

LITCHFIELD COUNCIL



Community effort is essential

Risk Management and Audit Committee (RMAC)

BUSINESS PAPER
TUESDAY 29/10/2019

Meeting to be held commencing 10.00am
In Executive Meeting Room at 7 Bees Creek Road, Freds Pass

A handwritten signature in black ink, appearing to read 'Daniel Fletcher', written in a cursive style.

Daniel Fletcher, Chief Executive Officer

Any member of Council who may have a conflict of interest, or a possible conflict of interest in regard to any item of business to be discussed at a Council meeting or a Committee meeting should declare that conflict of interest to enable Council to manage the conflict and resolve it in accordance with its obligations under the Local Government Act and its policies regarding the same.



LITCHFIELD COUNCIL RMAC MEETING

Notice of Meeting

to be held in the Executive Meeting Room, Litchfield
on Tuesday, 8 October 2019 at 10.00am

Daniel Fletcher
Chief Executive Officer

Number	Agenda Item	Page
1	Opening of Meeting	3
2	Apologies and Leave of Absence	3
3	Disclosures of Interest	3
4	Confirmation of Minutes	3
5	Business Arising from the Minutes	3
6	Presentations	3
7	Accepting or Declining Late Items	3
8	Officers Reports	3
8.1	2018-19 Financial and KPI Summary	4 – 17
8.2	2018-19 Annual Financial Statements	18 – 74
9	Other Business	75
10	Confidential Items	75
11	Close of Meeting	75

1. Opening of meeting

2. Apologies and Leaves of Absence

3. Disclosure of Interests

Any member of the RMAC who may have a conflict of interest, or a possible conflict of interest regarding any item of business to be discussed at the RMAC meeting should declare that conflict of interest to enable Council to manage the conflict and resolve it in accordance with its obligations under the Local Government Act and its policies regarding the same.

4. Confirmation of Minutes

THAT the full minutes of the Risk Management and Internal Audit Committee Meeting held Tuesday 3 September 2019, 6 pages, be confirmed

Minutes have been distributed under separate cover and are publicly available on Council's website <http://www.litchfield.nt.gov.au/council/committees> or in hard copy by request.

5. Business Arising from the minutes

Nil

6. Presentations

7. Accepting or Declining Late Items

8. Officer Reports



Agenda Item Number:	8.1
Report Title:	2018-19 Financial and KPI Summary
Report Number:	
Meeting Date:	29/10/2019
Attachments:	A – Financial Summary for Annual Report B – KPI summary for Annual Report

Purpose

To provide the RMAC with the Financial Summary and KPI reporting for inclusion into the 2018-19 Annual Report for review.

Summary

To provide the Committee with the Financial Summary and KPI reporting for review and consider for inclusion in the 2018-19 Annual Report presented to Council before lodgement with the Minister and the Northern Territory Grants Commission in accordance with the statutory requirements.

Recommendation

THAT the RMAC confirms the financial summary and KPI reporting for inclusion into the 2018-19 Annual Report presented to Council.

Background

FIN09 – Risk Management and Audit Committee Policy contains that the following outline of the role of the Risk Management and Audit Committee:

4.9 – Financial Reporting

4.9.1.1 – The Committee shall monitor the integrity of the

- Annual financial statement of the Council, reviewing the significant financial reporting issues and judgements which they contain; and*
- The annual report.*

4.9.1.2 – The Committee shall review and challenge where necessary:

- The consistency of, and/or any changes to, accounting policies;*
- The methods used to account for significant of unusual transactions where different approaches are possible;*
- Whether the Council has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account*

- the views of the external auditor;*
- *The clarity of disclosure in the Council's financial reports and the context in which statements are made; and*
- *All material information presented with the financial statements.*

As highlighted above in FIN09, the responsibility of the Risk Management and Audit Committee is to monitor the integrity of the annual report and ensure it contains an accurate assessment of Council's operations.

The complete Annual Report 2018-19 will be presented to Council at a Special Council Meeting scheduled to be held on Thursday 14 November 2019 for adoption.

Links with Strategic Plan

A Well-Run Council - Good Governance

Legislative and Policy Implications

This paper is consistent with FIN09 Risk Management and Audit Committee Policy.

Risks

Nil

Financial Implications

Nil

Community Engagement

Nil

Recommending Officer: **Silke Maynard, Director Community and Corporate Services**

Any queries on this report may be directed to the Recommending Officer on telephone (08) 8983 0600.

Any member of Council who may have a conflict of interest, or a possible conflict of interest in regard to any item of business to be discussed at a Council meeting of a Committee meeting should declare that conflict of interest to enable Council to manage the conflict and resolve it in accordance with its obligations under the Local Government Act and its policies regarding the same.

SUMMARY OF FINANCIALS

In 2018-19, Council’s results show a decrease in deficit of \$3.3 million compared to the original budget. This is mainly due to a significant reduction in depreciation by almost \$4 million and an increase in income above budget. Council has reviewed the useful life of infrastructure assets and therefore adjusted the expected cost for the upkeep of infrastructure. Although this review has taken place Council’s Long-Term Financial Plan and Asset Management plans remain to show a lack in funding for the maintenance of assets into the future.

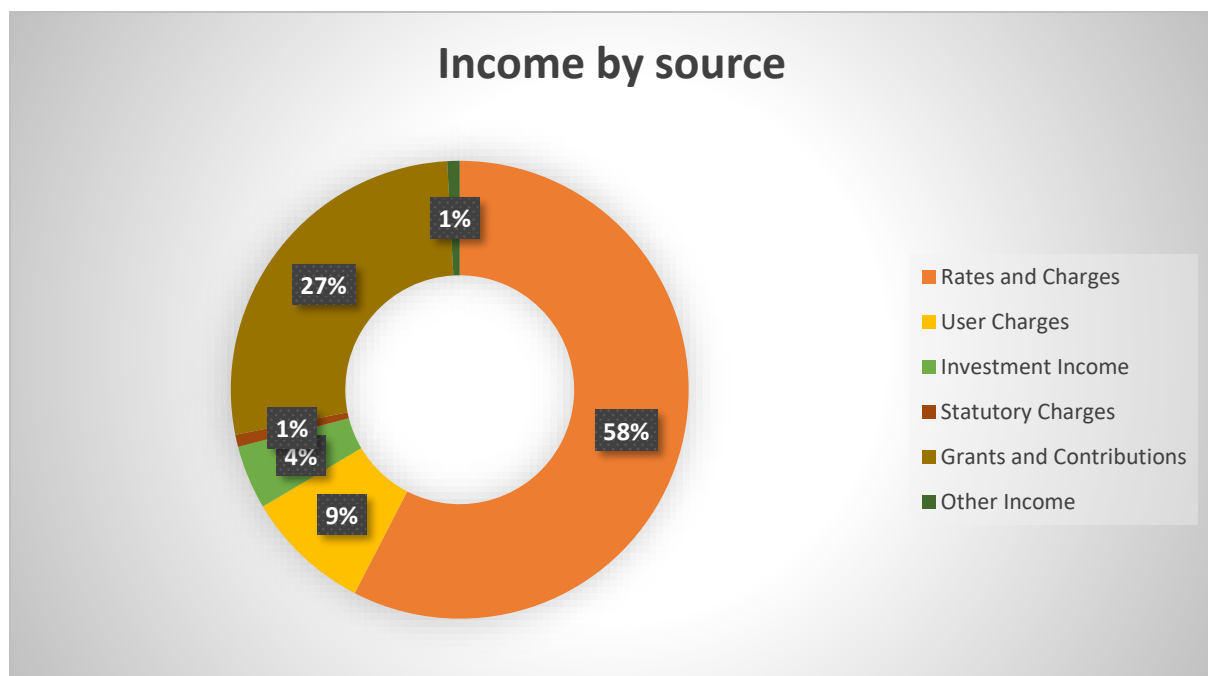
Income in 2018-19

Budget: \$16.3 million Actuals: \$18.1 million

An additional \$1.8 million compared to original budget was achieved through \$0.8 million in other contributions like Natural Disaster Recovery funding, \$0.3 million in cemetery income and \$0.7 million in investment income, rates, statutory and user charges.

Over the four-year trend the income has slightly increased compared to 2017-18 but remains below the prior years of 2016-17 and 2015-16. This displays the fluctuation of grant funds received and highlights Council’s dependency of grants with 27% of income generated through grant funding. On top of the below reported income Council received \$4.1 million in grants for specific works on infrastructure assets.

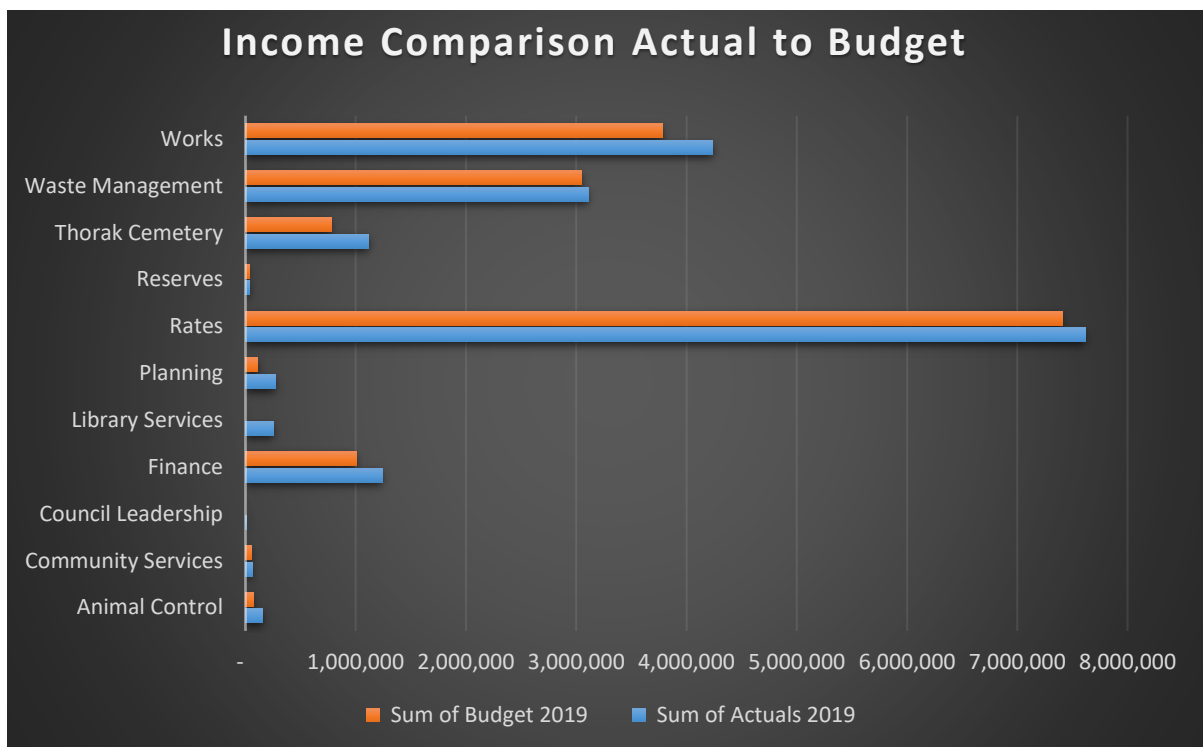
2018-19	2017-18	2016-17	2015-16
\$18.1m	\$17.7m	\$19.8m	\$22.9m



Agenda Item 8.1 Attachment A

The income comparison to the budget set in Council's Municipal Plan shows that Council has been able to collect more funds in some areas for the following reasons:

- Works –grant funding from the NTG for upgrades to Freds Pass and Finn Road, as well as funds for reestablishment of roads effected through major flooding in January 2018 (Natural Disaster Recovery Funding)
- Waste Management –higher sales of mulch with unusual amounts available for sale due to Cyclone Marcus green waste
- Thorak Cemetery – increase in cremations and interments
- Rates – increase in rates revenue through property growth above budget
- Planning – increase in Developer contributions and plan review fees
- Library Services – the grant from the NTG covering all costs of the operations of the Taminmin library was not budgeted for with Council's resolution for the transition of services made after the development of the Municipal plan.
- Finance – Prepayment for 2019-20 Federal Assistance Grants



Expenses in 2018-19

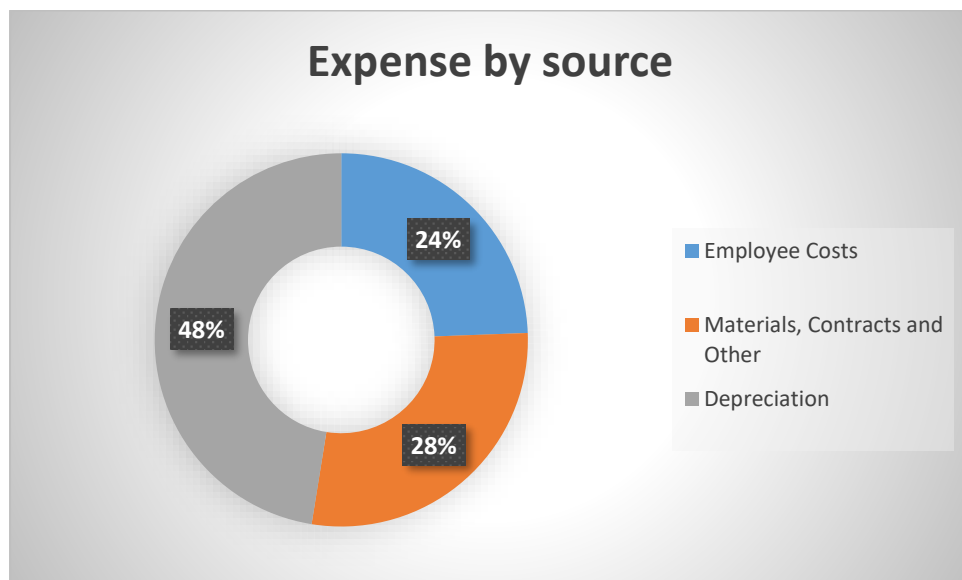
Total expense for the year resulted in an overspend of \$471k compared to the original budget. The overspend relates to increased costs in the areas of Waste Management and Cemetery Operations relating to staffing, consultants and maintenance. With \$12.9 million, depreciation remains the main cost to Council in ensuring that infrastructure assets are maintained into the future.

