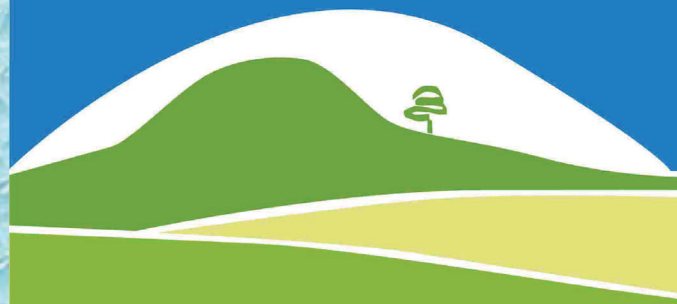




**LIVERPOOL PLAINS
SHIRE COUNCIL**



FINANCIAL STATEMENTS 2012—2013

Liverpool Plains Shire Council
60 Station Street
Quirindi NSW 2343

LIVERPOOL PLAINS SHIRE COUNCIL

General Purpose Financial Reports for the year ended 30th June 2013

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LIVERPOOL PLAINS SHIRE COUNCIL

General Purpose Financial Reports for the year ended 30th June 2013

Statement by Councillors and Management made pursuant to Section 413(2)(c) of the Local Government Act 1993 (as amended)

The attached General Purpose Financial Report has been prepared in accordance with:

- The Local Government Act 1993 (as amended) and the Regulations made thereunder.
- The Australian Accounting Standards and professional pronouncements.
- The Local Government Code of Accounting Practice and Financial Reporting.

To the best of our knowledge and belief, this report:

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

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

Signed in accordance with a resolution of Council made on 23rd October 2013.



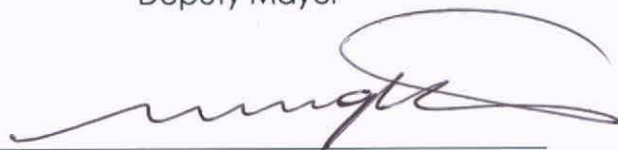
Ian R Lobsey OAM
Mayor



Andrew M Hope
Deputy Mayor



Robert C Hunt
General Manager



Michael J Urquhart
Responsible Accounting Officer

LIVERPOOL PLAINS SHIRE COUNCIL

INCOME STATEMENT for the year ended 30th June 2013

Budget 2013 \$'000		Notes	Actual 2013 \$'000	Actual 2012 \$'000
	INCOME			
	Revenue:			
9,151	Rates & Annual Charges	3	9,275	8,760
4,103	User Charges & Fees	3	4,530	3,633
697	Investment Revenues	3	816	871
664	Other Revenues	3	619	751
5,735	Grants & Contributions - Operating	3	5,333	5,546
3,147	Grants & Contributions - Capital	3	5,889	3,962
	Other Income:			
75	Gain from Disposal of Assets	5	171	-
	Gain from interests in Joint Ventures & Associates	19	-	-
<u>23,572</u>	Total Income from Continuing Operations		<u>26,633</u>	<u>23,523</u>
	EXPENSES			
8,190	Employee Benefits and oncosts	4	8,236	8,008
4,810	Materials & Contracts	4	5,056	6,251
482	Borrowing Costs	4	245	203
6,285	Depreciation & Amortisation	4	6,909	8,329
	Impairment	4	-	-
1,821	Other Expenses	4	1,858	1,540
	Interest and investment losses	3	-	-
	Loss from Disposal of Assets	5	351	(122)
	Loss from interests in Joint Ventures & Associates	19	-	-
<u>21,588</u>	Total expenses from continuing operations		<u>22,655</u>	<u>24,209</u>
1,984	OPERATING RESULT FROM CONTINUING OPERATIONS		3,978	(686)
	Operating result from discontinued operations	24		
<u>1,984</u>	NET OPERATING RESULT FOR YEAR		<u>3,978</u>	<u>(686)</u>
	Attributable to:			
1,984	LIVERPOOL PLAINS SHIRE COUNCIL		3,978	(686)
<u>1,984</u>	Non-controlling Interests	19	<u>3,978</u>	<u>(686)</u>
<u>(1,163)</u>	Net operating result before capital grants and contributions		<u>(1,911)</u>	<u>(4,648)</u>

This Statement is to be read in conjunction with the attached Notes.

LIVERPOOL PLAINS SHIRE COUNCIL
STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30th June 2013

	Notes	2013 \$'000	2012 \$'000
Net operating result for year from Income Statement		3,978	(686)
Other comprehensive income			
<i>Amounts which will not be reclassified subsequently to operating result</i>			
Revaluation of infrastructure, property, plant & equipment		3,634	22,949
Impairment (expense) / recoupments offset to asset revaluation reserve		(1,267)	-
Adjustment to correct prior period depreciation errors		10,101	-
Share of other comprehensive income - joint ventures & associates		-	774
Total other comprehensive income		<u>12,468</u>	<u>23,723</u>
TOTAL COMPREHENSIVE INCOME		<u>16,446</u>	<u>23,037</u>
Attributable to:			
LIVERPOOL PLAINS SHIRE COUNCIL		16,446	23,037
Non-controlling Interests	19	\$ <u>16,446</u>	\$ <u>23,037</u>

This Statement is to be read in conjunction with the attached Notes.

LIVERPOOL PLAINS SHIRE COUNCIL

STATEMENT OF FINANCIAL POSITION

as at 30th June 2013

	Notes	2013 \$'000	2012 \$'000
CURRENT ASSETS			
Cash & cash equivalents	6	5,271	3,311
Investments	6	7,500	7,000
Receivables	7	3,448	3,788
Inventories	8	1,191	1,084
Other	8	-	30
Non-current assets held for sale	22		
TOTAL CURRENT ASSETS		17,410	15,213
NON-CURRENT ASSETS			
Investments	6	3,500	4,500
Receivables	7	-	-
Inventories	8	-	-
Infrastructure, Property, Plant & Equipment	9	547,170	528,437
Equity accounted investments	19	-	-
Investment Property	14	-	-
Intangible Assets	25	-	-
Other	8	-	-
TOTAL NON-CURRENT ASSETS		550,670	532,937
TOTAL ASSETS		568,080	548,150
CURRENT LIABILITIES			
Payables	10	813	875
Borrowings	10	242	276
Provisions	10	2,639	2,399
TOTAL CURRENT LIABILITIES		3,694	3,550
NON-CURRENT LIABILITIES			
Payables	10	-	-
Borrowings	10	5,400	3,287
Provisions	10	2,646	1,419
TOTAL NON CURRENT LIABILITIES		8,046	4,706
TOTAL LIABILITIES		11,740	8,256
NET ASSETS		\$ 556,340	539,894
EQUITY			
Accumulated Surplus	20	207,966	203,988
Revaluation Reserves	20	348,374	335,906
Council Equity Interest		556,340	539,894
Non-controlling Interest	19	-	-
TOTAL EQUITY		\$ 556,340	539,894

This Statement is to be read in conjunction with the attached Notes

LIVERPOOL PLAINS SHIRE COUNCIL

STATEMENT OF CHANGES IN EQUITY

for the year ended 30th June 2013

2013

	Retained Earnings	Asset Reval. Reserve	Other Reserves	Council Equity Interest	Minority Interest	Total
	\$'000					
Balance at end of previous reporting period	203,988	335,906	-	539,894	-	539,894
Change in associated entities recognised	-			-	-	-
Restated opening balance	203,988	335,906	-	539,894	-	539,894
Net Operating Result for the year	3,978			3,978	-	3,978
Other comprehensive income						
<i>Amounts which will not be reclassified subsequently to operating result</i>						
Revaluation of infrastructure, property, plant & equipment		3,634		3,634	-	3,634
Impairment (expense) / recoupments offset to asset revaluation reserve		(1,267)		(1,267)		(1,267)
Adjustment to correct prior period depreciation errors	-	10,101		10,101	-	10,101
Total other comprehensive income	-	12,468	-	12,468	-	12,468
Balance at end of the reporting period	207,966	348,374	-	556,340	-	556,340

2012

	Retained Earnings	Asset Reval. Reserve	Other Reserves	Council Equity Interest	Minority Interest	Total
	\$'000					
Balance at end of previous reporting period	204,674	312,183		516,857		516,857
Restated opening balance	204,674	312,183	-	516,857	-	516,857
Net Operating Result for the year	(686)			(686)	-	(686)
Other comprehensive income						
<i>Amounts which will not be reclassified subsequently to operating result</i>						
Revaluation of infrastructure, property, plant & equipment		22,949		22,949	-	22,949
Share of other comprehensive income - joint ventures & associates	-	774		774		774
Total other comprehensive income	-	23,723	-	23,723	-	23,723
Balance at end of the reporting period	203,988	335,906	-	539,894	-	539,894

This Statement is to be read in conjunction with the attached Notes

LIVERPOOL PLAINS SHIRE COUNCIL

STATEMENT OF CASH FLOWS

for the year ended 30th June 2013

Budget 2013 \$'000		Notes	Actual 2013 \$'000	Actual 2012 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
	<u>Receipts</u>			
9,151	Rates & Annual Charges		9,181	8,873
5,891	User Charges & Fees		4,836	4,097
697	Investment Income		987	603
8,882	Grants & Contributions		12,035	12,014
	Deposits and retentions received		-	
664	Other operating receipts		1,740	653
	<u>Payments</u>			
(8,190)	Employee Benefits and oncosts		(8,167)	(7,541)
(4,330)	Materials & Contracts		(5,361)	(7,528)
(482)	Borrowing Costs		(163)	(124)
	Deposits and retentions refunded		-	
(1,821)	Other operating payments		(3,900)	(3,763)
10,462	Net Cash provided by (or used in) Operating Activities	11	11,188	7,284
CASH FLOWS FROM INVESTING ACTIVITIES				
	<u>Receipts</u>			
1,202	Proceeds from sale of Infrastructure, Property, Plant & Equipment		739	375
206	Proceeds from sale of Real Estate		-	382
	Repayments from Deferred Debtors		24	21
	Contributions to joint ventures by minority interests	19	-	
	<u>Payments</u>			
(9,527)	Purchase of Infrastructure, Property, Plant & Equipment		(12,570)	(6,931)
(206)	Purchase of Real Estate		-	1
1,000	Purchase of Investment Securities		500	(4,750)
	Distributions from joint ventures to minority interests	19	-	
(7,325)	Net Cash provided by (or used in) Investing Activities		(11,307)	(10,902)
CASH FLOWS FROM FINANCING ACTIVITIES				
	<u>Receipts</u>			
1,000	Proceeds from Borrowings & Advances		2,355	2,000
	<u>Payments</u>			
(291)	Repayments of Borrowings & Advances		(276)	(294)
709	Net Cash provided by (or used in) Financing Activities		2,079	1,706
3,846	Net Increase (Decrease) in cash held		1,960	(1,912)
3,311	Cash Assets at beginning of reporting period	11	3,311	5,223
7,157	Cash Assets at end of reporting period	11	5,271	3,311

This Statement is to be read in conjunction with the attached Notes

LIVERPOOL PLAINS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2013

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Local Government Reporting Entity

Liverpool Plains Shire Council is incorporated under the NSW Local Government Act 1993 (as amended) and has its principal place of business at 60 Station Street, Quirindi. These financial statements include the consolidated fund and other entities through which the Council controls resources to carry on its functions. In the process of reporting on the Council as a single unit, all transactions and balances between activity areas and controlled entities have been eliminated.

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

(a) Basis of Preparation

Compliance with Australian equivalents to International Financial Reporting Standards (IFRS)

This general purpose financial report has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRSs), as they apply to not-for-profit entities, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations, the NSW Local Government Act 1993 and regulations thereunder and the Local Government Code of Accounting Practice and Financial Reporting.

Accordingly in preparing this Financial Report and Accompanying Notes, Council has been unable to comply fully with International Accounting Standards, but it has complied fully with Australian Accounting Standards. Under the Local Government Act, Regulations and Local Government Code of Accounting Practice and Financial Reporting, it should be noted that Councils in NSW only have a requirement to comply with Australian Accounting Standards.

Historical cost convention

The financial report has been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, certain classes of property, plant and equipment and investment property.

Critical accounting estimates

The preparation of financial statements in conformity with AIFRS 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.

Financial statement presentation

The Council has applied the revised AASB 101 Presentation of Financial Statements which became effective on 1 January 2009. The revised standard requires the separate presentation of a statement of comprehensive income and a statement of changes in equity. All non-owner changes in equity must now be presented in the statement of comprehensive income. As a consequence, the Council had to change the presentation of its financial statements. Comparative information has been re-presented so that it is also in conformity with the revised standard.

LIVERPOOL PLAINS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2013

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(b) Revenue Recognition

Council recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity 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.

Revenue is measured at the fair value of the consideration received or receivable. Revenue is measured on major income categories as follows:

Rates, annual charges, grants and contributions

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

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

A provision for doubtful debts on rates established on unpaid rates represents the value at what is expected to be recovered when the property is next sold.

Revenue is recognised when the Council obtains control of the contribution or the right to receive the contribution, it is probable that the economic benefits comprising the contribution will flow to the Council and the amount of the contribution can be measured reliably.

Where grants, contributions and donations recognised as revenues during the financial year were obtained on condition that they be expended in a particular manner or used over a particular period and those conditions were undischarged at balance date, the unused grant, contribution and donation in these notes as restricted assets. Also disclosed is the amount of unused grant, contribution and donations from prior years that was expended on Council's operations for the current reporting period.

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 balance date.

User charges and fees

User charges and fees (including parking fees and fines) are recognised as revenue when the service has been provided, the payment is received, or when the penalty has been applied, whichever first occurs.

LIVERPOOL PLAINS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2013

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(b) Revenue Recognition (cont'd)

User charges and fees (cont'd)

A provision for doubtful debt is recognised when collection in full is no longer probable.

Sale of plant, property, infrastructure and equipment

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

Interest and rents

Interest and rents are recognised as revenue on a proportional basis when payment is due, the value of the payment is notified, or the payment is received, whichever first occurs.

(c) Principles of Consolidation

(i) The Consolidated Fund

In accordance with the provisions of Section 409(1) of the LGA 1993, all money and property received by Council is held in the Council's Consolidated Fund unless it is required to be held in the Council's Trust Fund. The consolidated fund and other entities through which the Council controls resources to carry on its functions have been included in the financial statements forming part of this report.

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

- General Purpose Operations
- Quirindi Water Fund
- Werris Creek Water Fund
- Village Water Funds
- Quirindi Sewerage Fund
- Werris Creek Sewerage Fund
- Blackville Hall Committee
- Currabubula Hall & Reserve Committee
- Warrah Creek Hall Committee
- Werris Creek Sporting Complex Committee
- Wallabadah Hall Committee
- Werris Creek Festival Committee
- Werris Creek Railway Institute Committee
- Liverpool Plains Arts Council

The net assets held by Committees is as follows:

Total net assets (Equity) held	\$58,213
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Note: Where actual figures are not known, best estimates have been applied

LIVERPOOL PLAINS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2013

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(c) Principles of consolidation (cont'd)

(ii) The Trust Fund

In accordance with the provisions of Section 411 of the Local Government Act 1993 (as amended), a separate and distinct Trust Fund is maintained to account for all monies and property received by the Council in trust which must be applied only for the purposes of or in accordance with the trusts relating to these monies. Trust monies and property subject to Council's control have been included in these reports.

Trust monies and property held by Council but subject to the control of other persons have been excluded from these reports. A separate statement of moneys held in the Trust Fund is available for inspection at the Council Office by any person free of charge.

(iii) Joint venture entities

Council is a partner in a regional library service - Central Northern Regional Library (CNRL) with four (4) other Councils. CNRL operates under a deed of agreement between the participating Councils for the purpose of providing library services. Council has not recognised its 9.5% CNRL joint venture interest in this financial report, however the service has advised that the total equity is \$966,030 of which Council's total equity as at the 30th June 2013 is \$91,772.

Council acknowledges that non disclosure of the assets and liabilities of CNRL is a departure from AAS128 - Investments in Associates.

vi) Additional Information

Note 19 provides more information in relation to Joint Venture Entities, Associated Entities and Joint Venture Operations where applicable.

(d) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

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

(e) Acquisition of assets

The purchase method of accounting is used to account for all acquisitions of assets. Cost is measured as the fair value of the assets given, plus costs directly attributable to the acquisition.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the Council's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

LIVERPOOL PLAINS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2013

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(f) Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For non-cash generating assets of the Council such as roads, drains, public buildings and the like-value in use is represented by the deprival value of the asset approximately by its written down replacement cost.

(g) Cash and cash equivalents

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.

(h) Receivables

Receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Receivables are due for settlement no more than 30 days from the date of recognition.

Collectability of receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the Council will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

(i) Inventories

(i) Raw materials and stores, work in progress and finished goods

Inventories in respect of stores have been valued by using the weighted average material costs after adjusting for any loss of service potential. Inventories have been valued at the lower of cost or net realisable value. 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.

(ii) Land held for resale/capitalisation of borrowing costs

Land held for resale is stated at the lower of cost and net realisable value. Cost is assigned by specific identification and includes the cost of acquisition, and development cost.

LIVERPOOL PLAINS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2013

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(j) Investments and other financial assets

Council classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

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

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

(ii) Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Council provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets.

Loans and receivables are included in receivables in the balance sheet.

Loans and receivables are carried at amortised cost using the effective interest method.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Council's management has the positive intention and ability to hold to maturity. If Council were to sell other than an insignificant amount of held -to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. Held-to-maturity financial assets are included in noncurrent assets, except for those with maturities less than 12 months from the reporting date, which are classified as current assets. Held to maturity investments are carried at amortised cost using the effective interest method.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium long term.

Purchases and sales of investments are recognised on trade-date - the date on which the Council commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Council has transferred substantially all the risks and rewards of ownership.

LIVERPOOL PLAINS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2013

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(j) Investments and other financial assets (cont'd)

(v) Subsequent measurement

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Realised and unrealised gains and losses arising from changes in the fair value of the financial assets at fair value through profit or loss category are included in the income statement in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of non monetary securities classified as available-for-sale are recognised in equity in the available-for-sale investments revaluation reserve. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains and losses from investment securities.

The **fair values** of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Council establishes fair value by using valuation techniques. These include reference to the fair values of recent arm's length transactions, involving the same instruments or other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

(i) Impairment

Council assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is **impaired**. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss - is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

(ii) Investment Policy

Council has an approved investment policy complying with Section 625 of the Local Government Act. Investments are placed and managed in accordance with that policy and having particular regard to authorised investments prescribed under the Local Government Investment Order. Council maintains an investment policy that complies with the Act and ensures that it or its representatives exercise care, diligence and skill that a prudent person would exercise in investing Council funds.

LIVERPOOL PLAINS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2013

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(k) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. The fair value of financial instruments traded in active markets is based on quoted market prices at the at the statement of financial position date.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. Council uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Council for similar financial instruments.

(l) Infrastructure, property, plant and equipment

Council's assets are being progressively re-valued to fair value in accordance with a staged implementation advised by the Division of Local Government. At balance date, the following classes of IPPE were stated at their fair value:

- Investment Properties,
- Water and Sewerage Networks that are carried at Fair Value (generally based upon Depreciated Replacement Cost).
- Operational Land (External Valuation)
- Buildings - Specialised/Non Specialised (External Valuation)
- Plant and Equipment (as approximated by depreciated historical cost)
- Road assets – roads, bridges and footpaths (Internal Valuation)
- Drainage assets – (Internal Valuation)
- Bulk earthworks – (Internal Valuation)
- Community Land (VG Valuation), Land Improvements, Other Structures and Other Assets – (as approximated by depreciated historical cost).

Increases in the carrying amounts arising on revaluation are credited to the assets revaluation reserve. To the extent that the increase reverses a decrease previously recognising profit or loss, the increase is first recognised in profit or loss. Decrease that reverse previous increases of the same asset are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the asset, 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.

LIVERPOOL PLAINS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2013

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(I) Infrastructure, property, plant and equipment (cont'd)

Water and sewerage network assets are indexed annually between full revaluations in accordance with the latest indices provided in the NSW Office of Water Rates Reference Manual.

Roads, Bridges, Footpaths and Drainage assets have been revalued within the 2009/10 Annual Financial Statements.

For all other assets, Council assesses at each reporting date whether there is any indication that a revalued asset's carrying amount may differ materially from that which would be determined if the asset were revalued at the reporting date. If any such indication exists, Council determines the asset's fair value and revalues the asset to that amount. Full revaluations are undertaken for all assets on a 5 year cycle.

