 30 June 2018
3.5	Engage with community effectively and target communication, ensuring a transparent approach	Complete
4.1	Establish an Engagement platform such as a Youth Council to involve our youth	Ongoing (2 year program)

IN 2017 – 18 WE
REACHED OUT TO
OUR COMMUNITY
THROUGH:



COUNCIL RESOLUTIONS



Key resolutions have included:

- Commitment to our small dining businesses by participation in the Easy to do Business pilot program with the Small Business Commissioner – Outdoor Dining Trial
- Commitment to our youth via the Youth Scholarship program
- Commitment to our community by developing an Audit, Risk and Improvement Committee
- Commitment to our businesses with the development of the LEAP program – Liverpool Plains Enterprise Assistance Program

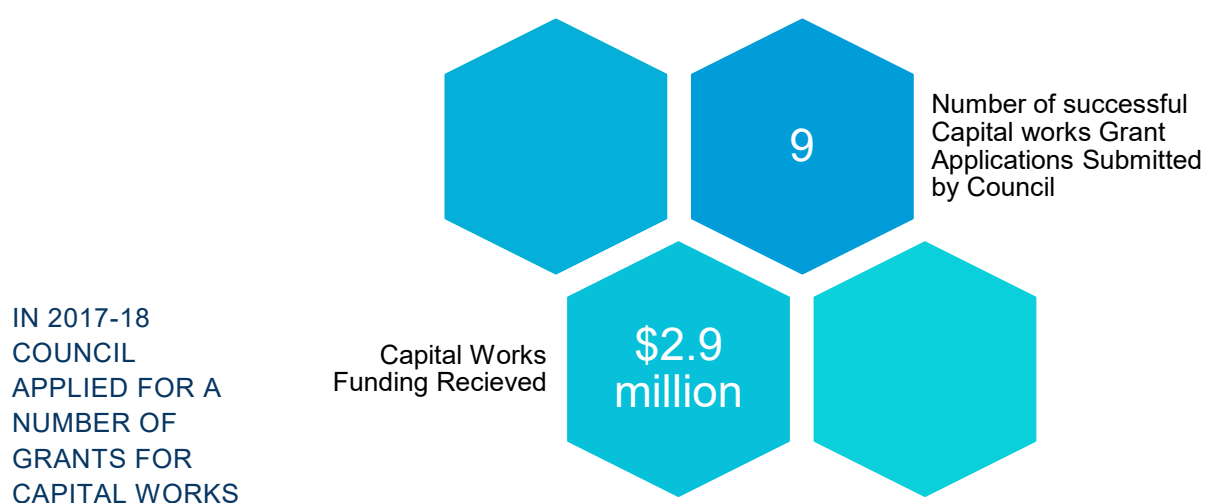
Details on these, and all Council Resolutions can be found on Council's website at lpsc.nsw.gov.au. Paper copies are available at Council's administration building.

A SUSTAINABLE ENVIRONMENT

1. Our infrastructure is well planned and maintained and will meet our needs now and in the future.
2. We have access to affordable clean water supplies
3. We actively manage the impact on our natural environment
4. Our local farming is sustainable
5. We actively foster and utilise renewable energy

Action / Project		Status at 30 June 2018
1.1	Develop long term strategies to plan and maintain current and future infrastructure and finances required	Ongoing Namoi JO Road Network Strategy Developed.
1.2	Develop Asset Management Plans in line with community priorities	Complete
1.3	Increase awareness of infrastructure responsibilities and costings	Complete
1.4	Collectively identify opportunities to source external expertise from other Government organisations and external businesses	Complete
1.5	Increase awareness of costs involved in managing community assets due to poor environmental practices. (ie vandalism, illegal dumping, poor land management)	Complete
2.1	Ensure infrastructure is developed to provide quality water supplies that meets environmental regulations	Ongoing – Land acquired for new Quipolly WTP D&C EOI procurement process commenced.
2.2	Endorse best practice regulated operation of water and sewerage systems	Ongoing (2 year program)
3.1	Identifying and benchmarking waste management systems to ensure best practice and consistent fees	Ongoing (2 year program)
3.2	Develop partnerships and manage waste effectively	Ongoing (3 year program)

Action / Project		Status at 30 June 2018
3.3	Investigate and Review Recycling Options for Community	Ongoing
3.4	Continue relationship with Northern Inland Regional Waste	Complete
3.5	Develop enforcement campaigns to ensure our natural environment, (both publicly and privately owned) are well managed	Ongoing
3.6	Advocate for air quality monitoring	Ongoing
3.7	Increase Education on Water Conservation and Practices	Ongoing
3.8	Increase awareness of the environment impact of poor waste management	Complete
4.1	Identify and recognise a balance between mining and farming	Complete
4.2	Encourage farmers to investigate value adding opportunities for their business	Complete
4.3	Advocate Education and Awareness in Relation to Land Use and Practices	Complete
5.1	Advocate for adoption of sustainable energy within the Shire	Complete



A THRIVING ECONOMY

1. Our economy is growing and we offer a diverse range of job opportunities
2. We foster new business development for our future prosperity
3. Town planning reflects the diversity of our towns and villages.
4. We embrace tourism

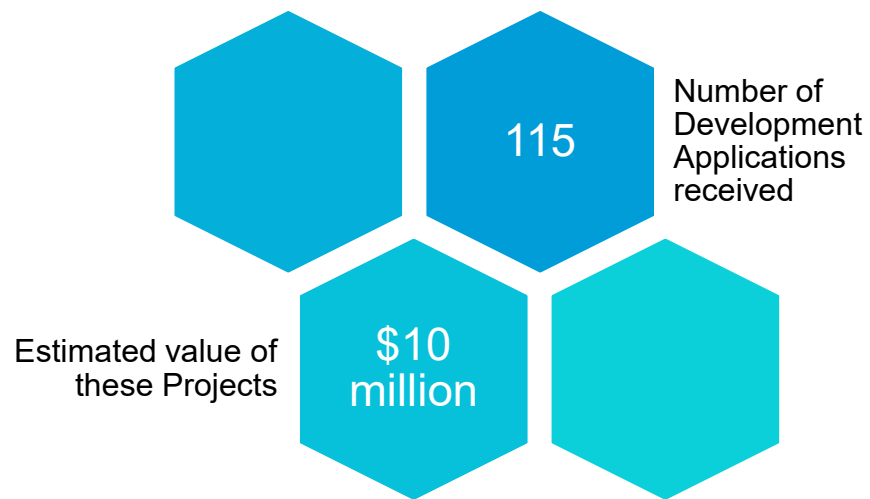
Action / Projects		Status at 30 June 2018
1.1	Identify and advocate for job opportunities with both Council and local businesses and organisations	Complete
1.2	Review and identify disposable assets and implement management plan	Complete
2.1	Review Council commercial activities and identify under-performing commercial practices	Ongoing
2.2	Encourage Business and Community Members to Work Together to Drive Business Development as a Whole Shire	Complete
2.3	Identify opportunities and lobby to reduce red tape to make investments viable in our Shire	Complete
2.4	Review existing business, infrastructure and industries, to identify opportunities to value-add	Complete
2.5	Develop a marketing strategy encouraging professionals and lifestyle	Ongoing (2 year project)
3.1	Review of Local Environment Plan (LEP) and Development Control Plan (DCP)	Ongoing (2 year project)
3.2	Identify opportunities for partnerships in housing and investment	Ongoing (3 year project)
4.1	Actively promote cultural, community and recreational facilities	Complete

Action / Projects

Status at 30
June 2018

4.2	Further development of Destination Management Plan. Review current community funding with view to focus on major annual events	Complete
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IN 2017 –
2018
COUNCIL'S
PLANNING
STAFF
ASSESSED:



OUR ACHIEVEMENTS BY DEPARTMENT

To ensure Council can function as effectively and efficiently as possible, its operation has been structured into three operational areas, being the Executive Office, overseen by the General Manager and two (2) Directorates managed by the respective Directors. The General Manager and two (2) Directors make up the Management Executive (MANEX) of Council.

EXECUTIVE

The Executive area targets the overall day to day operations of the Shire as well as providing support to the Councillors. The Executive Office is primarily concerned with the leadership and strategic management of Council, corporate governance, the management of Council business flowing from resolutions of Council and community advocacy. The Executive Directorate also encompasses Human Resources, Workplace Health and Safety, Risk Management, Finance and Media and Communications.

ENGINEERING

The Engineering department is one of the biggest employment areas of Council. This department is responsible for the management of the Shire's water services, parks and reserves, roads, infrastructure, assets and civil services as well as Information Technology including Records Management and GIS.

ENVIRONMENTAL AND ECONOMIC DEVELOPMENT

There are two sections to this department. The Environmental section administers environmental and building regulation legislation, maintenance, cleaning, waste handling, disposal practices, weed control services and regulates stock and companion animals.

The Economic Development section manages the Royal Theatre, customer service, Visitor Information Centre, corporate governance, Local Advisory Groups and Council's external business streams which include Eastside Childcare Centre, Pools, Service NSW, Recreation Centre, Home Support Services and Libraries. Economic Development includes exploring opportunities to promote economic growth within the Shire in partnership with the Liverpool Plains Business Chamber.

The following pages will explain each Department further and highlight the achievements made by each of these departments, ultimately benefiting our Shire as a whole.

EXECUTIVE

Council's commitment to the undertakings given in the Fit for the Future Improvement Plan is reflected in the activities of this section. On a daily basis Council's activities are constantly under review with the goal of modernising and streamlining to deliver service level improvements and adaptations in line with community expectations. A strong and respectful working relationship exists between the Governance team (Elected Representatives) and the Management Executive team (Council's senior staff) with the result that Council's services and facilities keep pace with best practice expectations.

In the Human Resources area, the focus has been on implementing policies and systems to ensure consistency, compliance and equality. The redesigned organisational structure is now complete with modern position profiles and job sizing aspects being a key feature. An Internal Ombudsman has been appointed to assist staff where necessary with policy and procedural paperwork and to ensure due process. This has assisted in making things equally accessible to all employees and built a quality service delivery organisation culture.

The areas of Workplace Health and Safety and Risk Management have seen enormous improvement in processes, reporting and documentation. Policies, hazard identification and risk assessment tools,

Safe Work Method Statements and Standard Operating Procedures have been audited and revised to ensure continuing compliance in these areas. Drug and alcohol testing arrangements have been put in place. Formalised agreements for an Employee Assistance Program and Employee Health Monitoring have been entered into.

The Media and Communications team delivered up to date and relevant information to the community via printed media releases and contributions to Council's website and social media platforms. The goal of these activities is to both keep the community informed of achievements in a timely manner and facilitate the opportunity for community feedback into Council's decision making processes. Links are:

www.lpsc.nsw.gov.au



twitter.com/lpsc1174



www.facebook.com/Liverpool-Plains-Shire-Council-197200170330582/

The Executive office continues to provide leadership to the overall Council organisation, as well as providing customer focused quality advice to the elected representatives as they undertake their civic duties. Other functions at this level include management of legal activities, reporting on council services, speedy access to up to date information and business improvement monitoring.

Other day to day functions in the Executive area include the co-ordination of Council meeting processes, compiling agendas, updating corporate diaries, co-ordination of business papers, chamber management and the production of meeting minutes.

The implementation of the overarching Strategic Plan by way of Council resolutions is a major function of this division which continues to be of a high standard. Key reporting documents such as the Annual Report and Financial Statements reflect the sound financial and operational status of the organisation.

ENGINEERING

The 2017/18 financial year has been a particularly tumultuous period for the Engineering Services directorate of Council with the resignation and departure of key personnel, including the serving Director as well as three Engineers.

Despite this, Engineering Services performed well in undertaking its functional responsibilities, a summary of the key deliverables being as follows:

Roads and Infrastructure

- 85% of the 840km of unsealed road network was maintenance graded – a total of 950km of maintenance grading was completed
- 23km of the unsealed road network was gravel re-sheeted
- 7km of the unsealed network was upgraded to sealed roads
- 3km of the 550km of sealed road was rehabilitated
- 36km of the sealed network was bitumen resealed
- 2 new concrete causeways were constructed on Nowley Road
- Completed the 'missing link' of the Willow Tree cycleway across the railway line.
- Participated in the development of a regional roads network strategy that identified 'pinch points' (inhibitors) to increased freight productivity for future funding opportunities with State and Federal Government

Parks & Gardens

- Continual maintenance of sporting fields, parks, main streets and reserves to provide high quality recreational areas.

Water & Sewer

- \$20million of funding secured for the new Quipolly Water Treatment Plant.
- Acquisition of land for the new Quipolly Water Treatment Plant
- Commenced the Procurement process for a Design and Construct contract for the new Quipolly Water Treatment Plant
- Commenced the detailed design of an upgrade for the Quirindi Sewer Treatment Plant

Plant & Equipment

- Replacement of a grader, roller and 3 gang trucks
- Purchased a new street sweeper to undertake kerb and gutter cleaning in towns and villages
- Purchased a new base station for GPS machine control on the construction grader

Administration

- Purchase and implementation of a new Records Management System
- External review of our Communications Technology and development of a Strategy for improvements.

Bitumen Sealing of Williewarina Road between Pine Ridge and Caroona, bitumen sealing of the Merriwa Road up the Liverpool Range and construction of a new Water Treatment Plant in front of the Quipolly Dam are the Council's 3 highest priorities for Engineering Services within the current term of Council. At the end of the 2017/18 financial year, 70% of the Williewarina Road project was complete and is on track to be completed by September 2018. Detailed design and development of the Merriwa Road project is complete and work on this project to complete it will re-commence following the completion of the Williewarina Road Project. The status of the new Water Treatment Plant as at 30 June 2018 is detailed above with a contract for the Design and Construction of the facility and associated new pipework to Werris Creek and Quirindi expected to be awarded during the 2018/19 year.



Construction work on the Willow Tree to Merriwa Road.

On balance it has been a successful and rewarding year for Engineering Services. I would like to acknowledge and thank the efforts put in by the Engineering staff as well as recognise the team effort that exists with all parts of the organisation.

Annual Assessments for all staff were undertaken and a focus on improving our Workplace Health and Safety systems commenced. Council's Quarry operations were upgraded to ensure compliance with Mining legislation and safe systems of work for our employees was developed and rolled out to the outdoor crews.

Warren Faulkner

Director Engineering Services

ENVIRONMENT AND ECONOMIC DEVELOPMENT

Community building, strengthening of local partnerships and economic development continues to be a key strategic focus for the department.



A range of collaborative projects have been progressively delivered within every major settlement within the Shire in partnerships with our Local Advisory Groups. This partnership arrangement has permitted a range of grassroots initiatives, which are important to the local community, to be identified and delivered. Examples include the Currabubula Recreation Ground upgrade, improvements at David Taylor Oval, amenities upgrade at Blackville Hall, Community Hall upgrades, upgrade of Premier Centre and an upgrade at the Currabubula Community Tennis Courts. Quirindi Racecourse Function Room upgrades, community hall upgrades, onsite sewage management improvements at Blackville Hall, the Hoamm Park playground at Werris Creek and a lighting upgrade at the Currabubula community tennis courts.

Council's Tourism profile has continued to be strengthened with the Liverpool Plains Visitor Information Centre (VIC) named as a regional finalist with Bronze in the Regional Tourisms Awards - Country and Outback (Visitor Information Services).



The RV strategy continues to be progressively delivered with a total of seven Freedom Camping sites now operational. The implementation of this Strategy has seen huge increases in tourist visitation and the raising of Council's profile as an RV-friendly destination.



The work on Council's Economic Development Strategy in 2017 – 2018 underpinned the development of a Regional Economic Development Strategy with Council's neighbouring local Government areas of Gunnedah and Tamworth Councils. Through both of these strategies it is acknowledge that growth can be achieved by strengthening local business and capitalising on opportunities arising. Progressive implementation of the Economic Development Strategy is also one of the key actions being undertaken by Council to stimulate and drive growth.

In the environmental services area, strategic planning work has been undertaken to achieve the community's objective of providing a range of housing choice, particularly in the area of rural residential (lifestyle) opportunities. The work provides a platform for the next scheduled review of the Liverpool Plains Local Environmental Plan. Implementation of Council's obligations under the new Biosecurity Act was also completed to ensure that the Shire continues to be on the front foot with noxious weed management.

A drought relief strategy details Council's response to the worst drought conditions in living memory. Council will continue to work in partnership with the community, local businesses and government agencies to ensure a coordinated approach to relief efforts.

Council's first ever waste management strategy document was completed and work is progressively being implemented.

Construction on the Emergency Services Precinct was completed. This has allowed the co-location of key volunteer emergency services within Quirindi and offers a state of the art operational facility for any emergencies.

The business units within the Environmental and Economic Services directorate provide much needed services throughout the LGA across a wide demographic, many of which largely go unnoticed within the community, particularly in the case of Home Support Services and Libraries. An outline of the Business Units provided by Council is below:

LIBRARY SERVICES

Library services are provided at Quirindi and Werris Creek and are assisted by the Central Northern Regional Library (CNRL) based out of the Tamworth Council library, which enables better supply of updated library needs. Not only do our libraries provide the usual library services, they endeavour to branch out into areas of need within our communities.

PLAINS FITNESS (REC CENTRE AND POOLS)



The Quirindi Recreation centre has recently been rebranded to Plains Fitness and is being run by highly trained and motivated staff who have worked hard to increase services, membership and satisfaction.

A review of facilities and services was completed as part of Council's service delivery review and included associated memberships.

The Plains Fitness team were able to partner with Quirindi High School in the development of a new contemporary membership model which allows unrestricted access to Plains Fitness facilities to staff and Children. This innovative program has seen significant beneficial effects across the whole community with an increase in student and staff wellbeing and associated social benefits.

The pools at Werris Creek and Quirindi continue to operate on similar levels as previous years. There are generally yearly changes in pool lifeguard staffing due to some staff obtaining full time positions elsewhere, making way for new team members to join this motivated team of young people.

In the reporting period Council has undertaken some major renovations at both pool facilities including new amenities, a major upgrade of the Werris Creek Swimming Pool filtration system. Visitation at both pools has increased considerably.



COMMONWEALTH HOME SUPPORT PROGRAM

The aim of the Quirindi, Werris Creek and Willow Tree Commonwealth Home Support Program (CHSP) is to assist and cater for the frail, aged and people with disabilities over 65 (or over 50 if of Aboriginal or Torres Strait Islander background) to live in the community for as long as is practical. The CHSP is funded by the Federal and State Governments, and supported locally by the Liverpool Plains Shire Council, which is responsible for the overall management of the Program within the local government area.

Services provided include Meals on Wheels, group and one-on-one social support, various transport services and outings. Staff, with the assistance of a number of volunteers at each site, continue to provide support to their respective clients and work to ensure client needs are met.

SERVICE NSW AGENCY

Liverpool Plains Shire Council and Service NSW continue to partner to provide the community with agency service across the Shire. The Service NSW agency, located in the main street of Quirindi, is committed to making it simpler and easier for rural and regional residents of NSW to access more Government services through a single shop front for:

- Drivers' licences (driver licencing) and driver testing
- Vehicle registration, renewals and transfers
- Boating licences and registrations
- Applications for Birth, Death and Marriage certificates
- Mobility Parking Scheme
- Working with children checks
- Firearms licence renewals

The Quirindi agency also has a self-serve kiosk to help customers complete transactions online quickly and efficiently and is open five (5) days per week from 8.30am to 3.00pm, Monday to Friday. Council staff have been provided training on all transactions and are also supported by the Service.

STATUTORY REPORTING

This Section of the Annual Report contains legislative information that the Council is required to provide under the following Acts and Legislation:

- *Local Government Act 1993*
- *Local Government Regulation 2005.*
- *Companion Animals Act and Regulation*
- *Government Information (Public Access) Act and Regulation*
- *Environmental Planning and Assessment Act 2014*
- *Public Interest Disclosure Act and Regulation*
- *Carers' (Recognition) Act 2010*
- *Disability Inclusion Act 2014*

Contracts awarded (major):

Details of each contract awarded for amounts greater than \$150,000. Include:

Awarded to:	Goods/Services Supplied	GST Inclusive
Westrac	Grader Purchase	\$279 950
Peel Valley Trucks	3 x Gang Trucks	\$ 359 480
Swimplex Aquatics	Water Treatment Upgrade & Associated Works (Werris Creek Pool)	\$ 457 249

Capital works projects

Council has undertaken one Capital Works project during the 2016–2017 Financial Year, being Stage 1 of the Emergency Services Precinct in Quirindi. Total Expenditure for the project during the 2017-2018 Financial Year has been \$756 552.67.

Cooperatives, trusts and partnerships

Council did not hold a controlling interest in any corporations, partnerships, trusts, joint ventures, syndicates or other bodies during 2017-2018.

Contributions and Grants

The total amount for 2017-2018 contributed or otherwise granted under section 356 (financially assist others) is presented in the table below:

Annual Donations Program	\$ 34 330.76
Regional Bodies:	
Arts North West	0
Heritage Assistance	5 750.00
Community Funding Program	19 525.00
Life Education	4 956.00

Carers Recognition

Council recognises that Carers make a valuable contribution to our community and that the health and wellbeing of carers is important. Council consults with bodies representing carers when developing policies and programs that can impact carers. Council also ensures that staff have an awareness and understanding of the NSW Carers Charter

Council provides support to Carers through its Commonwealth Home Support Program, Community Transport and Childcare services.

Council includes carer awareness as part of its induction package for all new employees. Employees are encouraged to speak with their direct supervisor in the first instance regarding any personal circumstances and any requirement for flexible work arrangements.

Companion animal management

Council administers the Companion Animals Act and Impounding Act in an attempt to minimise problems with straying stock and dog attacks. A Compliance Officer and one full-time Ranger undertake regular patrols across the Shire and have promoted animal owner responsibilities at various community events.

Council has not received any external funding for companion animal management and associated activities.

Community education and the promotion of de-sexing of dogs and cats has been delivered through attending local events such as the Spring Show, Local Government Week along with ongoing information being provided through various social media platforms and Council's webpage.

Council's Ranger continues to work extremely effectively with pet rescue groups to dramatically reverse the euthanasia/rehoming rates for the LGA.