Budget: \$26.8 m Actuals: \$27.2m

Over the four-year trend 2018-19 has shown the lowest spending of Council. This shows that Council is continuing to restrain operational spending as outlined in the long-term financial plan.

2018-19	2017-18	2016-17	2015-16
\$27.2	\$29.5m*	\$29.8m	\$29.9m

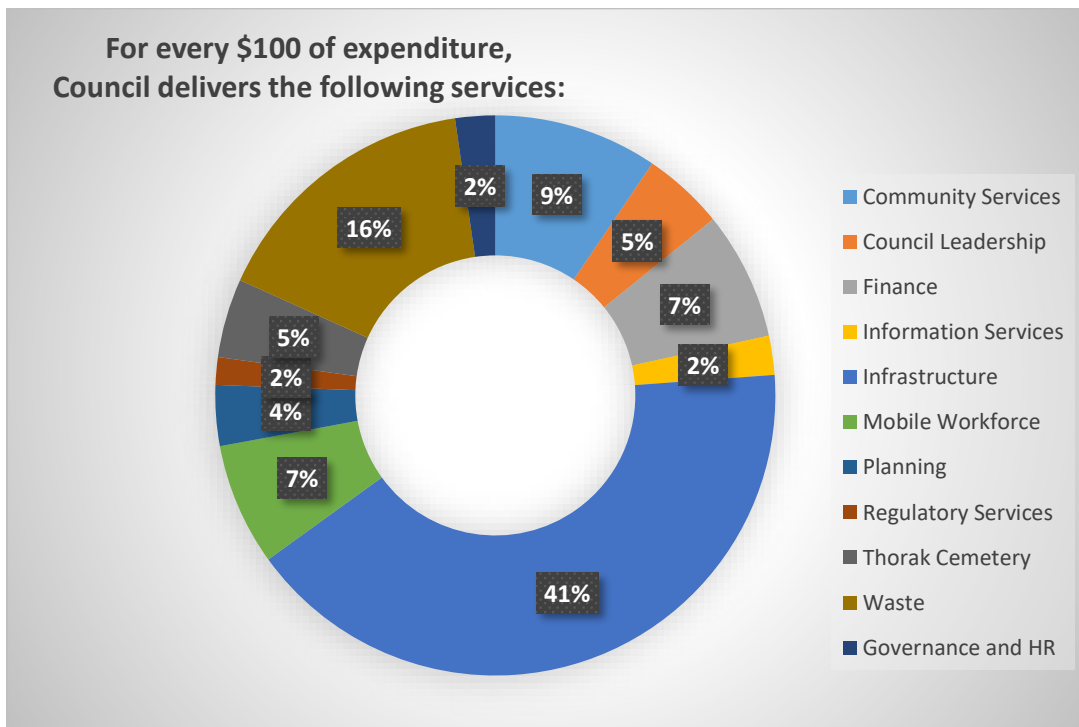
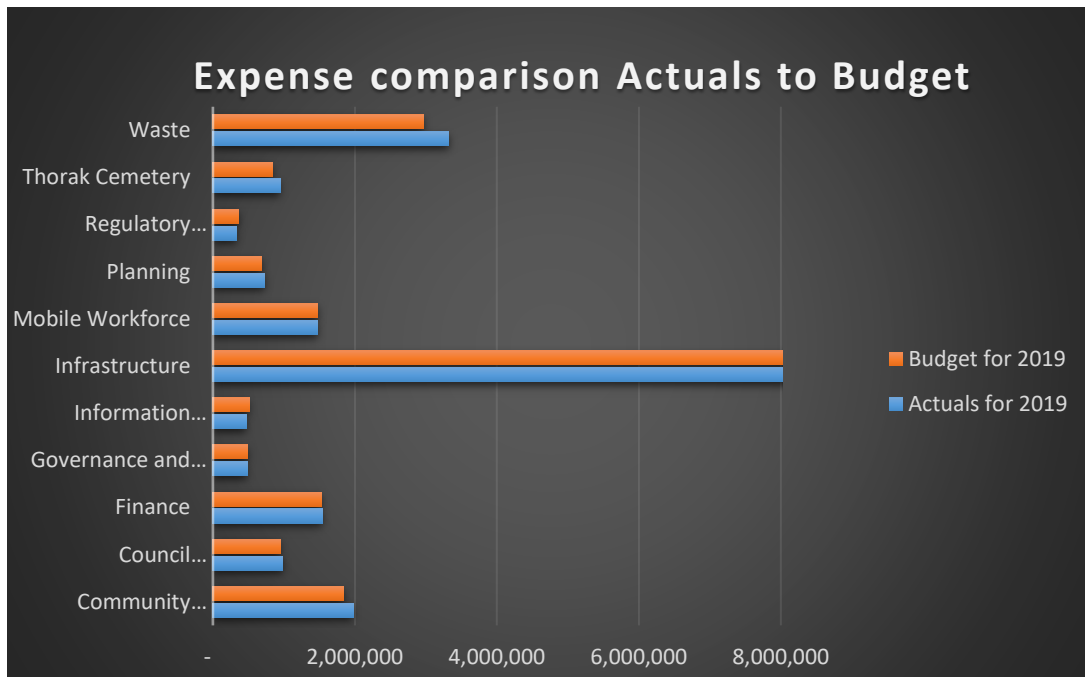
* Expenses in 2017-18 were inflated through \$0.7 million in natural disaster expenses to \$30.2 million.



Agenda Item 8.1 Attachment A

The operational expenditure comparison to the budget set in Council’s Municipal Plan shows that Council has spent more funds in some areas for the following reasons:

- Waste Management – increase contractor cost for mulch preparation and staffing cost for casuals covering vacancies of permanent roles
- Thorak Cemetery – increased staffing cost for leave periods and consultants cost for a business case to receive government appropriation for this regional service
- Community Services – including the cost of operating Taminmin Library which was not included in the original budget and completely funded through a government grant



How does the Net Result compare with previous years?

Net Results including non-monetary elements

2018-19	2017-18	2016-17	2015-16
(\$4.1m)	(\$9.0m)	(\$8.8M)	(\$2.4m)

Council's Net Deficit has reduced significantly compare to the previous two years. Main reason for the reduction is a decrease in depreciation expenses and an increase in grants received specifically for improvements to infrastructure assets (increased by \$2 million compared to 2017-18). The additional funds received are not sustainable to Council as Council cannot rely on one-off grants funding.

Current Ratio

The current Ratio reflect the ability of Council to cover current liabilities with money held in financial reserves. Council's current ratio has further increased and is still far above the local government benchmark of 1.5. This is important as Council has to not only fund current liabilities but ensure funds for future infrastructure costs are available.

Liquidity ratio

2018-19	2017-18	2016-17	2015-16
10.28	7.01	8.5	6.96

Rates Outstanding

Council is committed to the ongoing collection of outstanding rates and charges. Over the past seven years Council has successfully reduced the outstanding rates from 63.08 per cent to 20.61 per cent in the prior year. Council has lost valuable time in 2018-19 in collecting debt as the contracted debt collector discontinued their operations. Therefore, Council has not been able to further decrease the rates debt in 2018-19.

Per cent of rates and charges outstanding

2018-19	2017-18	2016-17	2015-16
22.46%	20.61%	23.47%	22.52%

Financial Reserves

The financial reserves provide a source of funds for future commitments to assist meeting obligations to current and future generations. Council is tying all available funds to specific areas of future use in line with policy. These cash backed reserves however will be depleted over future years as Council addresses demands for renewing and replacing its substantial infrastructure assets.

Financial Reverses balances

2018-19	2017-18	2016-17	2015-16
\$23.2m	\$21.7m*	\$14.1m	\$14.4m

*Change in policy to tie all available funds in financial reserves to improve transparency.

SUMMARY OF KEY PERFORMANCE INDICATORS

KPI	Target	Actual	2018/19 Result
Community Survey – Satisfaction with Council’s role in Advocacy	>60%	70% of residents aware of the role said good or very good	Green
Community Survey – Strategic Direction	>50%	49% of residents said good or very good	Amber
Community Engagement Strategy – Actions Year 1	Done	Complete	Green
Community Survey: Complete Overall satisfaction	Done >65%	Complete 55%	Green Amber
Importance of Community engagement	>90%	Question amended ‘how well is Council keeping the community up to date?’ 57%	Amber
Social Media Management – Unique engagement clicks on Facebook posts	>500	32,351	Green
New Residents Information Kit	Done	Complete	Green
Elected Members training and development – Number of professional development sessions	> 2 sessions	Complete	Green
Council meetings and activities – Executive Leadership: Outstanding actions from plans	<20	6	Green
Media Monitoring and Management – Media response time	<24 hours	<24 hours	Green
Reward and Recognition Program	Implemented	Implemented	Green

Agenda Item 8.1 Attachment B

KPI	Target	Actual	2018/19 Result
HR Policies, Procedures, Checklists reviewed, developed and compliant	Complete	90% complete	Amber
Staff Turnover rate	<20%	31%	Red
Staff Survey satisfaction	>70%	75%	Green
Corporate training and development framework including induction	Developed	90% Complete	Amber
Work Health and Safety Management System: Lost time injuries Workers comp claims	<3 <3	6* 3	Red Red
Comments submitted on applications	>95	100%	Green
Plan approvals issued within 10 days	>90%	Achieved	Green
Issue works permits associated with a Development Permit	<5 days	Achieved	Green
Planning procedures and checklists	Complete	Complete	Green
Developer Contribution Plan	Complete	Underway	Amber
Process for informing community about road closures	Developed	Underway	Amber
Capital Works Program	>80%	85%	Green
Asset Management Policy and Plans	Developed	Underway	Amber
Asset Inspection/Maintenance Program	Developed	Complete	Green
Productive Roads Project	Complete	Announced and awaiting funding	Green
Road Renewals, Upgrades and Maintenance Programs: Community Survey – Satisfaction with maintenance of local roads	>60%	66%	Green
Property Maintenance Program	>90%	Complete	Green

Agenda Item 8.1 Attachment B

KPI	Target	Actual	2018/19 Result
Drainage Upgrades and Maintenance Program: On time and in Budget Community Survey – Satisfaction with roadside drainage	>90% >60%	99% 62%	Green Green
Wet season road network management	<48 hours	Achieved	Green
Grant applications	Developed	Complete	Green
Slashing and mowing 900kms road network (equivalent to 7,200kms per round) before July fire bans	2 rounds	100% both rounds	Green
Fire breaks and road reserves slashing of 1000km within	>75%	90%	Green
Replace non-compliant signs in the signage program to Australian standards	100%	90%	Amber
Reduce lost time due to plant & equipment breakdown	<20 lost hours	Achieved	Green
Plant serviced within 3 days of service due date	100%	90%	Amber
Weed spraying roadside furniture (signs, guide posts, culverts, power poles & pits) Target Gamba grass and classified weeds, 900km verges and 1000km excised lands	150,000 litres	Achieved	Green
Waste tonnage transferred to Shoal Bay	<10,000	6842 tonnes	Green
% of green waste received that is on-sold as mulch	>80%	122%	Green
Safe operation of waste transfer stations; Community satisfaction with waste transfer stations	>80%	83%	Green