Until these designated future reporting periods, the above remaining asset classes are stated at cost (or deemed cost) less accumulated depreciation and any accumulated impairment losses.

Depreciation

Land is not depreciated.

The fair values of water and sewer assets have been calculated using a depreciated method that reflects the pattern in which the asset's future economic benefits are expected to be consumed. For each class of water and sewer asset a prediction model (depreciation curve) was derived to best indicate how the asset was consumed over its useful life. Generally, each class of asset has an expected life and the way this asset decays throughout its lifecycle has been used to provide an estimate of its depreciation or its current depreciated value.

The depreciation curves for each asset class have been modified to better reflect the asset's economic life and assist with the identification of times when real replacement/ augmentation options are likely to ensue. Assets, in providing their function to the community, would not be fully consumed, but rather be augmented or replaced at some economic point in time to maintain a level of service that meets Liverpool Plains Shire Council's charter.

The prediction models are based on the straight line method and provide a more accurate approach to calculate the fair value.

Some asset classes do include components that may have very different lifecycles. For example, pumping stations have civil components that may last up to 70 years while their mechanical and electrical counterparts may have a shorter life of 20 years. Parts of these asset classes have been depreciated at different rates to best reflect their fair value.

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. Major asset depreciation periods and capitalisation thresholds are shown in the table below.

LIVERPOOL PLAINS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2013

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(l) Infrastructure, property, plant and equipment (cont'd)

Plant & Equipment, Office Equipment, Furniture & Fittings, Leased Plant & Equipment	Depreciation Period	Capitalisation Threshold
<i>Office Equipment</i>	5 to 10 years	1,000
<i>Office Furniture</i>	10 to 20 years	1,000
<i>Computer Equipment</i>	3 to 5 years	1,000
<i>Vehicles & Road-Making Equipment</i>	5 to 8 years	1,000
<i>Other Plant & Equipment</i>	5 to 15 years	1,000
Buildings	Depreciation Period	Capitalisation Threshold
<i>Buildings - Masonry</i>	50 to 100 years	10,000
<i>Buildings - Other Construction</i>	20 to 40 years	10,000
Land Improvements, Other Structures & Infrastructure	Depreciation Period	Capitalisation Threshold
<i>Park Structures - Masonry</i>	50 to 100 years	1,000
<i>Park Structures - Other Construction</i>	20 to 40 years	1,000
<i>Playground Equipment</i>	5 to 15 years	1,000
<i>Benches, Seats, etc</i>	10 to 20 years	1,000
Water, Sewer and Stormwater Drainage Infrastructure	Depreciation Period	Capitalisation Threshold
<i>Dams & Reservoirs</i>	80 to 100 years	1,000
<i>Bores</i>	20 to 40 years	1,000
<i>Reticulation Pipes - PVC</i>	70 to 80 years	1,000
<i>Reticulation Pipes - Other</i>	25 to 100 years	1,000
<i>Culverts</i>	50 to 80 years	1,000
<i>Pumps & Telemetry</i>	15 to 20 years	1,000
Transportation Assets	Depreciation Period	Capitalisation Threshold
<i>Sealed Roads - Surface</i>	20 to 50 years	10,000
<i>Sealed Roads - Structure</i>	30 to 60 years	10,000
<i>Unsealed Roads</i>	20 to 65 years	10,000
<i>Bridges - Concrete</i>	60 to 100 years	10,000
<i>Bulk Earthworks</i>	Infinite	

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

(m) Land under roads

LIVERPOOL PLAINS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2013

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(n) Payables

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

(o) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method.

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

(p) Borrowing costs

Borrowing costs are expensed when incurred.

(q) Provisions

Provisions for legal claims and service warranties are recognised when: the Council has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

(r) Employee benefits

Liabilities for wages and salaries and compensated absences expected to be paid or settled within 12 months of reporting date are accrued at nominal amounts (including payroll based oncosts) measured in accordance with AASB 119 *Employee Benefits*. Liabilities for employee benefits not expected to be paid or settled within 12 months are measured as the present value of the estimated future cash outflows (including payroll based oncosts) to be made in respect of services provided by employees up to the reporting date. Present values are calculated using government guaranteed securities rates with similar maturity terms. No accrual is made for sick leave as Council experience indicates that, on average, sick leave taken in each reporting period is less than the entitlement accruing in that period, and this experience is expected to recur in future reporting periods. Council does not make payment for untaken sick leave.

LIVERPOOL PLAINS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2013

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(r) Employee benefits (cont'd)

(i) Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in the provision for employee benefits in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognized when the leave is taken and measured at the rates paid or payable.

(ii) Long service leave

The liability for long service leave 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 reporting date using the projected unit credit method. 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 reporting date on national government bonds with terms to maturity and currency that match as closely as possible, the estimated future cash outflows. Where Council does not have the unconditional right to defer settlement beyond 12 months, the liability is recognised as a current liability.

(iii) Retirement benefit obligations and Superannuation

The Council makes employer superannuation contributions in respect of its employees to the Local Government Superannuation Scheme. The Scheme has two types of membership, each of which is funded differently.

Accumulation Fund Members

The accumulation fund receives both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings in accordance with Superannuation Guarantee Legislation (9% in 2010/2012). No further liability accrues to the employer as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

Defined Benefit Members

Council makes employer contributions to the defined benefits categories of the Scheme at rates determined by the Scheme's Trustee. The rate is currently 1.9 times members' contributions plus 2.5% of gross salary (3.8 times members' contributions in 2011/12). Employees also make member contributions to the Fund. As such, assets accumulate in the Fund to meet the member's benefits, as defined in the Trust Deed, as they accrue.

The Fund's Defined Benefit Plan is a multi-employer sponsored plan. As the Fund's assets and liabilities are pooled and are not allocated by employer, the Actuary is unable to allocate benefit liabilities, assets and costs between employers. As provided by AASB 119.32(b), Council does not use defined benefit accounting for these contributions.

LIVERPOOL PLAINS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2013

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(r) Employee benefits (cont'd)

Defined Benefit Members (cont'd)

The Trustees have advised that, as a result of the global financial crisis, an unrealised deficiency of assets over liabilities of some \$286 million exists at 30 June 2010 in relation to all Councils involved in the Fund. The Trustees have also required additional contributions to negate this deficiency (ie \$83,522 for 2012/2013).

(s) Construction Contracts

Construction works undertaken by Council for third parties (principally the Roads & Maritime Services for works on national and state highways) are generally on an agency basis where the third party reimburses Council for actual costs incurred, and usually do not extend beyond the reporting period. As there is no profit component, such works are treated as 100% completed. Reimbursements not received are recognised as receivables and reimbursements received in advance are recognised as "payments received in advance".

(t) Provisions for close down and restoration and for environmental clean up costs – Tips and Quarries

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. The cost estimates are calculated annually during the life of the operation to reflect known developments, eg updated cost estimates and revisions to the estimated lives of operations, and are subject to formal review at regular intervals.

Close down 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.

The amortisation or 'unwinding' of the discount applied in establishing the net present value of provisions is charged to the income statement in each accounting period. The amortisation of the discount is shown as a borrowing cost.

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.

LIVERPOOL PLAINS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2013

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(t) Provisions for close down and restoration and for environmental clean up costs – Tips and Quarries (cont'd)

Where rehabilitation is conducted systematically over the life of the operation, rather than at the time of closure, provision is made for the estimated outstanding continuous rehabilitation work at each balance sheet date and the cost is charged to the income statement.

Provision is made for the estimated present value of the costs of environmental clean up obligations outstanding at the balance sheet date. These costs are charged to the income statement. Movements in the environmental clean up provisions are presented as an operating cost, except for the unwinding of the discount which is shown as a borrowing cost. Remediation procedures generally commence soon after the time the damage, remediation process and estimated remediation costs become known, but may continue for many years depending on the nature of the disturbance and the remediation techniques.

As noted above, the ultimate cost of environmental remediation is uncertain and cost estimates can vary in response to many factors including changes to the relevant legal requirements, the emergence of new restoration techniques or experience at other locations. The expected timing of expenditure can also change, for example in response to changes in quarry reserves or production rates. As a result there could be significant adjustments to the provision for close down and restoration and environmental clean up, which would affect future financial results.

(u) Allocation between current and non-current

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Council's operational cycle. In the case of liabilities where Council does not have the unconditional right to defer settlement beyond 12 months, such as vested long service leave, the liability is classified as current even if not expected to be settled within the next 12 months. Inventories held for trading are classified as current even if not expected to be realised in the next 12 months.

LIVERPOOL PLAINS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2013

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(v) Pending Accounting Standards and Interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2012 reporting periods. NSW Council's assessment of the impact of these new standards and interpretations is set out below.

(i) (December 2010) (effective from 1 January 2013*)

AASB 9 *Financial Instruments* addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2013* but is available for early adoption. When adopted, the standard will affect in particular Council's accounting for its available-for-sale financial assets, since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss although there is currently a proposal by the IASB to introduce a Fair value through Other Comprehensive Income category for debt instruments..

There will be no impact on Council's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and Council does not have any such liabilities. The derecognition rules have been transferred from AASB 139 *Financial Instruments: Recognition and Measurement* and have not been changed.

* In December 2011, the IASB delayed the application date of IFRS 9 to 1 January 2015. The AASB is expected to make an equivalent amendment to AASB 9 shortly.

(ii) AASB 10 *Consolidated Financial Statements*, AASB 11 *Joint Arrangements*, AASB 12 *Disclosure of Interests in Other Entities*, revised AASB 127 *Separate Financial Statements* and AASB 128 *Investments in Associates and Joint Ventures* and AASB 2011-7 *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards* (effective 1 January 2013)

In August 2011, the AASB issued a suite of five new and amended standards which address the accounting for joint arrangements, consolidated financial statements and associated disclosures.

AASB 10 replaces all of the guidance on control and consolidation in AASB 127 *Consolidated and Separate Financial Statements*, and Interpretation 12 *Consolidation – Special Purpose Entities*. The core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the mechanics of consolidation. However, the standard introduces a single definition of control that applies to all entities. It focuses on the need to have both power and rights or exposure to variable returns. Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both. Control exists when the investor can use its power to affect the amount of its returns. There is also new guidance on participating and protective rights and on agent/principal relationships. Council does not expect the new standard to have a significant impact on its composition.

AASB 11 introduces a principles based approach to accounting for joint arrangements. The focus is no longer on the legal structure of joint arrangements, but rather on how rights and obligations are shared by the parties to the joint arrangement. Based on the assessment of rights and obligations, a joint arrangement will be classified as either a joint operation or a joint venture. Joint ventures are accounted for using the equity method, and the choice to proportionately consolidate will no longer be permitted. Parties to a joint operation will account their share of revenues, expenses, assets and liabilities in much the same way as under the previous standard. AASB 11 also provides guidance for parties that participate in

LIVERPOOL PLAINS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2013

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

joint arrangements but do not share joint control.

Council's investment in the joint venture partnership will be classified as a joint venture under the new rules. As Council already applies the equity method in accounting for this investment, AASB 11 will not have any impact on the amounts recognised in its financial statements.

AASB 12 sets out the required disclosures for entities reporting under the two new standards, AASB 10 and AASB 11, and replaces the disclosure requirements currently found in AASB 127 and AASB 128. Application of this standard by Council will not affect any of the amounts recognised in the financial statements, but will impact the type of information disclosed in relation to Council's investments.

Amendments to AASB 128 provide clarification that an entity continues to apply the equity method and does not remeasure its retained interest as part of ownership changes where a joint venture becomes an associate, and vice versa. The amendments also introduce a "partial disposal" concept. Council is still assessing the impact of these amendments.

Council does not expect to adopt the new standards before their operative date. They would therefore be first applied in the financial statements for the annual reporting period ending 30 June 2014.

(iii) *AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting*

Standards arising from AASB 13 (effective 1 January 2013) AASB 13 was released in September 2011. It explains how to measure fair value and aims to enhance fair value disclosures. Council has yet to determine which, if any, of its current measurement techniques will have to change as a result of the new guidance. It is therefore not possible to state the impact, if any, of the new rules on any of the amounts recognised in the financial statements. However, application of the new standard will impact the type of information disclosed in the notes to the financial statements. Council does not intend to adopt the new standard before its operative date, which means that it would be first applied in the annual reporting period ending 30 June 2014.

(iv) *Revised AASB 119 Employee Benefits, AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) and AASB 2011-11 Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements* (effective 1 January 2013)

In September 2011, the AASB released a revised standard on accounting for employee benefits. It requires the recognition of all remeasurements of defined benefit liabilities/assets immediately in other comprehensive income (removal of the so-called 'corridor' method) and the calculation of a net interest expense or income by applying the discount rate to the net defined benefit liability or asset. This replaces the expected return on plan assets that is currently included in profit or loss. The standard also introduces a number of additional disclosures for defined benefit liabilities/assets and could affect the timing of the recognition of termination benefits. The amendments will have to be implemented retrospectively. Council does not recognise defined benefit assets and liabilities for the reasons set out in note 1 (s) (iii) and so these changes will not have an impact on its reported results.

There are no other standards that are not yet effective and that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

(w) Land

LIVERPOOL PLAINS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2013

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Land is classified as either operational or community in accordance with Part 2 of Chapter 6 of the Local Government Act (1993). This is disclosed in Note 9(a).

(x) Crown reserves

Crown reserves under Council care and control are recognised as assets of the Council. While ownership of the reserves remains with the Crown, Council retains operational control of the reserves and is responsible for their maintenance and use in accordance with the specific purposes to which the reserves are dedicated. Improvements on Crown Reserves are also recorded as assets, while maintenance costs incurred by Council and revenues relating the reserves are recognised within Councils Income Statement. A working party of interested representatives from both State and Local Government is being formed to consider the accounting issues related to the crown reserves, with the intention of developing a consistent approach to their recognition and future accounting treatment across both tiers of government.

(x) Goods and Services Tax (GST)

Revenues, expenses and assets are recognized net of the amount associated GST, unless the GST incurred is not recoverable from the taxation authority. In the case it is recognized 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 balance sheet.

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

(y) Rural Fire Service Assets

Under section 119 of the Rural Fire Services Act 1997, all the 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 and 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, Councils will continue to account for these assets as they have been doing in previous years.

(z) Rounding of amounts

Unless otherwise indicated, amounts in the financial report have been rounded off to the nearest thousand dollars.

Cleaning Page

LIVERPOOL PLAINS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2013

Note 2 - FUNCTIONS

	REVENUES, EXPENSES AND ASSETS HAVE BEEN DIRECTLY ATTRIBUTED TO THE FOLLOWING FUNCTIONS & ACTIVITIES												
	Income from continuing operations			Expenses from continuing operations			Operating result from continuing operations			GRANTS INCLUDED IN INCOME		TOTAL ASSETS HELD (CURRENT & NON-CURRENT)	
	ORIGINAL BUDGET	ACTUAL	ACTUAL	ORIGINAL BUDGET	ACTUAL	ACTUAL	ORIGINAL BUDGET	ACTUAL	ACTUAL				
	2013 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
GOVERNANCE	-	-	-	427	683	531	(427)	(683)	(531)				
ADMINISTRATION	200	270	278	2,193	2,009	1,862	(1,993)	(1,739)	(1,584)	23	22	16,575	11,009
PUBLIC ORDER & SAFETY	777	855	637	513	765	1,039	264	90	(402)	833	614	2,647	3,331
HEALTH	-	-	-	-	-	-	-	-	-	-	-	3,202	927
ENVIRONMENT	1,501	1,671	1,436	2,208	2,691	2,781	(707)	(1,020)	(1,345)	293	84		1,398
COMMUNITY SERVICES & EDUCATION	682	762	712	944	917	858	(262)	(155)	(146)	264	258	2,852	1,326
HOUSING & COMMUNITY AMENITIES	78	169	157	333	391	520	(255)	(222)	(363)	30	49	17,266	19,678
WATER SUPPLIES	4,086	4,438	2,424	2,429	2,052	1,959	1,657	2,386	465	1,909	161	49,276	40,689
SEWERAGE SERVICES	1,094	1,200	1,089	1,093	678	956	1	522	133	26	24	30,116	29,598
RECREATION & CULTURE	1,282	1,283	309	3,202	2,606	1,982	(1,920)	(1,323)	(1,673)	161	73	24,742	23,405
FUEL & ENERGY	-	-	-	-	-	-	-	-	-	-	-	-	-
MINING, MANUFACTURING & CONSTRUCTION	906	636	805	680	600	701	226	36	104			1,324	666
TRANSPORT & COMMUNICATION	4,272	5,239	6,858	6,812	8,419	10,267	(2,540)	(3,180)	(3,409)	4,046	5,879	418,417	412,257
ECONOMIC AFFAIRS	336	582	528	754	844	875	(418)	(262)	(347)			1,663	3,866
TOTALS - FUNCTIONS	15,214	17,105	15,233	21,588	22,655	24,331	(6,374)	(5,550)	(9,098)	7,585	7,164	568,080	548,150
JOINT VENTURES & ASSOCIATES	-	-	-	-	-	-	-	-	-			-	-
GENERAL PURPOSE REVENUES	8,358	9,528	8,412				8,358	9,528	8,412	3,167	2,022		
TOTALS	23,572	26,633	23,645	21,588	22,655	24,331	1,984	3,978	(686)	10,752	9,186	568,080	548,150

The above functions conform to those used by the Australian Bureau of Statistics and provide a basis for comparison with other Councils.

LIVERPOOL PLAINS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2013

Note 2 (cont) - COMPONENTS OF FUNCTIONS

The activities relating to Council functions are as follows:

Governance

Costs relating to Council's role as a component of democratic government, including elections, meetings and associated activities, area representation, and public disclosure and compliance, together with related administration costs.

Administration

Costs not otherwise attributed to functions.

Public Order & Safety

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

Health

Administration and inspection, immunisations, food control, insect & vermin control, noxious plants, health centres, other.

Environment, Community Services & Education

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

Housing & Community Amenities

Housing, town planning, domestic waste management services, other waste management services, street cleaning, other sanitation and garbage, urban stormwater drainage, environmental protection, public cemeteries, public conveniences, other community amenities.

Water Supplies

Sewerage Services

Recreation & Culture

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

Fuel & Energy - Gas Supplies.

Mining, Manufacturing & Construction

Building control, abattoirs, quarries and pits, other.

Transport & Communication

Roads and streets, bridges, footpaths, aerodromes, parking areas, bus shelters and services, water transport, works undertaken for Roads & Transport Authority, street lighting, other.