LPSC personnel have been kept busy responding to:

- Dangerous and nuisance dog complaints
- Stray cat complaints
- Call-outs for stock straying on roads
- Littering enforcement
- Pollution incidents
 - Illegal dumping incidents
 - Overgrown allotment complaints
 - Illegal building complaints
 - Unfenced private swimming pool issues
 - On-site Sewage Management System (OSMS) approvals and inspections
 - Adherence to sign-posted restrictions at the Quipolly Dam Recreation Area
 - Alcohol Free Area signage and Liquor Accord interests

Council's formal leash free areas in Quirindi (3), Werris Creek, Currabubula, Willow Tree, Wallabadah and Premier continue to be well utilised. Promotional pamphlets and signage

improvements have been carried out to promote the lawful use of these areas.

Council's new Animal Welfare Facility, located near the Quirindi Landfill, is now operational. Council offered free micro-shipping at the opening of the Animal Welfare Facility.

Annual Statistics

Dogs seized	134
Dogs rehomed	73
Dogs returned to owner	45
Dogs euthanized	44
Dog attacks (no orders issued)	3
Cats seized	58
Cats return to owner or rehomed	3
Cats euthanized	82

A full description of funds spent on companion animal management and activities is included in the Financial Statements at the end of this document.

Disability Inclusion Action Plan

Liverpool Plains Shire Council adopted its Disability Inclusion Action Plan (2017-2021) at its June 2017 Council Meeting following extensive community consultation. The Plan can be viewed on Council's website at <http://www.lpsc.nsw.gov.au/index.php/my-council/council-plans-reports>.

Environmental Upgrade Agreements

Council did not enter into any Environmental Upgrade Agreements in the 2017-2018 Financial Year.

Report on Capital Expenditure Review

Council did not undertake any capital works programs costing in excess of 10% of council's annual rate revenue.

Equal Employment Opportunities

Liverpool Plains Shire Council is an Equal Employment Opportunities employer committed to providing a working environment that embraces and values diversity and inclusion. All staff are required to comply with Council's policies and procedures as they relate to their employment, including the model Code of Conduct. Staffs receive a thorough induction, Staff Handbook and ongoing training in accordance with Council's procedures.

External bodies that exercise functions delegated by Council

There were no external bodies that exercised functions delegated by Liverpool Plains Shire Council during 2017-2018.

Government Information (Public Access)

Council is required to prepare an annual report on activities undertaken during the financial year relevant to the Government Information (Public Access) Act 2009 (GIPA). The report is provided to the Minister for Local Government and is available for download via Council's website.

A summary of the key points contained in the GIPA Annual Report is below.

Liverpool Plains Shire Council received one (1) formal access application for the reporting year which was initially refused then reviewed by Council and released with redacted information.

Mayoral and Councillor Expenses:

The Mayor, Deputy Mayor and Councillors are paid an annual fee that is within the limit set by the Local Government Remuneration Tribunal. All Councillors are paid for expenses incurred in discharging their functions and responsibilities to the Liverpool Plains community.

The Mayor's Fee for 2017-2018 was \$21,268.08 plus Councillor Fee. The Deputy Mayor's Fee for 2017-2018 was \$3,447 plus Councillor Fee. The Councillor's Fee for 2017-2018 was \$11 860 for each Councillor.

The total amount of money expended during the 2017-2018 year on mayoral expenses and councillor expenses was \$52 406.02. The breakdown of these payments is provided in the table below:

Expenses	\$
Provision of dedicated office equipment	0
Telephone calls made by Councillors	3 535.92
Attendance at conferences and seminars	8 227.25
Training and provision of skill development	26 095.25
Travel – Interstate	10 584.76
Travel – Overseas	3 962.84
Expenses of any spouse, partner or other person who accompanied a councillor in the performance of his or her civic functions	0
Provision of care for a child of, or an immediate family member of, a councillor	0

Council's Mayor visited China as part of the Namoi Unlimited program as outlined below. This program was predominantly funded by Namoi Unlimited. The Overseas Travel listed above was for transport costs for the extension of this trip, approved by Council at the October 2017 meeting.

Overseas visits

There was one overseas visit in the 2017 – 2018 Financial Year. The mayor and one member of the Senior Management team visited China through a Namoi Unlimited (Joint Operation) program to develop an ongoing economic, social and cultural relationship between the Namoi group of Councils and the Agricultural Ministry of NingBo.

The negotiations in China are expected to establish business links and forge partnerships for agriculture and agricultural innovators in the Namoi region.

Whilst in China, the member Councils presented investment opportunities to potential investors and met with the GuangZhou, NingBo and Shanghai Chambers of Commerce and Industry as well as a number of other business and industry associations.

Liverpool Plains Shire Council representatives were one of three Councils from Namoi Unlimited who extended the trip to include the inner Mongolia area of China regarding prospective Economic Development opportunities.

Legal Proceedings - Summary of costs incurred:

A summary of the amounts incurred by Council during the 2017-2018 Financial Year in relation to legal proceedings taken by or against Council (including amounts, costs and expenses paid or received by way of out of court settlements, other than those the terms of which are not to be disclosed) and a summary of the state of progress of each legal proceeding and (if it has been finalised) the result is presented in the table below:

Type	Amount	State of Progress
Debt Recovery (Rates recovery)	\$ 117762	Ongoing
Environmental Planning and Regulatory	\$8132.32	Ongoing
Other	\$ 11000	Finalised

Planning Agreements

Under the Environmental Planning and Assessment Act, 1979, Council is required to report on any planning agreements that were in force during the financial year.

There were no planning agreements in force within Liverpool Plains Shire Council's Local Government area during 2016–2017.

Public Interest Disclosure

Council is required to have a Public Interest Disclosure Policy under Section 31 of the Public Interest Disclosure Act, 1994 (PID Act). This policy must have procedures for receiving, assessing and dealing with public interest disclosures, having regard to the Ombudsman's guidelines in the formulation of the policy. The policy is accessible to all community members via Council's website.

The PID report is below:

Public Interest Disclosures in 2017-2018	
Number of public officials who made PID's	0
Number of PID's Received	0
Number of PID's Finalised	0

Rates and charges written off during the year:

The total rates and charges written off for the 2017-2018 financial year was \$ 21 799.68.

Recovery and Threat Abatement Plans

Council do not have any Recovery and Threat Abatement Plans under the Fisheries Management Act 1994 within the local government area.

Remuneration – General Manager

The total remuneration package of Council's General Manager was \$ 262 069. The breakdown of these payments is provided in the table below:

Salary	225 140
Superannuation	21687
Motor Vehicle (non-cash)	5331
Fringe Benefits Tax	9911

Remuneration Senior Staff

The total remuneration package of Council's senior staff was \$ 110 852. The breakdown of these payments is provided in the table below:

Salary	97 876
Superannuation	9451
Motor Vehicle (non-cash)	3525
Fringe Benefits Tax	0

Stormwater management services

Liverpool Plains Shire Council did not levy Stormwater Management services to its ratepayers.

Special Variation Expenditure

Liverpool Plains Shire Council did not have any Variation expenditure for the 2017–2017 Financial Year.

Swimming Pool Inspections

Under the Swimming Pools Regulation 2018, Council undertook the following private swimming pool inspections:

Number of inspections that resulted in issuing a certificate of Compliance	13
Number of inspections that resulted in a certificate of non-compliance	3

There are no premises with more than two (2) dwellings nor any tourist and visitor accommodation within the local government area which have a swimming pool needing inspection.

Work carried out on private lands

Council did not resolve to carry out works on private land under Clause 67 (2)(b) in the 2017 – 2018 Financial Year.

Please see over for the Liverpool Plains Shire Council General Purpose Financial Statements for the year ended 30 June 2017.

FINANCIAL STATEMENTS

Each year, individual Local Governments across NSW are required to present a set of audited Financial Statements to their Council and Community.

Liverpool Plains Shire Council's Financial Statements are attached to this report as Annexure 1.

What you will find in the statements

The Financial Statements set out the financial performance, financial position and cash flows of Council for the financial year ending 30 June 2017. The format of the Financial Statement is standard across all NSW Councils and complies with both the accounting and reporting requirements of Australian Accounting Standards and requirements of the Division of Local Government.

About the Councillor/Management Statement

The Financial Statements must be certified by senior staff as 'presenting fairly' the council's financial result for the year, and are required to be adopted by council – ensuring both responsibility for and ownership of the financial statements.

About the Primary Financial Statements

The Financial Statements incorporate five primary financial statements:

1. *An income statement* – a summary of council's financial performance for the year, listing all income and expenses. This statement also displays Council's adopted budget to provide a comparison between what was projected and what actually occurred.
2. *A statement of comprehensive income* – Primarily records changes in the fair values of Council's infrastructure, property, plant and equipment.
3. *A balance sheet* – a 30th June snapshot of Council's financial position including its Assets and Liabilities.

4. *A statement of changes in equity* – the overall change for the year (in dollars) of Council's "net worth."
5. *A 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 five Primary Financial Statements.

About the auditor's report

Council's Financial Statements are required to be audited by external accountants (that generally specialise in Local Government). In NSW the Auditor provides two audit reports:

- An opinion on whether the Financial Statements present fairly the Council's financial performance and position; and
- Their observations on the conduct of the Audit including the Council's financial performance and financial position.

These reports are included at the back of the Financial Statements.

Who uses the Financial Statements?

The Financial Statements are publicly available documents and must be presented at a Council meeting between seven days and five weeks after the date of the Audit Report. Submissions from the public can be made to Council up to seven days subsequent to the public presentation of the Financial Statements.

Council is also required to forward an audited set of Financial Statements to the Division of Local Government.



Liverpool Plains Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2018

Vision - That the Liverpool Plains Shire area achieves higher levels of growth & generates improved quality of life through expanded opportunities for economic and social development being realised within an environmentally and financially sustainable framework.



Liverpool Plains Shire Council

General Purpose Financial Statements for the year ended 30 June 2018

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Overview

Liverpool Plains Shire Council is constituted under the Local Government Act 1993 (NSW) and has its principal place of business at:

60 Station Street
Quirindi NSW 2343

Council's guiding principles are detailed in Chapter 3 of the LGA and includes:

- principles applying to the exercise of functions generally by council,
- principles to be applied when making decisions,
- principles of community participation,
- principles of sound financial management, and
- principles for strategic planning relating to the development of an integrated planning and reporting framework.

A description of the nature of Council's operations and its principal activities are provided in Note 2(b).

Through the use of the internet, we have ensured that our reporting is timely, complete and available at minimum cost. All press releases, financial statements and other information are publicly available on our website: www.lpsc.nsw.gov.au.

Liverpool Plains Shire Council

General Purpose Financial Statements

for the year ended 30 June 2018

Statement by Councillors and Management

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

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

- the Local Government Act 1993 (NSW) (as amended) and the regulations made thereunder,
- the Australian Accounting Standards and other pronouncements of the Australian Accounting Standards Board
- 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,
- 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.

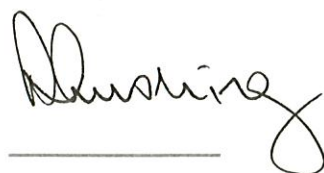
Signed in accordance with a resolution of Council made on 28 November 2018.



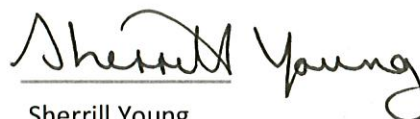
Andrew Hope
Mayor



Virginia Black
Councillor



Donna Ausling
Acting General Manager



Sherrill Young
Responsible Accounting Officer

Liverpool Plains Shire Council

Income Statement

for the year ended 30 June 2018

Original unaudited budget 2018	\$ '000	Notes	Actual 2018	Actual 2017
Income from continuing operations				
Revenue:				
10,857	Rates and annual charges	3a	11,173	10,872
5,365	User charges and fees	3b	3,754	4,093
834	Interest and investment revenue	3c	784	902
–	Other revenues	3d	694	673
11,776	Grants and contributions provided for operating purposes	3e,f	5,334	10,213
3,425	Grants and contributions provided for capital purposes	3e,f	6,629	3,177
32,257	Total income from continuing operations		28,368	29,930
Expenses from continuing operations				
9,626	Employee benefits and on-costs	4a	9,013	8,860
409	Borrowing costs	4b	295	414
8,815	Materials and contracts	4c	8,602	7,812
3,948	Depreciation and amortisation	4d	9,222	6,296
2,529	Other expenses	4e	2,237	2,161
–	Net losses from the disposal of assets	5	81	92
–	Fair value decrement on investment property	10	236	–
25,327	Total expenses from continuing operations		29,686	25,635
6,930	Operating result from continuing operations		(1,318)	4,295
6,930	Net operating result for the year		(1,318)	4,295
6,930	Net operating result attributable to Council		(1,318)	4,295
Net operating result for the year before grants and contributions provided for capital purposes				
3,505			(7,947)	1,118

Liverpool Plains Shire Council

Statement of Comprehensive Income for the year ended 30 June 2018

\$ '000	Notes	2018	2017
Net operating result for the year (as per Income Statement)		(1,318)	4,295
Other comprehensive income:			
Amounts that will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of IPP&E	9	(2,325)	8,217
Loss on asset disposal back to revaluation reserve		(785)	–
Total items which will not be reclassified subsequently to the operating result		(3,110)	8,217
Total other comprehensive income for the year		(3,110)	8,217
Total comprehensive income for the year		(4,428)	12,512
Total comprehensive income attributable to Council		(4,428)	12,512

Liverpool Plains Shire Council

Statement of Financial Position as at 30 June 2018

\$ '000	Notes	2018	2017
ASSETS			
Current assets			
Cash and cash equivalents	6a	4,406	5,265
Investments	6b	19,000	12,500
Receivables	7	2,969	2,616
Inventories	8	404	368
Total current assets		26,779	20,749
Non-current assets			
Investments	6b	4,000	8,000
Receivables	7	59	1
Infrastructure, property, plant and equipment	9	534,270	541,092
Investment property	10	600	836
Total non-current assets		538,929	549,929
TOTAL ASSETS		565,708	570,678
LIABILITIES			
Current liabilities			
Payables	11	874	1,158
Borrowings	11	218	209
Provisions	12	2,283	2,378
Total current liabilities		3,375	3,745
Non-current liabilities			
Payables	11	—	4
Borrowings	11	4,315	4,533
Provisions	12	1,590	1,540
Total non-current liabilities		5,905	6,077
TOTAL LIABILITIES		9,280	9,822
Net assets		556,428	560,856
EQUITY			
Accumulated surplus	13	218,355	219,673
Revaluation reserves	13	338,073	341,183
Council equity interest		556,428	560,856
Total equity		556,428	560,856

Liverpool Plains Shire Council

Statement of Changes in Equity

for the year ended 30 June 2018

\$ '000	Notes	2018	IPP&E	Total	2017	IPP&E	Total
		Accumulated surplus	revaluation reserve	equity	Accumulated surplus	revaluation reserve	equity
Opening balance		219,673	341,183	560,856	215,378	332,966	548,344
Net operating result for the year		(1,318)	–	(1,318)	4,295	–	4,295
Other comprehensive income							
Gain (loss) on revaluation of IPP&E	9	–	(2,325)	(2,325)	–	8,217	8,217
– Loss on asset disposal back to revaluation reserve		–	(785)	(785)	–	–	–
Other comprehensive income		–	(3,110)	(3,110)	–	8,217	8,217
Total comprehensive income		(1,318)	(3,110)	(4,428)	4,295	8,217	12,512
Equity – balance at end of the reporting period		218,355	338,073	556,428	219,673	341,183	560,856

Liverpool Plains Shire Council

Statement of Cash Flows for the year ended 30 June 2018

Original unaudited budget 2018	\$ '000	Notes	Actual 2018	Actual 2017
Cash flows from operating activities				
<u>Receipts:</u>				
10,857	Rates and annual charges		11,476	10,785
5,365	User charges and fees		3,886	4,340
834	Investment and interest revenue received		909	913
11,776	Grants and contributions		12,058	13,390
3,425	Other		1,187	2,391
<u>Payments:</u>				
(9,626)	Employee benefits and on-costs		(9,095)	(8,874)
(8,815)	Materials and contracts		(10,536)	(6,232)
(410)	Borrowing costs		(257)	(267)
(2,529)	Other		(2,238)	(4,635)
10,877	Net cash provided (or used in) operating activities	14b	7,390	11,811
Cash flows from investing activities				
<u>Receipts:</u>				
564	Sale of infrastructure, property, plant and equipment		538	177
–	Deferred debtors receipts		2	1
<u>Payments:</u>				
–	Purchase of investment securities		(2,500)	(2,000)
(14,023)	Purchase of infrastructure, property, plant and equipment		(6,080)	(8,810)
(13,459)	Net cash provided (or used in) investing activities		(8,040)	(10,632)
Cash flows from financing activities				
<u>Receipts:</u>				
Nil				
<u>Payments:</u>				
(195)	Repayment of borrowings and advances		(209)	(201)
(195)	Net cash flow provided (used in) financing activities		(209)	(201)
(2,777)	Net increase/(decrease) in cash and cash equivalents		(859)	978
–	Plus: cash and cash equivalents – beginning of year	14a	5,265	4,287
(2,777)	Cash and cash equivalents – end of the year	14a	4,406	5,265
Additional Information:				
plus:	Investments on hand – end of year	6b	23,000	20,500
	Total cash, cash equivalents and investments		27,406	25,765

Liverpool Plains Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

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Liverpool Plains Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 1. Basis of preparation

These financial statements were authorised for issue by Council on 28/11/2018.

Council has the power to amend and reissue these financial statements.

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Australian Accounting Interpretations, the *Local Government Act 1993 (NSW)* and Regulations, and the Local Government Code of Accounting Practice and Financial Reporting. Council is a not for-profit entity for the purpose of preparing these financial statements.

The financial statements are presented in Australian dollars and are rounded to the nearest thousand dollars.

Full dollars have been used in Note 20 Related party disclosures in relation to the disclosure of specific related party transactions.

Unless otherwise indicated, all amounts disclosed in the financial statements are actual amounts.

Specific budgetary amounts have been included for comparative analysis (to actuals) in the following reports and notes:

- Income statement
- Statement of cash flows
- Note 18 – Material budget variations

and are clearly marked .

(a) New and amended standards adopted by Council

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

(b) Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities and certain classes of infrastructure, property, plant and equipment and investment property.

(c) Significant accounting estimates and judgements

The preparation of financial statements requires the use of certain critical accounting estimates. It also 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 the 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

Liverpool Plains Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 1. Basis of preparation (continued)

of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include:

- (i) estimated fair values of investment properties –refer Note 10,
- (ii) estimated fair values of infrastructure, property, plant and equipment – refer Note 9,
- (iii) estimated tip remediation provisions – refer Note 12,
- (iv) employee benefit provisions – refer Note 12.

Significant judgements in applying the Council's accounting policies

- (v) Impairment of receivables

Council has made a significant judgement about the impairment of a number of its receivables in Note 7.

Monies and other assets received by Council

(a) The Consolidated Fund

In accordance with the provisions of Section 409(1) of the *Local Government Act 1993 (NSW)*, all money and other assets received by Council is held in the Council's Consolidated Fund unless it is required to be held in the Council's Trust Fund.

Cash and other assets of the following entities have been included as part of the Consolidated Fund:

- General purpose operations
- Water service
- Sewerage service

(b) The Trust Fund

In accordance with the provisions of Section 411 of the *Local Government Act 1993 (NSW)* (as amended), a separate and distinct Trust Fund is maintained to account for all money and other assets 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. Trust monies and other assets subject to Council's control have been included in these reports.

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to the taxation authority is included with other receivables or payables in the Statement of Financial Position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which that are recoverable from, or payable to the taxation authority are presented as operating cash flows.

Liverpool Plains Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 1. Basis of preparation (continued)

New accounting standards and interpretations issued not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for the current reporting period and which have not been applied.

As at the date of authorisation of these financial statements, Council considers that the standards and interpretations listed below will have an impact upon future published financial statements ranging from additional and / or revised disclosures to actual changes as to how certain transactions and balances are accounted for.

Effective for annual reporting periods beginning on or after 1 July 2018

- AASB 9 Financial Instruments

This replaces AASB 139 Financial Instruments. Recognition and Measurement and addresses the classification, measurement and disclosure of financial assets and liabilities.

The standard introduces a new impairment model that requires impairment provisions to be based on expected credit losses, rather than incurred credit losses.

Based on assessments to date, Council expects a small increase to impairment losses however the standards is not expected to have a material impact overall.

Effective for annual reporting periods beginning on or after 1 July 2019

- AASB 15 *Revenue from Contracts with Customers*, AASB 1058 *Income of Not-for-Profit Entities* and AASB 2016-8 *Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities*

AASB 15 will replace AASB 118 Revenue, AASB 111 Construction Contracts and a number of Interpretations. AASB 2016-8 provides Australian requirements and guidance for not-for-profit entities in applying AASB 9 and AASB 15, and AASB 1058 will replace AASB 1004 Contributions.

Together they contain a comprehensive and robust framework for the recognition, measurement and disclosure of income including revenue from contracts with customers.

While Council is still reviewing the way that income is measured and recognised to identify whether there will be any material impact arising from these standards, these standards may affect the timing of the recognition of some grants and donations.

Council has not elected to apply any pronouncements before their operative date in these financial statements.

Liverpool Plains Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

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 and non-current)	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Social	2,631	2,640	3,154	3,070	(523)	(430)	1,089	145	20,495	20,733
Governance	1,423	1,424	2,333	2,018	(910)	(594)	168	72	4,302	4,440
Environment	23,216	24,779	22,161	19,609	1,055	5,170	10,332	13,021	515,721	520,392
Economic	1,098	1,087	2,038	938	(940)	149	–	–	25,190	25,113
Total functions and activities	28,368	29,930	29,686	25,635	(1,318)	4,295	11,589	13,238	565,708	570,678

Liverpool Plains Shire Council

Notes to the Financial Statements for the year ended 30 June 2018

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:

Social

Having a great rural lifestyle with access to quality services.

- * Beautiful landscapes
- * Celebrate local events and festivals
- * Transport and telecommunication options to support our businesses and lifestyle
- * Safe communities

Governance

Strong community, council and business leadership.

- * A strong supported volunteer base
- * Council, community and business leaders work together
- * Liverpool Plain Shire Council represents the community it serves

Environment

A sustainable environment.

- * Well planned and maintained infrastructure
- * Access to affordable clean water supplies
- * We actively foster and utilise renewable energy
- * Actively manage the impact on our environment

Economic

A thriving economy.