Agenda Item 8.1 Attachment B

KPI	Target	Actual	2018/19 Result
Cost per tonne of throughput – established baseline	\$TBD	End of year calculation to occur following end of year processing	
Resale of recycled materials; Community satisfaction with waste recycling	>55%	60%	Green
Total waste recycled (diverted from landfill)	>30%	39%	Green
Total waste dry recyclables	>15%	13%	Amber
Waste Audits	October 2018	Complete	Green
Education program delivered to primary schools	>1	1	Amber
Dogs registered increased	>10%	6% increase	Red
Registered dogs that are desexed	>45%	73%	Green
Community Survey satisfaction with animal management	>50%	52%	Green
Animal Management Plan	Complete	Complete (adopted in July 2019 due to timing of Council Meeting)	Green
Record and investigate customer requests	Actioned in <2 days	100%	Green
Customer requests completed within 14 days	90%	90%	Green
Remove vehicles abandoned on roadsides	No target	43 abandoned vehicles removed	Green
Provide a microchipping program	No target	175 dogs microchipped by Council	Green
Annual budget/Annual Report/Municipal Plan Compliant	100%	100%	Green
Monthly and annual financial reporting, including audit – unqualified audit	Complete	Completed	Green

Agenda Item 8.1 Attachment B

KPI	Target	Actual	2018/19 Result
Long term rating strategy - Rates coverage ratio-lowering Council's dependency on government grants and other funding sources	>50%	58%	Green
Long term financial plan Liquidity ratio Asset sustainability ratio Current Ratio Debt service ratio	>1:1 >60% >1 >1	10.28:1 52% 10.28 0:1	Amber
Review the customer request management system	Complete	Complete	Green
Rates and accounts receivable collection – current years rates outstanding as at 30 June 2019	>15%	7.3%	Green
Community Survey satisfaction in customer service	>60%	62%	Green
Percentage of Service Desk requests closed against open requests during a period	90%	95.4%	Green
CRM workflows for service delivery developed – usage increasing	>5%	3% decrease	Red
Responsible Officers record corporate documents in EDRMS in line with Policy	90%	100%	Green
Incoming mail processed and recorded in system	<1 day	<1 day achieved	Green
Implementation of the ICT Improvement Plan – Annual Actions	>90%	91.4%	Green
Manage Council's GIS – age of GIS Imagery of populated areas	<5 years	June 2019	Green

Agenda Item 8.1 Attachment B

KPI	Target	Actual	2018/19 Result
Use of community halls increasing	>8 hrs per week	0	Red
Community events and programs calendar produced	Complete	Complete	Green
Grants received by Council acquitted within agreed timeframes	100%	100%	Green
Community procedures and checklists developed	Complete	Complete	Green
Annual Community Grants Scheme - Number of Community events and programs supported	8	12	Green
Community Survey satisfaction with Recreation Reserves	>65%	83%	Green
Australia day Event community participation	>300	350	Green
Playground inspection program develop and implement	Complete	Complete	Green
Compliance with legislative requirements as per Department of Local Government Compliance Checklist (DOLG)	100%	100%	Green
Risk Management Audit Committee Meetings Number	4	4	Green
Internal Audits conducted in accordance with RMAC endorsed Annual Internal Audit Program	3	2	Amber
Amenity protection By-law developed	Complete	Not Complete	Red
Coordinate records management review and improvements	Complete	Complete	Green
Compliance with legislative requirements	100%	100%	Green



Agenda Item Number:	8.2
Report Title:	2018-19 Annual Financial Statements
Report Number:	
Meeting Date:	29/10/2019
Attachments:	A – Financial Statements Litchfield Council B – Financial Statements Thorak Cemetery

Purpose

To provide the RMAC with the Financial Statements with Audit Clearance for review.

Summary

To provide the Committee with the Financial Statements with Audit Clearance for review and consider the suitability for certification by the Chief Executive Officer of the 2018-19 Annual Financial Statements (for inclusion in the Annual Report and presented to Council before lodgement with the Minister and the Northern Territory Grants Commission in accordance with the statutory requirements).

Recommendation

THAT the RMAC confirms the draft 2018-19 Financial Statements are suitable for certification by the Chief Executive Officer for inclusion in the Annual Report and presented to Council.

Background

FIN09 – Risk Management and Audit Committee Policy contains that the following outline of the role of the Risk Management and Audit Committee:

4.9 – Financial Reporting

4.9.1.1 – The Committee shall monitor the integrity of the

- Annual financial statement of the Council, reviewing the significant financial reporting issues and judgements which they contain; and*
- The annual report.*

4.9.1.2 – The Committee shall review and challenge where necessary:

- The consistency of, and/or any changes to, accounting policies;*
- The methods used to account for significant of unusual transactions where different approaches are possible;*

- *Whether the Council has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor;*
- *The clarity of disclosure in the Council's financial reports and the context in which statements are made; and*
- *All material information presented with the financial statements.*

As highlighted above in FIN09, the responsibility of the Risk Management and Audit Committee is to ensure that Litchfield Council's 2018-19 Financial Statements contains an accurate assessment of Council's operations.

The external auditors will be in attendance at the meeting for the Committee to raise any questions.

The complete Annual Report 2018-19 will be presented to Council at a Special Council Meeting scheduled to be held on Thursday 14 November 2019 for adoption.

Links with Strategic Plan

A Well-Run Council - Good Governance

Legislative and Policy Implications

This paper is consistent with FIN09 Risk Management and Audit Committee Policy.

Risks

Nil

Financial Implications

Nil

Community Engagement

Nil

Recommending Officer: **Silke Maynard, Director Community and Corporate Services**

Any queries on this report may be directed to the Recommending Officer on telephone (08) 8983 0600.

Any member of Council who may have a conflict of interest, or a possible conflict of interest in regard to any item of business to be discussed at a Council meeting of a Committee meeting should declare that conflict of interest to enable Council to manage the conflict and resolve it in accordance with its obligations under the Local Government Act and its policies regarding the same.

Litchfield Council
General Purpose Financial Reports
for the year ended 30 June 2019

Table of Contents

	Page #
Council Certificate	1
Principal Financial Statements	
Statement of Comprehensive Income	2
Statement of Financial Position	3
Statement of Changes in Equity	4
Statement of Cash Flows	5
Notes to, and forming part of, the Principal Financial Statements	
Note 1 - Significant Accounting Policies	6
Note 2 - Income	11
Note 3 - Expenses	14
Note 4 - Asset Disposal & Fair Value Adjustments	16
Note 5 - Current Assets	17
Note 6 - Non-Current Assets	18
Note 7 - Infrastructure, Property, Plant & Equipment & Investment Property	19
Note 8 - Liabilities	24
Note 9 - Reserves	25
Note 10 - Assets Subject to Restrictions	27
Note 11 - Reconciliation of Cash Flow Statement	28
Note 12 - Functions	29
Note 13 - Financial Instruments	32
Note 14 - Expenditure Commitments	34
Note 15 - Financial Indicators	35
Note 16 - Superannuation	36
Note 17 - Interests in Other Entities	37
Note 18 - Related Party Transactions	38
Audit Report	39

Litchfield Council
Annual Financial Statements
for the year ended 30 June 2019

OFFICER'S STATEMENT

I, Daniel Fletcher, the Chief Executive Officer of the Litchfield Council, hereby certify that the Annual Financial Statements:

(a) have been drawn up in accordance with the applicable Australian Accounting Standards, the Local Government Act and the Local Government (Accounting) Regulations so as to present fairly the financial position of the Council and the results for the year; and

(b) are in accordance with the accounting and other records of Council.

.....
Daniel Fletcher
CHIEF EXECUTIVE OFFICER

Date:

Litchfield Council
Statement of Comprehensive Income
for the year ended 30 June 2019

	Notes	2019 \$	2018 \$
INCOME			
Rates	2	10,431,217	9,811,439
Statutory charges	2	155,368	64,359
User charges	2	1,612,219	1,175,109
Grants, subsidies and contributions	2	4,942,103	5,703,928
Investment income	2	815,990	758,200
Reimbursements	2	22,198	60,224
Other income	2	136,571	150,389
Total Income		18,115,666	17,723,648
EXPENSES			
Employee costs	3	6,646,145	5,737,007
Materials, contracts & other expenses	3	7,637,181	7,875,804
Depreciation, amortisation & impairment	3	12,921,357	16,615,287
Total Expenses		27,204,683	30,228,098
OPERATING SURPLUS / (DEFICIT)		(9,089,017)	(12,504,450)
Asset disposal & fair value adjustments	4	(103,011)	(14,626)
Amounts received specifically for new or upgraded assets	2	4,064,461	2,127,544
Physical resources received free of charge	2	1,010,687	1,351,911
NET SURPLUS / (DEFICIT) (transferred to Equity Statement)		(4,116,880)	(9,039,621)
Other Comprehensive Income			
<i>Amounts which will not be reclassified subsequently to operating result</i>			
Changes in revaluation surplus - infrastructure, property, plant & equipment	7	-	52,548,161
Total Other Comprehensive Income		-	52,548,161
TOTAL COMPREHENSIVE INCOME		(4,116,880)	43,508,540

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

Litchfield Council
Statement of Financial Position
as at 30 June 2019

ASSETS	Notes	2019	2018
		\$	\$
Current Assets			
Cash and cash equivalents	5	2,305,545	2,215,070
Trade & other receivables	5	3,327,702	2,178,778
Other financial assets	5	21,371,107	20,586,716
Total Current Assets		<u>27,004,354</u>	<u>24,980,564</u>
Non-current Assets			
Infrastructure, property, plant & equipment	7	309,111,797	315,500,765
Other non-current assets	6	3,739,185	3,042,080
Total Non-current Assets		<u>312,850,982</u>	<u>318,542,845</u>
Total Assets		<u>339,855,336</u>	<u>343,523,409</u>
LIABILITIES			
Current Liabilities			
Trade & other payables	8	2,652,453	2,244,294
Provisions	8	576,397	621,414
Total Current Liabilities		<u>3,228,850</u>	<u>2,865,708</u>
Non-current Liabilities			
Provisions	8	473,646	387,981
Total Non-current Liabilities		<u>473,646</u>	<u>387,981</u>
Total Liabilities		<u>3,702,496</u>	<u>3,253,689</u>
NET ASSETS		<u>336,152,840</u>	<u>340,269,720</u>
EQUITY			
Accumulated Surplus		17,011,621	22,733,631
Asset Revaluation Reserves	9	295,859,891	295,859,891
Other Reserves	9	23,281,328	21,676,198
TOTAL EQUITY		<u>336,152,840</u>	<u>340,269,720</u>

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

Litchfield Council
Statement of Changes in Equity
for the year ended 30 June 2019

		Acc'd Surplus	Asset Rev'n Reserve	Other Reserves	Total Council Equity	Minority Interest Equity	TOTAL EQUITY
2019	Notes	\$	\$	\$	\$	\$	\$
Balance at end of previous reporting period		22,733,631	295,859,891	21,676,198	340,269,720	-	340,269,720
Restated opening balance		22,733,631	295,859,891	21,676,198	340,269,720	-	340,269,720
Net Surplus / (Deficit) for Year		(4,116,880)			(4,116,880)	-	(4,116,880)
Other Comprehensive Income							
Transfers between reserves and accumulated surplus		(1,605,130)		1,605,130	-		-
Balance at end of period		17,011,621	295,859,891	23,281,328	336,152,840	-	336,152,840
		Acc'd Surplus	Asset Rev'n Reserve	Other Reserves	Total Council Equity	Minority Interest Equity	TOTAL EQUITY
2018	Notes	\$	\$	\$	\$	\$	\$
Balance at end of previous reporting period		39,373,634	243,311,730	14,075,816	296,761,180		296,761,180
Restated opening balance		39,373,634	243,311,730	14,075,816	296,761,180	-	296,761,180
Net Surplus / (Deficit) for Year		(9,039,621)			(9,039,621)	-	(9,039,621)
Other Comprehensive Income							
Changes in revaluation surplus - infrastructure, property, plant & equipment			52,548,161		52,548,161		52,548,161
Transfers between reserves and accumulated surplus		(7,600,382)		7,600,382	-		-
Balance at end of period		22,733,631	295,859,891	21,676,198	340,269,720	-	340,269,720

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

Litchfield Council
Statement of Cash Flows
for the year ended 30 June 2019

CASH FLOWS FROM OPERATING ACTIVITIES	Notes	2019	2018
		\$	\$
Receipts:			
Rates - general & other		10,228,155	10,066,513
Fees & other charges		170,905	1,389,907
User charges		995,509	-
Investment receipts		782,982	751,346
Grants utilised for operating purposes	2	5,189,208	6,131,723
Reimbursements		22,198	-
Other operating receipts		328,366	210,613
Payments:			
Employee costs		(6,059,479)	(5,773,967)
Materials, contracts & other expenses		(8,456,386)	(7,656,707)
Other operating payments		(92,013)	(80,606)
Net Cash provided by Operating Activities		3,109,445	5,038,822
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipts:			
Amounts specifically for new or upgraded assets	2	4,064,461	2,127,544
Sale of replaced assets		58,989	-
Sale of surplus assets		-	19,560
Payments:			
Expenditure on renewal/replacement of assets		(2,002,288)	(5,888,740)
Expenditure on new/upgraded assets		(4,378,519)	-
Net purchase of investment securities		(784,391)	(1,012,179)
Net Cash used in Investing Activities		(3,041,748)	(4,753,815)
Net Increase in cash held		67,697	285,007
Cash & cash equivalents at beginning of period	11	2,215,070	1,930,063
Cash & cash equivalents at end of period	11	2,282,767	2,215,070

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

Litchfield Council
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 1 - SIGNIFICANT ACCOUNTING POLICIES

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

1 Basis of Preparation

1.1 Compliance with Australian Accounting Standards

This general purpose financial report has been prepared in accordance with Australian Accounting Standards as they apply to not-for-profit entities, other authoritative pronouncements of the Australian Accounting Standards Board, and relevant Northern Territory legislation.