Economic Affairs

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

LIVERPOOL PLAINS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2013

Note 3 - INCOME

RATES & ANNUAL CHARGES	2013 \$'000	2012 \$'000
<u>Ordinary Rates</u>		
Residential	1,493	1,442
Farmland	3,572	3,443
Business	518	482
Mining	239	230
	<u>5,822</u>	<u>5,597</u>
<u>Special Rates</u>		
Water Supplies		
Sewerage Services		
Environmental		
Infrastructure		
Drainage		
Town improvement		
Parking		
Mainstreet		
Tourism		
Other		
	<u>-</u>	<u>-</u>
<u>Annual Charges</u>		
Domestic Waste Management	770	723
Water Supply	1,370	1,208
Sewerage Services	994	897
Other Waste Management	319	335
Waste levy		
	<u>3,453</u>	<u>3,163</u>
Total Rates & Annual Charges	<u>9,275</u>	<u>8,760</u>
<i>Rates have been made and levied on the basis of valuations as at 1 July 2010 supplied by the Valuer-General (2012: 1 July 2008).</i>		
USER CHARGES & FEES		
<u>User Charges</u>		
Domestic Waste Management		
Water Supply	942	881
Sewerage Services	27	
Drainage Services		
Other Waste Management	81	80
Other		
	<u>1,050</u>	<u>961</u>
<u>Fees</u>		
Private Works	150	35
RMS works - State Roads	697	682
Child Care	407	365
Planning & Building - regulatory	134	156
Cemeteries	135	117
Leaseback vehicles	45	78
Community Services	61	4
Sporting and Recreation	760	112
Corporate	60	43
Septic Tanks	6	4
Sewer Connections	-	-
Water Connections	6	-
Halls	54	5
Swimming Centres	56	43
Rent & Hire of Council Property	289	251
Quarry and Pits	584	757
Other	36	20
	<u>3,480</u>	<u>2,672</u>
Total User Charges & Fees	<u>4,530</u>	<u>3,633</u>

LIVERPOOL PLAINS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2013

Note 3 - REVENUES (cont)

	2013 \$'000	2012 \$'000
INVESTMENT REVENUES		
Interest receivable		
- overdue rates & charges	109	103
- cash & investments	707	768
- other		
Fair value adjustments - investments		
- other		
Impairment losses - investments		
- other		
Available for sale revaluation reserves realised		
Premiums recognised on financial instruments		
Amortisation of discounts and premiums		
Gross Investment Revenues	<u>816</u>	<u>871</u>
Less: Interest deducted from		
capitalised borrowing costs		
Total Investment Revenues	<u>816</u>	<u>871</u>
 OTHER REVENUES		
Fair value adjustments - investment property		
Reversal of Revaluation Decrements		
Theatre	39	3
Other fines	8	10
Recycling Income (Non domestic)	-	
Rental income - Investment Property	-	
Insurance Discounts	90	113
Insurance Claims	22	106
Commissions & Agency Fees	129	127
Legal Fees Recovery (Rates)	113	185
Miscellaneous sales	218	207
Miscellaneous charges - overdue rates & charges		
Ex gratia payments in lieu of Rates		
Adjust interest in associated entities	-	-
Income relating to the Clean Energy Future Scheme		
Other		
Total Other Revenues	<u>619</u>	<u>751</u>

Note 19

LIVERPOOL PLAINS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2013

Note 3 - INCOME (cont)

		OPERATING		CAPITAL	
	Notes	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
GRANTS					
General Purpose (Untied)					
Financial Assistance		1,485	998		
Individually significant item	See				
- additional Grants Commission Payment	Below	1,571	1,553		
Pensioner Rates Subsidies (General)		71	62		
Specific Purpose					
Pensioner Rates Subsidies					
Water Supplies		34	30		-
Sewerage Services		26	24		-
Domestic Waste Management		40	36		-
Water Supplies			-	1,875	131
Sewerage Services			-		-
Street Lighting		21	20		
Roads & Bridges		1,042	1,789	3,004	3,443
Employment & Training Programs		23	22		-
Recreation, Heritage & Cultural Services		47	41	114	32
Community Care Services		264	258		
Housing and Amenities			49		
NSW Bushfire Services		390	454	436	160
Clean Energy Future Grants					
Noxious Plants		72	84		
Other		237			
Total Grants & Subsidies		5,323	5,420	5,429	3,766
Comprising:					
- Commonwealth funding		3,079	2,613	2,748	1,798
- State funding		2,244	2,807	2,681	1,968
- Other funding					
		5,323	5,420	5,429	3,766
CONTRIBUTIONS & DONATIONS					
Developer Contributions					
Section 94	17	-		24	29
Section 94A levies	17			39	36
Roads, Bridges & Other Communication	17	-	70	30	34
Section 64					
Water	17			21	72
Sewer	17			5	25
Stormwater	17				
Subdivider dedications	11				
Community Care Services			56		
Housing and Amenities				15	
Bushfire and Emergency Services					
Recreation and Cultural				226	
Other		10		100	
Total Contributions & Donations		10	126	460	196
TOTAL GRANTS & CONTRIBUTIONS		5,333	5,546	5,889	3,962

LIVERPOOL PLAINS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2013

Note 3 - INCOME (cont)

CONDITIONS OVER GRANTS & CONTRIBUTIONS

Grants and contributions which were obtained on the condition that they be expended for specified purposes or in a future period, but which are not yet expended in accordance with those conditions, are as follows:

	2013 \$'000		2012 \$'000	
	<u>Grants</u>	<u>Contrib</u>	<u>Grants</u>	<u>Contrib</u>
Unexpended at the close of the previous reporting period	2,124	605	1,586	441
Less: expended during the current period from revenues recognised in previous reporting periods				
Other	1,712	10	1,085	
Subtotal	1,712	10	1,085	0
Plus: amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions				
Roads Infrastructure				164
Other	2,213	127	1,623	
Subtotal	2,213	127	1,623	164
Unexpended at the close of this reporting period and held as restricted assets	2,625	722	2,124	605
Net increase (decrease) in restricted assets in the current	501	117	538	164

OPERATING LEASES providing revenue to the Council

Investment Property

Council does not hold any investment properties for the 2012 and 2013 financial years.

LIVERPOOL PLAINS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2013

Note 4 - EXPENSES

	2013 \$'000	2012 \$'000
EMPLOYEE BENEFITS AND ONCOSTS		
Salaries and Wages	7,095	6,854
Travelling	245	369
Employee Leave Entitlements	243	269
Superannuation - defined contribution plan contributions	574	484
Superannuation - defined benefit plan contributions	141	268
Workers' Compensation Insurance	182	189
Fringe Benefits Tax	53	26
Payroll Tax		
Training Costs (excluding Salaries)	94	74
Other		
Less: Capitalised and distributed costs	(391)	(525)
Total Operating Employee Costs	8,236	8,008
 Total Number of Employees	 117	 124
<i>(Full time equivalent at end of reporting period)</i>		
 BORROWING COSTS		
Interest on Overdraft		
Interest on Loans	245	124
Unwinding of present value discounts & premiums		79
Gross Interest Charges	245	203
Less: Borrowing Costs capitalised		
Total Interest Charges	245	203
 MATERIALS & CONTRACTS		
Raw materials & consumables	3,834	5,602
Contractor and consultancy costs	916	425
Auditor's Remuneration (see following page)	42	4
Legal Expenses		
- Planning & Development	70	29
- Other Legal Expenses	194	191
Operating Leases		
- Buildings		
- Computers		
- Motor vehicles		
- Other		
Other		
Total Materials & Contracts	5,056	6,251

LIVERPOOL PLAINS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2013

Note 4 - EXPENSES (cont)	2013 \$'000	2012 \$'000
<u>Auditors Remuneration</u>		
During the year the following fees were paid or payable for services by Council's auditor:		
<i>Audit and other assurance services</i>		
Audit and review of financial statements	35	3
Other assurance services:		
- audit of regulatory returns	7	1
- due diligence services		
	<u>42</u>	<u>4</u>
<i>Taxation services</i>		
Tax compliance services		
<i>Other services</i>		
Remuneration services		
Benchmarking services		
	<u>0</u>	<u>0</u>
Total remuneration	<u>42</u>	<u>4</u>

DEPRECIATION & AMORTISATION

Intangible Assets (Note 25)		
Plant and Equipment	693	995
Office Equipment	259	96
Furniture & Fittings	67	35
Leased Property, Plant & Equipment	-	
Land	-	
Land Improvements	-	46
Buildings - non-specialised	81	432
Buildings - specialised	-	
Other Structures	56	46
Infrastructure		
- roads, bridges & footpaths	4,671	5,233
- bulk earthworks	-	
- stormwater drainage	175	226
- water supply network not elsewhere included	547	632
- sewerage network not elsewhere included	171	441
- other infrastructure	-	
Other assets		
- heritage collections	-	
- library books	-	
- other	-	103
Future Reinstatement Costs		
- Tips	92	16
- Quarries	97	28
- Other remediation assets	-	
Less: Capitalised and distributed costs		
Total Depreciation & Amortisation	<u>6,909</u>	<u>8,329</u>

LIVERPOOL PLAINS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2013

Note 4 - EXPENSES (cont)	2013 \$'000	2012 \$'000
IMPAIRMENT		
Intangible Assets (Note 25)		
Plant and Equipment	6	
Office Equipment	3	
Furniture & Fittings	6	
Leased Property, Plant & Equipment	-	
Land	5	
Land Improvements	-	
Buildings - non-specialised	891	
Buildings - specialised	-	
Other Structures	32	
Infrastructure		
- roads, bridges & footpaths	314	
- water supply network not elsewhere included	4	
- sewerage network not elsewhere included	6	
- other infrastructure	-	
Less: Offset to Asset Revaluation Reserve	(1,267)	
Total Impairment	-	-
OTHER EXPENSES		
Revaluation Decrements expensed		
Bad and Doubtful Debts	18	
Mayoral fee	20	19
Councillors' Fees & Allowances	71	72
Councillors' (incl. Mayor) Expenses	93	14
Insurances	307	177
Street Lighting	123	106
Light, Power & Heating	391	289
Telephone & Communications	198	152
Donations & Contributions to Local & Regional Bodies	19	6
Planning levy		
Waste levy		
Emergency services levy	319	409
Carbon tax expense		
Advertising	49	66
Bank charges	32	5
Printing and Stationery	40	44
Promotions	35	23
Security Services	11	5
Subscriptions & Publications	44	57
Valuation Fees	52	33
Adjust interest in associated entities	-	-
Other	36	63
Total Other Expenses	1,858	1,540

LIVERPOOL PLAINS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2013

Note 5 - GAIN OR LOSS ON DISPOSAL OF ASSETS

	2013 \$'000	2012 \$'000
DISPOSAL OF INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT		
Proceeds from disposal	346	375
Less: Carrying amount of assets sold	<u>175</u>	<u>291</u>
Gain (Loss) on disposal	<u>171</u>	<u>84</u>
DISPOSAL OF REAL ESTATE DEVELOPMENT ASSETS		
Proceeds from disposal		382
Less: Carrying amount of assets sold		<u>344</u>
Gain (Loss) on disposal	<u>-</u>	<u>38</u>
DISPOSAL OF INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT		
Proceeds from disposal	393	
Less: Carrying amount of assets sold	<u>744</u>	
Gain (Loss) on disposal	<u>(351)</u>	<u>-</u>
DISPOSAL OF FINANCIAL ASSETS		
Proceeds from disposal		
Less: Carrying amount of assets sold		
Gain (Loss) on disposal	<u>-</u>	<u>-</u>
NET GAIN (LOSS) ON DISPOSAL OF ASSETS	<u>(180)</u>	<u>122</u>

LIVERPOOL PLAINS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2013

Note 6 - CASH ASSETS & INVESTMENT SECURITIES

	2013 \$'000		2012 \$'000	
	<u>Current</u>	<u>Non-Current</u>	<u>Current</u>	<u>Non-Current</u>
CASH ASSETS				
Cash on Hand and at Bank	5,271		3,311	
Deposits at Call				
Short Term Deposits & Bills, etc				
Other				
Total Cash Assets	<u>5,271</u>		<u>3,311</u>	

Cash Assets comprise short-term, highly liquid investments readily convertible to known amounts of cash that are subject to insignificant risk of changes of value.

INVESTMENT SECURITIES

Summary

Financial assets at fair value through profit and loss - held for trading	-	-	-	-
Held to maturity investments	7,500	3,500	7,000	4,500
Available for sale financial assets	-	-	-	-
Loans and receivables	-	-	-	-
Total	<u>7,500</u>	<u>3,500</u>	<u>7,000</u>	<u>4,500</u>

Held to Maturity Investments

At beginning of year	7,000	4,500	5,750	1,000
Amortisation of discounts and premiums				
Additions	500	-	1,250	3,500
Disposals		(1,000)		
Reclassifications				
Transfers Current/Non-current		-		
At end of year	<u>7,500</u>	<u>3,500</u>	<u>7,000</u>	<u>4,500</u>

Comprising:

- Government Bonds				
- Term Deposits	7,500	3,500	7,000	4,500
- Bank Bills				
- Other				
	<u>7,500</u>	<u>3,500</u>	<u>7,000</u>	<u>4,500</u>

LIVERPOOL PLAINS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2013

Note 6 - CASH ASSETS & INVESTMENT SECURITIES (cont)

RESTRICTED CASH ASSETS & INVESTMENT SECURITIES

	2013 \$'000		2012 \$'000	
	Current	Non-Current	Current	Non-Current
Cash & Cash Equivalent Assets	5,271		3,311	
Investment Securities	7,500	3,500	7,000	4,500
TOTAL CASH & INVESTMENT SECURITIES	12,771	3,500	10,311	4,500
External Restrictions	7,299	3,500	5,611	4,500
Internal Restrictions	4,753	-	3,865	-
Unrestricted	719	-	835	-
	12,771	3,500	10,311	4,500

DETAILS OF MOVEMENTS OF RESTRICTED CASH ASSETS & INVESTMENT SECURITIES

Notes		Opening Balance 30 June 2012	Movements		Closing Balance 30 June 2013
			Transfers To Restriction	Transfers From Restriction	
		\$'000	\$'000	\$'000	\$'000
	External Restrictions				
	Other				
	Developer Contributions	604	118	-	722
	Unexpended Grants	2,104	521	-	2,625
	Water Supply funds	4,208		549	3,659
	Sewerage funds	3,195	629	31	3,793
	Domestic Waste Management			-	
	Stormwater Management			-	
	Other			-	
		10,111	1,268	580	10,799
	Total External Restrictions	10,111	1,268	580	10,799

External Restrictions arise pursuant to section 409(3) of the Local Government Act, the Local Government (General) Regulation 2005 and other applicable legislation. Further information relating to Developer Contributions is provided in Note 17 and Unexpended Grants in Note 3. Amounts raised by special rates (eg. Water & Sewer) and certain annual charges may only be used for those purposes.

Notes		Opening Balance 30 June 2012	Movements		Closing Balance 30 June 2013
			Transfers To Restriction	Transfers From Restriction	
		\$'000	\$'000	\$'000	\$'000
	Internal Restrictions				
	Employee Leave Entitlements	830	133	-	963
	Plant replacement	138	153	-	291
	Office Equipment	134		-	134
	Construction of Buildings	311	71	-	382
	Environmental	820	153	-	973
	Transport & Road Infrastructure	846	379	-	1,225
	Economic Development & Tourism	54	30	-	84
	Total Internal Restrictions	3,865	888	-	4,753

Internal Restrictions arise pursuant to resolutions of Council to set aside reserves of cash resources either relating to liabilities recognised in these reports or to fund future expenditure for the stated purpose. Such reserves are not permitted to exceed the amounts of cash assets and cash investments not otherwise restricted.

LIVERPOOL PLAINS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2013

Note 7 - RECEIVABLES

	2013 \$'000		2012 \$'000	
	<u>Current</u>	<u>Non-Current</u>	<u>Current</u>	<u>Non-Current</u>
Rates & Annual Charges	742		648	
Interest & Extra Charges	182		196	
User Charges & Fees	1,300		1,335	
Accrued Revenues	216		373	
Deferred Debtors	31		55	
Other levels of Government	1,038		1,224	
Retirement Home Contributions				
Other				
Total	3,509	-	3,831	-
Less: Allowance for Doubtful Debts				
Rates & Annual Charges	23		43	
Interest & Extra Charges				
User Charges & Fees	38			
Other				
Total Receivables	3,448	-	3,788	-

Rates, Annual Charges, Interest & Extra Charges

Overdue rates and annual charges (being amounts not paid on or before the due date determined in accordance with the Local Government Act) are secured over the relevant land and are subject to simple interest at a rate of 10.00% (2012: 11.00%). Although Council is not materially exposed to any individual ratepayer, credit risk exposure is concentrated within the Council boundaries in the State of New South Wales.

Deferred Debtors

Council is not materially exposed to any individual debtor, and credit risk exposure is concentrated within the Council boundaries in the State of New South Wales.

Other levels of Government

Amounts due have been calculated in accordance with the terms and conditions of the respective programs following advice of approvals, and do not bear interest. All amounts are due by Departments and Agencies of the Government of New South Wales and the Government of Australia.

Other Receivables

Amounts due (other than User Charges which are secured over the relevant land) are unsecured and do not bear interest. Although Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries in the State of New South Wales.

RESTRICTED RECEIVABLES

Water Supply	687	-	702	
Sewerage Services	188	-	161	
Domestic Waste Management	166		154	
Stormwater Management Services				
Drainage				
Other				
Total Restrictions	1,041	-	1,017	-
Unrestricted Receivables	2,407	-	2,771	-
Total Receivables	3,448	-	3,788	-

LIVERPOOL PLAINS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2013

Note 8 - INVENTORIES & OTHER ASSETS

	2013 \$'000		2012 \$'000	
	<u>Current</u>	<u>Non-Current</u>	<u>Current</u>	<u>Non-Current</u>
INVENTORIES				
Stores & Materials	296		255	
Trading Stock				
Real Estate Developments	895	-	829	
Other				
Total Inventories	<u>1,191</u>	<u>-</u>	<u>1,084</u>	<u>-</u>

Inventories not expected to be realised within the next 12 months.

Aggregate write-downs and other losses recognised as an expense, and reversals of these, were not material in amount in either year. All such reversals occurred principally as a result of clerical inaccuracies during stores operations.

OTHER ASSETS

Prepayments	-		30	
Other				
Total Other Assets	<u>-</u>	<u>-</u>	<u>30</u>	<u>-</u>

Real Estate Developments

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

Residential	829		829	
Industrial & Commercial	66			
Other Properties surplus to requirements				
Total Real Estate for Resale	<u>895</u>	<u>-</u>	<u>829</u>	<u>-</u>

Represented by:

Acquisition Costs	895		829	
Development Costs				
Borrowing Costs				
Other Holding Costs				
Other Properties - Book Value				
	<u>895</u>	<u>-</u>	<u>829</u>	<u>-</u>
Less: Allowance for Under-Recovery				
Total Real Estate for Resale	<u>895</u>	<u>-</u>	<u>829</u>	<u>-</u>

LIVERPOOL PLAINS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2013

Note 9 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

	2012 \$'000				CARRYING AMOUNT MOVEMENTS DURING YEAR \$'000						2013 \$'000			
	AT	AT	ACCUM	CARRYING	Asset	Asset	Depreciation	Impairment	Transfers/ Adjustments, etc.	Net	AT	AT	ACCUM	CARRYING
	COST	FAIR VALUE	DEPN	AMOUNT	Purchases	Disposals				Revaluation	COST	FAIR VALUE	DEPN	AMOUNT
Capital Work-in-progress	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Plant & Equipment	-	13,726	(7,287)	6,439	1,401	(266)	(693)	(6)	(1,823)	-	-	9,687	(4,635)	5,052
Office Equipment	-	1,544	(1,212)	332	16	-	(259)	(3)	-	-	-	1,556	(1,470)	86
Furniture & Fittings	-	391	(210)	181	32	-	(67)	(6)	-	-	-	417	(277)	140
Leased Plant & Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Land														
- Operational Land	324	5,840	-	6,164	10	-	-	(5)	935	(2,245)	-	4,859	-	4,859
- Community Land	-	2,065	-	2,065	-	-	-	-	-	-	-	2,065	-	2,065
Land under roads														
- pre 1 July 2008	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- post 1 July 2008	-	-	-	-	3	-	-	-	-	-	-	3	-	3
Land Improvements - non-depreciable	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Land Improvements - depreciable	59	5,120	(3,999)	1,180	55	-	-	-	(1,180)	-	-	55	-	55
Buildings - non-specialised	550	33,783	(6,208)	28,125	338	-	(81)	(891)	3,905	4,874	-	37,344	(1,074)	36,270
Buildings - specialised	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Structures	506	2,975	(1,803)	1,678	458	-	(56)	(32)	4,485	1,005	-	7,942	(404)	7,538
Infrastructure														
- Roads, bridges, footpaths	5,706	426,800	(95,252)	337,254	5,273	(691)	(4,671)	(314)	74,423	-	-	421,933	(10,659)	411,274
- Bulk earthworks (non-deprec.)	-	66,630	-	66,630	-	-	-	-	(66,630)	-	-	-	-	-
- Stormwater drainage	2,373	16,183	(2,752)	15,804	-	-	(175)	-	(2,415)	-	-	16,564	(3,350)	13,214
- Water Supply Network	-	47,279	(12,859)	34,420	5,553	-	(547)	(4)	(1)	-	-	52,827	(13,406)	39,421
- Sewerage Network	-	27,521	(1,578)	25,943	-	-	(171)	(6)	2	-	-	27,517	(1,749)	25,768
- Other Infrastructure	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets														
- Heritage Collections	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Library Books	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Other	51	3,510	(2,062)	1,499	43	-	-	-	(1,499)	-	-	58	(15)	43
Future Reinstatement Costs														
- Tips	618	-	(134)	484	-	-	(92)	-	(191)	749	1,167	-	(217)	950
- Quarries	465	-	(226)	239	-	-	(97)	-	-	290	755	-	(323)	432
- Other remediation assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Totals	10,652	653,367	(135,582)	528,437	13,182	(957)	(6,909)	(1,267)	10,011	4,673	1,922	582,827	(37,579)	547,170

Asset acquisitions were apportioned between:

Building & Infrastructure Renewals	5,453
Building & Infrastructure New Assets	5,711
Other Assets	2,018

LIVERPOOL PLAINS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2013

Note 9 (cont) - RESTRICTED PROPERTY, PLANT & EQUIPMENT

	2013 \$'000				2012 \$'000			
	AT COST	AT VALUATION	ACCUM DEPN	CARRYING AMOUNT	AT COST	AT VALUATION	ACCUM DEPN	CARRYING AMOUNT
Water Supply								
Plant & Equipment						5,411	919	4,492
Office Equipment						170	118	52
Furniture & Fittings								
Leased Plant & Equipment								
Land								
- Operational	142	268		410	142	268		410
- non depreciable land improv'ts								
Land Improvements - depreciable								
Buildings	5,367	1,143	211	6,299		1,143	195	948
Other Structures						20,572	5,581	14,991
Water Supply Infrastructure	26,909	20,572	13,406	34,074		21,126	6,240	14,886
- Other								
Total Water Supply	32,418	21,983	13,617	40,783	142	48,690	13,053	35,779
Sewerage Services								
Plant & Equipment	37					344	32	312
Land								
- Operational		299		299		299		299
- non depreciable land improv'ts								
Land Improvements - depreciable								
Buildings								
Other Structures						11,042	1,057	9,985
Sewerage Infrastructure	344	27,177	1,749	25,772		16,135	489	15,646
- Roads, bridges, footpaths								
- Other								
Total Sewerage Services	381	27,476	1,749	26,071	-	27,820	1,578	26,242
Domestic Waste Management								
Plant & Equipment						62	38	24
Office Equipment		6	6	-		6	5	1
Land								
- Operational		637		637		685		685
Land Improvements - depreciable	18			18	611		412	199
Buildings		70	2	68	12	219	45	186
Tip Assets	405		134	271	843		399	444
Other Structures		10		10	139		26	113
- Other					104		49	55
Total Domestic Waste	423	723	142	1,004	1,709	972	974	1,707
Stormwater Drainage								
Land								
- Operational	355							
Other Structures	1,135	15,429	3,350	13,214		15,429	2,243	13,186
- Other					83	3,044	509	2,618
Total Stormwater Drainage	1,490	15,429	3,350	13,214	83	18,473	2,752	15,804
TOTAL RESTRICTIONS	34,712	65,611	18,858	81,072	1,934	95,955	18,357	79,532

LIVERPOOL PLAINS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2013

Note 10 - LIABILITIES

	2013 \$'000		2012 \$'000	
	Current	Non-Current	Current	Non-Current
PAYABLES				
Goods & Services	669		542	
Payments received in advance	35		35	
Accrued salaries & wages	19		197	
Accrued interest payable	82			
Accrued expenses - other	8		101	
Advances				
Retirement Home Contributions				
Deposits, Retentions & Bonds				
Other				
Total Payables	813	-	875	-

Current payables not expected to be settled within the next 12 months.