- * Have a growing economy which offers a diverse range of job opportunities
- * Foster new business development for our future prosperity
- * Town planning reflects the diversity of our towns and villages
- * We embrace tourism

Liverpool Plains Shire Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 3. Income from continuing operations

\$ '000	2018	2017
(a) Rates and annual charges		
Ordinary rates		
Residential	1,933	1,860
Farmland	4,105	4,067
Mining	297	286
Business	328	351
Total ordinary rates	6,663	6,564
Annual charges (pursuant to s.496, s.496A, s.496B, s.501 & s.611)		
Domestic waste management services	1,350	1,234
Water supply services	1,966	1,961
Sewerage services	1,098	1,021
Waste management services (non-domestic)	96	92
Total annual charges	4,510	4,308
TOTAL RATES AND ANNUAL CHARGES	11,173	10,872

Council has used 2016 year valuations provided by the NSW Valuer General in calculating its rates.

Accounting policy for rates and annual charges

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

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.

Liverpool Plains Shire Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 3. Income from continuing operations (continued)

\$ '000	2018	2017
(b) User charges and fees		
Specific user charges (per s.502 – specific 'actual use' charges)		
Domestic waste management services	188	154
Water supply services	1,239	1,061
Sewerage services	187	167
Total specific user charges	1,614	1,382
Other user charges and fees		
(i) Fees and charges – statutory and regulatory functions (per s.608)		
Building regulation	63	9
Building services – other	34	113
Inspection services	15	15
Planning and building regulation	1	–
Private works – section 67	159	1,002
Regulatory/ statutory fees	1	–
Registration fees	3	–
Section 149 certificates (EPA Act)	18	–
Section 603 certificates	17	15
Total fees and charges – statutory/regulatory	311	1,154
(ii) Fees and charges – other (incl. general user charges (per s.608))		
Aerodrome	117	108
Aged care	30	69
Cemeteries	116	163
Child care	625	645
Community centres	–	1
Corporate	–	1
Fire and emergency services levy (FESL) implementation	16	–
Gravel pits	530	136
Halls	–	34
Headworks and sundry charges	–	1
Leaseback fees – Council vehicles	–	48
Septic tanks	7	–
Sporting and recreation	249	218
Swimming centres	110	107
Water connection fees	28	8
Other	1	18
Total fees and charges – other	1,829	1,557
TOTAL USER CHARGES AND FEES	3,754	4,093

Accounting policy for user charges and fees

User charges and fees are recognised as revenue when the service has been provided.

Liverpool Plains Shire Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 3. Income from continuing operations (continued)

\$ '000	2018	2017
(c) Interest and investment revenue (including losses)		
Interest		
– Overdue rates and annual charges (incl. special purpose rates)	73	105
– Cash and investments	711	797
TOTAL INTEREST AND INVESTMENT REVENUE	784	902
Interest revenue is attributable to:		
Unrestricted investments/financial assets:		
Overdue rates and annual charges (general fund)	73	105
General Council cash and investments	191	299
Restricted investments/funds – external:		
Development contributions		
– Section 7.11	25	32
– Section 64	14	17
Water fund operations	269	244
Sewerage fund operations	212	205
Total interest and investment revenue recognised	784	902
Accounting policy for interest and investment revenue		
Interest income is recognised using the effective interest rate at the date that interest is earned.		
(d) Other revenues		
Rental income – investment property	10	12
Rental income – other council properties	193	245
Fines	3	1
Fines – other	21	–
Legal fees recovery – rates and charges (extra charges)	128	116
Commissions and agency fees	155	147
Insurance discounts	19	–
Sales – general	57	19
Theatre	38	48
Other	68	85
TOTAL OTHER REVENUE	694	673

Accounting policy for other revenue

Council recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Council and specific criteria have been met for each of the Council's activities as described below. Council bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Income for fines is only recognised once payment has been received.

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

Miscellaneous sales are recognised when physical possession has transferred to the customer which is deemed to be the point of transfer of risks and rewards.

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

Liverpool Plains Shire Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 3. Income from continuing operations (continued)

\$ '000	2018 Operating	2017 Operating	2018 Capital	2017 Capital
(e) Grants				
General purpose (untied)				
Current year allocation				
Financial assistance	3,594	5,105	–	–
Other				
Pensioners' rates subsidies – general component	75	72	–	–
Total general purpose	3,669	5,177	–	–
Specific purpose				
Pensioners' rates subsidies:				
– Water	33	32	–	–
– Sewerage	25	24	–	–
– Domestic waste management	35	35	–	–
Water supplies	–	320	–	311
Bushfire and emergency services	257	–	–	–
Child care	–	29	–	–
Community care	201	236	–	–
Community centres	222	–	–	–
Economic development	–	45	–	–
Heritage and cultural	25	6	31	42
Library	–	44	–	–
Noxious weeds	78	93	–	–
NSW rural fire services	–	255	1,585	2,724
Recreation and culture	339	–	–	30
Roads and bridges	–	3,798	5,013	–
Street lighting	38	37	–	–
Other	38	–	–	–
Total specific purpose	1,291	4,954	6,629	3,107
Total grants	4,960	10,131	6,629	3,107
Grant revenue is attributable to:				
– Commonwealth funding	52	1,563	31	–
– State funding	4,908	8,475	6,598	3,107
– Other funding	–	93	–	–
	4,960	10,131	6,629	3,107

Liverpool Plains Shire Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 3. Income from continuing operations (continued)

\$ '000	Notes	2018 Operating	2017 Operating	2018 Capital	2017 Capital
(f) Contributions					
Developer contributions:					
(s7.4 & s7.11 – EP&A Act, s64 of the LGA):					
Cash contributions					
S 7.11 – contributions towards amenities/services		130	22	–	–
S 7.12 – fixed development consent levies		–	59	–	–
S 64 – water supply contributions		11	–	–	–
Total developer contributions – cash		141	81	–	–
Total developer contributions	21	141	81	–	–
Other contributions:					
Cash contributions					
Recreation and culture		–	1	–	70
Basketball Facilities Upgrade		163	–	–	–
Springridge Playground Enhancement		50	–	–	–
Quirindi Cemetery		10	–	–	–
Other		10	–	–	–
Total other contributions – cash		233	1	–	70
Total other contributions		233	1	–	70
Total contributions		374	82	–	70
TOTAL GRANTS AND CONTRIBUTIONS		5,334	10,213	6,629	3,177

Accounting policy for contributions

Control over grants and contributions is normally obtained upon their receipt (or acquittal) and is valued at the fair value of the granted or contributed asset at the date of transfer.

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 un-discharged at reporting date, the unused grant or contribution is disclosed above.

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

Liverpool Plains Shire Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 3. Income from continuing operations (continued)

\$ '000	2018	2017
(g) Unspent grants and contributions		
Certain grants and contributions are obtained by Council on condition that they be spent in a specified manner:		
Operating grants		
Unexpended at the close of the previous reporting period	1,609	1,981
Add: operating grants recognised in the current period but not yet spent	1,821	362
Add: operating grants received for the provision of goods and services in a future period	1,135	–
Less: operating grants recognised in a previous reporting period now spent	(1,799)	(734)
Unexpended and held as restricted assets (operating grants)	2,766	1,609
Capital grants		
Add: capital grants recognised in the current period but not yet spent	1,833	–
Add: capital grants received for the provision of goods and services in a future period	686	–
Unexpended and held as restricted assets (capital grants)	2,519	–
Contributions		
Unexpended at the close of the previous reporting period	1,264	1,247
Add: contributions recognised in the current period but not yet spent	181	130
Less: contributions recognised in a previous reporting period now spent	–	(113)
Unexpended and held as restricted assets (contributions)	1,445	1,264

Liverpool Plains Shire Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 4. Expenses from continuing operations

\$ '000	Notes	2018	2017
(a) Employee benefits and on-costs			
Salaries and wages		7,060	7,386
Travel expenses		28	53
Employee leave entitlements (ELE)		1,225	697
ELE on-costs		12	56
Superannuation		817	873
Superannuation – defined contribution plans		107	96
Workers' compensation insurance		240	197
Fringe benefit tax (FBT)		25	25
Training costs (other than salaries and wages)		202	215
Total employee costs		9,716	9,598
Less: capitalised costs		(703)	(738)
TOTAL EMPLOYEE COSTS EXPENSED		9,013	8,860

Accounting policy for employee benefits and on-costs

Employee benefit expenses are recorded when the service has been provided by the employee.

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.

Superannuation 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.

Council participates in a Defined Benefit Plan under the Local Government Superannuation Scheme, however, sufficient information to account for the plan as a defined benefit is not available and therefore Council accounts for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans, i.e. as an expense when it becomes payable – refer to Note 16 for more information.

(b) Borrowing costs		2018	2017
(i) Interest bearing liability costs			
Interest on loans		256	267
Total interest bearing liability costs expensed		256	267
(ii) Other borrowing costs			
Discount adjustments relating to movements in provisions (other than ELE)			
– Remediation liabilities	12	39	147
Total other borrowing costs		39	147
TOTAL BORROWING COSTS EXPENSED		295	414

Accounting policy for borrowing costs

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. Other borrowing costs are expensed.

Liverpool Plains Shire Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 4. Expenses from continuing operations (continued)

\$ '000	2018	2017
(c) Materials and contracts		
Raw materials and consumables	4,058	4,184
Contractor and consultancy costs	4,270	3,284
Auditors remuneration ⁽¹⁾	85	102
Legal expenses:		
– Legal expenses: planning and development	1	–
– Legal expenses: other	188	242
<u>TOTAL MATERIALS AND CONTRACTS</u>	<u>8,602</u>	<u>7,812</u>

1. Auditor remuneration

During the year the following fees were paid or payable for services provided by the auditor of Council, related practices and non-related audit firms

Auditors of the Council – NSW Auditor-General:

(i) Audit and other assurance services

Audit and review of financial statements	85	102
Remuneration for audit and other assurance services	85	102
Total Auditor-General remuneration	85	102
Total Auditor remuneration	85	102

Liverpool Plains Shire Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 4. Expenses from continuing operations (continued)

\$ '000	Notes	2018	2017
(d) Depreciation, amortisation and impairment			
Depreciation and amortisation			
Plant and equipment		879	717
Office equipment		235	1
Furniture and fittings		63	2
Infrastructure:			
– Buildings		412	427
– Other structures		66	44
– Roads		5,260	3,634
– Bridges		370	357
– Footpaths		18	29
– Stormwater drainage		162	176
– Water supply network		1,023	692
– Sewerage network		654	172
Other assets:			
– Other		55	19
Reinstatement, rehabilitation and restoration assets:			
– Tip assets	9 & 12	11	26
– Quarry assets	9 & 12	14	–
Total depreciation and amortisation costs		9,222	6,296
TOTAL DEPRECIATION, AMORTISATION AND IMPAIRMENT / REVALUATION DECREMENT COSTS EXPENSED			
		9,222	6,296

Accounting policy for depreciation, amortisation and impairment expenses

Depreciation and amortisation

Depreciation and amortisation are calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives. Useful lives are included in Note 9 for IPPE assets.

Impairment of non-financial assets

Assets are tested 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.

Impairment losses for revalued assets are firstly offset against the amount in the revaluation surplus for the class of asset, with only the excess to be recognised in the Income Statement.

Liverpool Plains Shire Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 4. Expenses from continuing operations (continued)

\$ '000	2018	2017
(e) Other expenses		
Advertising	43	44
Bad and doubtful debts	111	55
Bank charges	3	1
– Emergency services levy (includes FRNSW, SES, and RFS levies)	253	439
Councillor expenses – mayoral fee	22	21
Councillor expenses – councillors' fees	84	82
Councillors' expenses (incl. mayor) – other (excluding fees above)	47	24
Donations, contributions and assistance to other organisations (Section 356)	–	8
Election expenses	–	49
Electricity and heating	327	344
Insurance	546	455
Library costs	126	138
Postage	30	25
Printing and stationery	46	–
Promotions	–	39
Street lighting	234	152
Subscriptions and publications	210	–
Telephone and communications	155	171
Valuation fees	–	35
Other	–	79
<u>TOTAL OTHER EXPENSES</u>	<u>2,237</u>	<u>2,161</u>

Accounting policy for other expenses

Other expenses are recorded on an accruals basis as the Council receives the goods or services.

Liverpool Plains Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 5. Gains or losses from the disposal of assets

\$ '000	Notes	2018	2017
Plant and equipment	9		
Proceeds from disposal – plant and equipment		538	177
Less: carrying amount of plant and equipment assets sold/written off		(619)	(214)
Net gain/(loss) on disposal		(81)	(37)
Infrastructure	9		
Less: carrying amount of infrastructure assets sold/written off		–	(55)
Net gain/(loss) on disposal		–	(55)
<u>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</u>		<u>(81)</u>	<u>(92)</u>

Accounting policy for disposal of assets

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

Note 6(a). Cash and cash equivalent assets

\$ '000	2018	2017
Cash and cash equivalents		
Cash on hand and at bank	4,406	5,265
Total cash and cash equivalents	4,406	5,265

Accounting policy for cash and cash equivalents

For Statement of Cash Flow 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.

Liverpool Plains Shire Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 6(b). Investments

\$ '000	2018	2018	2017	2017
	Current	Non-current	Current	Non-current
Investments				
Held to maturity	19,000	4,000	12,500	8,000
Total investments	19,000	4,000	12,500	8,000
<u>TOTAL CASH ASSETS, CASH EQUIVALENTS AND INVESTMENTS</u>	<u>23,406</u>	<u>4,000</u>	<u>17,765</u>	<u>8,000</u>
Held to maturity investments				
Long term deposits	19,000	4,000	12,500	8,000
Total	19,000	4,000	12,500	8,000

Accounting policy for investments

Classification

Council's financial assets have been classified as held to maturity.

Held to maturity investments

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

Recognition and de-recognition

Regular purchases and sales of financial assets are recognised on trade-date: the date on which Council commits to purchase or sell the asset. Investments recognised at fair value. Investments are derecognised when the rights to receive cash flows from the financial assets have expired.

Liverpool Plains Shire Council

Notes to the Financial Statements for the year ended 30 June 2018

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

\$ '000	2018	2018	2017	2017
	Current	Non-current	Current	Non-current
Total cash, cash equivalents and investments	23,406	4,000	17,765	8,000
attributable to:				
External restrictions (refer below)	20,190	4,000	11,097	8,000
Internal restrictions (refer below)	3,158	–	5,427	–
Unrestricted	58	–	1,241	–
	23,406	4,000	17,765	8,000

\$ '000	2018	2017
Details of restrictions		
External restrictions – other		
Developer contributions – general	1,445	1,264
Specific purpose unexpended grants	5,285	345
Water supplies	9,620	8,718
Sewerage services	7,840	6,871
Domestic waste management	–	69
Federal assistance grant	–	1,736
Other	–	94
External restrictions – other	24,190	19,097
Total external restrictions	24,190	19,097
Internal restrictions		
Employees leave entitlement	1,070	1,115
Corporate services	–	1,457
Economic development and tourism	200	381
Environmental	–	1,419
Office equipment	–	103
Transport and road infrastructure	500	952
Kakoda	1	–
Plant and vehicle replacement	700	–
Werris Creek Meals On Wheels	2	–
Quirindi Meals On Wheels	7	–
Quirindi HACC	74	–
Werris Creek HACC	5	–
First Fleet Honesty Box	40	–
Royal Theatre	4	–
Grant Contingency	500	–
Former S355 Reserves	55	–
Total internal restrictions	3,158	5,427
TOTAL RESTRICTIONS	27,348	24,524

Liverpool Plains Shire Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 7. Receivables

\$ '000	2018		2017	
	Current	Non-current	Current	Non-current
Purpose				
Rates and annual charges	726	59	989	–
Interest and extra charges	148	–	210	–
User charges and fees	1,066	–	897	–
Contributions to works	–	–	3	–
Accrued revenues				
– Interest on investments	234	–	297	–
Deferred debtors	24	–	25	1
Net GST receivable	153	–	–	–
Other levels of government	766	–	254	–
Total	3,117	59	2,675	1
Less: provision for impairment				
Rates and annual charges	(99)	–	–	–
User charges and fees	(49)	–	–	–
Other debtors	–	–	(59)	–
Total provision for impairment – receivables	(148)	–	(59)	–
<u>TOTAL NET RECEIVABLES</u>	<u>2,969</u>	<u>59</u>	<u>2,616</u>	<u>1</u>
Externally restricted receivables				
Water supply				
– Rates and availability charges	185	–	245	–
– User Fees & Charges	622	–	480	–
Sewerage services				
– Rates and availability charges	97	–	125	–
Total external restrictions	904	–	850	–
Unrestricted receivables	2,065	59	1,766	1
<u>TOTAL NET RECEIVABLES</u>	<u>2,969</u>	<u>59</u>	<u>2,616</u>	<u>1</u>

Movement in provision for impairment of receivables

	2018	2017
Balance at the beginning of the year	59	76
+ new provisions recognised during the year	89	58
– previous impairment losses reversed	–	(75)
Balance at the end of the year	148	59

Liverpool Plains Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 7. Receivables (continued)

Accounting policy for receivables

Recognition and measurement

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are included in other receivables (Note 8) and receivables (Note 7) in the Statement of Financial Position. Receivables are recognised at fair value less provision for impairment. Receivables are generally due for settlement within 30 days.

Impairment

Collectability of receivables is reviewed on an on-going basis. Debts that are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of receivables) is used when there is objective evidence that Council will not be able to collect all amounts due according to the original terms of the receivables.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the receivable is impaired. When a receivable for which an impairment allowance had been recognised becomes uncollectable 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.

Liverpool Plains Shire Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 8. Inventories and other assets

\$ '000	2018		2017	
	Current	Non-current	Current	Non-current
(a) Inventories				
(i) Inventories at cost				
Real estate for resale (refer below)	–	–	49	–
Stores and materials	404	–	319	–
Total inventories at cost	404	–	368	–
TOTAL INVENTORIES	404	–	368	–

Externally restricted assets

There are no restrictions applicable to the above assets.

Other disclosures

(a) Details for real estate development

Residential	–	–	49	–
Total real estate for resale	–	–	49	–

(Valued at the lower of cost and net realisable value)

Represented by:

Acquisition costs	–	–	49	–
Total real estate for resale	–	–	49	–

Movements:

Real estate assets at beginning of the year	49	–	49	–
– Transfers in from (out to) Note 9	(49)	–	–	–
Total real estate for resale	–	–	49	–

Accounting policy

Raw materials and stores, work in progress and finished goods

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Costs are assigned to individual items of inventory on basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. 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.

Inventory held for distribution

Inventory held for distribution is held at cost, adjusted where applicable for any loss of service potential.

Liverpool Plains Shire Council

Notes to the Financial Statements
for the year ended 30 June 2018

Note 9. Infrastructure, property, plant and equipment

Asset class \$ '000	as at 30/6/2017			Asset movements during the reporting period									as at 30/6/2018		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Adjustments and transfers	Tfrs from/(to) real estate assets (Note 8)	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
Capital work in progress	3,794	–	3,794	2,705	–	–	–	(3,468)	(270)	–	–	–	2,761	–	2,761
Plant and equipment	15,348	8,772	6,576	1,354	–	(623)	(879)	–	–	–	–	–	15,164	8,736	6,428
Office equipment	1,565	1,330	235	35	–	–	(235)	–	–	–	–	–	1,600	1,565	35
Furniture and fittings	445	351	94	126	–	–	(63)	–	–	–	–	–	571	414	157
Land:															
– Operational land	8,664	–	8,664	–	–	–	–	–	–	49	–	266	8,979	–	8,979
– Community land	4,284	–	4,284	–	–	–	–	–	–	–	–	–	4,284	–	4,284
Infrastructure:															
– Buildings	36,085	8,441	27,644	–	987	(382)	(412)	3,410	1,182	–	(4,208)	–	53,599	25,378	28,221
– Buildings – specialised	1,245	63	1,182	–	–	–	–	–	(1,182)	–	–	–	–	–	–
– Other structures	4,992	653	4,339	259	–	–	(66)	20	–	–	–	–	5,271	719	4,552
– Roads	281,520	42,964	238,556	580	–	–	(5,260)	–	(94)	–	–	–	282,006	48,224	233,782
– Bridges	73,733	4,306	69,427	122	–	(398)	(370)	–	–	–	–	–	73,410	4,629	68,781
– Footpaths	2,854	246	2,608	–	29	–	(18)	–	–	–	–	–	2,883	264	2,619
– Bulk earthworks (non-depreciable)	78,016	–	78,016	–	–	–	–	–	–	–	–	–	78,016	–	78,016
– Stormwater drainage	19,598	4,395	15,203	3	–	–	(162)	–	–	–	–	–	19,601	4,557	15,044
– Water supply network	72,334	21,089	51,245	235	–	–	(1,023)	–	–	–	–	1,059	74,093	22,577	51,516
– Sewerage network	31,233	4,033	27,200	30	–	–	(654)	16	–	–	–	558	31,935	4,785	27,150
Other assets:															
– Other	3,317	1,937	1,380	–	–	–	(55)	–	–	–	–	–	3,317	1,992	1,325
Reinstatement, rehabilitation and restoration assets (refer Note 12):															
– Tip assets	659	225	434	–	–	–	(11)	–	–	–	–	–	659	236	423
– Quarry assets	486	275	211	–	–	–	(14)	–	–	–	–	–	486	289	197
TOTAL INFRASTRUCTURE, PROPERTY, PLANT AND EQUIP.	640,172	99,080	541,092	5,449	1,016	(1,403)	(9,222)	(22)	(364)	49	(4,208)	1,883	658,635	124,365	534,270

Renewals are defined as the replacement of existing assets (as opposed to the acquisition of new assets).

Liverpool Plains Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 9. Infrastructure, property, plant and equipment (continued)

Accounting policy for infrastructure, property, plant and equipment

Infrastructure, property, plant and equipment are held at fair value. Independent valuations are performed at least every 5 years, however the carrying amount of assets is assessed at each reporting date to confirm that it is not materially different from current fair value.

Water and sewerage network assets are indexed at each reporting period in accordance with the Rates Reference Manual issued by Crown Lands and Water (CLAW).

Increases in the carrying amounts arising on revaluation are credited to the asset revaluation reserve. To the extent that the increase reverses a decrease previously recognising profit or loss relating to that asset class, the increase is first recognised as profit or loss. Decreases that reverse previous increases of assets in the same class are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the class; all other decreases are charged to the Income Statement.

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.