The financial report was authorised for issue by certificate under clause 16 of the *Local Government (Accounting) Regulations* dated (insert date).

1.2 Historical Cost Convention

Except as stated below, these financial statements have been prepared in accordance with the historical cost convention.

1.3 Critical Accounting Estimates

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates and requires management to exercise its judgement in applying the Council's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are specifically referred to in the relevant sections of these Notes.

1.4 Rounding

All amounts in the financial statements have been rounded to the nearest dollar (\$).

2 The Local Government Reporting Entity

Litchfield Council is incorporated under the *NT Local Government Act* and has its principal place of business at 7 Bees Creek Road, Freds Pass NT. These financial statements include the Council's direct operations and all entities through which 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.

Trust monies and property held by Council but subject to the control of other persons have been excluded from these reports.

3 Income recognition

Income is measured at the fair value of the consideration received or receivable. Income is recognised when the Council obtains control over the assets comprising the income, or when the amount due constitutes an enforceable debt, whichever first occurs.

Where grants, contributions and donations recognised as incomes during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the amounts subject to those undischarged conditions are disclosed in these notes. Also disclosed is the amount of grants, contributions and receivables recognised as incomes in a previous reporting period which were obtained in respect of the Council's operations for the current reporting period.

In recent years the payment of untied financial assistance grants has varied from the annual allocation as shown in the table below:

	Cash Payment Received	Annual Allocation	Difference	
2016/17	\$4,459,048	\$2,939,690	+	\$1,519,358
2017/18	\$3,073,489	\$3,027,805	+	\$45,684
2018/19	\$3,262,720	\$3,172,369	+	\$90,351

Litchfield Council
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 1 - SIGNIFICANT ACCOUNTING POLICIES (con't)

Because these grants are untied, the Australian Accounting Standards require that payments be recognised as income upon receipt. Accordingly, the operating results of these periods have been distorted compared to those that would have been reported had the grants been paid in the year to which they were allocated.

The actual amounts of untied grants received during the reporting periods (including the advance allocations) are disclosed in Note 2a.

3.1 Construction Contracts

Construction works undertaken by the Council for third parties are generally on an agency basis where the third party reimburses the 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.

4 Cash, Cash Equivalents and other Financial Instruments

Cash Assets include all amounts readily convertible to cash on hand at the Council's option with an insignificant risk of changes in value with a maturity of three months or less from the date of acquisition.

Receivables for rates and annual charges are secured over the subject land, and bear interest at rates determined in accordance with the *Local Government Act 2014*. Other receivables are generally unsecured and do not bear interest.

All receivables are reviewed as at the reporting date and adequate allowance made for amounts the receipt of which is considered doubtful.

AASB 7 *Financial Instruments - Disclosures* and AASB 9 *Financial Instruments* commenced from 1 July 2018 and have the effect that non-contractual receivables are now treated as financial instruments.

Although the disclosures made in Note 13 Financial Instruments have changed, there are no changes to the amounts disclosed.

All financial instruments are recognised at fair value at the date of recognition. A detailed statement of the accounting policies applied to financial instruments also form part of Note 13.

5 Infrastructure, Property, Plant & Equipment

5.1 Land under roads

The Council has elected not to recognise land under roads acquired prior to 1 July 2008 as an asset in accordance with AASB 1051 *Land under Roads*. Land under roads acquired after 30 June 2008 has not been recognised as in the opinion of the Council it is not possible to reliably attribute a fair value, and further that such value if determined would be immaterial.

5.2 Initial Recognition

All assets are initially recognised at cost. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition.

All non-current assets purchased or constructed are capitalised as the expenditure is incurred and depreciated as soon as the asset is held "ready for use". Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition, including architects' fees and engineering design fees and all other costs incurred. The cost of non-current assets constructed by the Council includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overhead.

Capital works still in progress at balance date are recognised as other non-current assets and transferred to *infrastructure, property, plant & equipment* when completed ready for use.

Litchfield Council
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019
Note 1 - SIGNIFICANT ACCOUNTING POLICIES (con't)

5.3 Materiality

Assets with an economic life in excess of one year are only capitalised where the cost of acquisition exceeds materiality thresholds established by the Council for each type of asset. In determining (and in annually reviewing) such thresholds, regard is had to the nature of the asset and its estimated service life. Examples of capitalisation thresholds applied during the year are given in Note 7. No capitalisation threshold is applied to the acquisition of land or interests in land.

5.4 Subsequent Recognition

All material asset classes are revalued on a regular basis such that the carrying values are not materially different from fair value. For infrastructure and other asset classes where no active market exists, fair value is determined to be the current replacement cost of an asset less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset. Further detail of existing valuations, methods and valuers are provided at Note 7.

5.5 Depreciation of Non-Current Assets

Other than land, all infrastructure, property, plant and equipment assets recognised are systematically depreciated over their useful lives on a straight-line basis which, in the opinion of the Council, best reflects the consumption of the service potential embodied in those assets.

Depreciation methods, useful lives and residual values of classes of assets are reviewed annually.

Major depreciation periods for each class of asset are shown in Note 7.

5.6 Impairment

Assets that have an indefinite useful life are not subject to depreciation and are reviewed annually for impairment. Assets carried at fair value whose future economic benefits are not dependent on the ability to generate cash flows, and where the future economic benefits would be replaced if the Council were deprived thereof, are not assessed for impairment.

Other assets that are subject to depreciation 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 (which is the higher of the present value of future cash outflows or value in use).

Where an asset that has been revalued is subsequently impaired, the impairment is first offset against such amount as stands to the credit of that class of assets in Asset Revaluation Reserve, any excess being recognised as an expense.

6 Payables

6.1 Goods & Services

Creditors are amounts due to external parties for the supply of goods and services and are recognised as liabilities when the goods and services are received. Creditors are normally paid 30 days after the month of invoice. No interest is payable on these amounts.

6.2 Payments Received in Advance & Deposits

Amounts received from external parties in advance of service delivery, and security deposits held against possible damage to Council assets, are recognised as liabilities until the service is delivered or damage reinstated, or the amount is refunded as the case may be.

7 Employee Benefits

7.1 Salaries, Wages & Compensated Absences

Liabilities for employees' entitlements to salaries, wages and compensated absences expected to be paid or settled within 12 months of reporting date are accrued at nominal amounts (including payroll based on costs) measured in accordance with AASB 119.

Litchfield Council
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 1 - SIGNIFICANT ACCOUNTING POLICIES (con't)

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 on costs) to be made in respect of services provided by employees up to the reporting date.

No accrual is made for sick leave as the 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. The Council does not make payment for untaken sick leave.

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. No changes in accounting policy have occurred during either the current or previous reporting periods. Details of the accounting policies applied and the Council's involvement with the schemes are reported in Note 16.

8 Leases

Lease arrangements have been accounted for in accordance with Australian Accounting Standard AASB 117.

In respect of finance leases, where the Council substantially carries the entire risks incident to ownership, the leased items are initially recognised as assets and liabilities equal in amount to the present value of the minimum lease payments. The assets are disclosed within the appropriate asset class, and are amortised to expense over the period during which the Council is expected to benefit from the use of the leased assets. Lease payments are allocated between interest expense and reduction of the lease liability, according to the interest rate implicit in the lease.

In respect of operating leases, where the lessor substantially retains all of the risks and benefits incident to ownership of the leased items, lease payments are charged to expense over the lease term.

9 GST Implications

In accordance with UIG Abstract 1031 "Accounting for the Goods & Services Tax"

- Receivables and Creditors include GST receivable and payable.
- Except in relation to input taxed activities, revenues and operating expenditures exclude GST receivable and payable.
- Non-current assets and capital expenditures include GST net of any recoupment.
- Amounts included in the Statement of Cash Flows are disclosed on a gross basis.

10 Pending Accounting Standards

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2019 reporting period and have not been used in preparing these reports.

AASB 15	Revenue from Contracts with Customers
AASB 16	Leases
AASB 1058	Income of Not-for-Profit Entities

Standards containing consequential amendments to other Standards and Interpretations arising from the above - AASB 2010-7, AASB 2014-1, AASB 2014-3, AASB 2014-4, AASB 2014-5, AASB 2014-6, AASB 2014-7, AASB 2014-8, AASB 2014-9, AASB 2014-10, AASB 2015-1, AASB 2015-2, AASB 2015-3, AASB 2015-4, AASB 2015-5, AASB 2015-6 and AASB 2015-7.

(Standards not affecting local government have been excluded from the above list.)

Litchfield Council
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 1 - SIGNIFICANT ACCOUNTING POLICIES (con't)

AASB 15 *Revenue from Contracts with Customers* and AASB 1058 *Income of Not-for-Profit Entities*, which will commence from 1 July 2019, affect the timing with which revenues, particularly special purpose grants, are recognised. Amounts received in relation to contracts with sufficiently specific performance obligations will in future only be recognised as these obligations are fulfilled. In these Statements, the sum of \$3,676,127 has been recognised as revenue, in accordance with the current Standards, but would in future be recorded as a liability "Amounts in Advance" until the performance obligations have been fulfilled.

AASB 16 *Leases*, which will commence from 1 July 2019, requires that the right of use conveyed by leasing contracts - except leases with a maximum term of 12 months and leases for non-material amounts - be recognised as a form of Infrastructure, Property, Plant and Equipment, and that the lease liability be disclosed as a liability.

Insert one of the following options:

At 30 June 2019, Council has no leases to which this treatment will need to be applied.

11 New Accounting Standards

In the current year, the Council adopted all the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current reporting period.

AASB 9 Financial Instruments

The Council applied AASB 9 *Financial Instruments* for the first time which became effective for annual periods beginning 1 July 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace AASB 139 *Financial Instruments: Recognition and Measurement*. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch).

There has been no material impact upon adoption of this standard as the classification and recognition of the Council's financial assets and liabilities has not changed.

New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures.

There have been no changes to impairment losses following the adoption of AASB 9. Other than the new disclosure requirements, the application had no material impact on the Council's financial report.

Litchfield Council
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 2 - INCOME

	Notes	2019 \$	2018 \$
RATES REVENUES			
<u>General Rates</u>			
Residential		6,732,902	6,366,958
Commercial/Industrial		651,446	619,575
Other		74,330	69,907
		<u>7,458,678</u>	<u>7,056,440</u>
<u>Other Rates</u> (including service charges)			
Waste Management Services		2,853,843	2,754,999
Road Seal Levy		118,696	-
		<u>2,972,539</u>	<u>2,754,999</u>
		<u>10,431,217</u>	<u>9,811,439</u>
STATUTORY CHARGES			
Animal registration fees & fines		155,368	64,359
		<u>155,368</u>	<u>64,359</u>
USER CHARGES			
Cemetery income		1,119,814	917,981
Community Halls Hire		27,877	16,163
Subdivision and development fees		266,294	43,061
Permit Fees		3,921	6,243
Waste Disposal Fees		167,083	149,657
Rate Search Fees		22,325	18,884
Sundry		4,905	23,120
		<u>1,612,219</u>	<u>1,175,109</u>
INVESTMENT INCOME			
Interest on investments:			
Banks & other		588,626	538,410
Interest on overdue rates and charges		227,364	219,790
		<u>815,990</u>	<u>758,200</u>
REIMBURSEMENTS			
- for private works		12,168	50,248
- other		10,030	9,976
		<u>22,198</u>	<u>60,224</u>
OTHER INCOME			
Insurance & other recoupments		57,844	3,805
Sundry		78,727	146,584
		<u>136,571</u>	<u>150,389</u>
GRANTS, SUBSIDIES, CONTRIBUTIONS			
Amounts received specifically for new or upgraded assets		4,064,461	2,127,544
Other grants, subsidies and contributions		4,942,103	5,703,928
		<u>9,006,564</u>	<u>7,831,472</u>

The functions to which these grants relate are shown in Note 12.