BORROWINGS

Bank Overdraft				
Loans				
- Secured	242	5,400	276	3,287
- Unsecured				
Government Advances				
Ratepayer Advances				
Finance Lease Liability				
Deferred Payment Liabilities				
Other				
Total Borrowings	242	5,400	276	3,287

All interest bearing liabilities are secured over the future revenues of the Council.

PROVISIONS

Employee benefits - annual leave	831		767	
- sick leave	14		13	
- long service leave	1,400	69	1,249	79
- oncosts	334	9	291	11
Self insurance - workers compensation				
- public liability				
- other				
Reinstatement, Remediation, etc. (see also Note 21)	60	2,568	79	1,329
Carbon tax				
Other				
Total Provisions	2,639	2,646	2,399	1,419

Current payables not expected to be settled within the next 12 months.

1,400

1,243

Movements in Provisions	Opening balance \$'000	Increases in provision \$'000	Payments \$'000	Remeasure-ment \$'000	Closing balance \$'000
Annual leave	767	64			831
Sick leave	13	1			14
Long service leave	1,328	141			1,469
Other employee benefits	302	41			343
Self insurance	-				-
Reinstatement, etc. (Note 26)	1,408	1,220			2,628
Carbon tax	-				-
Other	-				-
Closing Balance	3,818	1,467	-	-	5,285

LIVERPOOL PLAINS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2013

NOTE 10 - LIABILITIES (cont)

Provision for Reinstatement, rehabilitation & restoration liabilities

Council is required by law to reinstate/ rehabilitate the areas of certain tips and quarries for roadmaking materials when it ceases to use each facility. Engineering estimates have been made based on current reinstatement standards and discounted to its present value over the estimated remaining life of each facility at the rates applicable to government securities.

	2013 \$'000		2012 \$'000	
	Current	Non-Current	Current	Non-Current
AGGREGATE LIABILITY ARISING FROM EMPLOYEE BENEFITS				
	<u>2,598</u>	<u>78</u>	<u>2,517</u>	<u>90</u>
LIABILITIES relating to RESTRICTED ASSETS				
<u>Water Supplies</u>				
Payables	81	-		
Interest Bearing Liabilities	53	4,250	63	1,949
Provisions	-	-		
Subtotal	<u>134</u>	<u>4,250</u>	<u>63</u>	<u>1,949</u>
TOTAL	<u>134</u>	<u>4,250</u>	<u>63</u>	<u>1,949</u>

LIVERPOOL PLAINS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2013

Note 11 - RECONCILIATION TO CASH FLOW STATEMENT

(a) Reconciliation of Cash

Cash Assets comprise short-term, highly liquid investments readily convertible to known amounts of cash that are subject to insignificant risk of changes of value. Cash at the end of the reporting period as shown in the Statement of Cash Flows is reconciled to the related items in the Balance Sheet as follows:

	2013 \$'000	2012 \$'000
Total Cash Assets (Note 6)	5,271	3,311
Less: Bank Overdraft (Note 10)	-	-
Balances per Statement of Cash Flows	<u>5,271</u>	<u>3,311</u>

(b) Reconciliation of Change in Net Assets to Cash from Operating Activities

Net Operating Result from Income Statement	3,978	(686)
Add: Depreciation, Amortisation & Impairment	6,909	8,329
Unwinding of present value discounts & premiums	-	188
Investments - impairment & fair value adjustments	-	-
Increase in provision for doubtful debts	18	-
Increase in employee benefits provisions	247	264
Increase in other provisions	181	-
Decrease in receivables	298	-
Decrease in inventories	-	-
Decrease in other assets	30	-
Increase in trade creditors & other accruals	-	-
Increase in accrued interest payable	82	-
Increase in other payables	-	6
Loss on Sale of Assets	351	-
Equity share of loss in Associates	-	-
Equity adjustment in Associates (decrease)	-	-
Decrements from Revaluations	-	-
Loss on Council restructure	-	-
	<u>12,094</u>	<u>8,101</u>
Less: Decrease in provision for doubtful debts	-	-
Decrease in other provisions	-	774
Increase in receivables	-	6
Increase in inventories	107	55
Increase in other assets	-	30
Decrease in trade creditors & other accruals	144	444
Gain on Sale of Assets	171	122
Non-cash Capital Grants and Contributions	484	(614)
Net Cash provided by (or used in) operations	<u>11,188</u>	<u>7,284</u>

LIVERPOOL PLAINS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2013

Note 11 (cont) - RECONCILIATION TO CASH FLOW STATEMENT

	2013 \$'000	2012 \$'000
(c) Non-Cash Financing and Investing Activities		
Acquisition of assets by means of:		
- Bushfire Grants	484	160
	<u>484</u>	<u>160</u>

(d) Financing Arrangements

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

Bank Overdrafts		
Total Facilities	150	150
Corporate Credit Cards	29	29

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice. Interest rates on overdrafts are variable while the rates for loans are fixed for the period of the loan.

LIVERPOOL PLAINS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2013

Note 12 - COMMITMENTS FOR EXPENDITURE

	2013 \$'000	2012 \$'000
(a) Capital Commitments		
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities are exclusive of GST:		
Water Infrastructure	0	4996
Construction of Investment Property		
Buildings		
Plant & Equipment		
	<u>0</u>	<u>4996</u>

Commitments for Capital Expenditures relating to Joint Ventures and Partnerships are set out in Note 19.

(b) Finance Lease Commitments

Council has no commitments under Finance Lease.

No Joint Ventures or Partnerships have any finance lease arrangements.

(c) Operating Lease Commitments (Non-Cancellable)

Commitments under non-cancellable operating leases at the reporting date but not recognised in the financial statements are payable as follows:

<u>Total Future Minimum Lease Payments</u>		
Not later than one year		13
Later than one year and not later than 5 years		
Later than 5 years		
	<u>0</u>	<u>13</u>

Council has not entered into any new non-cancellable operating leases for various items of computer and other plant and equipment.

Contingent rental payments exist in relation to the lease of one grader if utilisation exceeds 250 hours during any month. No contingent rentals were paid during the current or previous reporting periods.

No lease imposes any additional restrictions on Council in relation to additional debt or further leasing.

Leases in relation to computer and office equipment permit Council, at expiry of the lease, to elect to re-lease, return or acquire the equipment leased.

No lease contains any escalation clause.

Commitments for Operating Lease Expenditures relating to Joint Ventures and Partnerships are set out in Note 19.

LIVERPOOL PLAINS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2013

Note 13 - STATEMENT OF PERFORMANCE MEASUREMENT

INDICATORS - CONSOLIDATED				
		2013	2012	2011
	<u>Amounts</u>	<u>Indicators</u>		
Unrestricted Current Ratio				
<u>Unrestricted Current Assets*</u>	\$5,570	2.58:1	1.82:1	2.91:1
Current Liabilities not relating to Restricted Assets	\$2,160			
Debt Service Ratio				
<u>Net Debt Service Cost*</u>	\$499	0.03:1	0.02:1	0.02:1
Operating Revenue*	\$18,538			
Rate & Annual Charges				
Coverage Ratio				
<u>Rates & Annual Charges Revenues</u>	\$9,275	0.35:1	0.37:1	0.33:1
Revenue from continuing operations	\$26,633			
Rates & Annual Charges				
Outstanding Percentage				
<u>Rates & Annual Charges Outstanding</u>	\$901	8.85%	8.21%	10.56%
Rates & Annual Charges Collectible	\$10,185			
Building & Infrastructure				
Renewals Ratio				
<u>Asset renewals*</u>	\$5,453	0.79:1	0.61:1	0.36:1
Depreciation, Amortisation, Impairment	\$6,860			

INDICATORS - BY FUND		Current Year Indicators		
		General	Water	Sewer
Unrestricted Current Ratio				
<u>Unrestricted Current Assets*</u>		3.87:1	19.85:1	0.00
Current Liabilities not relating to Restricted Assets				
Debt Service Ratio				
<u>Net Debt Service Cost*</u>		0.02:1	0.08:1	0:1
Operating Revenue*				
Rate & Annual Charges				
Coverage Ratio				
<u>Rates & Annual Charges Revenues</u>		0.28:1	0.52:1	0.85:1
Revenue from continuing operations				
Rates & Annual Charges				
Outstanding Percentage				
<u>Rates & Annual Charges Outstanding</u>		9.31%	6.44%	11.17%
Rates & Annual Charges Collectible				
Building & Infrastructure				
Renewals Ratio				
<u>Asset renewals*</u>		0.81:1	0.6:1	0.32:1
Depreciation, Amortisation, Impairment				

* Detailed methods of calculation of these indicators is defined in the Code.

LIVERPOOL PLAINS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2013

Note 13 - STATEMENT OF PERFORMANCE MEASUREMENT (cont)

Supplementary Indicators - TCorp performance measures

The following indicators are proposed to be used from the 2014 reporting period, and disclosure here is voluntary. It is anticipated that further development of these indicators, possibly involving re-definition of calculation methods, will occur prior to formal adoption.

INDICATORS - CONSOLIDATED				
	Amounts	2013 Indicators	2012	2011
1. Operating performance				
<u>Operating result *</u>	-1,911	-9.21%:1	-23.76%:1	-38.82%:1
Operating revenues *	20,744			
2. Own source operating revenue				
<u>Rates, utilities and charges *</u>	13805	51.83%	52.68%	52.68%
Total operating revenue *	26,633			
3. Debt service cover ratio				
<u>Operating result * before interest and depreciation</u>	5243	10.06:1	7.81:1	6.58:1
Principal repayments & interest costs *	521			
4. Capital expenditure ratio				
<u>Annual capital expenditure</u>	12225	1.77:1	0.82:1	0.6:1
Annual depreciation	6909			
5. Infrastructure backlog ratio				
<u>Estimated cost to bring to a satisfactory condition</u>	5035	0.01:1	0.01:1	0:1
Total value of selected assets *	533540			
6. Asset maintenance ratio				
<u>Actual asset maintenance</u>	3828	0.73:1	0.88:1	0.92:1
Required asset maintenance	5226			
7. Cash expense cover ratio				
<u>Current year cash & cash equivalents</u>	5271	4.08:1	2.54:1	3.75:1
Total expenses excl. depreciation & interest / 12	1,292			
8. Interest cover ratio				
<u>Operating result * before interest and depreciation</u>	5243	21.4:1	19.13:1	14.72:1
Borrowing interest costs	245			

* Detailed methods of calculation of these indicators is defined in the Code.

INDICATORS - BY FUND

* Calculated as for the consolidated indicators shown above.

	Current Year Indicators		
	General	Water	Sewer
1. Operating performance	-5.5%:1	-211.85%:1	43.5%:1
2. Own source operating revenue	45.76%	90.74%	85.08%
3. Debt service cover ratio	10.77:1	5.69:1	0
4. Capital expenditure ratio	1.07:1	10.16:1	0.23:1
5. Infrastructure backlog	0:1	:1	:1
6. Asset maintenance ratio	2.1:1	2.1:1	0.73:1
7. Cash expense cover ratio	0.86:1	17.46:1	55.33:1
8. Interest cover ratio	33.95:1	8.14:1	0:1

LIVERPOOL PLAINS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2013

Note 14 - INVESTMENT PROPERTY

Council did not hold any investment properties for 2012 or 2013.

LIVERPOOL PLAINS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2013

Note 15 - FINANCIAL RISK MANAGEMENT

Council's activities expose it to a variety of financial risks including price risk, credit risk, liquidity risk and interest rate risk. All financial instruments are denominated in Australian dollars, and hence currency risk does not apply.

Financial risk management is carried out by Finance section in accordance with policies approved by Council and in accordance with statutory requirements, and seeks to maximise revenue while protecting the corpus of the funds invested.

Council held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Financial Assets				
Cash and Cash Equivalents	5,271	3,311	5,271	3,311
Receivables	3,448	3,788	3,448	3,788
Available-for-sale financial assets	11,000	11,500	11,000	11,500
	<u>19,719</u>	<u>18,599</u>	<u>19,719</u>	<u>18,599</u>
Financial Liabilities				
Payables	813	875	813	875
Borrowings	5,642	3,563	5,642	3,563
	<u>6,455</u>	<u>4,438</u>	<u>6,455</u>	<u>4,438</u>

Fair value is estimated as follows:

- * Cash & equivalents, receivables & payables - due to the short-term nature, face value (carrying value) approximates fair value.
- * Held-to-maturity investments and borrowings - anticipated future cash flows discounted by current market interest rates applicable to assets and liabilities with similar risk profiles.
- * Financial assets at fair value through profit & loss, and available-for-sale - based on quoted market prices (where a liquid market exists) or independent valuation.

Fair value hierarchy

The fair values of financial instruments carried at fair value have been classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

The levels of the hierarchy are as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly

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

The value of financial assets carried at fair value shown in the relevant level of the hierarchy is shown below:

	2013 \$'000	2012 \$'000
Level 1		
Level 2		
Level 3	11,000	11,500
Financial assets carried at fair value	<u>11,000</u>	<u>11,500</u>
Financial assets carried at cost / amortised cost	<u>8,719</u>	<u>7,099</u>
	<u>19,719</u>	<u>18,599</u>
Reconciliation of movement in level 3 financial assets		
Balance at 1 July	11,500	6,750
Gains or losses for the period		
Recognised in profit and loss		
Recognised in other comprehensive income		
Purchases		4,750
Sales	(500)	
Settlements		
Issues		
Transfers in / (out) of level 3		
Balance 30th June	<u>11,000</u>	<u>11,500</u>

LIVERPOOL PLAINS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2013

Note 15 - FINANCIAL RISK MANAGEMENT (cont)

Cash and cash equivalents

Financial assets at fair value through profit & loss

Available-for-sale financial assets

Held-to-maturity investments

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

The investment portfolio is managed in accordance with Council's policy (which complies with the *Local Government Act & Regulations*), and the Minister's Order. The investment policy is reviewed regularly, and a report in accordance with section 625 of the Act provided to Council monthly.

The investment portfolio is managed so as to provide adequate liquidity at all times, particularly during the periods between the quarterly receipt of rates instalments and grants. In addition, Council has access to overdraft facilities set out in Note 12.

The remainder of Council's investment portfolio consists of deposits at fixed and variable interest rates, generally for periods of less than 120 days. Whilst these are subject to interest rate risk, this is minimised by the short term of the financial assets held.

Interest Sensitivity Analysis

	2013 \$'000	2012 \$'000
Impact of a 1% change in interest rates on cash & investments		
- Equity	137	146
- Income Statement	137	146

Receivables

Credit risk on receivables for rates, annual charges and service charges made under section 502 is minimised as these are secured over the subject land. The security extends to interest levied for late payment.

Other receivables are subject to a range of credit risk minimisation procedures as appropriate, varying from credit checks to specific security pledges. Council is not materially exposed to any individual debtor, and credit risk exposure is concentrated within the Council boundaries in the State of New South Wales. There are no material receivables that have been subject to re-negotiation of repayment terms.

Council receives regular summary reports of receivables due, and detailed reports where appropriate.

At reporting date, all amounts receivable were reviewed, and adequate allowance made for amounts considered doubtful.

	2013 \$'000	2012 \$'000
Percentage of Rates & Annual Charges		
- Current		
- Overdue	100%	100%

Payables

Borrowings

Payables and borrowings are subject to liquidity risk - the risk that insufficient funds may be on hand to meet payment obligations as they fall due. The investment portfolio is managed so as to provide adequate liquidity at all times, particularly during the periods between the quarterly receipt of rates instalments and grants. In addition, Council has access to overdraft facilities set out in Note 12.

LIVERPOOL PLAINS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2013

Note 15 - FINANCIAL RISK MANAGEMENT (cont)

Liquidity Sensitivity Table

The contractual undiscounted cash flows of Council's payables and borrowings are shown below:

	2013 '000	Due			Total Contractual I	Carrying Value
		≤ 1 year	2 - 5 years	> 5 years		
Payables		813	-	-	813	813
Borrowings		242	3,760	1,640	5,642	5,642
		<u>1,055</u>	<u>3,760</u>	<u>1,640</u>	<u>6,455</u>	<u>6,455</u>

	2012 '000	Due			Total Contractual Cash Flows	Carrying Value
		≤ 1 year	2 - 5 years	> 5 years		
Payables		875	-	-	875	875
Borrowings		275	764	2,524	3,563	3,563
		<u>1,150</u>	<u>764</u>	<u>2,524</u>	<u>4,438</u>	<u>4,438</u>

Borrowings are also subject to interest rate risk - the risk that changes in interest rates could adversely affect funding costs. Council manages this risk by generally borrowing long term, commonly at rates fixed for the duration of the loan. Bank overdraft and less than 10% of borrowings are at variable rates; the associated interest rate risk is not considered material.

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

	2013		2012	
	Wtd ave interest rate	Balance	Wtd ave interest rate	Balance
Overdraft	0.00%	-	0.00%	-
Loans - fixed interest rate	3.32%	2,772	6.45%	3,032
Loans - variable interest rate	2.54%	2,870	6.35%	531
		<u>5,642</u>		<u>3,563</u>

LIVERPOOL PLAINS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2013

Note 16 - SIGNIFICANT VARIATIONS FROM ORIGINAL BUDGET

Council's original budget was adopted by the Council on 27th June 2012. The original projections on which the budget was based have been affected by a number of factors. These include State and Federal Government decisions including new grant programs, changing economic activity, the weather, and by decisions made by the Council. Material variations of more than 10% are explained below:

This Note sets out the principal variations between the original Budget and Actual results for the Income Statement. These variations do not take into account any re-votes from the previous year or any adjustments made through Council's quarterly budget reviews. Further information of the nature and amount of all variations is available from the Council office upon request.

INCOME STATEMENT

1 Users Charges & Fees – Variation favourable – 10.40% \$427,000

In 2012/2013 Council undertook an increasing number of private works for landholders along with work for Government Agencies on their assets.