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

Plant and equipment	Years	Other equipment	Years
Office equipment	5	Playground equipment	25 to 36
Office furniture	5 to 20	Benches, seats etc.	20 to 40
Computer equipment	4		
Vehicles	5 to 10	Buildings	
Heavy plant/road making equipment	5 to 10	Buildings: masonry	45 to 100
Other plant and equipment	5 to 20	Buildings: other	45 to 100
Water and sewer assets		Stormwater assets	
Dams and reservoirs	25 to 100	Drains	70
Bores	30	Culverts	40 to 80
Reticulation pipes: PVC	70		
Reticulation pipes: other	50 to 70		
Pumps and telemetry	15 to 25		
Transportation assets		Other infrastructure assets	
Sealed roads: surface	15 to 18	Bulk earthworks	20
Sealed roads: structure	40 to 100	Swimming pools	50
Unsealed roads	20	Other open space/recreational assets	5 to 100
Bridge: concrete	80	Other infrastructure	5 to 100
Bridge: other	80		
Kerb, gutter and footpaths	50 to 100		

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

Liverpool Plains Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 9. Infrastructure, property, plant and equipment (continued)

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.

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

Crown reserves

Crown Reserves under Council's care and control are recognised as assets of the Council. While ownership of the reserves remains with the Crown, Council retains operational control of the reserves and is responsible for their maintenance and use in accordance with the specific purposes to which the reserves are dedicated. Improvements on Crown Reserves are also recorded as assets, while maintenance costs incurred by Council and revenues relating to the reserves are recognised within Council's Income Statement.

Rural Fire Service assets

Under section 119 of the *Rural Fire Services Act 1997 (NSW)*, "*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*".

Until such time as discussions on this matter have concluded and the legislation changed, Council will not recognise rural fire service assets including land, buildings, plant and vehicles.

Liverpool Plains Shire Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 10. Investment property

\$ '000	2018	2017
(a) Investment property at fair value		
<u>Investment property on hand</u>	<u>600</u>	<u>836</u>
Reconciliation of annual movement:		
Opening balance	836	–
– Net gain/(loss) from fair value adjustments	(236)	–
– Transfers from/(to) inventories (Note 8)	–	836
CLOSING BALANCE – INVESTMENT PROPERTY	600	836
(b) Valuation basis		
The basis of valuation of investment property is fair value, being the amounts for which the properties could be exchanged between willing parties in arms length transaction, based on current prices in an active market for similar properties in the same location and condition and subject to similar leases.		
(c) Leasing arrangements – Council as lessor		
The investment property are leased to tenants under long-term operating leases with rentals payable monthly.		
Future minimum lease payments receivable under non-cancellable investment property operating leases not recognised in the financial statements are receivable as follows:		
Within 1 year	12	13
Later than 1 year but less than 5 years	19	39
Total minimum lease payments receivable	31	52
Details of lease arrangements:		
Five year agricultural lease terminating January 2021.		
(d) Investment property income and expenditure – summary		
Rental income from investment property:		
– Minimum lease payments	12	12
Direct operating expenses on investment property:		
– that generated rental income	(5)	(2)
Net revenue contribution from investment property	7	10
plus:		
Fair value movement for year	(236)	–
Total income attributable to investment property	(229)	10
Accounting policy for investment property		
Investment property, is held for long-term rental yields.		
Changes in fair values are recorded in the income statement as part of other income.		

Liverpool Plains Shire Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 11. Payables and borrowings

\$ '000	2018		2017	
	Current	Non-current	Current	Non-current
Payables				
Goods and services – operating expenditure	659	–	963	–
Accrued expenses:				
– Borrowings	–	–	1	–
– Salaries and wages	212	–	198	2
Advances	2	–	–	–
Super owing year end pay	1	–	(4)	–
Other	–	–	–	2
Total payables	874	–	1,158	4
Borrowings				
Loans – secured ¹	218	4,315	209	4,533
Total borrowings	218	4,315	209	4,533
TOTAL PAYABLES AND BORROWINGS	1,092	4,315	1,367	4,537

(a) Payables and borrowings relating to restricted assets

	2018		2017	
	Current	Non-current	Current	Non-current
Externally restricted assets				
Water	211	3,622	148	3,777
Payables and borrowings relating to externally restricted assets	215	3,622	148	3,777
Total payables and borrowings relating to restricted assets	215	3,622	148	3,777
Total payables and borrowings relating to unrestricted assets	877	693	1,219	760
TOTAL PAYABLES AND BORROWINGS	1,092	4,315	1,367	4,537

¹. Loans are secured over the general rating income of Council

Disclosures on liability interest rate risk exposures, fair value disclosures and security can be found in Note 17.

Liverpool Plains Shire Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 11. Payables and borrowings (continued)

\$ '000

(b) Changes in liabilities arising from financing activities

Class of borrowings	2017	Non-cash changes				2018
	Opening balance as at 1/7/17	Cash flows	Acquisition	Fair value changes	Other non-cash movements	Closing balance as at 30/6/18
Loans – secured	4,742	(209)	–	–	–	4,533
TOTAL	4,742	(209)	–	–	–	4,533

(c) Financing arrangements

2018 2017

Unrestricted access was available at balance date to the following lines of credit:

Bank overdraft facilities ⁽¹⁾	150	150
Credit cards/purchase cards	13	30
Total financing arrangements	163	180

Undrawn facilities as at balance date:

– Bank overdraft facilities	150	150
– Credit cards/purchase cards	13	30
Total undrawn financing arrangements	163	180

1. The bank overdraft facility may be drawn at any time and may be terminated by the bank without notice.

Accounting policy for payables and borrowings

Payables

These amounts represent liabilities for goods and services provided to the Council prior to the end of financial year that are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings

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

Borrowings are removed from the Statement of Financial Position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or finance cost.

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

Finance Leases

Council currently has no finance leases.

Liverpool Plains Shire Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 12. Provisions

\$ '000	2018		2017	
	Current	Non-current	Current	Non-current
Provisions				
Employee benefits:				
Annual leave	718	–	706	–
Sick leave	10	11	19	–
Long service leave	1,359	42	1,467	45
ELE on-costs	196	4	187	–
Sub-total – aggregate employee benefits	2,283	57	2,379	45
Asset remediation/restoration:				
Asset remediation/restoration (future works)	–	1,533	(1)	1,495
Sub-total – asset remediation/restoration	–	1,533	(1)	1,495
<u>TOTAL PROVISIONS</u>	<u>2,283</u>	<u>1,590</u>	<u>2,378</u>	<u>1,540</u>

(a) Provisions relating to restricted assets

There are no restricted assets (external or internal) applicable to the above provisions

\$ '000	2018	2017
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(b) Current provisions not anticipated to be settled within the next twelve months

The following provisions, even though classified as current, are not expected to be settled in the next 12 months.

Provisions – employees benefits	1,617	1,627
	<u>1,617</u>	<u>1,627</u>

Liverpool Plains Shire Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 12. Provisions (continued)

\$ '000

(c) Description of and movements in provisions

2018	ELE provisions				Total
	Annual leave	Sick leave	Long service leave	ELE on-costs	
At beginning of year	706	19	1,512	187	2,424
Additional provisions	–	2	–	–	2
Other	12	–	(111)	13	(86)
Total ELE provisions at end of year	718	21	1,401	200	2,340
2017					
Other	706	19	1,512	187	2,424
Total ELE provisions at end of year	706	19	1,512	187	2,424

2018	Other provisions	
	Asset remediation	Total
At beginning of year	1,494	1,494
Changes to provision:		
Unwinding of discount	39	39
Total other provisions at end of year	1,533	1,533
2017		
At beginning of year	1,347	1,347
Changes to provision:		
Unwinding of discount	147	147
Total other provisions at end of year	1,494	1,494

Nature and purpose of non-employee benefit provisions

Asset remediation

Council has a legal/public obligation to make, restore, rehabilitate and reinstate its tips and quarries.

Liverpool Plains Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 12. Provisions (continued)

Accounting policy for provisions

Provisions are recognised when Council has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated.

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.

Employee benefits

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be wholly settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave and accumulating sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

Other long-term employee benefit obligations

The liability for long service leave and annual leave that is not expected to be wholly settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using.

Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

The obligations are presented as current liabilities in the Statement of Financial Position if the Council does not have an unconditional right to defer settlement for at least 12 months after the reporting date, regardless of when the actual settlement is expected to occur.

Liverpool Plains Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 12. Provisions (continued)

Provisions for close-down and restoration, and environmental clean-up costs – tips and quarries

Restoration

Close down and restoration costs include the dismantling and demolition of infrastructure and the removal of residual materials and 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. The costs are estimated on the basis of a closure plan.

Rehabilitation

Provision is made for the estimated present value of the costs of environmental clean up obligations outstanding at the reporting date. These costs are charged to the provision. Unwinding of the discount attributable to these provisions 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.

Other movements in the provisions for close down and restoration 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.

Close down and restoration 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.

Liverpool Plains Shire Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 13. Accumulated surplus, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors

Nature and purpose of reserves

Infrastructure, property, plant and equipment revaluation reserve

The infrastructure, property, plant and equipment revaluation reserve is used to record increments and decrements of non-current asset values due to their revaluation.

Note 14. Statement of cash flows – additional information

\$ '000	Notes	2018	2017
(a) Reconciliation of cash assets			
Total cash and cash equivalent assets	6a	4,406	5,265
Balance as per the Statement of Cash Flows		4,406	5,265
(b) Reconciliation of net operating result to cash provided from operating activities			
Net operating result from Income Statement		(1,318)	4,295
Adjust for non-cash items:			
Depreciation and amortisation		9,222	6,296
Net losses/(gains) on disposal of assets		81	92
Losses/(gains) recognised on fair value re-measurements through the P&L:			
– investment property		236	–
Unwinding of discount rates on reinstatement provisions		39	147
+/- Movement in operating assets and liabilities and other cash items:			
Decrease/(increase) in receivables		(502)	220
Increase/(decrease) in provision for doubtful debts		89	(17)
Decrease/(increase) in inventories		(85)	293
Increase/(decrease) in payables		(304)	506
Increase/(decrease) in accrued interest payable		(1)	–
Increase/(decrease) in other accrued expenses payable		12	41
Increase/(decrease) in other liabilities		5	(7)
Increase/(decrease) in employee leave entitlements		(84)	(55)
Net cash provided from/(used in) operating activities from the Statement of Cash Flows		7,390	11,811

Liverpool Plains Shire Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 15. Commitments for expenditure

\$ '000	2018	2017
(a) Capital commitments (exclusive of GST)		
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Property, plant and equipment		
Buildings	10	–
Plant and equipment	69	–
Werris Creek Aquatic Centre	482	–
Emergency services precinct – 88.3% funded – gross amount shown	–	587
Quipolly Dam	294	–
Road Construction	184	–
Total commitments	1,039	587
These expenditures are payable as follows:		
Within the next year	1,039	4
Later than one year and not later than 5 years	–	583
Total payable	1,039	587
Sources for funding of capital commitments:		
Unrestricted general funds	1,039	4
Future grants and contributions	–	583
Total sources of funding	1,039	587

Details of capital commitments

Council has committed to various projects including work on the recreation centre, upgrading the Werris Creek Aquatic Centre, road works which include sealing of Williewarina Road and the Merriwa Road upgrade.

Liverpool Plains Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 16. Contingencies and other liabilities/assets not recognised

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

LIABILITIES NOT RECOGNISED:

1. Guarantees

(i) Defined benefit superannuation contribution plans

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

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

While the scheme's most recent full actuarial review indicated that the net assets of the scheme were sufficient to meet the accrued benefits of the scheme's defined benefit member category, member councils are required to make contributions in future years where the scheme goes into deficit (as has occurred in previous years).

The Local Government Superannuation Scheme however is unable to provide Council with an accurate estimate of any 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 planned contributions being made to the defined benefit scheme to rectify past (and projected) deficit positions will be recognised as an expense when they become payable – similar to the accounting for defined contributions plans.

Member councils are treated as Pooled Employers for the purposes of AASB119. Pooled Employers are required to pay standard employer contributions and additional lump sum contributions to the Fund.

The standard employer contributions were determined using the new entrant rate method under which a contribution rate sufficient to fund the total benefits over the working life-time of a typical new entrant is calculated. The current standard employer contribution rates are:

Division B	1.9 times employee contributions
Division C	2.5% salaries
Division D	1.64 times employee contributions

The additional lump sum contribution for each Pooled Employer is a share of the total additional contributions of \$40.0 million per annum from 1 July 2017 for 4 years to 30 June 2021, apportioned according to each employer's share of the accrued liabilities as at 30 June 2017. These additional lump sum contributions are used to fund the deficit of assets to accrued liabilities as 30 June 2017.

The adequacy of contributions is assessed at each triennial actuarial investigation and monitored annually between triennials.

Liverpool Plains Shire Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 16. Contingencies and other liabilities/assets not recognised (continued)

LIABILITIES NOT RECOGNISED (continued):

(i) Defined benefit superannuation contribution plans (continued)

As stated above, each sponsoring employer is exposed to the actuarial risks associated with current and former employees of other sponsoring employers and hence shares in the associated gains and losses.

However, there is no relief under the Fund's trust deed for employers to walk away from their defined benefit obligations. Under limited circumstances, an employer may withdraw from the plan when there are no active members, on full payment of outstanding additional contributions. There is no provision for allocation of any surplus which may be present at the date of withdrawal of the entity.

There are no specific provisions under the Fund's trust deed dealing with deficits or surplus on wind-up.

There is no provision for the allocation of any surplus which may be present at the date of withdrawal of an employer.

The plan is a defined benefit plan. However, each sponsoring employer is exposed to the actuarial risks associated with current and former employees of other sponsoring employers and hence shares in the associated gains and losses (to the extent that they are not borne by members). As such, there is not sufficient reliable information to allow each sponsoring employer to account for its proportionate share of the defined benefit obligation, sub-group assets and costs associated with the sub-group in the same way as it would for a single employer sponsored defined benefit plan.

The amount of Council employer contributions to the defined benefit section of the Fund and recognised as an expense and disclosed as part of superannuation expenses at Note 4 (a) for the year ending 30 June 2018 was \$210,728.21. The amount of additional contributions included in total contributions is \$107,000.00. Council's expected contribution to the plan for the next annual reporting period is \$309,000.00.

The last valuation of the Fund was by the Actuary, Mr Richard Boyfield, FIAA on 12 December 2017, relating to the period ended 30 June 2017.

Council's expected contributions to the Fund for the next annual reporting period is \$190,800.04.

The estimated employer reserves financial position for the Pooled Employers at 30 June 2018 is:

Employer reserves only *	\$ millions	Asset Coverage
Assets	1,817.8	
Past Service Liabilities	1,787.5	101.7%
Vested Benefits	1,778.0	102.2%

* excluding member accounts and reserves in both assets and liabilities.

The key economic long term assumptions used to calculate the present value of accrued benefits are:

Investment return	6.0% per annum
Salary inflation *	3.5% per annum
Increase in CPI	2.5% per annum

* Plus promotional increases

Liverpool Plains Shire Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 16. Contingencies and other liabilities/assets not recognised (continued)

LIABILITIES NOT RECOGNISED (continued):

(i) Defined benefit superannuation contribution plans (continued)

The contribution requirements may vary from the current rates if the overall sub-group experience is not in line with the actuarial assumptions in determining the funding program, however any adjustment to the funding program would be the same for all sponsoring employers in the Pooled Employers group.

Please note that the estimated employer reserves financial position above is a preliminary calculation and once all the relevant information has been received by the Funds Actuary, the 2018 triennial review will be completed around December 2018.

Council's additional lump sum contribution is around 0.26% of the total additional lump sum contributions for all Pooled Employers (of \$40m each year from 1 July 2017 to 30 June 2021) provides an indication of the level of participation of Council compared with other employers in the Pooled Employer sub-group.

(ii) Statewide Limited

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

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

The future realisation and finalisation of claims incurred but not reported to 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.

Liverpool Plains Shire Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 16. Contingencies and other liabilities/assets not recognised (continued)

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.

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 and including 30 June 2008.

(ii) Infringement notices/fines

Fines and penalty income, the result of Council issuing infringement notices is followed up and collected by the Infringement Processing Bureau.

Council's revenue recognition policy for such income is to account for it as revenue on receipt.

Accordingly, at 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.

(iii) Central Northern Regional Libraries

Liverpool Plains Shire Council is a member of the Central Northern Regional Libraries Group.

This group operates under the Central Northern Library Regional Library Agreement renewed from 1 July 2010. This organisation is administered by the Tamworth Regional Council on behalf of the Six members.

The percentage of contribution and share of net assets for Liverpool Plains Shire Council is 9.5%. This has not been recognised in the financial statements.

Council has been advised that the total equity is \$1,586,151 of which Councils share at 30 June 2018 is \$150,684.

(iv) Legal Matters

Council is dealing with general legal matters as part of normal operations. No specific disclosure is made as these matters do not represent a significant and probable outflow of resources.

Liverpool Plains Shire Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 17. 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.

The fair value of receivables, loans, cash, held-to-maturity assets and financial liabilities approximates the carrying amount.

Liverpool Plains Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 17. Financial risk management (continued)

\$ '000

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

Council's finance area manages the cash and Investments portfolio.

Council has an investment policy which complies with the *Local Government Act 1993* and Ministerial Investment Order 625. This policy is regularly reviewed by Council and its staff and a monthly Investment report is provided to Council setting out the make-up and performance of the portfolio as required by Local Government regulations.

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 the financial institutions with which it invests, limiting investments to Australian institutions with a high credit rating.

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

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

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

	Increase of values/rates		Decrease of values/rates	
	Profit	Equity	Profit	Equity
2018				
Possible impact of a 1% movement in interest rates	230	230	(230)	(230)
2017				
Possible impact of a 1% movement in interest rates	205	205	(205)	(205)

Liverpool Plains Shire Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 17. Financial risk management (continued)

\$ '000

(b) Credit risk

Council's major receivables comprise (i) rates and annual charges and (ii) user charges and fees.

The major risk associated with these receivables is credit risk – the risk that debts due and payable to Council may not be repaid in full.

Council manages this risk by monitoring outstanding debt and employing stringent debt recovery procedures.

Credit risk on rates and annual charges is minimised by the ability of Council to secure a charge over the land relating to the debts – that is, the land can be sold to recover the debt. Council is also able to charge interest on overdue rates and annual charges at higher than market rates which further encourages the payment of debt.

There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

Council makes suitable provision for doubtful receivables as required.

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:

	2018 Rates and annual charges	2018 Other receivables	2017 Rates and annual charges	2017 Other receivables
(i) Ageing of receivables – %				
Current (not yet overdue)	0%	0%	0%	100%
Overdue	100%	100%	100%	0%
	100%	100%	100%	100%

(ii) Ageing of receivables – value

Rates and annual charges

	2018	2017
Current	–	3
< 1 year overdue	368	360
1 – 2 years overdue	417	626
	785	989

Other receivables

Current	2,391	1,687
	2,391	1,687

Liverpool Plains Shire Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 17. Financial risk management (continued)

\$ '000

(c) Liquidity risk

Payables and borrowings are both subject to liquidity risk – the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due.

Council manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer.

Payment terms can (in extenuating circumstances) also be extended and overdraft facilities utilised as required.

Borrowings are also subject to interest rate risk – the risk that movements in interest rates could adversely affect funding costs and debt servicing requirements. Council manages this risk by borrowing long term and fixing the interest rate on a 4-year renewal basis. The Finance Section regularly reviews interest rate movements to determine if it would be advantageous to refinance or renegotiate part or all of the loan portfolio.

The contractual undiscounted cash outflows (ie. principal and interest) of Council's payables and borrowings are set out in the maturity table below:

\$ '000	Weighted average interest rate	Subject to no maturity	≤ 1 Year	payable in:		Total cash outflows	Actual carrying values
				1 – 5 Years	> 5 Years		
2018							
Trade/other payables	0.00%	–	874	–	–	874	874
Loans and advances	5.51%	–	218	1,238	3,077	4,533	4,533
Total financial liabilities		–	1,092	1,238	3,077	5,407	5,407
2017							
Trade/other payables		–	1,158	4	–	1,162	1,162
Loans and advances	5.48%	–	200	888	3,654	4,742	4,742
Total financial liabilities		–	1,358	892	3,654	5,904	5,904

Liverpool Plains Shire Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 18. Material budget variations

\$ '000

Council's original financial budget for 17/18 was adopted by the Council on 28 June 2017 and is not required to be audited.

While the Income Statement included in this General Purpose Financial Report must disclose the original budget adopted by Council, the *Local Government Act 1993* 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	2018 Budget	2018 Actual	2018 ----- Variance* -----		
REVENUES					
Rates and annual charges	10,857	11,173	316	3%	F
User charges and fees	5,365	3,754	(1,611)	(30%)	U
Councils 17/18 budget does not contain sufficient detail to pinpoint the variance.					
Interest and investment revenue	834	784	(50)	(6%)	U
Other revenues	–	694	694	0%	F
Councils 17/18 budget does not contain sufficient detail to pinpoint the variance.					
Operating grants and contributions	11,776	5,334	(6,442)	(55%)	U
Councils 17/18 budget does not contain sufficient detail to pinpoint the variance.					
Capital grants and contributions	3,425	6,629	3,204	94%	F
Councils 17/18 budget does not contain sufficient detail to pinpoint the variance.					