Litchfield Council
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 2 - INCOME (con't)

		2019	2018
	Notes	\$	\$
Sources of grants			
Commonwealth government		6,533,296	4,802,922
State government		2,470,268	2,870,759
Other		3,000	157,791
		9,006,564	7,831,472
 Conditions over grants & contributions			
<i>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:</i>			
<i>Unexpended at the close of the previous reporting period</i>		4,748,119	4,279,118
<i>Less: expended during the current period from revenues recognised in previous reporting periods:</i>			
<i>Roads Infrastructure</i>		(8,423,163)	(1,675,602)
<i>Subtotal</i>		(8,423,163)	(1,675,602)
 <i>Plus: amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions</i>			
<i>Roads Infrastructure</i>		9,006,564	2,144,603
<i>Subtotal</i>		9,006,564	2,144,603
<i>Unexpended at the close of this reporting period</i>		5,331,520	4,748,119
 <i>Net increase / (decrease) in assets subject to conditions in the current reporting period</i>			
		583,401	469,001
 PHYSICAL RESOURCES RECEIVED FREE OF CHARGE			
Roads, Culverts & Footpaths		1,010,687	1,351,911
TOTAL PHYSICAL RESOURCES RECEIVED		1,010,687	1,351,911

Litchfield Council

Working Paper - RECONCILIATION OF GRANTS RECEIVED for the year ended 30 June 2019

This schedule records all grants received, including from other levels of Government, whether described as grants, subsidies or otherwise. (Amounts shown as negative are awaiting reimbursement to Council.)

GRANTS	Notes	Opening Balance 1 July 2018	Movements		Closing Balance 30 June 2019
		Received/ Receivable	Expended	\$	\$
		\$	\$	\$	\$
GENERAL PURPOSE					
Federal Assistance Grant - general purpose		253,012	583,018	545,220	290,810
Federal Assistance Grant - roads		1,312,030	2,679,702	2,627,149	1,364,583
Subtotal		1,565,042	3,262,720	3,172,369	1,655,393
SPECIFIC PURPOSE					
Roads to Recovery		0	723,377	723,377	0
Road Safety Grant - Howard Park Reserve		0	2,759	2,759	0
Australia Day and Youth Week		0	3,000	3,000	0
Northern Territory Libraries - Operational Grant		0	252,023	198,069	53,954
NDRRA - Funding for Cyclone Marcus Clean up		0	698,224	698,224	0
Subtotal		0	1,679,383	1,625,429	53,954
TOTAL OTHER GRANTS		1,565,042	4,942,103	4,797,798	1,709,347
Comparatives		1,971,378	5,546,137	552,934	1,565,042
GRANTS SPECIFICALLY FOR NEW/UPGRADED ASSETS					
SPECIFIC PURPOSE					
SPG - Howard Park Reserve - Irrigation Upgrades		6,388	0	3,156	3,232
SPG - Mobile Workforce Shed		214,020	0	26,057	187,963
Freds Pass Reserve Capital Upgrade \$3m (NTG)		464,211	0	300,256	163,955
Freds Pass Reserve Capital Upgrade \$2m (NTG)		2,000,000	0	53,856	1,946,144
SPG - Council Office Solar System		50,095	0	50,095	0
SPG - Humpty Doo Village Green Hall Upgrade		33,824	0	20,992	12,832
Stronger Communities Grant - Howard Park Reserve Kitchens		15,000	0	15,000	0
Northern Territory Government Major Projects Grant - Freds Pass Road		399,539	274,151	673,690	0
DIPL - safety upgrades at Girraween School		0	15,000	15,000	0
Department Local Government Energy Efficiency Grant - Streetlights		0	162,800	0	162,800
DIPL - Finn Road Upgrade		0	1,693,565	1,693,565	0
NDRRA Monsoonal Trough January 2018		0	1,848,975	712,936	1,136,039
SPG - Howard Park Reserve - Playground Upgrade		0	69,970	60,762	9,208
TOTAL GRANTS SPECIFICALLY FOR NEW/UPGRADED ASSETS		3,183,077	4,064,461	3,625,365	3,622,173
Comparatives		2,307,740	2,127,544	1,651,746	3,183,077
Recognised as revenue in advance of expenditure		4,748,119			5,331,520
		4,748,119			5,331,520

Litchfield Council
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 3 - EXPENSE

	Notes	2019 \$	2018 \$
EMPLOYEE COSTS			
Salaries and Wages		4,764,261	4,317,575
Employee leave expense		1,002,719	695,966
Superannuation - defined contribution plan contributions	16	564,169	481,066
Workers' Compensation Insurance		98,231	104,053
Other		216,765	138,347
Total Operating Employee Costs		6,646,145	5,737,007
Total Number of Employees		52	50
<i>(Full time equivalent at end of reporting period)</i>			
MATERIALS, CONTRACTS & OTHER EXPENSES			
<u>Prescribed Expenses</u>			
Auditor's Remuneration			
- Auditing the financial reports		54,650	34,872
- Other Services		-	3,838
Bad and Doubtful Debts		8,609	52,301
Elected members' expenses		244,399	223,132
Election expenses		-	124,300
Subtotal - Prescribed Expenses		307,658	438,443
<u>Other Materials, Contracts & Expenses</u>			
Cemetery Operations		389,709	234,815
Contractors		4,235,484	4,694,193
Energy		218,123	235,886
Insurance		257,360	205,737
Maintenance		511,601	466,569
Legal Expenses		68,536	25,288
Donations and Community Support		119,318	123,789
Computer / IT Costs		352,495	315,639
Parts, accessories & consumables		119,895	230,858
Professional services		598,604	470,096
Sundry		458,398	434,491
Subtotal - Other Materials, Contracts & Expenses		7,329,523	7,437,361
		7,637,181	7,875,804

Litchfield Council
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 3 - EXPENSE con't

	2019	2018
Notes	\$	\$
DEPRECIATION, AMORTISATION & IMPAIRMENT		
Depreciation		
Buildings	947,707	889,066
- Sealed Roads	9,417,534	11,281,488
- Unsealed Roads	1,428,783	2,864,101
- Road Culverts	369,478	339,798
- Kerbs & Gutters	35,964	32,385
- Driveway Vehicle Crossings	103,598	182,851
- Footpaths	22,985	19,612
- Road signs	42,785	110,452
- Inverts	-	878
- Point Generic	63,618	39,500
- Driveways	7,429	503,043
- Bicycle Paths	20,586	24,915
- Storm Waste Drains	-	-
- Streetlights	39,004	21,088
- Plant & Equipment	44,086	34,919
- Motor Vehicles	280,125	191,470
- Thorak Buildings	67,842	49,888
- Thorak - Motor Vehicles	29,833	29,833
	<u>12,921,357</u>	<u>16,615,287</u>

Litchfield Council
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 4 - ASSET DISPOSALS AND FAIR VALUE ADJUSTMENTS

	2019	2018
Notes	\$	\$
INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT		
<i>Assets renewed or directly replaced</i>		
Proceeds from disposal	58,989	19,560
Less: Carrying amount of assets sold	(162,000)	(34,186)
Gain (Loss) on disposal	(103,011)	(14,626)
NET GAIN (LOSS) ON DISPOSAL OR REVALUATION OF ASSETS	(103,011)	(14,626)

Litchfield Council
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 5 - CURRENT ASSETS

	Notes	2019 \$	2018 \$
CASH & EQUIVALENT ASSETS			
Cash on Hand and at Bank		<u>2,305,545</u>	<u>2,215,070</u>
		2,305,545	2,215,070
TRADE & OTHER RECEIVABLES			
Rates - General & Other		2,101,108	1,898,046
Accrued Revenues		237,512	204,504
Debtors - general		856,681	100,578
GST Recoupment		160,876	-
Prepayments		<u>29,334</u>	<u>22,070</u>
Total		<u>3,385,511</u>	<u>2,225,198</u>
Less: Allowance for Doubtful Debts		<u>(57,809)</u>	<u>(46,420)</u>
		3,327,702	2,178,778
OTHER FINANCIAL ASSETS			
Bank Investments - Term Deposits		<u>21,371,107</u>	<u>20,586,716</u>
		21,371,107	20,586,716

Amounts included in other financial assets that are not expected to be received within 12 months of reporting date are disclosed in Note 13.

Litchfield Council
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 6 - NON-CURRENT ASSETS

FINANCIAL ASSETS	Notes	2019 \$	2018 \$
OTHER NON-CURRENT ASSETS			
Capital Works-in-Progress		<u>3,739,185</u>	<u>3,042,080</u>
		<u>3,739,185</u>	<u>3,042,080</u>

Litchfield Council
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 7 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT (IPP&E)

	Fair Value Level	2018 \$'000				2019 \$'000			
		Fair Value	Cost	Acc' Dep'n	Carrying Amount	Fair Value	Cost	Acc' Dep'n	Carrying Amount
Land - Council owned	2	14,387,856	-	-	14,387,856	14,387,856	-	-	14,387,856
Land - Drainage	3	6,638,569	-	-	6,638,569	6,638,569	1,936,631	-	8,575,200
Buildings	2	34,169,360	229,823	(10,110,548)	24,288,635	34,169,360	489,813	(11,058,255)	23,600,918
Infrastructure		-	-	-	-	-	-	-	-
- Sealed Roads	3	331,613,100	270,484	(131,066,848)	200,816,736	331,613,100	3,209,731	(140,484,382)	194,338,449
- Unsealed Roads	3	50,162,000	-	(25,427,833)	24,734,167	50,162,000	378,833	(26,856,616)	23,684,217
- Road Culverts	3	36,755,158	25,234	(8,886,622)	27,893,770	36,755,158	548,354	(9,256,100)	28,047,412
- Kerbs & Gutters	3	1,765,900	8,856	(723,000)	1,051,756	1,765,900	59,780	(758,964)	1,066,716
- Driveway Vehicle Crossings	3	10,440,385	-	(2,878,052)	7,562,333	10,440,385	50,474	(2,981,650)	7,509,209
- Footpaths	3	799,800	-	(269,200)	530,600	799,800	157,201	(292,185)	664,816
- Road signs	3	719,180	22,722	(294,691)	447,211	719,180	108,942	(337,476)	490,646
- Inverts	3	-	-	-	-	-	-	-	-
- Point Generic	3	1,089,960	88,937	(390,744)	788,153	1,089,960	197,816	(454,362)	833,414
- Driveways	3	281,450	14,510	(34,654)	261,306	281,450	60,285	(42,083)	299,652
- Bicycle Paths	3	711,000	-	(305,000)	406,000	711,000	-	(325,586)	385,414
- Storm Waste Drains	3	608,490	-	-	608,490	608,490	-	-	608,490
- Streetlights	3	1,562,142	-	(802,159)	759,983	1,562,142	-	(841,163)	720,979
- Office Equipment	2	587,995	-	(587,995)	-	587,995	-	(587,995)	-
- Plant & Equipment	2	586,300	34,538	(210,025)	410,813	586,300	191,633	(254,111)	523,822
- Motor Vehicles	2	2,343,716	133,991	(604,876)	1,872,831	2,063,716	133,991	(767,001)	1,430,706
- Other Assets	2	21,229	-	(21,229)	-	21,229	-	(21,229)	-
- Thorak Buildings	2	2,403,600	25,396	(535,440)	1,893,556	2,403,600	25,396	(603,282)	1,825,714
- Thorak - Motor Vehicles	2	293,000	-	(145,000)	148,000	293,000	-	(174,833)	118,167
Reinstatement costs		-	-	-	-	-	-	-	-
Total IPP&E		497,940,190	854,491	(183,293,916)	315,500,765	497,660,190	7,548,880	(196,097,273)	309,111,797
Comparatives		383,336,698	16,192,018	(126,269,669)	273,259,047	497,940,190	854,491	(183,293,916)	315,500,765

Litchfield Council
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 7 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

	2018	CARRYING AMOUNT MOVEMENTS DURING YEAR				2019
	\$	\$				\$
	Carrying Amount	Additions		Disposals	Depreciation	Net Revaluation
New / Upgrade		Renewals				
Land - Council owned	14,387,856	-	-	-	-	14,387,856
Land - Drainage	6,638,569	1,936,631	-	-	-	8,575,200
Buildings	24,288,635	251,449	8,541	-	(947,707)	23,600,918
Infrastructure	-	-	-	-	-	-
- Sealed Roads	200,816,736	1,144,847	1,794,400	-	(9,417,534)	194,338,449
- Unsealed Roads	24,734,167	-	378,833	-	(1,428,783)	23,684,217
- Road Culverts	27,893,770	523,120	-	-	(369,478)	28,047,412
- Kerbs & Gutters	1,051,756	50,924	-	-	(35,964)	1,066,716
- Driveway Vehicle Crossings	7,562,333	50,474	-	-	(103,598)	7,509,209
- Footpaths	530,600	157,201	-	-	(22,985)	664,816
- Road signs	447,211	86,220	-	-	(42,785)	490,646
- Inverts	-	-	-	-	-	-
- Point Generic	788,153	108,879	-	-	(63,618)	833,414
- Driveways	261,306	45,775	-	-	(7,429)	299,652
- Bicycle Paths	406,000	-	-	-	(20,586)	385,414
- Storm Waste Drains	608,490	-	-	-	-	608,490
- Streetlights	759,983	-	-	-	(39,004)	720,979
- Office Equipment	-	-	-	-	-	-
- Plant & Equipment	410,813	22,999	134,096	-	(44,086)	523,822
- Motor Vehicles	1,872,831	-	-	(162,000)	(280,125)	1,430,706
- Other Assets	-	-	-	-	-	-
- Thorak Buildings	1,893,556	-	-	-	(67,842)	1,825,714
- Thorak - Motor Vehicles	148,000	-	-	-	(29,833)	118,167
Reinstatement costs	-	-	-	-	-	-
Total IPP&E	315,500,765	4,378,519	2,315,870	(162,000)	(12,921,357)	309,111,797
<i>Comparatives</i>	<i>273,259,047</i>	<i>1,476,077</i>	<i>4,866,953</i>	<i>(34,186)</i>	<i>(16,615,287)</i>	<i>52,548,161</i>

This note continues on the following pages.