2 Investment Revenues – Variation favourable – 17.07% \$119,000

Council's investment strategy to maximise longer term investments coupled with increased invested funds has resulted in additional investment revenue.

3 Grants & Contributions - Capital – Variation favourable – 87.13% \$2,742,000

Actual capital grants and contributions for the 2012/2013 exceeded the original budget estimates, as capital grants works for the water supply upgrade were not expected to be paid in this financial year.

4 Gain from disposal of Assets - Variation favourable – 100% \$96,000

The plant replacement program for 2012/2013 has resulted in a greater than expected profit on sales.

5 Borrowing Costs - Variation favourable – 49.17% \$237,000

Original budget estimates made provision for loan borrowings to complete Water Supply infrastructure, however the loan funds were not taken up in 2012/2013.

6 Loss from disposal of Assets - Variation unfavourable – 100% \$351,000

During 2012/2013 Council disposed of a road and this transaction has resulted in loss on the sale of the asset. The sale was not known at the time of preparing the 2012/2013 budget.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

Note 16 - Significant Variations from Original Budget (cont)

CASH FLOW STATEMENT

1 Investments Income – Variation Favourable – 41.6% \$290,000

The Investments Income was up on original budget estimates due to an increase in interest rates coupled with increased invested funds.

2 Grants & Contributions – Variation Favourable – 21.83% \$1,939,000

Actual capital grants and contributions for the 2012/2013 exceeded the original budget estimates, as capital grants works for the water supply upgrade were not expected to be paid in this financial year.

3 Users Charges & Fees – Variation Unfavourable – 22.50% \$1,326,000

In 2012/2013 Council undertook an increasing number of private works for landholders along with work for Government Agencies on their assets. User Charges & Fees raised as Debtors in the latter part of the financial year remained unpaid at 30 June 2013.

4 Borrowing Costs – Variation Favourable – 66.19% \$319,000

Council incurred less loan interest costs as the proposed loan funds for the Water Supply infrastructure upgrades were not taken up during the 2011/2012 financial year.

5 Other operating payments – Variation Unfavourable – 74.57% \$1,358,000

The sundry creditors at the end of year were reduced from the previous year with payments being finalised prior to the 30th June 2013.

6 Proceeds from sale of Infrastructure, Property, Plant & Equipment – Variation Unfavourable – 38.51% \$463,000

Sales of plant & equipment were less than original budget estimates as not all plant item changeovers were affected.

7 Proceeds from the sale of Real Estate – Variation Unfavourable – 100% \$206,000

Land sales for 2012/2013 were less than expected.

8 Repayments from Deferred Debtors – Variation Favourable – 100% \$24,000

Repayment of deferred debtors not provided for in original cash flow estimates.

9 Purchase of Infrastructure Property Plant & Equipment/ Real Estate – Variation Unfavourable – 19.04% \$1,814,000

A number of projects were deferred in 2011/2012 and completed in 2012/2013.

10 Purchase of Real Estate – Variation Favourable – 100% \$206,000

Budgeted land purchases and associated development were not carried out in 2012/2013.

11 Purchase of Investment Securities – Variation Favourable – 50% \$500,000

Original budget estimates made provision for the purchase of additional long-term investments, however only \$500,000 increase was achieved during the year.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

Note 16 - Significant Variations from Original Budget (cont)

12 Proceeds from Borrowings & Advances – Variation Unfavourable – 135.50% \$1,355,000

Additional funds were borrowed during the year to finance the dam safety upgrade at the Quipolly dam.

LIVERPOOL PLAINS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2013

Note 17 - STATEMENT OF CONTRIBUTION PLANS

SUMMARY OF CONTRIBUTIONS

PURPOSE	OPENING BALANCE	CONTRIBUTIONS RECEIVED DURING YEAR		INTEREST EARNED DURING YEAR	EXPENDE D DURING YEAR	INTERNAL BORROW- INGS (to)/from	HELD AS RESTR- ICTED ASSET	EST. FUTURE CONTRIBS	EST. WORKS OUT- STANDING	EST. OVER/ (UNDER) FUNDING	BALANCE INTERNAL BORROW- INGS
		CASH	NON-CASH								
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Waste	1						1				1
Roads	57	26		4			87			87	
Bushfire	9			1			10			10	
Youth Services	16						16			16	
Open Space	31			2			33			33	
Community facilities	18			1			19			19	
Other	74	15		4			93			93	
Subtotal S94 under plans	206	41		12			259			259	
Sec 94 not under plans	16						16			16	
Sec 94A levies	143	31		8			182				
Planning Agreements											
Sec 64 Contributions	239	14		12			265				
Total Contributions	604	86		32			722				

Note: The above summary of contribution plans represents the total of Council's individual contribution plans. Individual plan details are shown

CONTRIBUTION PLAN - Quirindi

PURPOSE	OPENING BALANCE	CONTRIBUTIONS RECEIVED DURING YEAR		INTEREST EARNED DURING YEAR	EXPENDE D DURING YEAR	INTERNAL BORROW- INGS (to)/from	HELD AS RESTR- ICTED ASSET	EST. FUTURE CONTRIBS	EST. WORKS OUT- STANDING	EST. OVER/ (UNDER) FUNDING	BALANCE INTERNAL BORROW- INGS
		CASH	NON-CASH								
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Roads	21			1			22			22	
Youth Services	16						16			16	
Open Space	21			1			22			22	
Community facilities	18			1			19			19	
Other											
Total	76			3			79			79	

CONTRIBUTION PLAN - Willow Tree

PURPOSE	OPENING BALANCE	CONTRIBUTIONS RECEIVED DURING YEAR		INTEREST EARNED DURING YEAR	EXPENDE D DURING YEAR	INTERNAL BORROW- INGS (to)/from	HELD AS RESTR- ICTED ASSET	EST. FUTURE CONTRIBS	EST. WORKS OUT- STANDING	EST. OVER/ (UNDER) FUNDING	BALANCE INTERNAL BORROW- INGS
		CASH	NON-CASH								
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Waste	1						1				1
Roads	36	26		3			65			65	
Bushfire	9			1			10			10	
Open Space	10			1			11			11	
Other											
Total	56	26		5			87			87	

LIVERPOOL PLAINS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2013

Note 17 - STATEMENT OF CONTRIBUTION PLANS (cont)

CONTRIBUTION PLAN - Werris Creek

PURPOSE	OPENING BALANCE \$'000	CONTRIBUTIONS RECEIVED DURING YEAR		INTEREST EARNED DURING YEAR \$'000	EXPENSE D DURING YEAR \$'000	INTERNAL BORROW- INGS (to)/from \$'000	HELD AS RESTR- ICTED ASSET \$'000	EST. FUTURE CONTRIBS \$'000	EST. WORKS OUT- STANDING \$'000	EST. OVER/ (UNDER) FUNDING \$'000	BALANCE INTERNAL BORROW- INGS \$'000
		CASH \$'000	NON-CASH \$'000								
Other	74	15		4			93			93	
Total	74	15		4			93			93	

CONTRIBUTIONS NOT UNDER PLANS

PURPOSE	OPENING BALANCE \$'000	CONTRIBUTIONS RECEIVED DURING YEAR		INTEREST EARNED DURING YEAR \$'000	EXPENSE D DURING YEAR \$'000	INTERNAL BORROW- INGS (to)/from \$'000	HELD AS RESTR- ICTED ASSET \$'000	EST. FUTURE CONTRIBS \$'000	EST. WORKS OUT- STANDING \$'000	EST. OVER/ (UNDER) FUNDING \$'000	BALANCE INTERNAL BORROW- INGS \$'000
		CASH \$'000	NON-CASH \$'000								
Open Space	16						16			16	
Total	16						16			16	

LIVERPOOL PLAINS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2013

Note 18 - CONTINGENCIES & ASSETS & LIABILITIES NOT RECOGNISED IN THE STATEMENT OF FINANCIAL POSITION

The following assets and liabilities do not qualify for recognition in the Balance Sheet but knowledge of those items is considered relevant to user of the financial report in making and evaluating decisions about the allocation of scarce resources.

DEFINED BENEFIT SUPERANNUATION PLAN

"The Local Government Superannuation Scheme - Pool B (the Scheme) is a defined benefit plan that has been deemed to be a "multi-employer fund" for purposes of AASB119. Sufficient information under AASB119 is not available to account for the scheme as a defined benefit plan, because the assets to the scheme are pooled together from all employers.

The amount of employer contributions (currently 1.9 times members contributions plus 2.5% of gross salary (3.8 times members contributions in 2012/2013) to the defined benefits section of the Local Government Superannuation Scheme and recognized as an expense for the year ending 30th June 2013 was \$141,000. The last valuation of the Scheme was performed by Mr. Martin Stevenson BSc, FIA, FIAA on the 16th February 2010 and covers the period ended 30th June 2009. However, the position is monitored annually and the Actuary has estimated that as at the 30th June 2013 a deficit still exists. Effective from the 1st July 2011, employers are required to contribute additional amounts for a period of up to ten (10) years in order to rectify this deficit (ie \$83,522 for 2013/2014).

POTENTIAL INSURANCE LOSSES

Council is a multi-purpose organisation providing a large range of building, parks infrastructure, playgrounds and other facilities accessible to the public. At any time, it is likely that claims will have been made against Council that remain unsettled.

Council insures against all known insurable risks using a range of insurance policies, each of which is subject to a deductible "insurance excess", the amount of which varies according to the class of insurance.

Council has recognised the potential losses arising from claims known at reporting date based on average historical net cost (including insurance excess) of similar types of claims. Other potential claims not reported to Council may have existed at reporting date.

HIH Insurance

During the period 1995-1997 portion of Council's public risk insurance cover was insured or re-insured with a member of the HIH insurance group of companies.

At the reporting date, there are no known claims outstanding from that period.

Statewide Mutual

Council is a member of Statewide Mutual, an organisation formed for the purchase and management of certain insurances on behalf of its members. Council is liable to contribute its proportionate share of any shortfall arising through the scheme.

Statewide Mutual Directors report that the scheme has accumulated surpluses under the liability scheme of \$35,261,446 as at 30th June 2013.

LIVERPOOL PLAINS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2013

Note 19 - JOINT VENTURES & ASSOCIATED ENTITIES

(d) - Joint venture operations not recognised

Council is a partner in a regional library service - Central Northern Regional Library (CNRL) with four (4) other Councils. CNRL operates under a deed of agreement between the participating Councils for the purpose of providing library services. Council has not recognised its 9.5% CNRL joint venture interest in this financial report, however the service has advised that the total equity is \$966,030 of which Council's total equity as at the 30th June 2013 is \$91,772.

LIVERPOOL PLAINS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2013

Note 20 - RETAINED EARNINGS & REVALUATION RESERVES

RETAINED EARNINGS	2013 \$'000	2012 \$'000
Balance at end of previous reporting period	203,988	204,674
Effect of correction of errors in previous years (see below)		
Effect of accounting policy changes		
Change in associated entities recognised	-	-
Restated opening balance	203,988	204,674
Net operating result for the year	3,978	(686)
Other comprehensive income		
Share of other comprehensive income - joint ventures & associates		
Transfer to retained earnings on sale of revalued infrastructure, property, plant & equipment		
Land under roads recognised (de-recognised)		
Adjustment to correct prior period depreciation errors		
Balance at end of the reporting period	207,966	203,988
REVALUATION RESERVES		
<i>Infrastructure, Property, Plant & Equipment</i>		
Balance at end of previous reporting period	335,906	312,183
Revaluation of infrastructure, property, plant & equipment	3,634	22,949
Correction of errors in previous years	10,101	774
Impairment (expense) / recoupments offset to asset revaluation reserve	(1,267)	-
Transfer to retained earnings on sale of revalued infrastructure, property, plant & equipment		
Balance at end of reporting period	348,374	335,906

LIVERPOOL PLAINS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2013

NOTE 21 - RESULTS BY FUND

Moneys raised pursuant to certain sections of the Local Government Act, and of certain other Acts, may not be used for the general purposes of the Council, or must be held as cash or authorised investments until expended for the purposes they were raised. This Note identifies the operating result and net assets of the general purposes operations of the Council, and of the principal special purpose operations.

Amounts are shown on a gross basis - before consolidation eliminations - and do NOT reconcile to the principal statements, and are shown for the current year only.

	GENERAL FUND \$'000	WATER SUPPLY \$'000	SEWER \$'000
INCOME STATEMENT			
INCOME			
Rates & Annual Charges	6,884	1,370	1,021
User Charges & Fees	3,588	942	0
Investment Revenues	465	202	149
Other Revenues	619	0	0
Grants & Contributions - Operating	5,269	34	30
Grants & Contributions - Capital	3,999	1,890	0
Profit from Disposal of Assets	171	0	0
Profit from interests in Joint Ventures & Associates	0		
Total Income from Continuing Operations	20,995	4,438	1,200
EXPENSES			
Employee Costs	7,080	842	314
Materials & Contracts	4,346	517	193
Borrowing Costs	99	146	0
Depreciation & Amortisation	6,191	547	171
Impairment	0		
Other Expenses	1,858	0	0
Interest and investment losses	0	0	0
Loss from Disposal of Assets	351	0	0
Loss from interests in Joint Ventures & Associates	0		
Total expenses from Continuing Operations	19,925	2,052	678
OPERATING RESULT FROM CONTINUING OPERATIONS	1,070	2,386	522
Operating result from discontinued operations		0	0
<i>Gain (loss) on restructure</i>			
NET OPERATING RESULT FOR YEAR	1,070	2,386	522
Attributable to:			
COALFACE NSW COUNCIL	1,070	2,386	522
Minority Interests			
	1,070	2,386	522
<i>Net operating result before capital grants and contributions</i>	<i>(2,929)</i>	<i>496</i>	<i>522</i>

LIVERPOOL PLAINS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2013

Note 21 - Results by Fund (cont)

	GENERAL FUND \$'000	WATER SUPPLY \$'000	SEWER \$'000
BALANCE SHEET			
CURRENT ASSETS			
Cash & cash equivalents	974	1,973	2,324
Investments	7,500	0	0
Receivables	2,573	687	188
Inventories	1,191	0	0
Other	0	0	0
Non-current assets held for sale	0	0	0
TOTAL CURRENT ASSETS	<u>12,238</u>	<u>2,660</u>	<u>2,512</u>
NON-CURRENT ASSETS			
Investments	0	2,000	1,500
Receivables	0	0	0
Inventories	0	0	0
Infrastructure, Property, Plant & Equipment	481,112	39,955	26,103
Equity accounted investments	0		
Investment Property	0	0	0
Intangible Assets	0		
Other	0	0	0
TOTAL NON-CURRENT ASSETS	<u>481,112</u>	<u>41,955</u>	<u>27,603</u>
TOTAL ASSETS	<u>493,350</u>	<u>44,615</u>	<u>30,115</u>
CURRENT LIABILITIES			
Payables	732	81	0
Borrowings	189	53	0
Provisions	2,639	0	0
TOTAL CURRENT LIABILITIES	<u>3,560</u>	<u>134</u>	<u>0</u>
NON-CURRENT LIABILITIES			
Payables	0	0	0
Borrowings	1,150	4,250	0
Provisions	2,646	0	0
TOTAL NON CURRENT LIABILITIES	<u>3,796</u>	<u>4,250</u>	<u>0</u>
TOTAL LIABILITIES	<u>7,356</u>	<u>4,384</u>	<u>0</u>
NET ASSETS	<u>485,994</u>	<u>40,231</u>	<u>30,115</u>
EQUITY			
Accumulated Surplus	177,080	20,581	10,305
Revaluation Reserves	308,914	19,650	19,810
Council Equity Interest	485,994	40,231	30,115
Minority Equity Interest	0		
TOTAL EQUITY	<u>485,994</u>	<u>40,231</u>	<u>30,115</u>

LIVERPOOL PLAINS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2013

Note 26 - REINSTATEMENT, REHABILITATION & RESTORATION LIABILITIES

Asset Remediation

Council is required by law to restore the present tip and quarry sites at the end of their useful life. The projected cost of this restoration is \$10 million based on feasibility and engineering studies and has been discounted to its present value at 3.54% per annum being the risk-free cost of borrowing to Council.

TIP REMEDIATION	2013 \$'000	2012 \$'000
At beginning of year	666	932
Amounts capitalised to Tip Asset	749	-
Revised Life	89	(303)
Amortisation of discount - expensed to borrowing costs	92	37
At end of year	<u>1,596</u>	<u>666</u>

QUARRY REMEDIATION	2013 \$'000	2012 \$'000
At beginning of year	742	1,171
Amounts capitalised to Tip Asset	290	
Revised Life	(98)	(471)
Amortisation of discount - expensed to borrowing costs	97	42
At end of year	<u>1,031</u>	<u>742</u>



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Liverpool Plains Shire Council

Independent auditor's report to the Council – s417(2) Report on the general purpose financial statements

Report on the financial statements

We were engaged to audit the accompanying financial statements of Liverpool Plains Shire Council (the council), which comprise the balance sheet as at 30 June 2013, and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, accompanying notes to the financial statements, and the Statement by Councillors and Management in the approved form as required by Section 413 (2) of the Local Government Act 1993.

Councillor's responsibility for the financial statements

The councillors of the Council are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Local Government Act 1993. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on conducting the audit in accordance with Australian Auditing Standards. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

When this audit report is included in an Annual Report, our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial statements.

Our audit did not involve an analysis of the prudence of business decisions made by Councillors or management.



Our audit responsibility does not extend to the Original Budget Figures included in the Income Statement, Cash Flow Statement and the Original Budget disclosures in Notes 2(a) and 16 and the Projections disclosed in Note 17 to the financial statements, nor the attached Special Schedules.

Basis for Disclaimer of Opinion

The introduction of a new fixed asset register system during the year resulted in numerous errors in infrastructure, property, plant and equipment. As at the date of our report, management was still in the process of rectifying the system deficiencies and correcting the errors. We were unable to confirm or verify by alternative means infrastructure, property, plant and equipment included in the statement of financial position at a total amount of \$547,170,000 as at 30 June 2013 which represents over 98% of councils net assets at 30 June 2013. As a result of these matters we were unable to determine whether any adjustments might have been found necessary in respect of infrastructure, property, plant and equipment and the elements impacting on the income statement and making up the statement of comprehensive income, statement of changes in equity and statement of cash flows.

Disclaimer of Opinion

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial report and the other matters required under the Local Government Act 1993, Chapter 13 Part 3 Division 2. Accordingly, we do not express an opinion on the financial report and the other matters required under the Local Government Act 1993, Chapter 13 Part 3 Division 2.



Pitcher Partners Newcastle & Hunter



Wayne Russell

Partner

Newcastle

13 March 2014



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Liverpool Plains Shire Council

Independent Audit Report S417(3) - Report on the conduct of the audit

The Mayor
Councillor Ian Lobsey
Liverpool Plains Shire Council
60 Station Street
QUIRINDI NSW 2343

Dear Councillor Lobsey

REPORT ON THE CONDUCT OF THE AUDIT FOR THE YEAR ENDED 30 JUNE 2013 - SECTION 417(3)

We were engaged to audit the financial statements for Liverpool Plains Shire Council for the year ended 30 June 2013, in accordance with Section 415 of the Local Government Act, 1993 (the Act). Our audit report under Section 417(2) has been issued to Council.

The Council is responsible for the preparation and true and fair presentation of the financial statements in accordance with the Local Government Act 1993. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial statements.

We were engaged to express an opinion on the financial report, in accordance with Australian Auditing Standards. Our audit responsibility does not extend to the Original Budget figures included in the Income Statement, Cash Flow Statement and the Original Budget disclosures in Notes 2(a) and 16 and the Projections disclosed in Note 17 to the financial statements, nor the attached Special Schedules.

Because of the matter described in our audit report issued under Section 417(2) of the Act we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. In this regard the introduction of a new fixed asset register system during the year resulted in numerous errors in infrastructure, property, plant and equipment. We were unable to confirm or verify by alternative means infrastructure, property, plant and equipment included in the Statement of Financial Position and were unable to determine whether any adjustments might have been

found necessary in respect of infrastructure, property, plant and equipment and the elements impacting on the Income Statement and making up the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows.

When this audit report is included in an Annual Report, our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial statements.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our procedures were not designed to provide assurance on internal controls.

Our engagement did not involve an analysis of the prudence of business decisions made by Councillors or management.

As a result of our engagement and the matters discussed above there are a number of comments we wish to raise concerning aspects of Councils financial report. These comments are set out below.