Liverpool Plains Shire Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 18. Material budget variations (continued)

\$ '000	2018 Budget	2018 Actual	2018 ----- Variance* -----	
EXPENSES				
Employee benefits and on-costs	9,626	9,013	613	6% F
Borrowing costs	409	295	114	28% F
Difficulty predicting future interest rate movements resulted in a favourable outcome with regards to borrowing costs.				
Materials and contracts	8,815	8,602	213	2% F
Depreciation and amortisation	3,948	9,222	(5,274)	(134%) U
Councils 17/18 budget does not contain sufficient detail to pinpoint the variance.				
Other expenses	2,529	2,237	292	12% F
Councils 17/18 budget does not contain sufficient detail to pinpoint the variance.				
Net losses from disposal of assets	–	81	(81)	0% U
Council does not budget for gains or losses on asset disposal.				
Fair value decrement on investment property	–	236	(236)	0% U
Council does not budget for revaluation movements on investment properties.				
Budget variations relating to Council's Cash Flow Statement include:				
Cash flows from operating activities	10,877	7,390	(3,487)	(32.1%) U
Councils 17/18 budget does not contain sufficient detail to pinpoint the variance.				
Cash flows from investing activities	(13,459)	(8,040)	5,419	(40.3%) F
Councils 17/18 budget does not contain sufficient detail to pinpoint the variance.				
Cash flows from financing activities	(195)	(209)	(14)	7.2% U

Liverpool Plains Shire Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 19. Fair value measurement

\$ '000

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

- Infrastructure, property, plant and equipment
- Investment property

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

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

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

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

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

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

2018	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				
Investment property				
Investment properties	–	600	–	600
Total investment property	–	600	–	600
Infrastructure, property, plant and equipment				
Plant and equipment	–	–	6,428	6,428
Office equipment	–	–	35	35
Furniture and fittings	–	–	157	157
Operational land	–	8,979	–	8,979
Community land	–	–	4,284	4,284
Buildings	–	–	28,221	28,221
Other structures	–	–	4,552	4,552
Roads	–	–	233,782	233,782
Bridges	–	–	68,781	68,781
Footpaths	–	–	2,619	2,619
Bulk earthworks (non-depreciable)	–	–	78,016	78,016
Stormwater drainage	–	–	15,044	15,044
Water supply network	–	–	51,516	51,516
Sewerage network	–	–	27,150	27,150
Other assets	–	–	1,325	1,325
Tip assets	–	–	423	423
Quarry assets	–	–	197	197
Capital WIP	–	–	2,761	2,761
Total infrastructure, property, plant and equipment	–	8,979	525,291	534,270

Liverpool Plains Shire Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 19. Fair value measurement (continued)

\$ '000

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

2017	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				
Investment property				
Investment properties	–	836	–	836
Total investment property	–	836	–	836
Infrastructure, property, plant and equipment				
Plant and equipment	–	–	6,576	6,576
Office equipment	–	–	235	235
Furniture and fittings	–	–	94	94
Operational land	–	8,664	–	8,664
Community land	–	–	4,284	4,284
Buildings – non-specialised	–	–	27,644	27,644
Other structures	–	–	4,339	4,339
Roads	–	–	238,556	238,556
Bridges	–	–	69,427	69,427
Footpaths	–	–	2,608	2,608
Bulk earthworks (non-depreciable)	–	–	78,016	78,016
Stormwater drainage	–	–	15,203	15,203
Water supply network	–	–	51,245	51,245
Sewerage network	–	–	27,200	27,200
Other assets	–	–	1,380	1,380
Tip assets	–	–	434	434
Quarry assets	–	–	211	211
Buildings – specialised	–	–	1,182	1,182
Capital WIP	–	–	3,794	3,794
Total infrastructure, property, plant and equipment	–	8,664	532,428	541,092

(2) Transfers between level 1 and 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.

Liverpool Plains Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 19. Fair value measurement (continued)

(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 and equipment (IPP&E)

Fair value hierarchy level 3 valuations of land - Valuations of Crown land, community land and land subject to other restrictions on use or disposal, shown above as being based on fair value hierarchy level 3 valuation inputs, are based on prices for similar assets in an active market, but include adjustments for specific advantages or disadvantages attaching to the particular asset that are not directly or indirectly observable in that market, or the number and / or amount of observable adjustments of which are so great that the valuation is more fairly described as being based on level 3 valuation inputs.

Fair value hierarchy level 3 valuations of buildings, infrastructure and other assets - There is no known market for these assets and they are valued at depreciated current replacement cost. This method involves:

The determination of the cost to construct the asset (or its modern engineering equivalent) using current prices for materials and labour, the quantities of each being estimated based on recent experience of this or similar Councils, or on industry construction guides where these are more appropriate.

The calculation of the depreciation that would have accumulated since original construction using current estimates of residual value and useful life under the prime cost depreciation method adopted by Council.

This method has significant inherent uncertainties, relying on estimates of quantities of materials and labour, residual values and useful lives, and the possibility of changes in prices for materials and labour, and the potential for development of more efficient construction techniques.

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

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

	Level 3 Asset Class	Total
Opening balance – 1/7/16	521,977	521,977
Purchases (GBV)	8,801	8,801
Disposals (WDV)	(269)	(269)
Depreciation and impairment	(6,298)	(6,298)
FV gains – other comprehensive income	8,217	8,217
Closing balance – 30/6/17	532,428	532,428
Purchases (GBV)	6,465	6,465
Disposals (WDV)	(1,403)	(1,403)
Depreciation and impairment	(9,222)	(9,222)
FV gains – other comprehensive income	(2,591)	(2,591)
Other movement expense wip prior years	(386)	(386)
Closing balance – 30/6/18	525,291	525,291

Liverpool Plains Shire Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 19. Fair value measurement (continued)

\$ '000

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

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

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

Class	Fair value (30/6/18) \$'000	Valuation technique/s	Unobservable inputs
Investment property			
Land	600	External valuation using planning and other development constraints and land dimensions.	Potential for alternative uses along with market prices for similar properties when available.
IPP&E			
Operational Land	8,979	External valuation using planning and other development constraints and land dimensions.	Potential for alternative uses along with market prices for similar properties when available.
Community Land	4,284	Land values obtained from the NSW Valuer General	Land value, land area
Buildings	28,221	External valuation	Using depreciable replacement cost given limited comparable sales information
Roads, bridges, Footpaths, stormwater	398,242	Conducted internally using Council engineers	Derived using unit rates using costs from recent works
Sewer Infrastructure	27,150	Conducted internally using Council engineers	Derived using unit rates using costs from recent works
Water infrastructure	51,516	Conducted internally using Council engineers	Derived using unit rates using costs from recent works
Other Structures	4,552	At cost but disclosed at fair value	No observable or unobservable inputs were used
Remaining Classes	11,326	At cost but disclosed at fair value	No observable or unobservable inputs were used

(5). Highest and best use

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

Liverpool Plains Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 20. Related party transactions

\$ '000

a. Key management personnel

Key management personnel (KMP) of the Council are those persons having the authority and responsibility for planning, directing and controlling the activities of the council, directly or indirectly.

The aggregate amount of KMP compensation included in the Income Statement is:

Compensation:	2018	2017
Short-term benefits	688	873
Post-employment benefits	73	86
Termination benefits	65	38
Total	826	997

Liverpool Plains Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 20. Related party transactions (continued)

b. Other transactions with KMP and their related parties

Council has determined that transactions at arm's length between KMP and Council as part of Council delivering a public service objective (e.g. access to library or Council swimming pool by KMP) will not be disclosed.

Nature of the transaction		Value of transactions during year	Outstanding balance (incl. loans and commitments)	Terms and conditions	Provisions for doubtful debts outstanding	Doubtful debts expense recognised
	Ref	Actual \$	Actual \$		Actual \$	Actual \$
2018						
A KMP who is a Mayor provided signage for various projects.	1	62,000	—	30 Days	—	—
A KMP who is a Councillor provided supplies and Materials for various projects.	2	2,000	—	30 Days	—	—
2017						
A KMP who is a Mayor provided signage for various projects.	1	75,000	—	30 Days	—	—
A KMP who is a Councillor provided supplies and Materials for various projects.	2	7,000	—	30 Days	—	—

- 1 Council purchased numerous signs during the year from Country Mile Signs, a company which has a member of Council's KMP as a director. Amounts were billed based on normal rates for such supplies and were due and payable under normal payment terms following the Council's procurement processes.
- 2 Council purchased various plants, small maintenance supplies and materials during the year from Quirindi Grain & Produce, a company which has a member of Council's KMP as a director. Amounts were billed based on normal rates for such supplies and were due and payable under normal payment terms following the Council's procurement processes.

Liverpool Plains Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 21. Statement of developer contributions

\$ '000

Under the *Environmental Planning and Assessment Act 1979*, Council has significant obligations to provide Section 7.11 (contributions towards provision or improvement of amenities or services) infrastructure in new release areas.

It is possible that the funds contributed may be less than the cost of this infrastructure, requiring Council to borrow or use general revenue to fund the difference.

SUMMARY OF CONTRIBUTIONS AND LEVIES

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Drainage	1	—	—	—	—	—	1	—
Roads	194	85	—	6	—	—	285	—
Open space	43	—	—	1	—	—	44	—
Community facilities	22	—	—	1	—	—	23	—
Youth services	20	—	—	1	—	—	21	—
Bushfire	11	—	—	—	—	—	11	—
Other	153	—	—	5	—	—	158	—
S7.11 contributions – under a plan	443	85	—	14	—	—	542	—
S7.12 levies – under a plan	282	45	—	9	—	—	336	—
Total S7.11 and S7.12 revenue under plans	725	130	—	23	—	—	878	—
S7.11 not under plans	88	—	—	3	—	—	91	—
S64 contributions	451	11	—	14	—	—	476	—
Total contributions	1,264	141	—	40	—	—	1,445	—

Liverpool Plains Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 21. Statement of developer contributions (continued)

\$ '000

S7.11 CONTRIBUTIONS – UNDER A PLAN

CONTRIBUTION PLAN - Quirindi

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Roads	26	41	–	1	–	–	68	–
Open space	26	–	–	1	–	–	27	–
Community facilities	22	–	–	1	–	–	23	–
Youth services	20	–	–	1	–	–	21	–
Total	93	41	–	4	–	–	138	–

CONTRIBUTION PLAN - Willow Tree

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Drainage	1	–	–	–	–	–	1	–
Roads	168	44	–	5	–	–	217	–
Open space	17	–	–	–	–	–	17	–
Bushfire	11	–	–	–	–	–	11	–
Total	197	44	–	5	–	–	246	–

CONTRIBUTION PLAN - Werris Creek

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Other	153	–	–	5	–	–	158	–
Total	153	–	–	5	–	–	158	–

Liverpool Plains Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 21. Statement of developer contributions (continued)

\$ '000

S7.12 LEVIES – UNDER A PLAN

CONTRIBUTION PLAN

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Other	282	45	–	9	–	–	336	–
Total	282	45	–	9	–	–	336	–

S7.11 CONTRIBUTIONS – NOT UNDER A PLAN

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Roads	68	–	–	2	–	–	70	–
Open space	20	–	–	1	–	–	21	–
Total	88	–	–	3	–	–	91	–

S64 contributions

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Water	451	11	–	13	–	–	475	–
Total	451	11	–	13	–	–	475	–

Liverpool Plains Shire Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 22. Financial result and financial position by fund

Income Statement by fund			
\$ '000	2018	2018	2018
Continuing operations	Water	Sewer	General¹
Income from continuing operations			
Rates and annual charges	1,889	1,306	7,978
User charges and fees	1,523	1	2,230
Interest and investment revenue	281	213	290
Other revenues	5	34	655
Grants and contributions provided for operating purposes	11	–	5,323
Grants and contributions provided for capital purposes	–	–	6,629
Total income from continuing operations	3,709	1,554	23,105
Expenses from continuing operations			
Employee benefits and on-costs	697	181	8,135
Borrowing costs	223	–	72
Materials and contracts	882	325	7,395
Depreciation and amortisation	1,023	654	7,545
Other expenses	34	–	2,203
Net losses from the disposal of assets	–	–	81
Fair value decrement on investment property	–	–	236
Total expenses from continuing operations	2,859	1,160	25,667
Operating result from continuing operations	850	394	(2,562)
 Net operating result attributable to each council fund	 850	 394	 (2,562)
 Net operating result for the year before grants and contributions provided for capital purposes	 850	 394	 (9,191)

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

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

Liverpool Plains Shire Council

Notes to the Financial Statements
as at 30 June 2018

Note 22. Financial result and financial position by fund (continued)

Statement of Financial Position by fund			
\$ '000	2018	2018	2018
ASSETS	Water	Sewer	General¹
Current assets			
Cash and cash equivalents	3,285	1,075	46
Investments	6,335	6,765	5,900
Receivables	807	97	2,065
Inventories	–	–	404
Total current assets	10,427	7,937	8,415
Non-current assets			
Investments	–	–	4,000
Receivables	–	–	59
Infrastructure, property, plant and equipment	51,879	27,216	455,175
Investment property	–	–	600
Total non-current assets	51,879	27,216	459,834
TOTAL ASSETS	62,306	35,153	468,249
LIABILITIES			
Current liabilities			
Payables	55	4	815
Borrowings	156	–	62
Provisions	–	–	2,283
Total current liabilities	211	4	3,160
Non-current liabilities			
Borrowings	3,622	–	693
Provisions	–	–	1,590
Total non-current liabilities	3,622	–	2,283
TOTAL LIABILITIES	3,833	4	5,443
Net assets	58,473	35,149	462,806
EQUITY			
Accumulated surplus	29,304	13,497	175,554
Revaluation reserves	29,169	21,652	287,252
Total equity	58,473	35,149	462,806

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

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

Liverpool Plains Shire Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 23(a). Statement of performance measures – consolidated results

\$ '000	Amounts 2018	Indicator 2018	Prior periods		Benchmark
			2017	2016	
Local government industry indicators – consolidated					
1. Operating performance ratio					
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions less operating expenses	(7,630)	-35.10%	4.52%	-1.16%	> 0.00%
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions	21,739				
2. Own source operating revenue ratio					
Total continuing operating revenue ⁽¹⁾ excluding all grants and contributions	16,405	57.83%	55.26%	53.84%	> 60.00%
Total continuing operating revenue ⁽¹⁾	28,368				
3. Unrestricted current ratio					
Current assets less all external restrictions ⁽²⁾	5,685	3.68x	4.47x	8.70x	> 1.5x
Current liabilities less specific purpose liabilities ^(3, 4)	1,543				
4. Debt service cover ratio					
Operating result ⁽¹⁾ before capital excluding interest and depreciation/impairment/amortisation	1,887	3.74x	12.88x	22.85x	> 2x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	504				
5. Rates, annual charges, interest and extra charges outstanding percentage					
Rates, annual and extra charges outstanding	834	6.63%	9.87%	8.79%	10%
Rates, annual and extra charges collectible	12,573				
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	27,406	14.72 mths	15.3 mths	13.6 mths	> 3 mths
Monthly payments from cash flow of operating and financing activities	1,861				

Notes

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

⁽²⁾ Refer Notes 6-8 inclusive.

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

⁽³⁾ Refer to Notes 11 and 12.

⁽⁴⁾ Refer to Note 11(b) and 12(b) – excludes all payables and provisions not expected to be paid in the next 12 months (incl. ELE).

Liverpool Plains Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 23(b). Statement of performance measures – by fund

\$ '000	General indicators ⁵		Water indicators		Sewer indicators		Benchmark
	2018	2017	2018	2017	2018	2017	
Local government industry indicators – by fund							
1. Operating performance ratio							
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions							
less operating expenses							
<hr/>	-53.65%	-5.01%	22.44%	39.17%	25.35%	61.19%	> 0.00%
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions							
2. Own source operating revenue ratio							
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions							
<hr/>	48.78%	48.27%	97.76%	83.25%	97.10%	98.31%	> 60.00%
Total continuing operating revenue ⁽¹⁾							
3. Unrestricted current ratio							
Current assets less all external restrictions ⁽²⁾							
<hr/>	3.68x	4.47x	49.42x	36.78x	1984.25x	No liabilities	> 1.5x
Current liabilities less specific purpose liabilities ^(3, 4)							

Notes

(1) - (4) Refer to Notes at Note 23a above.

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

Liverpool Plains Shire Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 23(b). Statement of performance measures – by fund (continued)

\$ '000	General indicators ⁵		Water indicators		Sewer indicators		Benchmark
	2018	2017	2018	2017	2018	2017	
Local government industry indicators – by fund (continued)							
4. Debt service cover ratio							
Operating result ⁽¹⁾ before capital excluding interest and depreciation/impairment/amortisation	-9.21x	18.48x	5.60x	6.36x	0.00x	0.00x	> 2x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)							
5. Rates, annual charges, interest and extra charges outstanding percentage							
Rates, annual and extra charges outstanding	5.89%	9.18%	9.79%	12.49%	7.43%	10.80%	< 10% regional & rural
Rates, annual and extra charges collectible							
6. Cash expense cover ratio							
Current year's cash and cash equivalents plus all term deposits	12.38 months	12.28 months	0.00 months	0.00 months	0.00 months	0.00 months	> 3 months
Monthly payments from cash flow of operating and financing activities							

Notes

(1) Refer to Notes at Note 23a above.

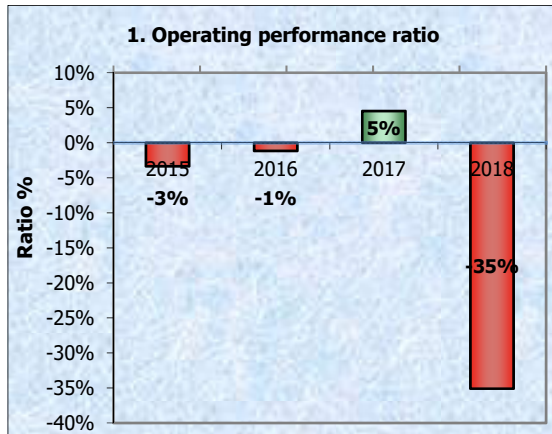
(5) General fund refers to all of Council's activities except for its water and sewer activities which are listed separately.

END OF AUDITED FINANCIAL STATEMENTS

Liverpool Plains Shire Council

Additional council disclosures (unaudited)
for the year ended 30 June 2018

Statement of performance measures – consolidated results (graphs)



Benchmark: — Minimum $\geq 0.00\%$

Source for benchmark: Code of Accounting Practice and Financial Reporting #26

Purpose of operating performance ratio

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

Commentary on 2017/18 result

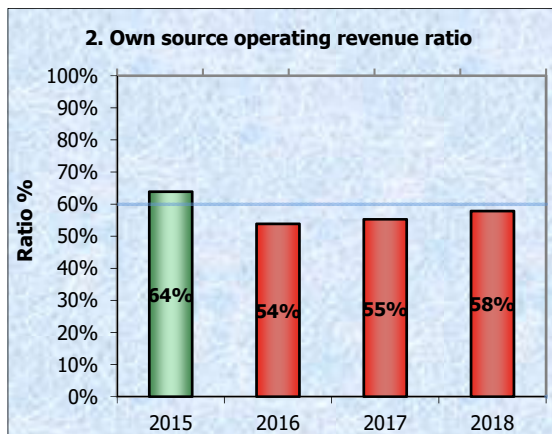
2017/18 ratio -35.10%

The significant decline in this ratio is due to increased depreciation resulting from the 16/17 revaluation of water and sewer as well as a thorough review of useful lives and componentisation of councils roads infrastructure assets. Council continues to work on improving the accuracy of its asset register undertaking a thorough analysis of useful lives and residual values.



Ratio achieves benchmark

Ratio is outside benchmark



Benchmark: — Minimum $\geq 60.00\%$

Source for benchmark: Code of Accounting Practice and Financial Reporting #26

Purpose of own source operating revenue ratio

This ratio measures fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants and contributions.

Commentary on 2017/18 result

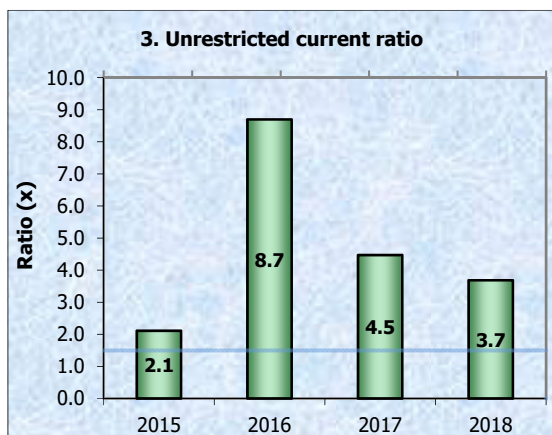
2017/18 ratio 57.83%

Council continues to be successful in obtaining grant funding to improve the facilities and services available to its community. In the short term this does have an impact on the own source operating revenue ratio.



Ratio achieves benchmark

Ratio is outside benchmark



Benchmark: — Minimum ≥ 1.50

Source for benchmark: Code of Accounting Practice and Financial Reporting #26

Purpose of unrestricted current ratio

To assess the adequacy of working capital and its ability to satisfy obligations in the short term for the unrestricted activities of Council.

Commentary on 2017/18 result

2017/18 ratio 3.68x

Council is performing well in this area and is strongly positioned to meet its current liabilities.



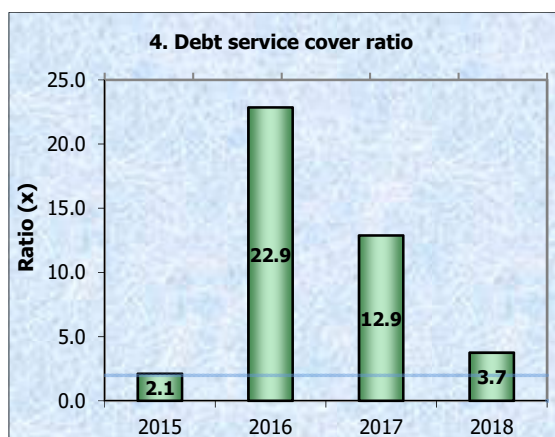
Ratio achieves benchmark

Ratio is outside benchmark

Liverpool Plains Shire Council

Additional council disclosures (unaudited)
for the year ended 30 June 2018

Statement of performance measures – consolidated results (graphs)



Benchmark: — Minimum ≥ 2.00

Source for benchmark: Code of Accounting Practice and Financial Reporting #26

Purpose of debt service cover ratio

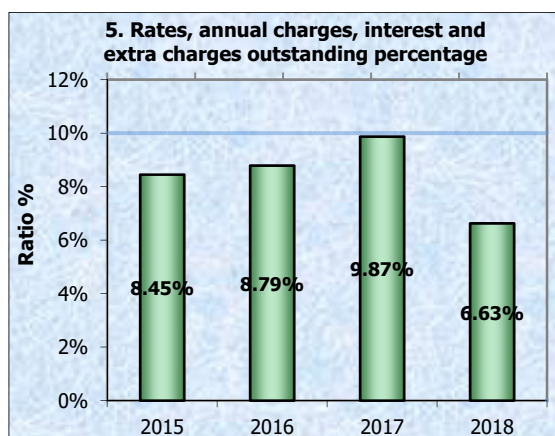
This ratio measures the availability of operating cash to service debt including interest, principal and lease payments

Commentary on 2017/18 result

2017/18 ratio 3.74x

Council has borrowed responsibly and is in a good position to meet its loan obligations.