Litchfield Council
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 7 (con't) – INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

Valuation of Assets

General Valuation Principles

Accounting procedure: Upon revaluation, the current new replacement cost and accumulated depreciation are re-stated such that the difference represents the fair value of the asset determined in accordance with AASB 13 *Fair Value Measurement*: accumulated depreciation is taken to be the difference between current new replacement cost and fair value. In the case of land, fair value is taken to be the current replacement cost.

Highest and best use: For land which the Council has an unfettered right to sell, the "highest and best use" recognises the possibility of the demolition or substantial modification of some or all of the existing buildings and structures affixed to the land.

Much of the land under the Council's care and control is Crown land or has been declared as community land. Other types of restrictions also exist.

For land subject to these restrictions, the highest and best use is taken to be the "highest and best use" available to the Council, with a rebuttable presumption that the current use is the "highest and best use". The reason for the current use of a large proportion of Council's assets being other than the "highest and best use" relates to the Council's principal role as the provider of services to the community, rather than the use of those assets for the generation of revenue.

For buildings and other structures on and in the land, including infrastructure, "highest and best use" is determined in accordance with the land on and in which they are situated.

Land Under Road

The Council being of the opinion that it is not possible to attribute a value sufficiently reliable to qualify for recognition, land under roads has not been recognised in these reports. Land acquired for road purposes during the year is initially recognised at cost, but transferred to fair value at reporting date, effectively writing off the expenditure.

Land & Land Improvements

Fair value hierarchy level 2 valuations: Certain land, and the buildings and structures thereon, are shown above as being based on fair value hierarchy level 2 valuation inputs. They are based on prices for similar assets in an active market, with directly or indirectly observable adjustments for specific advantages or disadvantages attaching to the particular asset.

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

These assets were valued as at 30 June 2018 valuation by Opteon Pty Ltd (previous valuation – 30 June 2015 – Maloney Field Services Pty Ltd).

:

Buildings & Other Structures, Infrastructure and other assets shown as fair value hierarchy level 3

There is no known market for these assets and they are valued at depreciated current replacement cost. This method involves:

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

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

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

Buildings & Other Structures

These assets were valued as at 30 June 2018 valuation by Opteon Pty Ltd (previous valuation – 30 June 2015 – Maloney Field Services Pty Ltd).

Infrastructure

These assets were valued as at 30 June 2018 valuation by Opteon Pty Ltd (previous valuation – 30 June 2015 – Maloney Field Services Pty Ltd).

Capitalisation Thresholds

Capitalisation thresholds used by the Council for a representative range of assets are shown below. No capitalisation threshold is applied to the acquisition of land or interests in land.

Land	No threshold. All items will be recognised
Building & Other Structures	\$ 5,000
Roads	
- Sealed	\$10,000
- Pavement	\$10,000
- Unsealed	\$10,000
- Earthworks	\$10,000
- Road Culverts	\$5,000
- Stormwater Drainage	\$10,000
- Kerbs & Gutter	\$1,000
- Driveway Vehicle Crossings	\$10,000
- Footpaths	No threshold. All items will be recognised
- Road Signs	No threshold. All items will be recognised
- Inverts	\$10,000
- Point Generic	No threshold. All items will be recognised
- Driveways	\$10,000
- Bicycle Paths	No threshold. All items will be recognised
Office Furniture	\$5,000
Plant & Equipment	\$5,000
Motor Vehicles	\$5,000

Litchfield Council

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2019

Note 7 (con't) – INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

Estimated Useful Lives

Useful lives are estimated for each individual asset. In estimating useful lives, regard is had to technical and commercial obsolescence, as well as legal and other limitations on continued use. The range of useful lives for a representative range of assets is shown below, although individual assets may have an estimated total useful life of greater or lesser amount:

Land	No limited useful life
Building & Other Structures	10 to 80 years
Roads – Surface --Sealed	13 to 25 years
Roads – Surface -Unsealed	10 to 15 years
Roads - Pavement	40 years
Roads - Earthworks	100 years
Kerbs & Gutter	50 years
Road Culverts	100 years
Footpaths	20 to 50 years
Driveway Vehicle Crossings	100 years
Road Signs	15 years
Inverts	30 years
Point Generic	15 to 70 years
Driveways	20 to 50 years
Bicycle Paths	20 to 50 years
Office Equipment	5 to 10 years
Plant & Equipment	3 to 20 years
Motor Vehicles	5 to 10 years

Litchfield Council
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 8 - LIABILITIES

	Notes	2019		2018	
		Current	Non-current	Current	Non-current
TRADE & OTHER PAYABLES					
Goods & Services		1,252,161	-	1,296,661	-
Payments received in advance		334,605	-	340,312	-
Accrued expenses - employee entitlements		687,910	-	141,892	-
Accrued expenses - other		93,981	-	185,994	-
Deposits, Retentions & Bonds		283,796	-	279,435	-
		2,652,453	-	2,244,294	-
 PROVISIONS					
Employee entitlements (including on costs)		576,397	473,646	621,414	387,981
		576,397	473,646	621,414	387,981

Litchfield Council
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 9 - RESERVES

ASSET REVALUATION RESERVE	1-7-2018	Net Increments/ (Decrements)	Transfers, Impairments	30-6-2019
Notes	\$	\$	\$	\$
Land - Council owned	125,175,674	-	-	125,175,674
Buildings	15,583,834	-	-	15,583,834
Infrastructure		-	-	-
- Roads	109,927,734	-	-	109,927,734
- Road Culverts	27,923,542	-	-	27,923,542
- Kerbs & Gutters	761,825	-	-	761,825
- Driveway Vehicle Crossings	9,290,043	-	-	9,290,043
- Footpaths	263,238	-	-	263,238
- Road signs	958,744	-	-	958,744
- Inverts	6,141	-	-	6,141
- Point Generic	711,325	-	-	711,325
- Driveways	4,076,579	-	-	4,076,579
-Bicycle Parts	551,219	-	-	551,219
Motor Vehicles	425,046	-	-	425,046
Plant and Equipment	204,947	-	-	204,947
TOTAL	295,859,891	-	-	295,859,891
Comparatives	243,311,730	52,548,161	-	295,859,891
OTHER RESERVES	1-7-2018	Transfers to Reserve	Transfers from Reserve	30-6-2019
Developer Contributions reserve	723,088	139,701	(20,529)	842,260
Waste Management Reserve	4,156,475	447,439	-	4,603,914
Asset Reserve	10,710,930	383,779	-	11,094,709
Election Reserve	100,000	-	-	100,000
Disaster Recovery Reserve	500,000	-	-	500,000
Strategic Initiatives Reserve	500,000	-	-	500,000
Unexpended Grants Reserve	4,748,119	9,006,564	(8,423,163)	5,331,520
Thorak Regional Cemetery	237,586	71,339	-	308,925
TOTAL OTHER RESERVES	21,676,198	10,048,822	(8,443,692)	23,281,328
Comparatives	14,075,816	17,024,859	(9,424,477)	21,676,198

Litchfield Council
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

cont. Note 9 - RESERVES

PURPOSES OF RESERVES

Asset Revaluation Reserve

The asset revaluation reserve is used to record increments and decrements arising from changes in fair value of non-current assets (less any subsequent impairment losses, where applicable).

Other Reserves

These are cash backed reserves to meet anticipated future needs. In each case the amount related to a perceived future requirement which is not currently a liability.

Disaster Recovery Reserve	This reserve will fund expenses occurred due to storms, storm surges, and floods or any other natural disaster. The fund will enable Litchfield Council to recover from these disasters and return to operations. Where external funds are received after an event for the purpose of disaster recovery, these funds shall be used to replenish this reserve.
Strategic Initiative Reserve	This reserve will fund strategic initiatives and Information Technology improvements for the future development of Litchfield Council in line with the Municipal Plan and the Long Term Financial Plan. Specific Initiatives must be identified in order to have funds allocated.
Election Reserve	This reserve will fund expenses related to Local Government elections and By-Elections.
Asset Reserve	This reserve holds funding for renewal, replacement or upgrading of existing assets and/or the establishment of new assets in line with Council's Asset Management Plans.
Waste Management Reserve	This reserve holds funding for activities related to Waste Management. This could be the renewal, replacement or upgrading of existing assets and/or the establishment of new assets in line with Council's Asset Management Plan for Waste Management or strategic development of the Waste Service delivery.
Developer Contributions Reserve*	This reserve holds contributions received by the Council from developers in line with Litchfield Council Developer Contribution Plan. Restrictions apply as set out in both the Plan and under provisions outlined in the <i>Planning Act</i> .
Unexpended Grants and Contributions*	This reserve holds the balance of unexpended grants and contributions received from external contributors. The funds are held in the reserve until expended in line with the individual funding agreements.
Thorak Regional Cemetery	These funds represent total equity of the Thorak Regional Cemetery.

*Externally restricted reserves

Litchfield Council
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 10 - ASSETS SUBJECT TO RESTRICTIONS

The uses of the following assets are restricted, wholly or partially, by legislation or other externally imposed requirements. The assets are required to be utilised for the purposes for which control was transferred to Council, or for which the revenues were originally obtained.

CASH & FINANCIAL ASSETS	Notes	2019	2018
		\$	\$
Unexpended amounts received from Federal and Territory Government		5,331,521	4,748,119
Developer Contributions		842,260	157,791
		<u>6,173,781</u>	<u>4,905,910</u>
TOTAL ASSETS SUBJECT TO EXTERNALLY IMPOSED RESTRICTIONS		<u>6,173,781</u>	<u>4,905,910</u>

Litchfield Council
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 11 - RECONCILIATION TO CASH FLOW STATEMENT

(a) Reconciliation of Cash

Cash Assets comprise highly liquid investments with short periods to maturity subject to insignificant risk of changes of value. Cash at the end of the reporting period as shown in the Cash Flow Statement is reconciled to the related items in the Balance Sheet as follows:

	Notes	2019 \$	2018 \$
Total cash & equivalent assets	5	2,305,545	2,215,070
Balances per Cash Flow Statement		<u>2,305,545</u>	<u>2,215,070</u>

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

Net Surplus (Deficit)		(4,116,880)	(9,039,621)
Non-cash items in Income Statement			
Depreciation, amortisation & impairment		12,921,357	16,615,287
Net increase (decrease) in unpaid employee benefits		586,666	(36,960)
Change in allowances for under-recovery		(11,389)	40,514
Non-cash asset acquisitions		(1,010,687)	(1,351,911)
Grants for capital acquisitions treated as Investing Activity		(4,064,461)	(2,127,544)
Net (Gain) Loss on Disposals		103,011	14,626
		<u>4,407,617</u>	<u>4,114,391</u>
Add (Less): Changes in Net Current Assets			
Net (increase) decrease in receivables		(1,160,313)	266,751
Net increase (decrease) in trade & other payables		(137,859)	657,680
Net Cash provided by (or used in) operations		<u>3,109,445</u>	<u>5,038,822</u>

(c) Non-Cash Financing and Investing Activities

Acquisition of assets by means of:

Physical resources received free of charge	2	1,010,687	1,351,911
Amounts recognised in Income Statement		<u>1,010,687</u>	<u>1,351,911</u>

(d) Financing Arrangements

Council does not have in place any financing facilities or arrangements.