Asset Recognition and Measurement

Background

Except for land under roads, infrastructure assets acquired or constructed prior to 1 January 1993 have been capitalised in the accounts on a staged basis since June 1995, in accordance with the provisions of the Local Government Code of Accounting Practice and Financial Reporting.

In July 2006, the Department of Local Government determined that all infrastructure, property, plant and equipment will be valued at fair value in a staged approach recognising water and sewerage assets in the year ended 30 June 2007; plant and equipment, land and buildings, and other assets in the year ended 30 June 2008; roads, bridges, footpaths and drainage in the year ending 30 June 2009 (which was subsequently deferred to 30 June 2010), and Community land, land improvements, other structures and other assets by 30 June 2010 (subsequently deferred to 30 June 2011).

The fair value of plant and equipment, land and buildings and other assets was ascertained and based on the following methods:

- plant and equipment - approximated by depreciated historical cost
- buildings - fair value as determined by independent external valuation
- operational land - fair value as determined by independent external valuation

The fair value of the water and sewerage assets is based on the written down replacement cost. The written down replacement cost was based on the concept of modern engineering equivalents. In this regard, data published by the Department of Energy, Utilities and Sustainability was referred to.

The fair value of roads, bridges, footpaths and drainage assets was based on the method of written down replacement cost.

The fair value of Community land, land improvements and other structures was based on the following methods:

- land improvements and other structures - approximated by depreciated historical cost
- community land - on the following bases
 - the NSW Valuer General's valuations may be used to initially recognise community land acquired at no cost or nominal cost. It is considered that the valuations represent the fair value of such land in lieu of actual cost.
 - Community land acquired at market price should be recorded initially at cost.
 - the NSW Valuer General's valuations may be used under the revaluation model to represent fair value for the revaluation of community land.

In line with the Division of Local Government requirements, Council revalued the roads, bridges, footpaths and drainage assets to fair value based on written down replacement cost at 30 June 2010, while Community land and land improvements, and other structures were revalued as at 30 June 2011.

Council revalued water and sewerage assets as at 30 June 2012. This was in accordance with Division of Local Government requirements that a "full" revaluation of water and sewerage assets was required as at 30 June 2012 rather than a revaluation based on an "indexation" of carrying amount in the year between each "full" revaluation. This revaluation process revealed a number of differences between Councils engineering and finance department asset records and while not material to the financial statements as a whole, our Report on the Conduct of the Audit for the 2012 year recommended Council conduct a detailed reconciliation of engineering and finance department at that time.

Current year

Council revalued operational land and buildings as at 30 June 2013 in accordance with Division of Local Government requirements.

Also during the current year Council introduced a new fixed asset register system based essentially on engineering data (the Assetic Fixed Asset Register).

The introduction of the Assetic fixed asset register resulted in numerous discrepancies between it and Council's financial General Ledger and existing fixed asset Register. As at the date of our report, management was still in the process of identifying and rectifying the discrepancies. We were unable to confirm or verify by alternative means, infrastructure, property, plant and equipment included in the statement of financial position at a total amount \$547,170,000 which represents over 98% of Council's net assets at 30 June 2013. As a result of these matters we were unable to determine whether any adjustments might have been found necessary in respect of infrastructure, property, plant and equipment.

Because of the significance of the matters outlined above, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial report.

Notwithstanding this position we make the following comments, observations and recommendations which may assist Council in rectifying the various discrepancies with its financial records.

The introduction of the Assetic Fixed Asset Register did not include a "one-for-one" check of assets listed on the Assetic system to the existing asset register supporting the General Ledger.

The absence of this process was compounded by the fact that the Assetic and existing fixed asset register have different classifications of assets. For example bulk earthworks were carried at \$66,630,000 in the existing fixed asset register in 2012, and nil in 2013 in the Assetic fixed asset register.

Discrepancies between the existing fixed asset register and the Assetic system were further compounded as a consequence of the revaluation of operational land and buildings in the current year. In this regard, while not material overall, some assets which were included in the Assetic asset register were identified by the independent valuer used by Council as not being owned or controlled by Council and therefore should not be recorded by Council in the asset register. Further discrepancies were identified where the Assetic asset register did not reflect the independent valuer's valuations.

In addition, the Assetic asset register did not reconcile to Council's General Ledger. For example the balance of land per the General Ledger is \$6,924,281 whereas the balance per the Assetic Asset Register is \$7,477,000. Moreover, Council finance staff have advised that they believe the balance of land should be in the order of \$9,682,505.

The nature of the discrepancies noted above and other classification issues also impacted on our ability to obtain sufficient appropriate audit evidence in relation to depreciation of infrastructure, property, plant and equipment which has a material impact on the net operating result for the year in the Income Statement.

While we acknowledge Council is continuing its process to identify and rectify discrepancies and errors, we recommend that Council consider the following to expedite the process:

- If not already done so perform a "one-for-one" check of assets in the Assetic fixed asset register with the former "Finance department" fixed asset register. In this regard Council should ensure that the elements of the carrying value of each asset (ie cost or revalued amount and accumulated depreciation) agree and note and investigate any differences.
- Council should also ensure that the asset classifications are consistent between the Assetic fixed asset register and existing "Finance department" fixed asset register. In addition Council should ensure the composition of assets within the various asset classifications are consistent. Where Council identifies a need to change classifications or compositions of assets within those classifications explanations for the change should be recorded.
- Any assets identified as being recorded on one asset register and not the other, should be investigated. In this regard the nature of the investigation should be to identify whether Council does in fact own or control the asset and in this regard invoices, works orders, certificates of title etc may be appropriate or useful. Council should also keep any available documentation to support any adjustments that may be necessary.
- In our view the above process should commence with the 1 July 2012 financial statement balances and asset register. This is because this was the last audited figures and the general ledger and fixed asset register agreed at that point in time.
- In addition to the process above, Council will need to ensure that all asset additions, disposals and revaluations for the 2013 year and subsequent are completely and

accurately recorded in the Assetic fixed asset register. With respect to revaluations, any independent valuer's valuation of a particular asset should be reflected in the Assetic fixed asset register.

- On completion of the above steps, ensure the Assetic fixed asset register reconciles to the General Ledger.

Cash and Cash Equivalents

Cash at Bank

There were three bank accounts totalling \$27,911 which were not reflected in Council's accounting records and general ledger. We understand that the unrecorded bank accounts relate to interest paid on maturity of three Council investments. While not material to Council's financial statements as a whole, the Local Government Act requires that Council maintain books and records to properly explain transactions which it undertakes. Moreover the complete and accurate maintenance of bank accounts is a fundamental internal control concept which includes ensuring Councils accounting records such as its General Ledger correctly reflect all of the bank accounts held by Council.

One of the bank accounts not recorded was identified more than twelve months ago and was highlighted in our management letter in respect of the 2012 year audit. Council managements' response was that year end procedures included a checking process to ensure that all bank accounts are accounted for in the General Ledger.

Reconciliation of Petty Cash

At 30 June 2013 no petty cash reconciliation had been reviewed and approved by management. While not material to the financial statements as a whole, any unreconciled cash balances increases the risk of misappropriation of Councils assets. This risk is further increased where there exists bank accounts which are not reflected in Councils General Ledger and accounting records.

Management Review of Financial Statements and Comparative Balances Misstatements

The Local Government Code of Accounting Practice and Financial Reporting "Code 21" requires the presentation and classification of items in the financial statements to be consistent from one period to the next unless a change is required by the Australian Accounting Standards or as a result of a significant change in the nature of the entity's operations.

We noted that the trial balance used to prepare the financial statements had been formatted differently to the prior year. In other words a number of the balances between years had been reclassified. This resulted in difficulty in meaningful comparisons between respective year balances and may result in incorrect conclusions being drawn by users of the financial statements.

Council will be aware the Local Government Act requires that Council keep books and records to properly explain transactions which it undertakes. Inconsistent trial balance or sub account level formats between years may lead to incorrect conclusions in relation to the transactions that Council has undertaken. Accordingly management should ensure that the trial balance format (or sub account level) is consistent between years when preparing the financial statements.

Moreover a review by Council management of the elements of the financial statements in comparing the current and prior year balances for "reasonableness" or "sensitivity" does not appear to have been undertaken because of the issues noted above. In this regard a review by management may or should identify inconsistent relationships in comparative balances or disclosures and therefore reduce the risk of error or misstatements in the financial report.

Management Letter

A management letter highlighting matters arising from our audit covering internal controls and other accounting matters will be prepared and issued to the General Manager in due course. The matters are not material to the financial statements as a whole, and in addition we have been advised by Council management that the matters identified have been addressed since the time of our audit visit and the date of this report. Accordingly we will follow up these matters at our next audit visit.



Pitcher Partners Newcastle & Hunter



Wayne Russell
Partner

Newcastle
13 March 2014

LIVERPOOL PLAINS SHIRE COUNCIL

Special Purpose Financial Reports

for the year ended 30th June 2013

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LIVERPOOL PLAINS SHIRE COUNCIL

INCOME STATEMENT
WATER SUPPLY BUSINESS ACTIVITY
for the year ended 30th June 2013

	Notes	2013 '000	2012 '000	2011 '000
INCOME FROM CONTINUING OPERATIONS				
Access Charges	A4	1,370	1,208	1,105
User Charges	A4	942	881	642
Fees	A4	-		2
Interest Received	A4	202	113	60
Grants & Contributions - Operating	A4	34	30	297
Gain on Disposal of Assets	A5	-		
Other Operating Revenues	A4	-		
TOTAL		2,548	2,232	2,106
EXPENSES FROM CONTINUING OPERATIONS				
Employee Costs	A3	842	728	649
Materials & Contracts	A3	517	569	596
Borrowing Costs	A3	146	7	8
Depreciation & Amortisation	A3	547	654	620
Water Purchase Charges		-		
Loss on Disposal of Assets	A5	-		
NCP Tax Equivalents	1	-		
Debt Guarantee Fee		-		
Other Operating Expenses	A3	-		
TOTAL		2,052	1,958	1,873
CONTINUING OPERATIONS RESULT BEFORE CAPITAL AMOUNTS		496	274	233
Grants & Contributions - Capital	A4	1,890	192	1,416
RESULT FROM CONTINUING OPERATIONS		2,386	466	1,649
Discontinued Operations		-		
SURPLUS (DEFICIT) BEFORE TAX		2,386	466	1,649
Corporate Taxation Equivalent	1	-	-	-
SURPLUS (DEFICIT) FOR YEAR		2,386	466	1,649
Add: Accumulated Surplus brought forward		18,195	14,114	12,465
Adjustments for amounts unpaid				
NCP Tax Equivalents retained	1			
Debt Guarantee Fee retained	1			
Corporate Tax Equivalent retained	1	-		
Less: Dividends Paid	1			
ACCUMULATED SURPLUS		20,581	14,580	14,114
RATE OF RETURN ON CAPITAL	1	1.61%	0.79%	0.87%
NOTIONAL SUBSIDY FROM COUNCIL	1	N/A	N/A	N/A
<i>Calculation of Dividend Payable during next financial year</i>				
Surplus after tax		2,386	466	1,649
Less: Capital grants & contribs from LWUs		1,908	161	1,642
Surplus for dividend calculation purposes		478	305	7
Dividend calculated from surplus		239	153	4

This Statement is to be read in conjunction with the attached Notes.

LIVERPOOL PLAINS SHIRE COUNCIL

INCOME STATEMENT
SEWERAGE BUSINESS ACTIVITY
for the year ended 30th June 2013

	Notes	2013 '000	2012 '000	2011 '000
INCOME FROM CONTINUING OPERATIONS				
Access Charges	A4	1,021	897	752
User Charges	A4	-		
Liquid Trade Waste Charges	A4	-		
Fees	A4	-		
Interest Received	A4	149	144	107
Grants & Contributions - Operating	A4	30	24	27
Gain on Disposal of Assets	A5	-		
Other Operating Revenues	A4	-		1
TOTAL		1,200	1,065	887
Employee Costs	A3	314	290	198
Materials & Contracts	A3	193	226	182
Borrowing Costs	A3	-		
Depreciation & Amortisation	A3	171	440	423
Loss on Disposal of Assets	A5	-		
NCP Tax Equivalents	1	-		
Debt Guarantee Fee		-		
Other Operating Expenses	A3	-		
TOTAL		678	956	803
CONTINUING OPERATIONS RESULT BEFORE CAPITAL AMOUNTS		522	109	84
Grants & Contributions - Capital	A4	-	24	3
RESULT FROM CONTINUING OPERATIONS		522	133	87
Discontinued Operations				
SURPLUS (DEFICIT) BEFORE TAX		522	133	87
Corporate Taxation Equivalent	1	-	-	-
SURPLUS (DEFICIT) FOR YEAR		522	133	87
Add: Accumulated Profits brought forward		5,120	4,987	4,900
Adjustments for amounts unpaid		4,663		
NCP Tax Equivalents retained	1	-		
Debt Guarantee Fee retained		-		
Corporate Tax Equivalent retained		-		
Less: Dividends Paid	1			
ACCUMULATED SURPLUS		10,305	5,120	4,987
RATE OF RETURN ON CAPITAL	1	2.00%	0.42%	0.80%
NOTIONAL SUBSIDY FROM COUNCIL	1	N/A	N/A	N/A
<i>Calculation of Dividend Payable during next financial year</i>				
Surplus after tax		522	133	87
Less: Capital grants & contribs from LWUs		26	24	27
Surplus for dividend calculation purposes		496	109	60
Dividend calculated from surplus		248	55	30

This Statement is to be read in conjunction with the attached Notes.

LIVERPOOL PLAINS SHIRE COUNCIL

STATEMENT OF FINANCIAL POSITION
WATER SUPPLY BUSINESS ACTIVITY

for the year ended 30th June 2013

	Notes	2013 '000	2012 '000
CURRENT ASSETS			
Cash & cash equivalents	A6	1,973	1,708
Investments	A6		
Receivables	A7	687	702
Inventories	A8		
Other	A8		
Non-current assets held for sale			
TOTAL CURRENT ASSETS		2,660	2,410
NON-CURRENT ASSETS			
Receivables	A7		
Inventories	A8		
Infrastructure, Property, Plant & Equipment	A9	39,955	35,779
Investment Property			
Other	A8		
TOTAL NON-CURRENT ASSETS		41,955	38,279
TOTAL ASSETS		44,615	40,689
CURRENT LIABILITIES			
Payables	A10	81	
Interest bearing liabilities	A10	53	63
Provisions	A10		
TOTAL CURRENT LIABILITIES		134	63
NON-CURRENT LIABILITIES			
Payables	A10		
Interest bearing liabilities	A10	4,250	1,949
Provisions	A10		
TOTAL NON CURRENT LIABILITIES		4,250	1,949
TOTAL LIABILITIES		4,384	2,012
NET ASSETS		\$ 40,231	38,677
EQUITY			
Accumulated Surplus		20,581	14,580
Asset Revaluation Reserve		19,650	24,097
TOTAL EQUITY		\$ 40,231	38,677

This Statement is to be read in conjunction with the attached Notes

LIVERPOOL PLAINS SHIRE COUNCIL

STATEMENT OF FINANCIAL POSITION
SEWERAGE BUSINESS ACTIVITY
for the year ended 30th June 2013

	Notes	2013 '000	2012 '000
CURRENT ASSETS			
Cash & cash equivalents	A6	2,324	1,195
Investments	A6		
Receivables	A7	188	161
Inventories	A8		
Other	A8		
Non-current assets held for sale			
TOTAL CURRENT ASSETS		2,512	1,356
NON-CURRENT ASSETS			
Receivables	A7		
Inventories	A8		
Infrastructure, Property, Plant & Equipment	A9	26,103	26,242
Investment Property			
Other	A8		
TOTAL NON-CURRENT ASSETS		27,603	28,242
TOTAL ASSETS		30,115	29,598
CURRENT LIABILITIES			
Payables	A10		
Interest bearing liabilities	A10		
Provisions	A10		
TOTAL CURRENT LIABILITIES			
NON-CURRENT LIABILITIES			
Payables	A10		
Interest bearing liabilities	A10		
Provisions	A10		
TOTAL NON CURRENT LIABILITIES			
TOTAL LIABILITIES			
NET ASSETS		\$ 30,115	29,598
EQUITY			
Accumulated Surplus		10,305	5,120
Asset Revaluation Reserve		19,810	24,478
TOTAL EQUITY		\$ 30,115	29,598

This Statement is to be read in conjunction with the attached Notes

Liverpool Plains Shire Council

NOTES TO AND FORMING PART OF THE SPECIAL PURPOSE FINANCIAL REPORTS

for the year ended 30 June 2013

Note 1 - SIGNIFICANT ACCOUNTING POLICIES

1. The Special Purpose Financial Reports

These financial statements are a Special Purpose Financial Report prepared for use by the Council, the Division of Local Government, and the NSW Office of Water, Department of Environment, Climate Change and Water. They have been prepared to report the results of business units determined by Council in accordance with the requirements of National Competition Policy guidelines, and the specific requirements relating to Best Practice Management of water and sewer business units.

In preparing these reports, each business unit has been viewed as a separate unit, and accordingly transactions between different business units, and between business units and other Council operations, have not been eliminated.

2. Basis of Accounting

2.1 Compliance

The financial reports comply with the Local Government Code of Accounting Practice and Financial Reporting, and with the principles of the June 1996 NSW Government Policy Statement "Application of National Competition Policy to Local Government", the Department of Local Government's July 1997 guidelines "Pricing & Costing for Council Businesses: A Guide to Competitive Neutrality" and the NSW Office of Water, Department of Environment, Climate Change and Water 2007 guidelines "Best-Practice Management of Water Supply and Sewerage".

Except where directed to the contrary by the above documents, the financial report also complies with all applicable Australian Accounting Standards and professional pronouncements, and is based on information consistent with that forming the basis of Council's general purpose Annual Financial Statements for the year.

2.2 Basis

The financial report has been prepared on the accrual basis of accounting and, except where specifically indicated in these Notes or in the Notes to the general purpose Annual Financial Statements, in accordance with the historical cost convention.

3. National Competition Policy

In accordance with the framework set out in the June 1996 NSW Government Policy Statement "Application of National Competition Policy to Local Government" and other guidelines and documentation in relation to this matter, Council has declared that the following are to be considered as Business Units:

Category 2

Name	Brief description of Activity
Quirindi, Werris Creek & Village Water Supplies	Comprising the whole of the operations and assets of the water supply systems servicing the towns of Quirindi, Werris Creek, Blackville, Caroon, Premier, Spring Ridge and Wallabadah. As the total annual operating revenues are less than \$2,000,000, it is defined as a "Category 2" Business Unit.
Quirindi & Werris Creek Sewerage Services	Comprising the whole of the operations and assets of the sewerage reticulation and treatment system servicing the towns of Quirindi and Werris Creek. As the total annual operating revenues are less than \$2,000,000, it is defined as a "Category 2" Business Unit.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

Note 1 - Significant Accounting Policies (cont)

3.1 Taxation Equivalent Payments

Council does not pay certain taxes and duties that are paid by equivalent private sector operations, but is liable for others. The Special Purpose Financial Reports disclose the effect of imputing these taxes to the declared business units at the several rates that would have applied to equivalent private sector operations. The NSW Office of Water, Department of Environment, Climate Change and Water's guidelines "*Best-Practice Management of Water Supply and Sewerage*" require that imputed amounts be paid into the general funds of the Council where it may be applied for any permitted purpose of the Local Government Act 1993 (as amended).

Details of the rates of each tax or duty applicable to each different business unit are set out in the table forming item 7 of this Note. The narration "applies" indicates that the tax or duty has in fact been paid to the taxing authority by the Business Unit, and that these costs have been included in actual Operating Expenses, and the narration "various" indicates that Council has based the calculation of imputed tax on the differing rates of tax or duty applicable to different purchases.

3.2 Council Rates, Charges & Fees

Council rates have been *imputed* in relation to all non-rateable land, and *applied* in relation to all rateable land, owned or exclusively used by all business units. Annual and User Charges, and Regulatory and Other Fees, have been *applied* in relation to all services supplied to business units by Council or other business units.

3.3 Loan & Debt Guarantee Fees

The debt guarantee fee is designed to ensure that Council's business units face equivalent commercial borrowing costs to private sector competitors. In order to calculate the debt guarantee fees, Council has determined the average differential between actual and commercial borrowing rates for each business unit.

3.4 Corporate Taxation Equivalent

In accordance with the Code of Local Government Accounting Practice and Financial Reporting, income taxation has been calculated on the Operating Result before Capital Amounts disclosed in the Statements of Financial Performance of the Special Purpose Financial Reports. No allowance has been made for non-deductible items, timing differences or carried forward losses. Australian Accounting Standard AASB 112 "Income Taxes" has not been applied.