Ratio achieves benchmark
Ratio is outside benchmark



Benchmark: — Maximum $< 10.00\%$

Source for Benchmark: Code of Accounting Practice and Financial Reporting #26

Purpose of rates and annual charges outstanding ratio

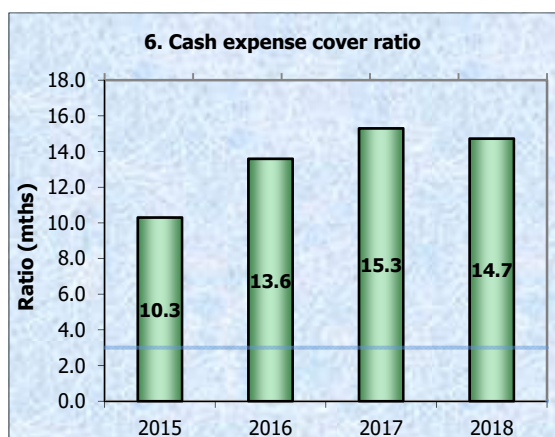
To assess the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of recovery efforts.

Commentary on 2017/18 result

2017/18 ratio 6.63%

Council continues to perform within industry standards, though it is mindful of the current climatic conditions and the impact this may have on debt recovery in the short to medium term.

Ratio is within Benchmark
Ratio is outside Benchmark



Benchmark: — Minimum ≥ 3.00

Source for benchmark: Code of Accounting Practice and Financial Reporting #26

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 2017/18 result

2017/18 ratio 14.72 mths

This ratio continues to be maintained well above the industry benchmark indicating Council is well placed to meet its immediate obligations.

Ratio achieves benchmark
Ratio is outside benchmark

Liverpool Plains Shire Council

Additional council disclosures (unaudited)
for the year ended 30 June 2018

Council information and contact details

Principal place of business:

60 Station Street
Quirindi NSW 2343

Contact details

Mailing address:

PO Box 152
Quirindi NSW 2343

Opening hours:

Monday to Friday
8.30 am to 5.00 pm

Telephone: 02 6746 1755

Facsimile: 02 6746 3255

Internet: www.lpsc.nsw.gov.au

Email: LPSC@lpsc.nsw.gov.au

Officers

GENERAL MANAGER

Ron Van Katwyk

Elected members

MAYOR

Andrew Hope

RESPONSIBLE ACCOUNTING OFFICER

Sherrill Young

Other information

ABN: 97 810 717 370



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial report

Liverpool Plains Shire Council

To the Councillors of Liverpool Plains Shire Council

Opinion

I have audited the accompanying financial report of Liverpool Plains Shire Council (the Council), which comprise the Income Statement and Statement of Comprehensive Income for the year ended 30 June 2018, the Statement of Financial Position as at 30 June 2018, the Statement of Changes in Equity and Statement of Cash Flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by Councillors and Management.

In my opinion,

- 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 (the Division)
- the financial report:
 - has been presented, in all material respects, in accordance with the requirements of this Division
 - is consistent with the Council's accounting records
 - presents fairly, in all material respects, the financial position of the Council as at 30 June 2018, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- all information relevant to the conduct of the audit has been obtained
- no material deficiencies in the accounting records or financial report have come to light during the audit.

My opinion should be read in conjunction with the rest of this report.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Report' section of my report.

I am independent of the Council in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of councils
- precluding the Auditor-General from providing non-audit services.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Other Information

Other information comprises the information included in the Council's annual report for the year ended 30 June 2018, other than the financial report and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the special purpose financial statements and Special Schedules (the Schedules).

My opinion on the financial report does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information. However, as required by the *Local Government Act 1993*, I have separately expressed an opinion on the special purpose financial statements and Special Schedule 2 - Permissible income for general rates.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Report

The Councillors are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Local Government Act 1993*, and for such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Councillors are responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting except where the Council will be dissolved or amalgamated by an Act of Parliament, or otherwise cease operations.

Auditor's Responsibilities for the Audit of the Financial Report

My objectives are to:

- obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial report.

A description of my responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf. The description forms part of my auditor's report.

My opinion does *not* provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- on the Original Budget information included in the Income Statement, Statement of Cash Flows, and Note 18 Material budget variations
- on the Special Schedules. A separate opinion has been provided on Special Schedule 2 - Permissible income for general rates
- about the security and controls over the electronic publication of the audited financial report on any website where it may be presented
- about any other information which may have been hyperlinked to/from the financial report.



Nathan Carter
Director, Financial Audit Services

30 November 2018
SYDNEY

Mr Andrew Hope
Mayor
Liverpool Plains Shire Council
PO Box 152
QUIRINDI NSW 2343

Contact: Nathan Carter
Phone no: 9275 7349
Our ref: D1829278/1756

30 November 2018

Dear Mayor

Report on the Conduct of the Audit for the year ended 30 June 2018 Liverpool Plains Shire Council

I have audited the general purpose financial statements of the Liverpool Plains Shire Council (the Council) for the year ended 30 June 2018 as required by section 415 of the *Local Government Act 1993* (the Act).

I expressed an unmodified opinion on the Council's general purpose financial statements.

This Report on the Conduct of the Audit (the Report) for the Council for the year ended 30 June 2018 is issued in accordance with section 417 of the Act. This Report should be read in conjunction with my audit opinion on the general purpose financial statements issued under section 417(2) of the Act.

INCOME STATEMENT

Operating result

	2018 \$m	2017 \$m	Variance %
Rates and annual charges revenue	11.2	10.9	2.8
Grants and contributions revenue	12.0	13.4	10.4
Materials and contracts expense	8.6	7.8	10.3
Operating result for the year	(1.3)	4.3	130
Net operating result before capital amounts	(7.9)	1.1	818

Council's net operating result for the year was a loss of \$1.3 million and was \$5.6 million lower than the 2016–17 result. The net operating result before capital grants and contributions was a loss of \$7.9 million and was \$9.0 million lower than the 2016–17 result of \$1.1m. The reasons for the movements are outlined below.

Rates and annual charges revenue (\$11.2 million) increased by \$0.3 million (2.8 per cent) in 2017–18. As Council did not have a special rate variation, the increase is a combination of the IPART approved increase of 1.5 per cent and growth in the Council area.

Offsetting these were Grants and contributions revenue of \$12.0 million, which decreased by \$1.4 million (10.4 per cent) in 2017–18. This was mainly due to a reduction in financial assistance grant income of \$1.5 million.

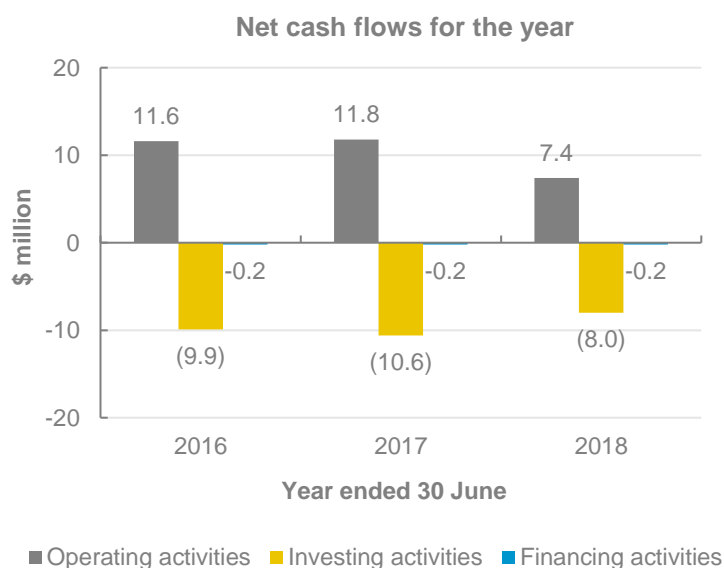
Depreciation and amortisation expense (\$9.2 million) increased by \$2.9 million (46 per cent) in 2017–18. This was mainly due to:

- an increase in depreciation expense on roads of \$1.6 million following a review into residual values and useful lives of road components
- an increase in depreciation expense on water supply and sewerage network assets of \$0.8 million following a change in the componentisation of water and sewer assets.

Materials and contracts expense of \$8.6 million increased by \$0.8 million (10.3 per cent) in 2017–18 mainly due to a \$1 million increase in contractor and consultancy costs.

STATEMENT OF CASH FLOWS

- The decrease in cash provided from operating activities (\$7.4 million) is largely due to a decrease in receipts from grants and contributions (\$1.4 million), a decrease in other receipts (\$1.2 million), an increase in payments for materials and contracts of (\$4.2 million) and a decrease in other payments (\$2.4 million).
- The decrease in net cash used in investing activities (outflow of \$8.0 million) is largely due to a decrease in purchases of infrastructure, property, plant and equipment (\$6.0 million).



FINANCIAL POSITION

Cash and Investments

Cash and Investments	2018	2017	Commentary
	\$m	\$m	
External restrictions	24.2	19.1	<ul style="list-style-type: none"> External restrictions have increased for specific purpose unexpended grants (\$5.0 million). The decrease in internal restrictions is largely the result of a decrease in corporate services (\$1.5 million) and environmental (\$1.4 million). Unrestricted cash and investments represents the balance between total cash and investments and restricted cash and investments.
Internal restrictions	3.2	5.4	
Unrestricted	0.06	1.2	
Cash and investments	27.4	25.8	

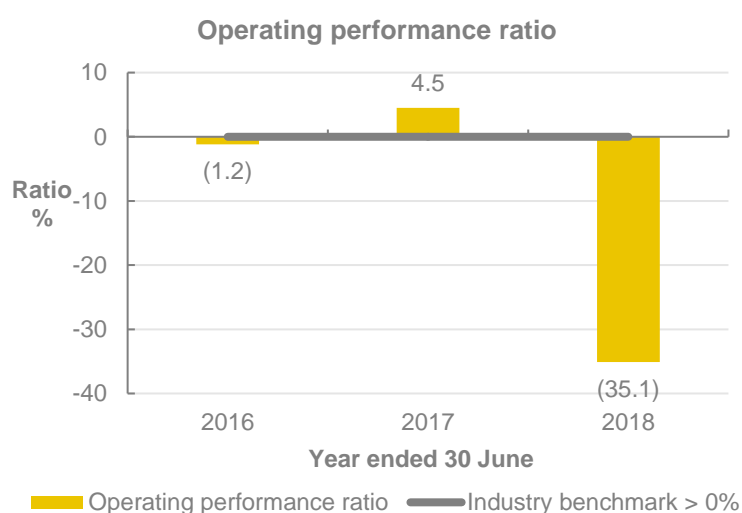
PERFORMANCE RATIOS

The definition of each ratio analysed below (except for the 'building and infrastructure renewals ratio') is included in Note 23 of the Council's audited general purpose financial statements. The 'building and infrastructure renewals ratio' is defined in Council's Special Schedule 7 and is not audited.

Operating performance ratio

Council has not achieved the benchmark in the current year. The reasons are included in the commentary under 'Operating result' on page 2 of this report.

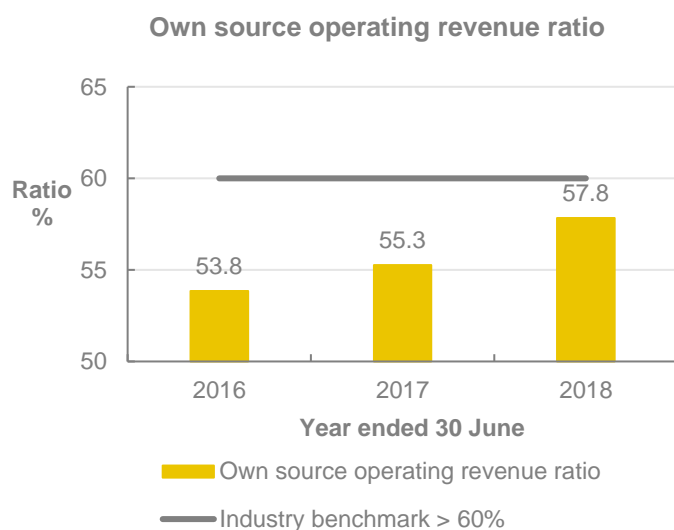
The 'operating performance ratio' measures how well council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by the Office of Local Government (OLG) is greater than zero per cent.



Own source operating revenue ratio

Council is below the benchmark as a significant proportion of Councils capital projects are funded through grants.

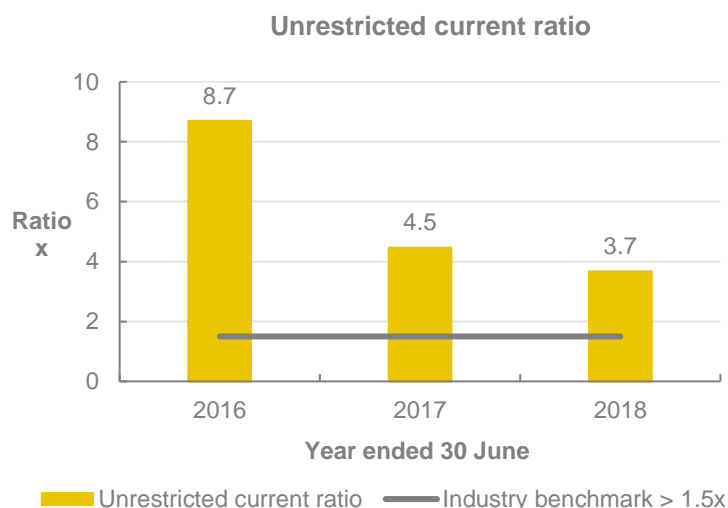
The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.



Unrestricted current ratio

Council has exceeded the benchmark in the current year and although the ratio remains positive, has decreased from the prior year as a result of a decrease in unrestricted cash and investments.

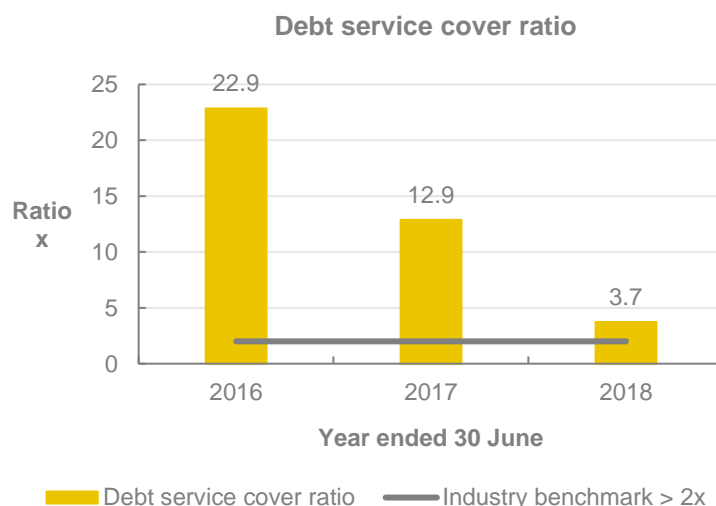
The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.



Debt service cover ratio

Council has achieved the benchmark however the ratio has decreased from the prior year as a result of a decline in the operating result as noted under 'Operating result' on page 2 of this report.

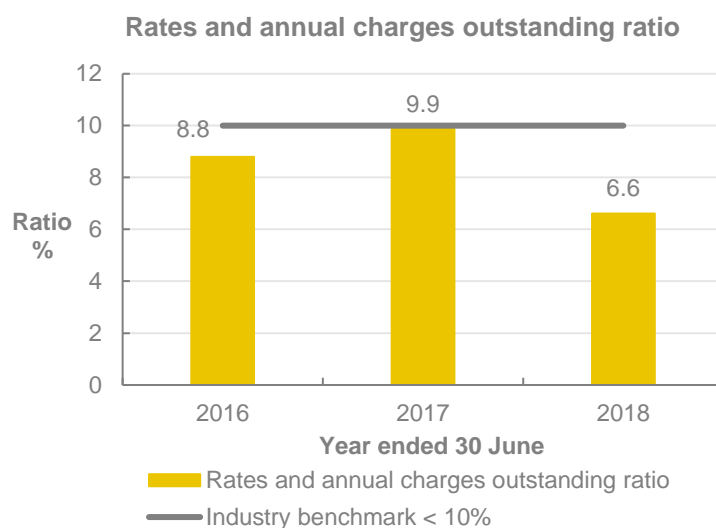
The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.



Rates and annual charges outstanding ratio

Councils rates and annual charges outstanding ratio remains better than the industry benchmark and has improved on the previous year, indicating an improvement in debt collection practices.

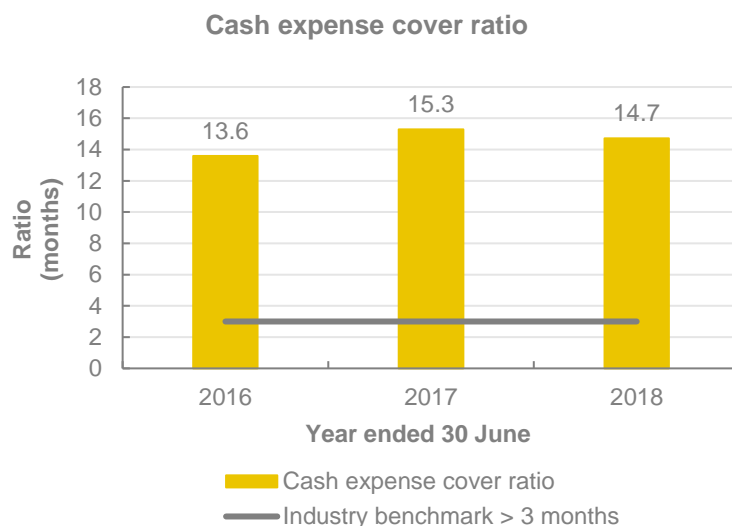
The 'rates and annual charges outstanding ratio' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 10 per cent for regional and rural councils.



Cash expense cover ratio

Councils cash expense cover ratio has exceeded the industry benchmark and has remained stable over the last three years.

This liquidity ratio indicates the number of months the council can continue paying for its immediate expenses without additional cash inflow. The benchmark set by OLG is greater than three months.

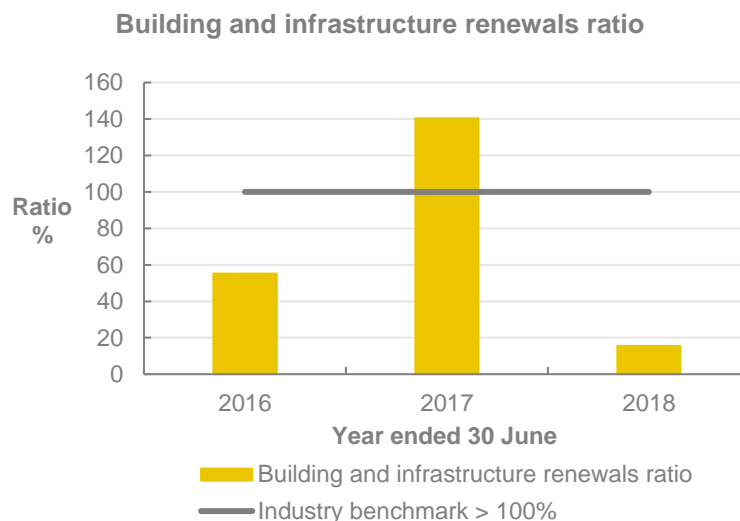


Building and infrastructure renewals ratio (unaudited)

Council is below the benchmark in the current year. The ratio is well below the previous year as a result of:

- a decrease in asset renewals
- an increase in depreciation expense as noted under 'Operating result' on page 2 of this report.

The 'building and infrastructure renewals ratio' assesses the rate at which these assets are being renewed against the rate at which they are depreciating. The benchmark set by OLG is greater than 100 per cent. This ratio is sourced from council's Special Schedule 7, which is not audited.



OTHER MATTERS

New accounting standards implemented

AASB 2016-2 'Disclosure Initiative – Amendments to AASB 107'

Effective for annual reporting periods beginning on or after 1 January 2017

This Standard requires entities to provide disclosures that enable users of financial statements to evaluate changes (both cash flows and non-cash changes) in liabilities arising from financing activities.

Council's disclosure of the changes in their liabilities arising from financing activities is disclosed in Note 11.

Legislative compliance

My audit procedures did not identify any instances of non-compliance with legislative requirements or a material deficiency in the Council's accounting records or financial reports. The Council's:

- accounting records were maintained in a manner and form to allow the general purpose financial statements to be prepared and effectively audited
- staff provided all accounting records and information relevant to the audit.



Nathan Carter
Director, Financial Audit Services

cc: Ron Van Katwyk, General Manager
Tim Hurst, Chief Executive of the Office of Local Government



Liverpool Plains Shire Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2018

Vision - That the Liverpool Plains Shire area achieves higher levels of growth & generates improved quality of life through expanded opportunities for economic and social development being realised within an environmentally and financially sustainable framework.



Liverpool Plains Shire Council

Special Purpose Financial Statements

for the year ended 30 June 2018

Contents	Page
1. Statement by Councillors and Management	2
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Income Statement – Water Supply Business Activity	3
Income Statement – Sewerage Business Activity	4
Statement of Financial Position – Water Supply Business Activity	5
Statement of Financial Position – Sewerage Business Activity	6
3. Notes to the Special Purpose Financial Statements	7
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Background

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

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

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

Liverpool Plains Shire Council

Special Purpose Financial Statements for the year ended 30 June 2018

Statement by Councillors and Management made pursuant to the Local Government Code of Accounting Practice and Financial Reporting

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

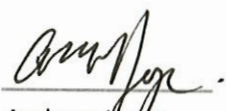
- the NSW Government Policy Statement 'Application of National Competition Policy to Local Government',
- the Division of Local Government Guidelines 'Pricing and Costing for Council Businesses – A Guide to Competitive Neutrality',
- the Local Government Code of Accounting Practice and Financial Reporting,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

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

- present fairly the operating result and financial position for each of Council's declared business activities for the 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.

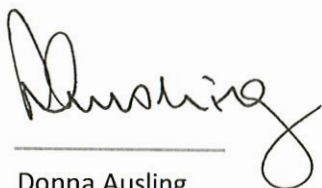
Signed in accordance with a resolution of Council made on 28 November 2018.