Litchfield Council
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019
Note 12 - FUNCTIONS

	GENERAL PUBLIC SERVICES			PUBLIC ORDER & SAFETY			ECONOMIC AFFAIRS			ENVIRONMENTAL PROTECTION			HOUSING & COMMUNITY AMENITIES		
	BUDGET	ACTUAL	ACTUAL	BUDGET	ACTUAL	ACTUAL	BUDGET	ACTUAL	ACTUAL	BUDGET	ACTUAL	ACTUAL	BUDGET	ACTUAL	ACTUAL
	2019	2019	2018	2019	2019	2018	2019	2019	2018	2019	2019	2018	2019	2019	2018
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
OPERATING REVENUES															
Rates	7,289,497	7,458,678	7,056,440	-	-	-	118,696	118,696	-	2,835,023	2,853,843	2,754,999	-	-	-
Statutory & User Charges	133,789	288,460	79,924	70,750	158,640	64,859	6,500	1,889	49,305	144,000	167,083	171,237	-	-	-
Grants - NT recurrent	-	-	2,500	-	-	-	-	-	-	-	-	-	-	-	16,321
Grants - NT capital	-	-	-	-	-	-	2,235,500	3,994,491	-	-	-	-	-	-	-
Grants - Cwllth recurrent	481,108	583,018	502,872	-	-	-	3,181,957	4,101,303	2,570,617	-	-	-	-	-	-
Grants - Cwllth capital	-	-	-	-	-	-	478,000	-	2,453,827	-	-	-	-	-	-
Contributions & Donations	-	-	-	-	-	-	-	-	157,791	-	-	-	-	-	-
Investment Income	620,000	748,455	675,396	-	-	-	-	-	-	55,000	67,535	71,308	-	-	-
Reimbursements & Other Revenues	-	57,864	100,566	-	-	494	60,000	15,663	65,773	14,400	21,781	3,805	-	-	-
Total	8,524,394	9,136,475	8,417,698	70,750	158,640	65,353	6,080,653	8,232,042	5,297,313	3,048,423	3,110,242	3,001,349	-	-	16,321
OPERATING EXPENSES															
Employee Costs	2,578,076	2,571,752	1,908,946	306,814	275,302	302,287	1,405,810	1,424,459	1,879,757	1,273,032	1,776,082	1,203,352	-	-	-
Materials, Contracts & Other	1,722,701	1,719,112	2,469,270	57,800	56,504	70,917	2,641,890	2,596,795	2,504,016	1,559,420	1,382,018	1,395,391	129,000	83,365	78,378
Depreciation, Amortisation, Impairment	359,762	277,535	84,409	216	167	1,845	15,003,974	11,574,652	15,572,006	200,646	154,786	160,759	-	-	-
Total	4,660,539	4,568,399	4,462,625	364,830	331,973	375,049	19,051,674	15,595,906	19,955,779	3,033,098	3,312,886	2,759,502	129,000	83,365	78,378
TOTALS	3,863,855	4,568,076	3,955,073	(294,080)	(173,333)	(309,696)	(12,971,021)	(7,363,864)	(14,658,466)	15,325	(202,644)	241,847	(129,000)	(83,365)	(62,057)
TOTAL ASSETS UTILISED		28,473,539	26,297,291		24,855	4,167		285,757,500	287,527,365		2,969,842	3,123,535		720,979	759,983

Litchfield Council
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019
cont. Note 12 - FUNCTIONS

	RECREATION, CULTURE & RELIGION			EDUCATION			CEMETERY			TOTAL		
	BUDGET	ACTUAL	ACTUAL	BUDGET	ACTUAL	ACTUAL	BUDGET	ACTUAL	ACTUAL	BUDGET	ACTUAL	ACTUAL
	2019	2019	2018	2019	2019	2018	2019	2019	2018	2019	2019	2018
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
OPERATING REVENUES												
Rates	-	-	-	-	-	-	-	-	-	10,243,216	10,431,217	9,811,439
Statutory & User Charges	30,000	31,701	-	-	-	-	777,447	1,119,814	934,143	1,162,486	1,767,587	1,299,468
Grants - NT recurrent	4,000	257,782	-	-	-	-	-	-	-	4,000	257,782	18,821
Grants - NT capital	-	69,970	-	-	-	-	-	-	-	2,235,500	4,064,461	-
Grants - CwIth recurrent	-	-	-	-	-	-	-	-	-	3,663,065	4,684,321	3,073,489
Grants - CwIth capital	-	-	-	-	-	-	-	-	-	478,000	-	2,453,827
Contributions & Donations	-	-	-	-	-	-	-	-	-	-	-	157,791
Investment Income	-	-	-	-	-	-	-	-	11,496	675,000	815,990	758,200
Reimbursements & Other Revenues	48,000	63,461	39,975	-	-	-	-	-	-	122,400	158,769	210,613
Total	82,000	422,914	39,975	-	-	-	777,447	1,119,814	945,639	18,583,667	22,180,127	17,783,648
OPERATING EXPENSES												
Employee Costs	101,845	107,309	-	-	-	-	500,749	491,241	442,665	6,166,326	6,646,145	5,737,007
Materials, Contracts & Other	1,299,150	1,399,827	1,094,043	-	-	5,800	150,917	399,560	317,989	7,560,878	7,637,181	7,935,804
Depreciation, Amortisation, Impairment	1,058,467	816,543	716,547	-	-	-	126,613	97,674	79,721	16,749,678	12,921,357	16,615,287
Total	2,459,462	2,323,679	1,810,590	-	-	5,800	778,279	988,475	840,375	30,476,882	27,204,683	30,288,098
TOTALS	(2,377,462)	(1,900,765)	(1,770,615)	-	-	(5,800)	(832)	131,339	105,264	(11,893,215)	(5,024,556)	(12,504,450)
TOTAL ASSETS UTILISED		19,580,359	22,932,526					2,328,262	2,878,542		339,855,336	343,523,409

Litchfield Council
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 12 (con't) - COMPONENTS OF FUNCTIONS

The activities relating to Council functions are as follows:

General Public Services

Administrative, legislative and executive affairs, financial and fiscal affairs, general research and general services; also includes Natural Disaster relief.

Public Order & Safety

Fire protection; local emergency services; animal control and impounding; control of public places; control of signs, hoardings and advertising, community policing and probationary matters.

Economic Affairs

General economic, agriculture and forestry, fuel and energy, other labour and employment affairs, CDEP and transport and other industries, saleyards and tourism.

Environmental Protection

Waste management, pollution reduction, protection of biodiversity and landscape and protection and remediation of soil, ground water and surface water.

Housing & Community Amenities

Housing, housing and development, water supply and street lighting.

Recreation, Culture and Religion

Facilities and venues, recreation parks and reserves, culture and religion services, museums and libraries.

Education

Administration, inspection, support, operation, etc. of education programs and services.

Cemetery

All activities related to the operation of the Thorak Regional Cemetery.

Litchfield Council
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 13 - FINANCIAL INSTRUMENTS

Accounting Policies - Recognised Financial Instruments

<p>Bank, Deposits at Call, Short Term Deposits</p>	<p>Accounting Policy: Carried at lower of cost and net realisable value; Interest is recognised when earned.</p> <p>Terms & conditions: Short term deposits have an average maturity of 271 days and an average interest rates of 2.61% (2018: 300 days, 2.71%).</p> <p>Carrying amount: approximates fair value due to the short term to maturity.</p>
<p>Receivables - Rates & Associated Charges (including legal & penalties for late payment)</p> <p>Note: This group of receivables possess a credit enhancement, the Council is empowered under the provisions of the Local Government Act 2009 to sell an owner's property to recover outstanding rate debts. This results in immaterial Expected Credit Losses. Impairment will exist only if arrears are deemed to be greater than the proceeds the Council would receive from the sale of the respective property.</p>	<p>Accounting Policy: Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable.</p> <p>Terms & conditions: Secured over the subject land, arrears attract interest of 17% (2018: 17%) Although the Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries in the Northern Territory.</p> <p>Carrying amount: approximates fair value (after deduction of any allowance).</p>
<p>Receivables - Fees & other charges</p>	<p>Accounting Policy: Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable.</p> <p>Terms & conditions: Unsecured, and do not bear interest. Although the Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries.</p> <p>Carrying amount: approximates fair value (after deduction of any allowance).</p>
<p>Liabilities - Creditors and Accruals</p>	<p>Accounting Policy: Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Council.</p> <p>Terms & conditions: Liabilities are normally settled on 30 day terms.</p> <p>Carrying amount: approximates fair value.</p>

Litchfield Council
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 13 - FINANCIAL INSTRUMENTS (con't)

Liquidity Analysis

2019	Due < 1 year	Due > 1 year ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
	\$	\$	\$	\$	\$
<u>Financial Assets</u>					
Cash & Equivalents	2,305,545	-	-	2,305,545	2,305,545
Receivables	886,015	-	-	886,015	1,284,403
Other Financial Assets	21,371,107	-	-	21,371,107	21,371,107
Total	24,562,667	-	-	24,562,667	24,961,055
<u>Financial Liabilities</u>					
Payables	1,964,543	-	-	1,964,543	1,964,543
Total	1,964,543	-	-	1,964,543	1,964,543

2018	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
	\$	\$	\$	\$	\$
<u>Financial Assets</u>					
Cash & Equivalents	2,215,070	-	-	2,215,070	2,215,070
Receivables	305,082	-	-	305,082	305,082
Other Financial Assets	20,586,716	-	-	20,586,716	20,586,716
Total	23,106,868	-	-	23,106,868	23,106,868
<u>Financial Liabilities</u>					
Payables	2,140,895	-	-	2,140,895	2,140,895
Total	2,140,895	-	-	2,140,895	2,140,895

Net Fair Value

All carrying values approximate fair value for all recognised financial instruments. There is no recognised market for the financial assets of the Council.

Risk Exposures:

Credit Risk represents the loss that would be recognised if counterparties fail to perform as contracted. The maximum credit risk on financial assets of the Council is the carrying amount, net of any allowance for doubtful debts. In accordance with regulations, all Council investments are made with authorised deposit taking institutions. Except as detailed in Notes 5 in relation to individual classes of receivables, exposure is concentrated within the Council's boundaries, and there is no material exposure to any individual debtor.

Market Risk is the risk that fair values of financial assets will fluctuate as a result of changes in market prices. All of the Council's financial assets are denominated in Australian dollars and are not traded on any market, and hence neither market risk nor currency risk apply.

Liquidity Risk is the risk that Council will encounter difficulty in meeting obligations with financial liabilities. Liabilities have a range of maturity dates.

Interest Rate Risk is the risk that future cash flows will fluctuate because of changes in market interest rates. Cash flow fluctuations are managed holistically in seeking to minimise interest costs over the longer term in a risk averse manner.

Litchfield Council
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 14 - COMMITMENTS FOR EXPENDITURE

	2019	2018
Notes	\$	\$
Capital Commitments		
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Roads & Footpaths	<u>711,305</u>	<u>1,220,695</u>
	<u>711,305</u>	<u>1,220,695</u>
These expenditures are payable:		
Not later than one year	<u>711,305</u>	<u>1,220,695</u>
	<u>711,305</u>	<u>1,220,695</u>
Other Expenditure Commitments		
Other non-capital expenditure commitments in relation to investment properties:		
Maintenance and other Service provision contracts	1,114,870	195,443

Litchfield Council
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 15 - FINANCIAL INDICATORS

	2019	2018	2017	2016
Current Ratio				
<u>Current Assets - Externally Restricted Assets</u>	10.28:1	7.01:1	8.5:1	6.96:1
Current Liabilities				
Debt Service Ratio				
<u>Net Debt Service Cost</u>	0:1	0:1	0:1	0:1
Operating Revenue*				
* as defined				
Rate Coverage Percentage				
<u>Rate Revenues</u>	41.17%	39.81%	36.12%	28.30%
Total Revenues				
Rates & Annual Charges Outstanding Percentage				
<u>Rates & Annual Charges Outstanding</u>	22.46%	20.61%	23.47%	22.52%
Rates & Annual Charges Collectible				

Litchfield Council
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 16 – SUPERANNUATION

The Council makes employer superannuation contributions in respect of its employees to Statewide Super (formerly Local Government Superannuation Scheme). There are two types of membership, each of which is funded differently. Permanent and contract employees of the Northern Territory Local Government sector with Salarylink benefits prior to 24 November 2009 have the option to contribute to the Accumulation section and/or Salarylink. All other employees (including casuals) have all contributions allocated to the Accumulation section.

Accumulation only Members

Accumulation only members receive both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of ordinary time earnings in accordance with superannuation guarantee legislation (9.50% in 2017-18; 9.50% in 2018-19). No further liability accrues to the Council as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

Contributions to Other Superannuation Schemes

The Council also makes contributions to other superannuation schemes selected by employees under the “choice of fund” legislation. All such schemes are of the accumulation type, where the superannuation benefits accruing to the employee are represented by their share of the net assets of the scheme, and no further liability attaches to the Council.

Litchfield Council
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 17 - INTERESTS IN OTHER ENTITIES

Entities consolidated within these Statements

The principal activities and entities conducted other than in the Council's own name that have been included in these consolidated financial statements are:

Thorak Regional Cemetery (Ownership interest 100%)

All transactions and balances between Council and controlled entities have been eliminated.