3.5 Dividends Paid

In accordance with National Competition Policy guidelines, it is expected that business units will pay dividends to its owner, Council, equivalent to those paid by private sector competitors. In accordance with the Code of Local Government Accounting Practice and Financial Reporting, the rate of dividend paid has been expressed as a percentage of the Change in Net Assets Resulting from Operations after Taxation.

Council is permitted, but not required, to pay a dividend to the general funds of the Council from surpluses generated by water supply and sewerage operations. The maximum amount of such dividend permitted under the "*Best-Practice Management of Water Supply and Sewerage*" guidelines is set out at the foot of the relevant Statements of Financial Performance. Actual payment of the dividend is subject to compliance with the procedures set out in the guidelines.

3.6 Return on Investment (Rate of Return)

The Policy statement states that Category 1 businesses "would be expected to generate a rate of return on capital funds employed that is comparable to rates of return for private businesses operating in a similar field." In accordance with the Code of Accounting Practice, the rate of return on monopoly businesses such as water and sewerage services has been set at an amount sufficient to cover costs and replace assets needed to maintain services. For competitive markets, the rate of return has been set equal to or better than the return on Commonwealth 10 year bonds.

In accordance with the Code of Accounting Practice, the rate of return has been calculated as the Operating Result before Capital Amounts plus Interest Expense expressed as a percentage of the carrying value of Property, Plant & Equipment at the reporting date.

3.7 Notional Subsidy from Council

Government policy requires that subsidies provided to customers and the funding of those subsidies must be explicitly disclosed. Subsidies occur where Council provides services on a less

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

Note 1 - Significant Accounting Policies (cont)

than cost recovery basis, or accepts a lower rate of return on its investment in the business unit than would be acceptable to a private sector competitor.

In accordance with the Code of Accounting Practice, this amount has been calculated as the dollar difference between the required and actual rates of return.

4. Special Rate Funds

The Local Government Act 1993 (as amended) requires that moneys raised by way of Special Rates (or for Domestic Waste Management) be used only for those purposes, except for "dividends" payable in accordance with the *"Best-Practice Management of Water Supply and Sewerage"* guidelines, which also impose limits on the amounts payable. Accordingly, *imputed* amounts in excess of the permitted limits have been retained in those funds, and added back to Accumulated Surplus.

For Business Units not involving Special Rate Funds, *imputed* amounts have been transferred to Council's General Fund and are available to Council for utilisation for other purposes.

All such amounts have been eliminated in the course of preparation of the Council's general purpose Annual Financial Statements.

5. Other Accounting Policies and Notes

Other accounting policies relating to the determination of revenues and expenses, and assets and liabilities, not specifically referred to above are reported in Note 1 to the Council's Annual Financial Statements, and should be read in conjunction with this Note. Note references in the Statements of Financial Performance of Business Activities and the Statement of Financial Position of Business Activities that are prefixed "A" refer to the Notes to the Annual Financial Statements.

6. Rounding

In accordance with the Code of Accounting Practice all amounts shown in these statements are in Australian currency and, other than Notes 2 & 3, have been rounded to the nearest thousand dollars; amounts in Notes 2 & 3 are shown in whole dollars to meet the requirements of the Department of Energy, Utilities and Sustainability.

7. National Competition Policy Notional Payments

The table forming part of this Note immediately follows.

LIVERPOOL PLAINS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE SPECIAL PURPOSE FINANCIAL REPORTS

NOTE 1 Table - NATIONAL COMPETITION POLICY NOTIONAL PAYMENTS
for the year ended 30th June 2013

	BUSINESS ACTIVITIES			
	WATER		SEWER	
	2013	2012	2013	2012
Category	2	2	2	2
TAXATION EQUIVALENT PAYMENTS	<i>Rate</i>	<i>Rate</i>	<i>Rate</i>	<i>Rate</i>
Land Tax	2%	2%	2%	2%
Stamp Duty				
Payroll Tax	Applies	Applies	Applies	Applies
Fringe Benefits Tax	Applies	Applies	Applies	Applies
COUNCIL RATES, CHARGES & FEES	See Note 1, Item 3.2			
LOAN & DEBT GUARANTEE FEES	0.00%	0.00%	0.00%	0.00%
CORPORATE TAXATION EQUIVALENT	0%	0%	0%	0%
DIVIDENDS PAID	0.00%	0.00%	0.00%	0.00%
RATE OF RETURN ON CAPITAL				
Required Rate of Return	0.00%	0.00%	0.00%	0.00%
Actual Rate of Return	1.61%	0.79%	2.00%	0.42%

LIVERPOOL PLAINS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE SPECIAL PURPOSE STATEMENTS for the year ended 30th June 2013

Note 2 - BEST PRACTICE MANAGEMENT DISCLOSURES - WATER SUPPLY

2013
\$

Values shown in this Note are expressed in WHOLE DOLLARS

Calculation and Payment of Tax-Equivalents

(i)	Calculated Tax Equivalents	0
(ii)	No of assessments multiplied by \$3/assessment	8,292
(iii)	Amounts payable for Tax Equivalents	0
(iv)	Tax Equivalents paid	0
(i)	50% of Surplus before Dividends <i>(Calculated in accordance with Best Practice Management for Water Supply and Sewerage guidelines.)</i>	239,000
(ii)	No of assessments multiplied by \$30/assessment, less tax equivalent charges/assessment	82,920
(iii)	Cumulative Surplus before Dividends for 3 years to 30 June 2010, less cumulative dividends paid for 2 years to 30 June 2009	
(iv)	Maximum Dividend from Surplus	82,920
(v)	(least of (i), (ii) and (iii))	
(v)	Dividend paid from Surplus	

Required Outcomes for 6 Criteria

(i)	Completion of Strategic Business Plan (including Financial Plan)	Yes
(ii)	Pricing with full cost-recovery, without significant cross subsidies (Item 2(a) in Table 1 on page 22 of Best Practice guidelines)	Yes
	Complying charges (Item 2(b) in Table 1)	Yes
	DSP with Commercial Developer Charges (Item 2(e) in Table 1)	Yes
	If Dual Water Supplies, Complying Charges (Item 2(g) in Table 1)	Yes
(iii)	Sound Water Conservation & Demand Management Implemented	Yes
(iv)	Sound Drought Management implemented	Yes
(v)	Complete Performance Reporting Form (by 15 September each year)	
(vi)	Complete Integrated Water Cycle Management Evaluation	
(vii)	Complete and implement Integrated Water Cycle Management Strategy	

National Water Initiative (NWI) Financial Performance Indicators

NWI F1	Total Revenue (Water)	\$'000	2,362
NWI F4	Residential Revenue from Usage Charges (Water)	%	40.43
NWI F9	Written Down Replacement Cost of Fixed Assets (Water)	\$'000	39,955
NWI F11	Operating Cost (OMA) (Water)	\$'000	1,359
NWI F14	Capital Expenditure (Water)	\$'000	5,557
NWI F17	Economic Real Rate of Return (Water)	%	1.12
NWI F20	Capital Works Grants (Water)	\$'000	1,874

LIVERPOOL PLAINS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE SPECIAL PURPOSE STATEMENTS for the year ended 30th June 2013

Note 3 - BEST PRACTICE MANAGEMENT DISCLOSURES - SEWERAGE

	2013 \$
<i>Values shown in this Note are expressed in WHOLE DOLLARS</i>	
Calculation and Payment of Tax-Equivalents	
(i) Calculated Tax Equivalents	0
(ii) No of assessments multiplied by \$3/assessment	6,111
(iii) Amounts payable for Tax Equivalents (lesser of (i) and (ii))	0
(iv) Tax Equivalents paid	0
(i) 50% of Surplus before Dividends (Calculated in accordance with Best Practice Management for Water Supply and Sewerage guidelines.)	248,000
(ii) No of assessments multiplied by \$30/assessment, less tax equivalent charges/assessment	61,110
(iii) Cumulative Surplus before Dividends for 3 years to 30 June 2010, less cumulative dividends paid for 2 years to 30 June 2009	
(iv) Maximum Dividend from Surplus (least of (i), (ii) and (iii))	61,110
(v) Dividend paid from Surplus	
Required Outcomes for 4 Criteria	
(i) Complete current Strategic Business Plan (including Financial Plan)	Yes
(ii) Pricing with full cost-recovery, without significant cross subsidies (Item 2(a) in Table 1 on page 18 of Best practice guidelines)	Yes
Complying charges (a) Residential (Item 2(c) in Table 1)	Yes
(b) Non-Residential (Item 2(c) in Table 1)	Yes
(c) Trade Waste (Item 2(d) in Table 1)	Yes
DSP with Commercial Developer Charges (Item 2(e) in Table 1)	Yes
Liquid Trade Waste Approvals & Policy (Item 2(f) in Table 1)	Yes
(iii) Complete Performance Reporting Form (by 15 September each year)	
(iv) a. Complete Integrated Water Cycle Management Evaluation	
(iv) b. Complete and implement Integrated Water Cycle Management Strategy	
National Water Initiative (NWI) Financial Performance Indicators	
NWI F2 Total Revenue (Sewerage)	\$'000 1,051
NWI F10 Written Down Replacement Cost of Fixed Assets (Sewerage)	\$'000 26,103
NWI F12 Operating Cost (Sewerage)	\$'000 507
NWI F15 Capital Expenditure (Sewerage)	\$'000 39
NWI F18 Economic Real Rate of Return (Sewerage)	% 1
NWI F27 Capital Works Grants (Sewer)	\$'000 0
NWI F3 Total Income (Water & Sewerage)	\$'000 3,413
NWI F8 Revenue from Community Service Obligations (Water & Sewerage)	% 2
NWI F16 Capital Expenditure (Water & Sewerage)	\$'000 5,596
NWI F19 Economic Real Rate of Return (Water & Sewerage)	% 1
NWI F20 Dividend (Water & Sewerage)	\$'000 0
NWI F21 Dividend Payout Ratio (Water & Sewerage)	% 0
NWI F22 Net Debt to Equity (Water & Sewerage)	% -5
NWI F23 Interest Cover (Water & Sewerage)	times >100
NWI F24 Net Profit after Tax (Water & Sewerage)	\$'000 1,034
NWI F25 Community Service Obligations (Water & Sewerage)	\$'000 60

LIVERPOOL PLAINS SHIRE COUNCIL

STATEMENT OF FINANCIAL POSITION by BUSINESS ACTIVITIES
for the year ended 30th June 2013

		BUSINESS ACTIVITIES			
		Water '000		Sewer '000	
	Notes	2013	2012	2013	2012
CURRENT ASSETS					
Cash & cash equivalents	A6	1,973	1,708	2,324	1,195
Investments	A6				
Receivables	A7	687	702	188	161
Inventories	A8				
Other	A8				
TOTAL CURRENT ASSETS		2,660	2,410	2,512	1,356
NON-CURRENT ASSETS					
Investments	A6	2000	2,500	1500	2,000
Receivables	A7				
Inventories	A8				
Property, Plant & Equipment	A9	39,955	35,779	26,103	26,242
Equity accounted investments	A19				
Investment Property					
Other	A8				
TOTAL NON-CURRENT ASSETS		41,955	38,279	27,603	28,242
TOTAL ASSETS		44,615	40,689	30,115	29,598
CURRENT LIABILITIES					
Payables	A10	81			
Interest bearing liabilities	A10	53	63		
Provisions	A10				
TOTAL CURRENT LIABILITIES		134	63		
NON-CURRENT LIABILITIES					
Payables	A10				
Interest bearing liabilities	A10	4,250	1,949		
Provisions	A10				
TOTAL NON CURRENT LIABILITIES		4,250	1,949		
TOTAL LIABILITIES		4,384	2,012		
NET ASSETS		\$ 40,231	38,677	30,115	29,598
EQUITY					
Accumulated Surplus		20,581	14,580	10,305	5,120
Asset Revaluation Reserve		19,650	24,097	19,810	24,478
TOTAL EQUITY		\$ 40,231	38,677	30,115	29,598

This Statement is to be read in conjunction with the attached Notes

LIVERPOOL PLAINS SHIRE COUNCIL

INCOME STATEMENT BY BUSINESS ACTIVITIES
for the year ended 30th June 2013

		BUSINESS ACTIVITIES			
		Water '000		Sewer '000	
	Notes	2013	2012	2013	2012
REVENUE FROM CONTINUING OPERATIONS					
Rates & Annual Charges	A4	1,370	1,208	1,021	897
User Charges & Fees	A4	945	881		
Interest Received	A4	205	113	149	144
Grants & Contributions - Operating	A4	34	30	30	24
Gain on Disposal of Assets	A5				
Other Operating Revenues	A4				
TOTAL		2,554	2,232	1,200	1,065
EXPENSES FROM CONTINUING OPERATIONS					
Employee Costs	A3	758	728	283	290
Materials & Contracts	A3	601	569	224	226
Borrowing Costs	A3	146	7		
Depreciation & Amortisation	A3	547	654	171	440
Other Operating Expenses	A3				
Loss on Disposal of Assets	A5				
NCP Imputation Payments	2				
TOTAL		2,052	1,958	678	956
CONTINUING OPERATIONS RESULT BEFORE CAPITAL AMOUNTS					
		502	274	522	109
Grants & Contributions - Capital	A4	1,884	192		24
SURPLUS (DEFICIT) BEFORE TAX		2,386	466	522	133
Corporate Taxation Equivalent	2	-	-	-	33
SURPLUS (DEFICIT) FOR YEAR		2,386	466	522	100
Add: Accumulated Profits brought forward		18,195	14,114	9,783	4,987
NCP Imputation Payments retained	1				
Less: Dividends Paid - TER					
- Surplus Dividend	2				
ACCUMULATED SURPLUS		20,581	14,580	10,305	5,087
RATE OF RETURN ON CAPITAL	2	1.62%	0.79%	2.00%	0.42%
NOTIONAL SUBSIDY FROM COUNCIL	2	N/A	N/A	N/A	N/A

This Statement is to be read in conjunction with the attached Notes.



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Liverpool Plains Shire Council

Independent auditor's report - Report on the Special Purpose Financial Statements

Report on the financial statements

We were engaged to audit the accompanying financial statements, which comprises the Income Statements by Business Activity, Statement of Financial Position by Business Activity, Notes to the financial statements for the business activities identified by Council and the Statement by Councillors and Management for Council for the year ended 30 June 2013.

The responsibility of Councillor's for the financial statements

The councillors of the Council are responsible for the preparation and fair presentation of the financial statements and have determined that the accounting policies described in Note 1 to the financial statements, which form part of the financial statements, are appropriate to meet the requirements of the Local Government Code of Accounting Practice and Financial Reporting. The responsibility of the Councillors of the council also includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on conducting the audit in accordance with Australian Auditing Standards. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Our audit did not involve an analysis of the prudence of business decisions made by Councillors or management.

Basis for Disclaimer of Opinion

The introduction of a new fixed asset register system during the year resulted in numerous errors in infrastructure, property, plant and equipment. As at the date of our report, management was still in the process of rectifying the system deficiencies and correcting the errors. We were unable to confirm or verify by alternative means infrastructure, property, plant and equipment included in the



statement of financial position by business activity at a total amount of \$66,058,000 as at 30 June 2013 which represents over 93% of councils net assets by business activity at 30 June 2013. As a result of these matters we were unable to determine whether any adjustments might have been found necessary in respect of infrastructure, property, plant and equipment and the elements impacting on the Income Statements by Business Activity, Statement of Financial Position by Business Activity, Notes to the financial statements for the business activities identified by Council and the Statement by Councillors and Management for Council

Disclaimer of Opinion

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements. Accordingly, we do not express an opinion on the financial statements.

Basis of Accounting and Restriction on Distribution

We draw attention to the Accounting Policies in Note 1 which describes the basis of accounting. The financial statements are prepared to assist Liverpool Plains Shire Council to meet the requirements of the Division of Local Government, Department of Premier and Cabinet. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for Liverpool Plains Shire Council and the Division of Local Government, Department of Premier and Cabinet.



Pitcher Partners Newcastle & Hunter



Wayne Russell

Partner

Newcastle

13 March 2014

LIVERPOOL PLAINS SHIRE COUNCIL

Special Schedules

for the year ended 30th June 2013

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LIVERPOOL PLAINS SHIRE COUNCIL

SPECIAL SCHEDULE NO 1 NET COST OF SERVICES for the year ended 30th June 2013

\$'000

Function or Activity	Expenses from continuing operations	Income from continuing operations (non-capital)	Income from continuing operations (capital)	NET COST OF SERVICES
GOVERNANCE	683			683
ADMINISTRATION	2,009	255	15	1,739
PUBLIC ORDER & SAFETY				
Fire Service Levy, Fire Protection, Emergency Services	591	397	436	(242)
Beach Control				-
Enforcement of Regulations	69	6		63
Animal Control	105	16		89
Other				-
Total Public Order & Safety	765	419	436	(90)
HEALTH				-
ENVIRONMENT				
Noxious Plants and Insect / Vermin Control	204	85		119
Other Environmental Protection	722	304	72	346
Solid Waste Management	1,356	1,210		146
Street Cleaning	143			143
Drainage				-
Stormwater Management	266			266
Total Environment	2,691	1,599	72	1,020
COMMUNITY SERVICES & EDUCATION				
Administration & Education	106			106
Social Protection (welfare)				-
Aged Persons & Disabled	346	350		(4)
Childrens Services	465	412		53
Total Community Services & Education	917	762	-	155
HOUSING & COMMUNITY AMENITIES				
Public Cemeteries	112	135		(23)
Public Conveniences	122			122
Street Lighting	123	21		102
Town Planning				-
Other Community Amenities	34	13		21
Total Housing & Community Amenities	391	169	-	222
WATER SUPPLIES	2,052	2,526	1,912	(2,386)
SEWERAGE SERVICES	678	1,195	5	(522)

LIVERPOOL PLAINS SHIRE COUNCIL

SPECIAL SCHEDULE NO 1 - NET COST OF SERVICES (cont) for the year ended 30th June 2013

\$'000

Function or Activity	Expenses from continuing operations	Income from continuing operations (non-capital)	Income from continuing operations (capital)	NET COST OF SERVICES
RECREATION & CULTURE				
Public Libraries	413	60		353
Museums	693	660		33
Art Galleries				-
Community Centres and Halls	192	47	7	138
Performing Arts Venues				-
Other Performing Arts				-
Other Cultural Services	28	12		16
Sporting Grounds	494	78	22	394
Swimming Pools	319	56		263
Parks & Gardens, Lakes	335		93	242
Other Sport & Recreation	132	29	219	(116)
Total Recreation & Culture	2,606	942	341	1,323
FUEL & ENERGY				-
AGRICULTURE				-
MINING, MANUFACTURING & CONSTRUCTION				
Building Control	58	52		6
Other Mining Manufacturing & Construction	542	584		(42)
Total Mining Manufacturing & Construction	600	636	-	(36)
TRANSPORT & COMMUNICATION				
Urban Roads: Local	908			908
Urban Roads: Regional				-
Sealed Rural Roads: Local	2,383	84	1,619	680
Sealed Rural Roads: Regional	1,172	1,597	500	(925)
Unsealed Rural Roads: Local	3,030		167	2,863
Unsealed Rural Roads: Regional				-
Bridges - Urban Roads: Local				-
Bridges - Sealed Rural Roads: Local	376			376
Bridges - Unsealed Rural Roads: Local				-
Bridges on Regional Roads				-
Parking Areas	10			10
Footpaths	39		276	(237)
Aerodromes	58	99		(41)
Other Transport & Communication	443	214	683	(454)
Total Transport & Communication	8,419	1,994	3,245	3,180
ECONOMIC AFFAIRS				
Camping Areas & Caravan Parks	9	10		(1)
Other Economic Affairs	835	572		263
Total Economic Affairs	844	582	-	262
TOTALS - FUNCTIONS	22,655	11,079	6,026	5,550
General Purpose Revenues				9,528
Equity accounted income (loss)				9,528
NET OPERATING RESULT FOR YEAR				3,978

LIVERPOOL PLAINS SHIRE COUNCIL

SPECIAL SCHEDULE NO 2 (1)

STATEMENT OF LONG TERM DEBT (ALL PURPOSE)

for the year ended 30th June 2013

\$'000

Classification of Debt	Principal Outstanding at beginning of year			New Loans Raised	Debt Redemption		Tfrs to Sinking Funds	Interest applicable for year	Principal outstanding at end of year		
	Current	Non-Current	Total		From Revenue	Sinking Funds			Current	Non-Current	Total
LOANS (by source)											
Commonwealth Government			-								-
Treasury Corporation			-								-
Other State Government			-								-
Public Subscription			-								-
Financial Institutions	214	3,272	3,486	2,355	214			244	227	5,400	5,627
Other	40	15	55		40			1	15		15
Total Loans	276	3,287	3,541	2,355	254	-	-	245	242	5,400	5,642
OTHER LONG TERM DEBT											
Ratepayers' Advances			-								-
Government Advances			-								-
Finance Leases			-								-
Deferred Payment			-								-
Other			-								-
Total Other Long Term Debt	-	-	-	-	-	-	-	-	-	-	-
TOTAL LONG TERM DEBT	276	3,287	3,541	2,355	254	-	-	245	242	5,400	5,642

This Schedule excludes Internal Loans and refinancing of existing borrowings.