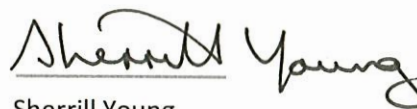
Andrew Hope
Mayor



Virginia Black
Councillor



Donna Ausling
Acting General Manager



Sherrill Young
Responsible Accounting Officer

Liverpool Plains Shire Council

Income Statement of Council's Water Supply Business Activity for the year ended 30 June 2018

\$ '000	2018	2017
Income from continuing operations		
Access charges	1,889	1,961
User charges	1,495	1,057
Fees	28	17
Interest	281	261
Grants and contributions provided for non-capital purposes	11	352
Other income	5	–
Total income from continuing operations	3,709	3,648
Expenses from continuing operations		
Employee benefits and on-costs	697	529
Borrowing costs	223	233
Materials and contracts	882	698
Depreciation, amortisation and impairment	1,023	692
Loss on sale of assets	–	9
Other expenses	34	57
Total expenses from continuing operations	2,859	2,219
Surplus (deficit) from continuing operations before capital amounts	850	1,429
Grants and contributions provided for capital purposes	–	311
Surplus (deficit) from continuing operations after capital amounts	850	1,740
Surplus (deficit) from all operations before tax	850	1,740
Less: corporate taxation equivalent (30%) [based on result before capital]	(255)	(429)
SURPLUS (DEFICIT) AFTER TAX	595	1,311
Plus opening retained profits	28,456	26,713
Plus adjustments for amounts unpaid:		
– Corporate taxation equivalent	255	429
Closing retained profits	29,306	28,456
Return on capital %	2.1%	3.2%
Subsidy from Council	291	–
Calculation of dividend payable:		
Surplus (deficit) after tax	595	1,311
Less: capital grants and contributions (excluding developer contributions)	–	(311)
Surplus for dividend calculation purposes	595	1,000
Potential dividend calculated from surplus	298	500

Liverpool Plains Shire Council

Income Statement of Council's Sewerage Business Activity for the year ended 30 June 2018

\$ '000	2018	2017
Income from continuing operations		
Access charges	1,306	1,157
Liquid trade waste charges	—	30
Fees	1	1
Interest	213	205
Grants and contributions provided for non-capital purposes	—	24
Other income	34	—
Total income from continuing operations	1,554	1,417
Expenses from continuing operations		
Employee benefits and on-costs	181	127
Materials and contracts	325	205
Depreciation, amortisation and impairment	654	172
Loss on sale of assets	—	46
Total expenses from continuing operations	1,160	550
Surplus (deficit) from continuing operations before capital amounts	394	867
Surplus (deficit) from continuing operations after capital amounts	394	867
Surplus (deficit) from all operations before tax	394	867
Less: corporate taxation equivalent (30%) [based on result before capital]	(118)	(260)
SURPLUS (DEFICIT) AFTER TAX	276	607
Plus opening retained profits	13,102	12,235
Plus adjustments for amounts unpaid:		
– Corporate taxation equivalent	118	260
Closing retained profits	13,496	13,102
Return on capital %	1.4%	3.2%
Calculation of dividend payable:		
Surplus (deficit) after tax	276	607
Surplus for dividend calculation purposes	276	607
Potential dividend calculated from surplus	138	303

Liverpool Plains Shire Council

Statement of Financial Position – Council's Water Supply Business Activity
as at 30 June 2018

\$ '000	2018	2017
ASSETS		
Current assets		
Cash and cash equivalents	3,285	3,218
Investments	6,335	1,500
Receivables	807	725
Total current assets	10,427	5,443
Non-current assets		
Investments	–	4,000
Infrastructure, property, plant and equipment	51,879	51,245
Total non-current assets	51,879	55,245
TOTAL ASSETS	62,306	60,688
LIABILITIES		
Current liabilities		
Payables	55	–
Borrowings	156	148
Total current liabilities	211	148
Non-current liabilities		
Borrowings	3,622	3,777
Total non-current liabilities	3,622	3,777
TOTAL LIABILITIES	3,833	3,925
NET ASSETS	58,473	56,763
EQUITY		
Accumulated surplus	29,304	28,456
Revaluation reserves	29,169	28,307
Council equity interest	58,473	56,763
TOTAL EQUITY	58,473	56,763

Liverpool Plains Shire Council

Statement of Financial Position – Council's Sewerage Business Activity as at 30 June 2018

\$ '000	2018	2017
ASSETS		
Current assets		
Cash and cash equivalents	1,075	1,871
Investments	6,765	1,000
Receivables	97	125
Total current Assets	7,937	2,996
Non-current assets		
Investments	–	4,000
Infrastructure, property, plant and equipment	27,216	27,200
Total non-current assets	27,216	31,200
TOTAL ASSETS	35,153	34,196
LIABILITIES		
Current liabilities		
Payables	4	–
Total current liabilities	4	–
Non-current liabilities		
Nil	–	–
TOTAL LIABILITIES	4	–
NET ASSETS	35,149	34,196
EQUITY		
Accumulated surplus	13,497	13,102
Revaluation reserves	21,652	21,094
Council equity interest	35,149	34,196
TOTAL EQUITY	35,149	34,196

Liverpool Plains Shire Council

Special Purpose Financial Statements

for the year ended 30 June 2018

Contents of the notes accompanying the financial statements

Note	Details	Page
1	Summary of significant accounting policies	8
2	Water Supply Business Best-Practice Management disclosure requirements	12
3	Sewerage Business Best-Practice Management disclosure requirements	14

Liverpool Plains Shire Council

Notes to the Special Purpose Financial Statements for the year ended 30 June 2018

Note 1. Significant accounting policies

A statement summarising the supplemental accounting policies adopted in the preparation of the Special Purpose Financial Statements (SPFS) for National Competition Policy (NCP) reporting purposes follows.

These financial statements are SPFS prepared for use by Council and the Office of Local Government. For the purposes of these statements, the Council is a non-reporting not-for-profit entity.

The figures presented in these Special Purpose Financial Statements have been prepared in accordance with the recognition and measurement criteria of relevant Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and Australian Accounting Interpretations.

The disclosures in these Special Purpose Financial Statements have been prepared in accordance with the Local Government Act 1993 (NSW), the Local Government (General) Regulation, and the Local Government Code of Accounting Practice and Financial Reporting.

The statements are prepared on an accruals basis. They are based on historic costs and do not take into account changing money values or, except where specifically stated, current values of non-current assets. Certain taxes and other costs, appropriately described, have been imputed for the purposes of the National Competition Policy.

The Statement of Financial Position includes notional assets/liabilities receivable from/payable to Council's general fund. These balances reflect a notional intra-entity funding arrangement with the declared business activities.

National Competition Policy

Council has adopted the principle of 'competitive neutrality' in 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 NSW government policy statement titled 'Application of National Competition Policy to Local Government'.

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

The pricing and costing guidelines outline the process for identifying and allocating costs to activities and provide a standard for 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 and Costing for Council Businesses – A Guide to Competitive Neutrality*, Council has declared that the following are to be considered as business activities:

Category 1

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

a. Water Supply Network

Is comprised of water supply operations and net assets system servicing the towns of Quirindi, Werris Creek, Wallabadah, Willow Tree, Spring Ridge, Wahallow, Blackville, Caroon and Premer.

Liverpool Plains Shire Council

Notes to the Special Purpose Financial Statements for the year ended 30 June 2018

Note 1. Significant accounting policies (continued)

Category 2

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

b. Sewerage Service

Is comprised of sewerage reticulation and treatment operations and net asset system servicing the towns of Quirindi and Werris Creek

Monetary amounts

Amounts shown in the financial statements are in Australian currency and rounded to the nearest thousand dollars, except for Note 2 (Water Supply Best-Practice Management Disclosures) and Note 3 (Sewerage Best-Practice Management Disclosures).

As required by Crown Lands and Water (CLAW), the amounts shown in Note 2 and Note 3 are disclosed in whole dollars.

(i) Taxation-equivalent charges

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

However, where Council does not pay some taxes which are generally paid by private sector businesses, such as income tax, these equivalent tax payments have been applied to all Council-nominated business activities and are reflected in Special Purpose 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 \$629,000 of combined land values attracts **0%**. For the combined land values in excess of \$629,001 up to \$3,846,000 the rate is **1.6% + \$100**. For the remaining combined land value that exceeds \$3,846,000 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 Crown Lands and Water (CLAW), 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 to in the NSW Office of Water Guidelines to as a 'dividend for taxation equivalent', may be applied for any purpose allowed under the *Local Government Act, 1993*.

Achievement of substantial compliance to the NSW Office of Water Guidelines is not a prerequisite for the payment of the tax equivalent charges, however the payment must not exceed \$3 per assessment.

Income tax

An income tax equivalent has been applied on the profits of the business activities.

Liverpool Plains Shire Council

Notes to the Special Purpose Financial Statements for the year ended 30 June 2018

Note 1. Significant accounting policies (continued)

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

Accordingly, the return on capital invested is set at a pre-tax level - gain/(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 gain/ (loss) from ordinary activities before capital amounts has been achieved.

Since the taxation equivalent is notional – that is, it is payable to Council as the ‘owner’ of business operations - it represents an internal payment and has no effect on the operations of the Council. Accordingly, there is no need for disclosure of internal charges in the SPFS.

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

Local government rates and charges

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

Loan and debt guarantee fees

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

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

(ii) Subsidies

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

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

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

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

(iii) Return on investments (rate of return)

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

Liverpool Plains Shire Council

Notes to the Special Purpose Financial Statements for the year ended 30 June 2018

Note 1. Significant accounting policies (continued)

The rate of return 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 2.63% at 30/6/18.

(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.

Each dividend must be calculated and approved in accordance with the DPIW guidelines and must not exceed:

- (i) 50% of this surplus in any one year, or
- (ii) the number of water supply or sewerage assessments at 30 June 2018 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

In accordance with the DPIW guidelines a Dividend Payment form, Statement of Compliance, Unqualified Independent Financial Audit Report and Compliance Audit Report are required to be submitted to the DPIW.

END OF AUDITED SPECIAL PURPOSE FINANCIAL STATEMENTS

Liverpool Plains Shire Council

Notes to the Special Purpose Financial Statements for the year ended 30 June 2018

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

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

2018

1. Calculation and payment of tax-equivalents

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

(i)	Calculated tax equivalents	<input type="text" value="–"/>
(ii)	Number of assessments multiplied by \$3/assessment	<input type="text" value="8,475"/>
(iii)	Amounts payable for tax equivalents [lesser of (i) and (ii)]	<input type="text" value="–"/>
(iv)	Amounts actually paid for tax equivalents	<input type="text" value="–"/>

2. Dividend from surplus

(i)	50% of surplus before dividends [calculated in accordance with Best-Practice Management for Water Supply and Sewerage Guidelines]	<input type="text" value="297,500"/>
(ii)	Number of assessments multiplied by \$30/assessment, less tax equivalent charges/assessment	<input type="text" value="84,750"/>
(iii)	Cumulative surplus before dividends for the 3 years to 30 June 2018, less the cumulative dividends paid for the 2 years to 30 June 2017 and 30 June 2016	<input type="text" value="2,359,700"/>

2018 Surplus	<input type="text" value="595,000"/>	2017 Surplus	<input type="text" value="1,000,300"/>	2016 Surplus	<input type="text" value="764,400"/>
		2017 Dividend	<input type="text" value="–"/>	2016 Dividend	<input type="text" value="–"/>

(iv)	Maximum dividend from surplus [least of (i), (ii) and (iii) above]	<input type="text" value="84,750"/>
(v)	Dividend actually paid from surplus [refer below for required pre-dividend payment criteria]	<input type="text" value="–"/>
(vi)	Are the overhead reallocation charges to the water business fair and reasonable? ^a	<input type="text" value="YES"/>

3. Required outcomes for 6 criteria

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

(i)	Completion of strategic business plan (including financial plan)	<input type="text" value="NO"/>
(ii)	Full cost recovery, without significant cross subsidies [refer item 2 (a) in table 1 on page 22 of the Best-Practice Guidelines]	<input type="text" value="NO"/>
	– Complying charges [item 2 (b) in table 1]	<input type="text" value="YES"/>
	– DSP with commercial developer charges [item 2 (e) in table 1]	<input type="text" value="YES"/>
	– If dual water supplies, complying charges [item 2 (g) in table 1]	<input type="text" value=""/>
(iii)	Sound water conservation and demand management implemented	<input type="text" value="YES"/>
(iv)	Sound drought management implemented	<input type="text" value="YES"/>
(v)	Complete performance reporting form (by 15 September each year)	<input type="text" value="YES"/>
(vi)	a. Integrated water cycle management evaluation	<input type="text" value="YES"/>
	b. Complete and implement integrated water cycle management strategy	<input type="text" value="NO"/>

Liverpool Plains Shire Council

Notes to the Special Purpose Financial Statements for the year ended 30 June 2018

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

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

2018

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	3,472
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)]	%	42.51%
NWI F9	Written down replacement cost of fixed assets (water) Written down current cost of system assets (w47)	\$'000	51,516
NWI F11	Operating cost (OMA) (water) Management expenses (w1) + operational and maintenance expenses (w2)	\$'000	1,811
NWI F14	Capital expenditure (water) Acquisition of fixed assets (w16)	\$'000	235
NWI F17	Economic real rate of return (water) [total income (w13) – interest income (w9) – grants for acquisition of assets (w11a) – operating costs (NWI F11) – current cost depreciation (w3)] x 100 divided by [written down current cost of system assets (w47) + plant and equipment (w33b)]	%	1.24%
NWI F26	Capital works grants (water) Grants for the acquisition of assets (w11a)	\$'000	–

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

Liverpool Plains Shire Council

Notes to the Special Purpose Financial Statements for the year ended 30 June 2018

Note 3. Sewerage business best-practice management disclosure requirements

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

2018

1. Calculation and payment of tax-equivalents

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

(i)	Calculated tax equivalents	<input type="text" value="–"/>
(ii)	Number of assessments multiplied by \$3/assessment	<input type="text" value="6,171"/>
(iii)	Amounts payable for tax equivalents [lesser of (i) and (ii)]	<input type="text" value="–"/>
(iv)	Amounts actually paid for tax equivalents	<input type="text" value="–"/>

2. Dividend from surplus

(i)	50% of surplus before dividends [calculated in accordance with Best-Practice Management for Water Supply and Sewerage Guidelines]	<input type="text" value="137,900"/>
(ii)	Number of assessments x (\$30 less tax equivalent charges per assessment)	<input type="text" value="61,710"/>
(iii)	Cumulative surplus before dividends for the 3 years to 30 June 2018, less the cumulative dividends paid for the 2 years to 30 June 2017 and 30 June 2016	<input type="text" value="1,365,000"/>

2018 Surplus	<input type="text" value="275,800"/>	2017 Surplus	<input type="text" value="606,900"/>	2016 Surplus	<input type="text" value="482,300"/>
		2017 Dividend	<input type="text" value="–"/>	2016 Dividend	<input type="text" value="–"/>

(iv)	Maximum dividend from surplus [least of (i), (ii) and (iii) above]	<input type="text" value="61,710"/>
(v)	Dividend actually paid from surplus [refer below for required pre-dividend payment criteria]	<input type="text" value="–"/>
(vi)	Are the overhead reallocation charges to the sewer business fair and reasonable? ^a	<input type="text" value="YES"/>

3. Required outcomes for 4 criteria

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

(i)	Completion of strategic business plan (including financial plan)	<input type="text" value="NO"/>
(ii)	Pricing with full cost-recovery, without significant cross subsidies [refer item 2 (a) in table 1 on page 22 of the Best-Practice Guidelines]	<input type="text" value="NO"/>
	Complying charges (a) Residential [item 2 (c) in table 1]	<input type="text" value="YES"/>
	(b) Non-residential [item 2 (c) in table 1]	<input type="text" value="YES"/>
	(c) Trade waste [item 2 (d) in table 1]	<input type="text" value="YES"/>
	DSP with commercial developer charges [item 2 (e) in table 1]	<input type="text" value="YES"/>
	Liquid trade waste approvals and policy [item 2 (f) in table 1]	<input type="text" value="YES"/>
(iii)	Complete performance reporting form (by 15 September each year)	<input type="text" value="YES"/>
(iv)	a. Integrated water cycle management evaluation	<input type="text" value="YES"/>
	b. Complete and implement integrated water cycle management strategy	<input type="text" value="NO"/>

Liverpool Plains Shire Council

Notes to the Special Purpose Financial Statements for the year ended 30 June 2018

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

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

2018

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	1,341
NWI F10	Written down replacement cost of fixed assets (sewerage) Written down current cost of system assets (s48)	\$'000	27,216
NWI F12	Operating cost (sewerage) Management expenses (s1) + operational and maintenance expenses (s2)	\$'000	506
NWI F15	Capital expenditure (sewerage) Acquisition of fixed assets (s17)	\$'000	30
NWI F18	Economic real rate of return (sewerage) [total income (s14) – interest income (s10) – grants for acquisition of assets (s12a) – operating cost (NWI F12) – current cost depreciation (s3)] x 100 divided by [written down current cost (i.e. WDCC) of system assets (s48) + plant and equipment (s34b)]	%	0.67%
NWI F27	Capital works grants (sewerage) Grants for the acquisition of assets (12a)	\$'000	–

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

NWI F3	Total income (water and sewerage) Total income (w13 + s14) + gain/loss on disposal of assets (w14 + s15) minus grants for acquisition of assets (w11a + s12a) – interest income (w9 + s10)	\$'000	5,011
NWI F8	Revenue from community service obligations (water and sewerage) Community service obligations (NWI F25) x 100 divided by total income (NWI F3)	%	2.10%
NWI F16	Capital expenditure (water and sewerage) Acquisition of fixed assets (w16 + s17)	\$'000	265
NWI F19	Economic real rate of return (water and sewerage) [total income (w13 + s14) – interest income (w9 + s10) – grants for acquisition of assets (w11a + s12a) – operating cost (NWI F11 + NWI F12) – current cost depreciation (w3 + s3)] x 100 divided by [written down replacement cost of fixed assets (NWI F9 + NWI F10) + plant and equipment (w33b + s34b)]	%	1.04%
NWI F20	Dividend (water and sewerage) Dividend paid from surplus (2 (v) of Note 2 + 2 (v) of Note 3)	\$'000	–
NWI F21	Dividend payout ratio (water and sewerage) Dividend (NWI F20) x 100 divided by net profit after tax (NWI F24)	%	0.00%

Liverpool Plains Shire Council

Notes to the Special Purpose Financial Statements for the year ended 30 June 2018

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

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

2018

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

NWI F22	Net debt to equity (water and sewerage)	%	-14.61%
	Overdraft (w36 + s37) + borrowings (w38 + s39) – cash and investments (w30 + s31) x 100 divided by [total assets (w35 + s36) – total liabilities (w40 + s41)]		
NWI F23	Interest cover (water and sewerage)		> 100
	Earnings before interest and tax (EBIT) divided by net interest		
	Earnings before interest and tax (EBIT):		819
	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:		(271)
	Interest expense (w4a + s4a) – interest income (w9 + s10)		
NWI F24	Net profit after tax (water and sewerage)	\$'000	1,244
	Surplus before dividends (w15a + s16a) – tax equivalents paid (Note 2-1 (iv) + Note 3-1 (iv))		
NWI F25	Community service obligations (water and sewerage)	\$'000	105
	Grants for pensioner rebates (w11b + s12b)		

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



INDEPENDENT AUDITOR'S REPORT

Report on the special purpose financial report

Liverpool Plains Shire Council

To the Councillors of Liverpool Plains Shire Council

Opinion

I have audited the accompanying special purpose financial report (the financial report) of Liverpool Plains Shire Council's (the Council) Declared Business Activities, which comprise the Income Statement of each Declared Business Activity for the year ended 30 June 2018, the Statement of Financial Position of each Declared Business Activity as at 30 June 2018, notes comprising a summary of Significant accounting policies and other explanatory information for the Business Activities declared by Council, and the Statement by Councillors and Management.

The Declared Business Activities of the Council are:

- Water Supply Network
- Sewerage Services.

In my opinion, the financial report presents fairly, in all material respects, the financial position of the Council's declared Business Activities as at 30 June 2018, and its financial performance for the year then ended, in accordance with the Australian Accounting Standards described in Note 1 and the Local Government Code of Accounting Practice and Financial Reporting (LG Code).

My opinion should be read in conjunction with the rest of this report.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Report' section of my report.

I am independent of the Council in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as the auditor of councils
- precluding the Auditor-General from providing non-audit services.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Emphasis of Matter – Basis of Accounting

Without modifying my opinion, I draw attention to Note 1 to the financial report which describes the basis of accounting. The financial report has been prepared for the purposes of fulfilling Council's financial reporting responsibilities under the LG Code. As a result, the financial report may not be suitable for another purpose.

Other Information

Other information comprises the information included in the Council's annual report for the year ended 30 June 2018, other than the financial report and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the general purpose financial statements and Special Schedules (the Schedules).

My opinion on the financial report does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information. However, as required by the *Local Government Act 1993*, I have separately expressed an opinion on the general purpose financial statements and Special Schedule 2 - Permissible income for general rates.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Report

The Councillors are responsible for the preparation and fair presentation of the financial report and for determining that the accounting policies, described in Note 1 to the financial report, are appropriate to meet the requirements in the LG Code. The Councillors' responsibility also includes such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Councillors are responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless it is not appropriate to do so.

Auditor's Responsibilities for the Audit of the Financial Report

My objectives are to:

- obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial report.

A description of my responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf. The description forms part of my auditor's report.

My opinion does not provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- the best practice management disclosures in Notes 2 and 3 of the financial report
- about the security and controls over the electronic publication of the audited financial report on any website where it may be presented
- about any other information which may have been hyperlinked to/from the financial report.



Nathan Carter
Director, Financial Audit Services

30 November 2018
SYDNEY



Liverpool Plains Shire Council

SPECIAL SCHEDULES
for the year ended 30 June 2018

Vision - That the Liverpool Plains Shire area achieves higher levels of growth & generates improved quality of life through expanded opportunities for economic and social development being realised within an environmentally and financially sustainable framework.



Liverpool Plains Shire Council

Special Schedules

for the year ended 30 June 2018

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¹ Special Schedules are not audited (with the exception of Special Schedule 2).

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.