LIVERPOOL PLAINS SHIRE COUNCIL

SPECIAL SCHEDULE NO 2 (2) STATEMENT OF INTERNAL LOANS for the year ended 30th June 2013

\$'000

SUMMARY OF INTERNAL LOANS

Borrower (by purpose)	Amount Originally Raised	Total Repaid During Year Principal & Interest	Principal Outstanding at End of Year
General	200	21	-
Water			
Sewerage			
Domestic Waste Management			
Gas			
Other			
Totals	200	21	-

The above summary of internal loans represents the total of Council's internal loans categorised according to the purpose of the borrower. Details of individual internal loans are set out below.

Borrower (by purpose)	Lender (by purpose)	Date of Minister's Approval	Date Raised	Term (years)	Maturity Date	Rate of Interest	Amount Originally Raised	Paid During Year - Princ and Interest	Principal Outstanding End of Year
General Fund - Community Services	Quirindi Water Fund		1/07/2003	10	30/06/2013	5.11%	200	21	-
Totals							200	21	-

LIVERPOOL PLAINS SHIRE COUNCIL

SPECIAL SCHEDULE NO 3 WATER SUPPLY OPERATIONS (Gross including Internal Transactions) for the year ended 30th June 2013

A. EXPENSES & REVENUES	2013	2012
EXPENSES	\$'000	\$'000
1.a. Management - Administration	558	148
b. - Engineering & Supervision	18	375
2 Operations		
a. - Dams & Weirs - Operation Expenses	24	15
b. - Maintenance Expenses	40	44
c. - Mains - Operation Expenses	64	
d. -Maintenance Expenses	66	207
e. - Reservoirs - Operation Expenses		
f. - Maintenance Expenses	65	35
g. - Pumping Stations - Operation Expenses	5	3
h. - Energy Costs	139	100
i. - Maintenance Expenses	98	114
j. - Treatment - Operation Expenses	12	37
k. - Chemical Costs	20	26
l. - Maintenance Expenses	139	146
m. - Other - Operation Expenses	3	47
n. - Maintenance Expenses	108	
o. - Purchase of Water		
3.a. Depreciation - System Assets	274	524
b. - Plant & Equipment	273	130
4.a. Miscellaneous - Interest expenses	146	7
b. - Revaluation decrements		
c. - Other		
c. - NCP Tax & Other Equivalents	-	
d. - Impairment system assets		
e. - Impairment plant and equipment		
f. - Aboriginal Communities Water & Sewerage Program		
5 Total Expenses	2,052	1,958
REVENUE		
6 Residential Charges		
a. - Access (including rates)	1,370	1,208
b. - User Charges	930	881
7 Non-Residential Charges		
a. - Access (including rates)		
b. - User Charges	12	
8 Extra Charges		
9 Interest income	202	113
10 Other Income		
10a. - Aboriginal Communities Water & Sewerage Program		
11.a. Grants - Acquisition of Assets	1,874	131
b. - Pensioner Rebates	34	30
c. - Other		
12.a. Contributions - Developer Charges	16	61
b. - Developer Provided Assets		
c. - Other Contributions		
13 Total Revenues	4,438	2,424
14 Gain (Loss) on Disposal of Assets		
15 OPERATING RESULT	2,386	466
15a. Operating Result before Grants for Acquisition of Assets	512	335

LIVERPOOL PLAINS SHIRE COUNCIL

SPECIAL SCHEDULE NO 3 - WATER SUPPLY OPERATIONS (cont)

	2013 \$'000	2012 \$'000
B. CAPITAL TRANSACTIONS		
<u>Non - Operating Expenditure</u>		
16 Acquisition of Fixed Assets		
a. - New assets for improved standards		77
b. - New assets for growth	5,393	4
c. - Renewals	164	933
d. - Plant & Equipment		12
17 Repayment of Debt		
a. - Loans	63	83
b. - Advances		
c. - Finance Leases		
18 Transfers to Sinking Funds		
19 Total Non-Operating Expenditure	5,620	1,109
<u>Non-Operating Funds Employed</u>		
20 Proceeds from Disposal of Assets		
21 Borrowings Utilised		
a. - Loans	2,355	2,000
b. - Advances		
c. - Finance Leases		
22 Transfers from Sinking Funds		
23 Total Non-Operating Funds Employed	2,355	2,000
C. RATES & CHARGES		
24 Number of Assessments		
a. - Residential (occupied)	2648	
b. - Residential (unoccupied - vacant land)	28	
c. - Non-Residential (occupied)	66	
d. - Non -Residential (unoccupied - vacant land)	22	
25 Number of ETs for which Developer Charges were	ET	
26 Total Amount of Pensioner Rebates	59 \$'000	
D. BEST PRACTICE ANNUAL CHARGES & DEVELOPER CHARGES		
27 Annual Charges		
a Does Council have best-practice water supply annual charges and usage charges?	<input checked="" type="checkbox"/> Yes	
If Yes, go to 28a.		
If No, has Council removed land value from access charges (i.e. rates)	<input type="checkbox"/>	
b Cross subsidy from residential customers using less than allowance		
c Cross subsidy to non-residential customers		
d Cross subsidy to large connections in unmetered supplies		
28 Developer Charges		
a Has Council completed a water supply Development Servicing Plan?	<input checked="" type="checkbox"/> Yes	
b Total cross-subsidy in water supply developer charges		
29 TOTAL OF CROSS SUBSIDIES		-

Councils which have not yet implemented best practice water supply pricing should disclose cross subsidies in items 27b, 27c and 27d above. However, disclosure of cross-subsidies is **NOT** required where a Council has implemented best practice pricing and is phasing in such pricing over a period of 3 years.

LIVERPOOL PLAINS SHIRE COUNCIL

SPECIAL SCHEDULE NO 4 WATER SUPPLY - STATEMENT OF FINANCIAL POSITION (Gross including Internal Transactions) for the year ended 30th June 2013

	Current \$'000	Non-Current \$'000	Total \$'000
ASSETS			
30 Cash and Investments			
a. - Developer Charges			-
b. - Specific Purpose Grants			-
c. - Accrued Leave			-
d. - Unexpended Loans			-
e. - Sinking Funds			-
f. - Other	1,973	2,000	3,973
31 Receivables			
a. - Specific Purpose Grants			-
b. - Rates & Availability Charges	149		149
c. - User charges	538		538
d. - Other			-
32 Inventories			-
33 Property, Plant & Equipment			
a. - System Assets		39,343	39,343
b. - Plant & Equipment		612	612
34 Other			-
35 Total Assets	<u>2,660</u>	<u>41,955</u>	<u>44,615</u>
LIABILITIES			
36 Bank Overdraft			-
37 Creditors	81		81
38 Borrowings			
a. - Loans	53	4,250	4,303
b. - Advances			-
c. - Finance Leases			-
39 Provisions			
- Tax Equivalents			-
a. - Dividend	-		-
b. - Other			-
40 Total Liabilities	<u>134</u>	<u>4,250</u>	<u>4,384</u>
41 NET ASSETS COMMITTED	<u>2,526</u>	<u>37,705</u>	<u>40,231</u>
EQUITY			
42 Accumulated Surplus			20,581
43 Asset Revaluation Reserve			19,650
44 Total Equity			<u>40,231</u>
45 Current Replacement Cost of System Assets			53,572
46 Accumulated Current Cost Depreciation of System Assets			13,617
47 Written Down Current Cost of System Assets			<u>39,955</u>

LIVERPOOL PLAINS SHIRE COUNCIL

SPECIAL SCHEDULE NO 5 SEWERAGE SERVICE OPERATIONS (Gross including Internal Transactions) for the year ended 30th June 2013

A. EXPENSES & REVENUES	2013	2012
EXPENSES	\$'000	\$'000
1.a. Management - Administration	182	131
b. - Engineering & Supervision	11	31
2 Operations & Maintenance Expenses		
a. -Mains - Operation Expenses		
b. -Maintenance Expenses	7	37
c. - Pumping Stations - Operation Expenses	1	1
d. - Energy Costs	8	9
e. - Maintenance Expenses	55	50
f. - Treatment - Operation Expenses	7	6
g. - Chemical Costs		
h. - Energy Costs	21	21
i. - Effluent Management		
j. - Biosolids Management		
k. - Maintenance Expenses	205	192
l. - Other - Operation Expenses	1	38
m. - Maintenance Expenses	9	
3.a. Depreciation - System Assets	117	347
b. - Plant & Equipment	54	93
4.a. Miscellaneous - Interest expense		
b. - Revaluation decrements		
c. - Other		
c. - NCP Tax & Other Equivalents	-	
d. - Impairment system assets		
e. - Impairment plant and equipment		
f. - Aboriginal Communities Water & Sewerage Program		
5 Total Expenses	678	956
REVENUE		
6 Residential Charges (including rates)	874	746
7 Non-Residential Charges		
a Access (including rates)	120	151
b User Charges		
8 Trade Waste Charges		
a Annual Fees	27	
b User Charges		
c Excess Mass Charges		
Re-inspection charges		
9 Extra Charges		
10 Interest income	149	144
11 Other Income		
11a. Aboriginal Communities Water & Sewerage Program		
12.a. Grants - Acquisition of Assets		
b. - Pensioner Rebates	26	24
c. - Other		
13.a Contributions - Developer Charges		24
b. - Developer Provided Assets		
c. - Other Contributions	4	
14 Total Revenues	1,200	1,089
15 Gain (Loss) on Disposal of Assets		
16 OPERATING RESULT	522	133
16.a. Operating Result before Grants for Acquisition of Assets	522	133

LIVERPOOL PLAINS SHIRE COUNCIL

SPECIAL SCHEDULE NO 5 - SEWERAGE SERVICE OPERATIONS (cont)

	2013 \$'000	2012 \$'000
B. CAPITAL TRANSACTIONS		
<u>Non - Operating Expenditure</u>		
17 Acquisition of Fixed Assets		
a. - New assets for improved standards		
b. - New assets for growth		
c. - Renewals	37	157
d. - Plant & Equipment	2	
18 Repayment of Debt		
a. - Loans		
b. - Advances		
c. - Finance Leases		
19 Transfers to Sinking Funds		
20 Total Non-Operating Expenditure	39	157
<u>Non-Operating Funds Employed</u>		
21 Proceeds of Disposal of Assets		
22 Borrowings Utilised		
a. - Loans		
b. - Advances		
c. - Finance Leases		
23 Transfers from Sinking Funds		
24 Total Non-Operating Funds Employed	-	-
C. RATES AND CHARGES		
25 Number of Assessments		
a. - Residential (occupied)	1860	
b. - Residential (unoccupied - vacant land)	7	
c. - Non-Residential (occupied)	154	
d. - Non-Residential (unoccupied - vacant land)	16	
26 Number of ETs for which Developer Charges were	ET	
27 Total Amount of Pensioner Rebates	46 \$'000	
D. BEST PRACTICE ANNUAL CHARGES & DEVELOPER CHARGES		
28 Annual Charges		
Does Council have best-practice sewerage annual charges, usage charges and trade waste fees and charges?	<input checked="" type="checkbox"/> Yes	
If Yes, go to 29a.		
If No, has Council removed <u>land value</u> from access charges (i.e. rates)	<input type="checkbox"/>	
b Cross subsidy <u>to</u> non-residential customers		
c Cross subsidy <u>to</u> trade waste dischargers		
29 Developer Charges		
a Has Council completed a sewerage Development Servicing Plan?	<input checked="" type="checkbox"/> Yes	
b Total cross-subsidy in sewerage developer charges		
30 TOTAL OF CROSS SUBSIDIES		-

Councils which have not yet implemented best practice sewerage pricing and trade waste pricing should disclose cross subsidies in items 28b and 28c above. However, disclosure of cross-subsidies is NOT required where a Council has implemented best practice sewerage and liquid trade waste pricing and is phasing in such pricing over a period of 3 years.

LIVERPOOL PLAINS SHIRE COUNCIL

SPECIAL SCHEDULE NO 6 SEWERAGE SERVICES - STATEMENT OF FINANCIAL POSITION (Gross including Internal Transactions) for the year ended 30th June 2013

	<u>Current</u> \$'000	<u>Non-Current</u> \$'000	<u>Total</u> \$'000
<u>ASSETS</u>			
31 Cash and Investments			-
a. - Developer Charges			-
b. - Specific Purpose Grants			-
c. - Accrued Leave			-
d. - Unexpended Loans			-
e. - Sinking Funds			-
f. - Other	2,324	1,500	3,824
32 Receivables			-
a. - Specific Purpose Grants			-
b. - Rates & Availability Charges	114		114
c. - User charges	74		74
d. - Other			-
33 Inventories			-
34 Property, Plant & Equipment			-
a. - System Assets		25,768	25,768
b. - Plant & Equipment		335	335
35 Other			-
36 Total Assets	<u>2,512</u>	<u>27,603</u>	<u>30,115</u>
<u>LIABILITIES</u>			
37 Bank Overdraft			-
38 Creditors			-
39 Borrowings			-
a. - Loans			-
b. - Advances			-
c. - Finance Leases			-
40 Provisions			-
- Tax Equivalents			-
a. - Dividend	-		-
b. - Other			-
41 Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
42 NET ASSETS COMMITTED	<u>2,512</u>	<u>27,603</u>	<u>30,115</u>
<u>EQUITY</u>			
43 Accumulated Surplus			10,304
44 Asset Revaluation Reserve			19,810
45 Total Equity			<u>30,114</u>
46 Current Replacement Cost of System Assets			27,852
47 Accumulated Current Cost Depreciation of System Assets			1,749
48 Written Down Current Cost of System Assets			<u>26,103</u>

LIVERPOOL PLAINS SHIRE COUNCIL

SPECIAL SCHEDULE NO 7 CONDITION OF PUBLIC WORKS as at 30th June 2013

Asset Class	Asset Category	Depreciation Rate (%)	Depreciation Expense	Cost	Valuation	Accumulated Depreciation	Carrying Value	Asset Condition (see Notes attached)	Estimated Cost to bring to a Satisfactory Standard	Estimated Annual Maintenance Expense	Program Maintenance Works for current year
			'000	'000	'000	'000	'000		'000	'000	'000
	<i>References</i>	<i>Note 9</i>	<i>Note 4</i>		<i>Note 9</i>				<i>Local Govt. Act 1993, Section 428 (2d)</i>		
Public Buildings	Council Offices		7		3,537	88	3,449	2	5	5	14
	Works Depot		9		4,481	70	4,411	2	10	5	10
	Halls		16		4,930	153	4,777	2	40	20	23
	Houses		2		1,079	26	1,053	2	5	8	14
	Museum				1,079		1,079	2	-	6	6
	Library		3		2,673	40	2,633	2	-	5	9
	Childcare Centres		5		2,312	27	2,285	2	-	5	2
	Amenities/Toilets						-	2	50	4	13
	Showground		15		5,770	153	5,617	3	30	3	3
	Subtotal		57	-	25,861	557	25,304		140	61	94
Public Roads	Sealed Roads		2,597		182,896	15,869	167,027	3	2,200	3,609	1,024
	Unsealed Roads		1,703		163,708	(7,861)	171,569	3	300	953	1,592
	Sealed Roads Structure				1,040		1,040	3	1,695	-	-
	Bridges		360		72,248	2,503	69,745	2	24	24	50
	Footpaths/Cycleways		10		1,898	144	1,754	3	58	59	27
	Kerb & Gutter		175		16,564	3,350	13,214	3	64	30	76
	Subtotal		4,845	-	438,354	14,005	424,349		4,341	4,675	2,769

This Schedule is to be read in conjunction with the explanatory notes following.

LIVERPOOL PLAINS SHIRE COUNCIL

SPECIAL SCHEDULE NO 7 - CONDITION OF PUBLIC WORKS (cont) as at 30th June 2013

Asset Class	Asset Category	Depreciation Rate (%)	Depreciation Expense	Cost	Valuation	Accumulated Depreciation	Carrying Value	Asset Condition (see Notes attached)	Estimated Cost to bring to a Satisfactory Standard	Estimated Annual Maintenance Expense	Program Maintenance Works for current year			
			'000	'000	'000	'000	'000		'000	'000	'000			
Water	References		Note 9	Note 4	Note 9			Local Govt. Act 1993, Section 428 (2d)						
	Treatment Plants				722	113	609	2	-	-	140			
	Water Connections	81			5	954	313	646	2	-	50	141		
	Bores					4		4	3	-	28			
	Reservoirs					199		199	2	32	9	31		
	Dams				4,518	644	99	5,063	2	50	41	44		
	Pipelines	192			41	19,208	5,987	13,262	4	150	103	116		
	Pump Stations							-	2	-	40	138		
	Subtotal					273	4,564	21,731	6,512	19,783		232	271	610
	Sewerage	Pump Stations						10		10	2	16	41	74
Pipelines			33		16,131	183	15,948	3	190	8	8			
Manholes			21		1,794	202	1,592	3	25	30	23			
Treatment Works				2	323		325	2	-	100	210			
Subtotal			54	2	18,258	385	17,875		231	179	315			
Drainage Works	Conduits		175		16,919	3,350	13,569	4	36	25	25			
	Inlet & Junction Pits						-	3	55	15	15			
	Subtotal			175	-	16,919	3,350	13,569		91	40	40		
				5,404	4,566	521,123	24,809	500,880		5,035	5,226	3,828		
Total Classes - All Assets														

LIVERPOOL PLAINS SHIRE COUNCIL

SPECIAL SCHEDULE NO 7 - CONDITION OF PUBLIC WORKS (cont) as at 30th June 2013

"SATISFACTORY" CONDITION OF PUBLIC ASSETS

In assessing the condition of Public Assets Council has had regard to the condition, function and location of each asset, based on the original design standard. Changes in standards or proposed or potential enhancements to the existing asset design standard have been ignored. Assets within each Asset Category have been assessed on an overall basis, recognising that an average standard of "satisfactory" may be achieved even though certain assets may be above or below that standard on an individual basis.

Council recognises that the standard that it considers to be "satisfactory" may be different from that adopted by other Councils.

The information contained in this Schedule comprises accounting estimates formulated in accordance with the NSW Local Government Code of Accounting Practice and Financial Reporting. Nothing contained within this Schedule may be

ASSET CONDITION

The following condition codes have been used in this Schedule.

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

LIVERPOOL PLAINS SHIRE COUNCIL

SPECIAL SCHEDULE NO 8 - FINANCIAL PROJECTIONS as at 30th June 2013

	2013 \$'m	2014 \$'m	2015 \$'m	2016 \$'m	2017 \$'m	2018 \$'m	2019 \$'m	2020 \$'m	2021 \$'m	2022 \$'m	2023 \$'m
Recurrent Budget											
Income from continuing operations	27	22	23	27	28	25	26	27	28	28	29
Expenses from continuing operations	23	21	22	22	23	24	24	25	25	26	26
Operating result from continuing operations	4	1	1	5	5	1	2	2	3	2	3
Capital Budget											
New Works	3	1	1	7	3	2	2	3	1	1	2
Replacement of existing assets	9	5	6	6	6	6	6	6	8	6	6
	12	6	7	13	9	8	8	9	9	7	8
<i>Funded by</i>											
- Loans	3	0	0	2	1	1	0	0	0	0	0
- Asset Sales	1	1	1	1	1	1	1	1	2	2	2
- Reserves	0	0	1	0	0	1	1	1	0	0	0
- Grants/Contributions	5	3	3	8	5	2	4	4	4	3	4
- Recurrent revenue	3	2	2	2	2	3	2	3	3	2	2
- Other											
	12	6	7	13	9	8	8	9	9	7	8

Financial projections are in accordance with Council's Integrated Planning and Reporting framework.