Liverpool Plains Shire Council

Special Schedule 1 – Net Cost of Services

for the year ended 30 June 2018

\$'000

Function or activity	Expenses from continuing operations	Income from continuing operations		Net cost of services
		Non-capital	Capital	
Governance	1,403	25	–	(1,378)
Administration	3,593	–	–	(3,593)
Public order and safety				
Fire service levy, fire protection, emergency services	717	257	1,585	1,125
Beach control	–	–	–	–
Enforcement of local government regulations	–	–	–	–
Animal control	147	15	–	(132)
Other	–	–	–	–
Total public order and safety	864	272	1,585	993
Health	9	1	–	(8)
Environment				
Noxious plants and insect/vermin control	–	–	–	–
Other environmental protection	269	78	–	(191)
Solid waste management	1,328	1,609	–	281
Street cleaning	28	–	–	(28)
Drainage	–	–	–	–
Stormwater management	222	–	–	(222)
Total environment	1,847	1,687	–	(160)
Community services and education				
Administration and education	–	–	–	–
Social protection (welfare)	–	–	–	–
Aged persons and disabled	419	337	–	(82)
Children's services	774	633	–	(141)
Total community services and education	1,193	970	–	(223)
Housing and community amenities				
Public cemeteries	127	127	–	–
Public conveniences	–	–	–	–
Street lighting	–	–	–	–
Town planning	–	–	–	–
Other community amenities	464	143	–	(321)
Total housing and community amenities	591	270	–	(321)
Water supplies	3,288	3,709	–	421
Sewerage services	1,116	1,554	–	438

Liverpool Plains Shire Council

Special Schedule 1 – Net Cost of Services (continued) for the year ended 30 June 2018

\$'000

Function or activity	Expenses from continuing operations	Income from continuing operations		Net cost of services
		Non-capital	Capital	
Recreation and culture				
Public libraries	488	91	—	(397)
Museums	6	—	—	(6)
Art galleries	—	—	—	—
Community centres and halls	705	12	31	(662)
Performing arts venues	156	38	—	(118)
Other performing arts	—	—	—	—
Other cultural services	165	5	—	(160)
Sporting grounds and venues	396	58	—	(338)
Swimming pools	466	306	—	(160)
Parks and gardens (lakes)	448	—	—	(448)
Other sport and recreation	382	178	—	(204)
Total recreation and culture	3,212	688	31	(2,493)
Fuel and energy	—	—	—	—
Agriculture	—	—	—	—
Mining, manufacturing and construction				
Building control	—	783	—	783
Other mining, manufacturing and construction	980	664	—	(316)
Total mining, manufacturing and const.	980	1,447	—	467
Transport and communication				
Urban roads (UR) – local	883	—	—	(883)
Urban roads – regional	—	—	—	—
Sealed rural roads (SRR) – local	1,133	—	716	(417)
Sealed rural roads (SRR) – regional	3,500	38	4,297	835
Unsealed rural roads (URR) – local	2,019	41	—	(1,978)
Unsealed rural roads (URR) – regional	2,781	—	—	(2,781)
Bridges on UR – local	—	—	—	—
Bridges on SRR – local	—	—	—	—
Bridges on URR – local	373	—	—	(373)
Bridges on regional roads	—	—	—	—
Parking areas	6	—	—	(6)
Footpaths	34	—	—	(34)
Aerodromes	61	117	—	56
Other transport and communication	72	65	—	(7)
Total transport and communication	10,862	261	5,013	(5,588)
Economic affairs				
Camping areas and caravan parks	96	63	—	(33)
Other economic affairs	632	196	—	(436)
Total economic affairs	728	259	—	(469)
Totals – functions	29,686	11,143	6,629	(11,914)
General purpose revenues ⁽¹⁾		10,596		10,596
Share of interests – joint ventures and associates using the equity method	—	—		—
NET OPERATING RESULT ⁽²⁾	29,686	21,739	6,629	(1,318)

(1) Includes: rates and annual charges (including ex gratia, excluding water and sewer), non-capital general purpose grants, interest on investments (excluding externally restricted assets) and interest on overdue rates and annual charges (2) As reported in the Income Statement

Liverpool Plains Shire Council

Special Schedule 2 – Permissible income for general rates

for the year ended 30 June 2019

\$'000		Calculation 2018/19	Calculation 2017/18
Notional general income calculation ⁽¹⁾			
Last year notional general income yield	a	7,086	6,938
Plus or minus adjustments ⁽²⁾	b	(16)	30
Notional general income	c = (a + b)	7,070	6,968
Permissible income calculation			
Special variation percentage ⁽³⁾	d	0.00%	0.00%
Or rate peg percentage	e	2.30%	1.50%
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)	—	—
Or plus rate peg amount	i = c x e	163	105
Or plus Crown land adjustment and rate peg amount	j = c x f	—	—
Sub-total	k = (c + g + h + i + j)	7,233	7,073
Plus (or minus) last year's carry forward total	l	—	(0)
Less valuation objections claimed in the previous year	m	—	—
Sub-total	n = (l + m)	—	(0)
Total permissible income	o = k + n	7,233	7,073
Less notional general income yield	p	7,219	7,086
Catch-up or (excess) result	q = o – p	14	(13)
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	14	(13)

Notes

- (1) 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.
- (2) 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*.
- (3) The 'special variation percentage' is inclusive of the rate peg percentage and where applicable Crown land adjustment.
- (4) 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.
- (5) 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.
- (6) 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 Council's Special Schedule 2 in the financial data return (FDR) to administer this process.



INDEPENDENT AUDITOR'S REPORT

Special Schedule 2 - Permissible Income for general rates

Liverpool Plains Shire Council

To the Councillors of Liverpool Plains Shire Council

Opinion

I have audited the accompanying Special Schedule 2 – Permissible Income for general rates (the Schedule) of Liverpool Plains Shire Council (the Council) for the year ending 30 June 2019.

In my opinion, the Schedule of the Council for the year ending 30 June 2019 is prepared, in all material respects in accordance with the requirements of the Local Government Code of Accounting Practice and Financial Reporting (LG Code) issued by the Office of Local Government (OLG), and is in accordance with the books and records of the Council.

My opinion should be read in conjunction with the rest of this report.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Schedule' section of my report.

I am independent of the Council in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of councils
- precluding the Auditor-General from providing non-audit services.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Emphasis of Matter - Basis of Accounting

Without modifying my opinion, I draw attention to the special purpose framework used to prepare the Schedule. The Schedule has been prepared for the purpose of fulfilling the Council's reporting obligations under the LG Code. As a result, the Schedule may not be suitable for another purpose.

Other Information

Other information comprises the information included in the Council's annual report for the year ended 30 June 2018, other than the Schedule and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the general purpose financial statements, special purpose financial statements and the Special Schedules excluding Special Schedule 2 (the other Schedules).

My opinion on the Schedule does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information. However, as required by the *Local Government Act 1993*, I have separately expressed an opinion on the general purpose financial statements and the special purpose financial statements.

In connection with my audit of the Schedule, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Schedule or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

The Councillors' Responsibilities for the Schedule

The Councillors are responsible for the preparation of the Schedule in accordance with the LG Code. The Councillors' responsibility also includes such internal control as the Councillors determine is necessary to enable the preparation of the Schedule that is free from material misstatement, whether due to fraud or error.

In preparing the Schedule, the Councillors are responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless it is not appropriate to do so.

Auditor's Responsibilities for the Audit of the Schedule

My objectives are to:

- obtain reasonable assurance whether the Schedule as a whole is free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the Schedule.

A description of my responsibilities for the audit of the Schedule is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar8.pdf. The description forms part of my auditor's report.

My opinion does *not* provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited Schedule on any website where it may be presented
- about any other information which may have been hyperlinked to/from the Schedule.



Nathan Carter
Director, Financial Audit Services

30 November 2018
SYDNEY

Liverpool Plains Shire Council

Special Schedule 3 – Water Supply Income Statement

Includes all internal transactions, i.e. prepared on a gross basis
for the year ended 30 June 2018

\$'000	2018	2017
A Expenses and income		
Expenses		
1. Management expenses		
a. Administration	358	47
b. Engineering and supervision	312	371
2. Operation and maintenance expenses		
– dams and weirs		
a. Operation expenses	213	2
b. Maintenance expenses	14	44
– Mains		
c. Operation expenses	3	3
d. Maintenance expenses	305	245
– Reservoirs		
e. Operation expenses	3	1
f. Maintenance expenses	58	23
– Pumping stations		
g. Operation expenses (excluding energy costs)	6	13
h. Energy costs	130	127
i. Maintenance expenses	138	129
– Treatment		
j. Operation expenses (excluding chemical costs)	6	20
k. Chemical costs	75	77
l. Maintenance expenses	173	151
– Other		
m. Operation expenses	–	–
n. Maintenance expenses	17	41
o. Purchase of water	–	–
3. Depreciation expenses		
a. System assets	1,023	692
b. Plant and equipment	–	–
4. Miscellaneous expenses		
a. Interest expenses	223	233
b. Revaluation decrements	–	–
c. Other expenses	44	–
d. Impairment – system assets	–	–
e. Impairment – plant and equipment	–	–
f. Aboriginal Communities Water and Sewerage Program	–	–
g. Tax equivalents dividends (actually paid)	–	–
5. Total expenses	3,101	2,219

Liverpool Plains Shire Council

Special Schedule 3 – Water Supply Income Statement (continued)

Includes all internal transactions, i.e. prepared on a gross basis
for the year ended 30 June 2018

\$'000	2018	2017
Income		
6. Residential charges		
a. Access (including rates)	1,918	1,961
b. Usage charges	1,418	1,034
7. Non-residential charges		
a. Access (including rates)	—	—
b. Usage charges	31	23
8. Extra charges	—	—
9. Interest income	281	261
10. Other income	22	17
10a. Aboriginal Communities Water and Sewerage Program	—	—
11. Grants		
a. Grants for acquisition of assets	—	311
b. Grants for pensioner rebates	60	32
c. Other grants	—	320
12. Contributions		
a. Developer charges	23	—
b. Developer provided assets	—	—
c. Other contributions	—	—
13. Total income	3,753	3,959
14. Gain (or loss) on disposal of assets	198	—
15. Operating result	850	1,740
15a. Operating result (less grants for acquisition of assets)	850	1,429

Liverpool Plains Shire Council

Special Schedule 3 – Water Supply Income Statement (continued)

Includes all internal transactions, i.e. prepared on a gross basis
for the year ended 30 June 2018

\$'000	2018	2017
B Capital transactions		
Non-operating expenditures		
16. Acquisition of fixed assets		
a. New assets for improved standards	–	220
b. New assets for growth	–	–
c. Renewals	235	308
d. Plant and equipment	–	–
17. Repayment of debt	147	137
18. Totals	382	665
Non-operating funds employed		
19. Proceeds from disposal of assets	–	–
20. Borrowing utilised	–	3,925
21. Totals	–	3,925
C Rates and charges		
22. Number of assessments		
a. Residential (occupied)	2,690	2,710
b. Residential (unoccupied, ie. vacant lot)	25	31
c. Non-residential (occupied)	110	117
d. Non-residential (unoccupied, ie. vacant lot)	–	–
23. Number of ETs for which developer charges were received	– ET	– ET
24. Total amount of pensioner rebates (actual dollars)	\$ 59,501	\$ 57,618

Liverpool Plains Shire Council

Special Schedule 4 – Water Supply Statement of Financial Position

Includes internal transactions, i.e. prepared on a gross basis
as at 30 June 2018

\$'000	Current	Non-current	Total
ASSETS			
25. Cash and investments			
a. Developer charges	—	—	—
b. Special purpose grants	—	—	—
c. Accrued leave	—	—	—
d. Unexpended loans	—	—	—
e. Sinking fund	—	—	—
f. Other	9,620	—	9,620
26. Receivables			
a. Specific purpose grants	—	—	—
b. Rates and availability charges	185	—	185
c. User charges	622	—	622
d. Other	—	—	—
27. Inventories	—	—	—
28. Property, plant and equipment			
a. System assets	—	51,879	51,879
b. Plant and equipment	—	—	—
29. Other assets	—	—	—
30. Total assets	10,427	51,879	62,306
LIABILITIES			
31. Bank overdraft	—	—	—
32. Creditors	55	—	55
33. Borrowings	156	3,622	3,778
34. Provisions			
a. Tax equivalents	—	—	—
b. Dividend	—	—	—
c. Other	—	—	—
35. Total liabilities	211	3,622	3,833
36. NET ASSETS COMMITTED	10,216	48,257	58,473
EQUITY			
37. Accumulated surplus			29,106
38. Asset revaluation reserve			29,367
39. Other reserves			—
40. TOTAL EQUITY			58,473
Note to system assets:			
41. Current replacement cost of system assets			74,093
42. Accumulated current cost depreciation of system assets			(22,577)
43. Written down current cost of system assets			51,516

Liverpool Plains Shire Council

Special Schedule 5 – Sewerage Service Income Statement

Includes all internal transactions, i.e. prepared on a gross basis
for the year ended 30 June 2018

\$'000	2018	2017
A Expenses and income		
Expenses		
1. Management expenses		
a. Administration	23	30
b. Engineering and supervision	28	11
2. Operation and maintenance expenses		
– mains		
a. Operation expenses	14	–
b. Maintenance expenses	21	19
– Pumping stations		
c. Operation expenses (excluding energy costs)	11	–
d. Energy costs	8	3
e. Maintenance expenses	40	51
– Treatment		
f. Operation expenses (excl. chemical, energy, effluent and biosolids management costs)	14	3
g. Chemical costs	42	17
h. Energy costs	27	29
i. Effluent management	–	–
j. Biosolids management	–	–
k. Maintenance expenses	275	214
– Other		
l. Operation expenses	3	–
m. Maintenance expenses	–	–
3. Depreciation expenses		
a. System assets	654	172
b. Plant and equipment	–	–
4. Miscellaneous expenses		
a. Interest expenses	–	–
b. Revaluation decrements	–	–
c. Other expenses	–	–
d. Impairment – system assets	–	–
e. Impairment – plant and equipment	–	–
f. Aboriginal Communities Water and Sewerage Program	–	–
g. Tax equivalents dividends (actually paid)	–	–
5. Total expenses	1,160	549

Liverpool Plains Shire Council

Special Schedule 5 – Sewerage Service Income Statement (continued)

Includes all internal transactions, i.e. prepared on a gross basis
for the year ended 30 June 2018

\$'000	2018	2017
Income		
6. Residential charges (including rates)	1,074	1,157
7. Non-residential charges		
a. Access (including rates)	—	—
b. Usage charges	187	—
8. Trade waste charges		
a. Annual fees	—	30
b. Usage charges	—	—
c. Excess mass charges	—	—
d. Re-inspection fees	—	—
9. Extra charges	—	—
10. Interest income	213	205
11. Other income	35	1
11a. Aboriginal Communities Water and Sewerage Program	—	—
12. Grants		
a. Grants for acquisition of assets	—	—
b. Grants for pensioner rebates	45	24
c. Other grants	—	—
13. Contributions		
a. Developer charges	—	—
b. Developer provided assets	—	—
c. Other contributions	—	—
14. Total income	1,554	1,417
15. Gain (or loss) on disposal of assets	—	—
16. Operating result	394	868
16a. Operating result (less grants for acquisition of assets)	394	868

Liverpool Plains Shire Council

Special Schedule 5 – Sewerage Service Income Statement (continued)

Includes all internal transactions, i.e. prepared on a gross basis
for the year ended 30 June 2018

\$'000	2018	2017
B Capital transactions		
Non-operating expenditures		
17. Acquisition of fixed assets		
a. New assets for improved standards	–	–
b. New assets for growth	–	–
c. Renewals	30	17
d. Plant and equipment	–	–
18. Repayment of debt	–	–
19. Totals	30	17
Non-operating funds employed		
20. Proceeds from disposal of assets	–	–
21. Borrowing utilised	–	–
22. Totals	–	–
C Rates and charges		
23. Number of assessments		
a. Residential (occupied)	1,883	1,869
b. Residential (unoccupied, ie. vacant lot)	8	7
c. Non-residential (occupied)	166	178
d. Non-residential (unoccupied, ie. vacant lot)	–	–
24. Number of ETs for which developer charges were received	– ET	– ET
25. Total amount of pensioner rebates (actual dollars)	\$ 45,496	\$ 43,931

Liverpool Plains Shire Council

Special Schedule 6 – Sewerage Service Statement of Financial Position

Includes internal transactions, i.e. prepared on a gross basis
as at 30 June 2018

\$'000	Current	Non-current	Total
ASSETS			
26. Cash and investments			
a. Developer charges	—	—	—
b. Special purpose grants	—	—	—
c. Accrued leave	—	—	—
d. Unexpended loans	—	—	—
e. Sinking fund	—	—	—
f. Other	7,840	—	7,840
27. Receivables			
a. Specific purpose grants	—	—	—
b. Rates and availability charges	97	—	97
c. User charges	—	—	—
d. Other	—	—	—
28. Inventories	—	—	—
29. Property, plant and equipment			
a. System assets	—	27,216	27,216
b. Plant and equipment	—	—	—
30. Other assets	—	—	—
31. Total assets	7,937	27,216	35,153
LIABILITIES			
32. Bank overdraft	—	—	—
33. Creditors	4	—	4
34. Borrowings	—	—	—
35. Provisions			
a. Tax equivalents	—	—	—
b. Dividend	—	—	—
c. Other	—	—	—
36. Total liabilities	4	—	4
37. NET ASSETS COMMITTED	7,933	27,216	35,149
EQUITY			
38. Accumulated surplus			13,497
39. Asset revaluation reserve			21,652
40. Other reserves			—
41. TOTAL EQUITY			35,149
Note to system assets:			
42. Current replacement cost of system assets			32,001
43. Accumulated current cost depreciation of system assets			(4,785)
44. Written down current cost of system assets			27,216

Liverpool Plains Shire Council

Notes to Special Schedules 3 and 5

for the year ended 30 June 2018

Administration ⁽¹⁾

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

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

Engineering and supervision ⁽¹⁾

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

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

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

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

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

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

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

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

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

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

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

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

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

Notes:

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

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

Liverpool Plains Shire Council

Special Schedule 7 – Report on Infrastructure Assets as at 30 June 2018

\$'000

Asset class	Asset category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2017/18 Required maintenance ^a	2017/18 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
								1	2	3	4	5
Buildings	Buildings	66	66	551	253	28,221	53,599	29%	46%	25%	1%	-1%
	Sub-total	66	66	551	253	28,221	53,599	29.0%	46.0%	25.0%	1.0%	-1.0%
Other structures	Other structures	8	8	28	32	4,552	5,271	67%	23%	10%	0%	0%
	Sub-total	8	8	28	32	4,552	5,271	67.0%	23.0%	10.0%	0.0%	0.0%
Roads	Sealed roads	2,386	2,386	1,914	1,767	123,489	153,692	46%	22%	27%	3%	2%
	Unsealed roads	2,782	2,782	1,415	2,047	110,294	128,314	50%	24%	18%	8%	0%
	Bridges	386	386	216	3	68,781	73,410	89%	3%	6%	2%	0%
	Footpaths	2	2	16	16	2,619	2,883	59%	34%	7%		0%
	Bulk earthworks					78,015	78,015	100%				0%
	Sub-total	5,556	5,556	3,561	3,833	383,198	436,314	64.2%	15.5%	15.9%	3.7%	0.7%
Water supply network	Water supply network	3,307	3,307	1,209	1,675	51,516	74,093	16%	51%	15%	18%	0%
	Sub-total	3,307	3,307	1,209	1,675	51,516	74,093	16.0%	51.0%	15.0%	18.0%	0.0%
Sewerage network	Sewerage network	1,632	1,632	590	419	27,150	31,935	18%	39%	22%	21%	0%
	Sub-total	1,632	1,632	590	419	27,150	31,935	18.0%	39.0%	22.0%	21.0%	0.0%
Stormwater drainage	Stormwater drainage	12	12	512	28	15,044	19,601	3%	14%	83%	0%	0%
	Sub-total	12	12	512	28	15,044	19,601	3.0%	14.0%	83.0%	0.0%	0.0%

Liverpool Plains Shire Council

Special Schedule 7 – Report on Infrastructure Assets as at 30 June 2018 (continued)

\$'000

Asset class	Asset category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2017/18 Required maintenance ^a	2017/18 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
								1	2	3	4	5
	TOTAL – ALL ASSETS	10,581	10,581	6,451	6,240	509,681	620,813	51.1%	23.6%	18.9%	5.9%	0.4%

Notes:

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

Infrastructure asset condition assessment 'key'

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

Liverpool Plains Shire Council

Special Schedule 7 – Report on Infrastructure Assets (continued)

for the year ended 30 June 2018

	Amounts 2018	Indicator 2018	Prior periods		Benchmark
			2017	2016	
Infrastructure asset performance indicators * consolidated					
1. Buildings and infrastructure renewals ratio ⁽¹⁾					
Asset renewals ⁽²⁾	3,934	49.39%	140.32%	55.16%	>= 100%
Depreciation, amortisation and impairment	7,965				
2. Infrastructure backlog ratio ⁽¹⁾					
Estimated cost to bring assets to a satisfactory standard	10,581	2.08%	2.45%	1.71%	< 2.00%
Net carrying amount of infrastructure assets	509,681				
3. Asset maintenance ratio					
Actual asset maintenance	6,240	96.73%	0.00%	0.00%	> 100%
Required asset maintenance	6,451				
4. Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	10,581	1.70%	1.78%	0.00%	
Gross replacement cost	620,813				

Notes

* All asset performance indicators are calculated using the asset classes identified in the previous table.

⁽¹⁾ Excludes Work In Progress (WIP)

⁽²⁾ Asset renewals represent the replacement and/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance.

Liverpool Plains Shire Council

Special Schedule 7 – Report on Infrastructure Assets (continued) for the year ended 30 June 2018

	General indicators ⁽¹⁾		Water indicators		Sewer indicators		Benchmark
	2018	2017	2018	2017	2018	2017	
Infrastructure asset performance indicators by fund							
1. Buildings and infrastructure renewals ratio ⁽²⁾							
Asset renewals ⁽³⁾							
Depreciation, amortisation and impairment	62.56%	154.62%	0.00%	76.30%	0.00%	9.88%	>= 100%
2. Infrastructure backlog ratio ⁽²⁾							
Estimated cost to bring assets to a satisfactory standard							
Net carrying amount of infrastructure assets	1.31%	1.59%	6.42%	6.58%	6.01%	6.00%	< 2.00%
3. Asset maintenance ratio							
Actual asset maintenance							
Required asset maintenance	89.12%	0.00%	138.54%	0.00%	71.02%	0.00%	> 100%
4. Cost to bring assets to agreed service level							
Estimated cost to bring assets to an agreed service level set by Council							
Gross replacement cost	1.10%	1.15%	4.46%	4.66%	5.11%	5.23%	

Notes

⁽¹⁾ General fund refers to all of Council's activities except for its water and sewer activities which are listed separately.

⁽²⁾ Excludes Work In Progress (WIP)

⁽³⁾ Asset renewals represent the replacement and/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance.