Litchfield Council
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 18 - RELATED PARTY DISCLOSURES

KEY MANAGEMENT PERSONNEL

The Key Management Personnel of the Council include the Mayor, Councillors, CEO and certain prescribed officers under the Council's policy FIN26. In all, 13 persons in 2018-19 (15 persons in 2017-18) were paid the following total compensation:

	2019	2018
	\$	\$
Salaries, allowances & other short term benefits	1,279,616	1,289,527
TOTAL	1,279,616	1,289,527

**Thorak Regional Cemetery
General Purpose Financial Reports
for the year ended 30 June 2019**

Table of Contents

	Page #
Principal Financial Statements	
Statement of Comprehensive Income	2
Statement of Financial Position	3
Statement of Changes in Equity	4
Statement of Cash Flows	5
Notes to, and forming part of, the Principal Financial Statements	
Note 1 - Significant Accounting Policies	6
Note 2 - Current Assets	10
Note 3 - Infrastructure, Property, Plant & Equipment & Investment Property	11
Note 4 - Liabilities	12
Note 5 - Reserves	13
Note 6 - Reconciliation of Cash Flow Statement	14
Note 7 - Financial Instruments	15
Audit Report	

Thorak Regional Cemetery
Statement of Comprehensive Income
for the year ended 30 June 2019

	Notes	2019 \$	2018 \$
INCOME			
Interments		651,685	525,840
Cremations		249,662	195,052
Exclusive Rights Fees		5,052	10,000
Ground Maintenance		5,880	45,620
Chapel and Marquee Hire		31,395	26,509
Memorial installation and permits		36,658	35,676
Funeral Director Fees		3,792	4,688
Sundry Income		17,394	8,215
Administration Fee		85,099	66,381
Rent Income		23,886	16,163
Investment Income		9,311	11,496
Total Income		<u>1,119,814</u>	<u>945,640</u>
EXPENSES			
Salaries		430,608	395,665
Superannuation		45,294	38,100
Other Employee costs		6,709	3,375
Insurance		36,979	26,363
Legal Fees		18,987	3,520
Auditing Fees		9,600	6,974
Consultants		38,177	16,200
Administration Expenses		75,970	71,799
Advertising		-	2,894
Motor Vehicle Expenses		36,912	26,286
Utilities		72,288	66,006
Telephone Expenses		14,040	3,485
Security		3,761	3,900
Grounds Maintenance		53,820	17,897
Repairs & Maintenance		36,846	19,649
Equipment Hire		-	571
Plant & Equipment Expenses		6,897	4,412
Grave Digging		43,680	40,960
Memorial Expenses		14,251	9,965
Sundry Expenses		5,730	2,635
Doubtful Debt		251	-
Depreciation Expenses		97,675	79,721
Total Expenses		<u>1,048,475</u>	<u>840,377</u>
OPERATING SURPLUS / (DEFICIT)		<u>71,339</u>	<u>105,263</u>
TOTAL COMPREHENSIVE INCOME		<u>71,339</u>	<u>105,263</u>

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

Thorak Regional Cemetery
Statement of Financial Position
as at 30 June 2019

ASSETS	Notes	2019	2018
		\$	\$
Current Assets			
Cash and cash equivalents	2	644,631	456,011
Trade & other receivables	2	42,755	37,057
Other financial assets	2	341,626	343,918
Total Current Assets		<u>1,029,012</u>	<u>836,986</u>
Non-current Assets			
Infrastructure, property, plant & equipment	3	1,943,881	2,041,556
Total Non-current Assets		<u>1,943,881</u>	<u>2,041,556</u>
Total Assets		<u>2,972,893</u>	<u>2,878,542</u>
LIABILITIES			
Current Liabilities			
Trade & other payables	4	399,601	368,082
Provisions	4	46,164	59,065
Total Current Liabilities		<u>445,765</u>	<u>427,147</u>
Non-current Liabilities			
Provisions	4	42,600	38,206
Total Non-current Liabilities		<u>42,600</u>	<u>38,206</u>
Total Liabilities		<u>488,365</u>	<u>465,353</u>
NET ASSETS		<u>2,484,528</u>	<u>2,413,189</u>
EQUITY			
Accumulated Surplus		2,230,171	2,230,171
Other Reserves	5	254,357	183,018
TOTAL EQUITY		<u>2,484,528</u>	<u>2,413,189</u>

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

Thorak Regional Cemetery
Statement of Changes in Equity
for the year ended 30 June 2019

2019	Notes	Acc'd Surplus \$	Other Reserves \$	TOTAL EQUITY \$
Balance at end of previous reporting period		2,230,171	183,018	2,413,189
Restated opening balance		2,230,171	183,018	2,413,189
Net Surplus / (Deficit) for Year		71,339		71,339
Other Comprehensive Income				
Transfers between reserves		(71,339)	71,339	-
Balance at end of period		2,230,171	254,357	2,484,528

2018	Notes	Acc'd Surplus \$	Other Reserves \$	TOTAL EQUITY \$
Balance at end of previous reporting period		2,230,171	77,755	2,307,926
Restated opening balance		2,230,171	77,755	2,307,926
Net Surplus / (Deficit) for Year		105,263		105,263
Other Comprehensive Income				
Transfers between reserves		(105,263)	105,263	-
Balance at end of period		2,230,171	183,018	2,413,189

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

Thorak Regional Cemetery
Statement of Cash Flows
for the year ended 30 June 2019

	Notes	2019 \$	2018 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
<i>Receipts:</i>			
Receipts from customers		1,101,815	973,655
<i>Payments:</i>			
Payments to suppliers and employees		<u>(920,528)</u>	<u>(765,088)</u>
Net Cash provided by Operating Activities		<u>181,287</u>	<u>208,567</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
<i>Receipts:</i>			
Receipts for Investments		5,041	11,533
Net disposal of investment securities		2,292	74,114
<i>Payments:</i>			
Expenditure on renewal/replacement of assets		<u>-</u>	<u>(25,396)</u>
Net Cash provided by Investing Activities		<u>7,333</u>	<u>60,251</u>
Net Increase (Decrease) in cash held		<u>188,620</u>	<u>268,818</u>
Cash & cash equivalents at beginning of period	6	<u>456,011</u>	<u>187,193</u>
Cash & cash equivalents at end of period	6	<u>644,631</u>	<u>456,011</u>

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

Thorak Regional Cemetery
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019
Note 1 - SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

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

1.1 Financial Reporting Framework

Thorak Regional Cemetery ("the Cemetery") is not a reporting entity because in the opinion of the Board of Trustees "the Board" there are unlikely to exist users of the financial report who are unable to command the preparation of reports tailored so as to satisfy specifically all of their information needs. Accordingly, this 'special purpose financial report' has been prepared to satisfy the Boards' reporting requirements under the *Cemeteries Act* and *Cemeteries Regulations*.

1.2 Compliance with Australian Accounting Standards

This special purpose financial report has been prepared in accordance with Australian Accounting Standards as they apply to not-for-profit entities, other authoritative pronouncements of the Australian Accounting Standards Board, and relevant Northern Territory legislation.

1.3 Historical Cost Convention

Except as stated below, these financial statements have been prepared in accordance with the historical cost convention.

1.4 Critical Accounting Estimates

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates and requires management to exercise its judgement in applying the Cemetery's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are specifically referred to in the relevant sections of these Notes.

1.5 Rounding

All amounts in the financial statements have been rounded to the nearest dollar (\$).

2. Income recognition

Income is measured at the fair value of the consideration received or receivable. Income is recognised when the Cemetery obtains control over the assets comprising the income, or when the amount due constitutes an enforceable debt, whichever first occurs.

Revenue from burials, cremation and internments is recognised when the services have been rendered to the public and can be measured reliably.

Thorak Regional Cemetery

Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 1 - SIGNIFICANT ACCOUNTING POLICIES (con't)

Grants, and other contributions are recognised as revenues when the Cemetery obtains control over, or the right to receive, the assets, it is probable that future economic benefits comprising the asset will flow to the Cemetery, and the amount can be reliably measured. Where grants, contributions and donations recognised as incomes during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the amounts subject to those undischarged conditions are disclosed in these notes. Also disclosed is the amount of grants, contributions and receivables recognised as income in a previous reporting period which were obtained in respect of the Cemetery's operations for the current reporting period. Interest is recognised as it accrues, when it is probable that the future economic benefits will flow to Cemetery and it can be measured reliably.

3. Cash, Cash Equivalents and other Financial Instruments

Cash Assets include all amounts readily convertible to cash on hand at the Board's option with an insignificant risk of changes in value with a maturity of three months or less from the date of acquisition.

All receivables are reviewed as at the reporting date and adequate allowance made for amounts the receipt of which is considered doubtful.

All financial instruments are recognised at fair value at the date of recognition. A detailed statement of the accounting policies applied to financial instruments also form part of Note 7 .

4. Infrastructure, Property, Plant & Equipment

4.1 Initial Recognition

All assets are initially recognised at cost. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition.

Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition, including architects' fees and engineering design fees and all other costs incurred. The cost of non-current assets constructed by the Cemetery includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overhead.

All non-current assets purchased or constructed are capitalised as the expenditure is incurred and depreciated as soon as the asset is held "ready for use". Capital works still in progress at balance date are recognised as other non-current assets and transferred to infrastructure, property, plant & equipment when completed ready for use.

4.2 Subsequent Recognition

All material asset classes are revalued on a regular basis such that the carrying values are not materially different from fair value. Additions acquired subsequent to a revaluation are recognised at cost until next revaluation of that asset class.

4.3 Depreciation of Non-Current Assets

Other than land, all infrastructure, property, plant and equipment assets recognised are systematically depreciated over their useful lives on a straight-line basis which, in the opinion of the Cemetery, best reflects the consumption of the service potential embodied in those assets.

Thorak Regional Cemetery

Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 1 - SIGNIFICANT ACCOUNTING POLICIES (con't)

5. Payables

5.1 Trade and Other Payables

Trade and other payables are amounts due to external parties for the supply of goods and services and are recognised as liabilities when the goods and services are received. Creditors are normally paid 30 days after the month of invoice. No interest is payable on these amounts.

5.2 Payments Received in Advance & Deposits

Amounts (other than grants) received from external parties in advance of service delivery, are recognised as liabilities until the service is delivered, or the amount is refunded as the case may be.

Employee Benefits

6.1 Salaries, Wages & Compensated Absences

Liabilities for employees' entitlements to salaries, wages and compensated absences expected to be paid or settled within 12 months of reporting date are accrued at nominal amounts (including payroll based on costs) measured in accordance with AASB 119.

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 on costs) to be made in respect of services provided by employees up to the reporting date.

No accrual is made for sick leave as the Cemetery 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. Cemetery does not make payment for untaken sick leave.

6.2 Superannuation

The Cemetery makes employer superannuation contributions in respect of its employees to Statewide Super and a number of other Superannuation Funds selected by employees under the 'choice of fund' legislation.

The schemes have two types of membership, each of which is funded differently. No changes in accounting policy have occurred during either the current or previous reporting periods.

GST Implications

In accordance with UIG Abstract 1031 "Accounting for the Goods & Services Tax"

- Receivables and Creditors include GST receivable and payable.
- Except in relation to input taxed activities, revenues and operating expenditures exclude GST receivable and payable.
- Non-current assets and capital expenditures include GST net of any recoupment.
- Amounts included in the Statement of Cash Flows are disclosed on a gross basis.

Thorak Regional Cemetery

Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 1 - SIGNIFICANT ACCOUNTING POLICIES (con't)

Pending Accounting Standards

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2019 reporting period.

AASB 15 Revenue from Contracts with Customers

AASB 16 Leases

AASB 1058 Income of Not-for-Profit Entities

Standards containing consequential amendments to other Standards and Interpretations arising from the above –

AASB 2010-7, AASB 2014-1, AASB 2014-3, AASB 2014-4, AASB 2014-5, AASB 2014-6, AASB 2014-7, AASB 2014-8, AASB 2014-9, AASB 2014-10, AASB 2015-1, AASB 2015-2, AASB 2015-3, AASB 2015-4, AASB 2015-5, AASB 2015-6 and AASB 2015-7.

Other than AASB 16 and AASB 1058 the Cemetery is of the view that none of the above new standards or interpretations will materially affect any of the amounts recognised in the financial statements, but that they may impact certain information otherwise disclosed.

Accounting Standard AASB 16 *Leases* may have a material effect on the amounts disclosed in these reports, particularly in relation to Infrastructure, Property, Plant & Equipment, but does not commence until the 2019/20 financial period, and it is not the Cemetery's intention to adopt this Standard early.

Accounting Standard AASB 1058 *Income for Not-for-Profit Entities* may have a material effect on the amounts disclosed in these reports, particularly in relation to revenue from Grant & Subsidies, but does not commence until the 2019/20 financial period, and it is not the Cemetery's intention to adopt this Standard early.

Thorak Regional Cemetery
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 2 - CURRENT ASSETS

	Notes	2019 \$	2018 \$
CASH & EQUIVALENT ASSETS			
Cash on Hand and at Bank		<u>644,631</u>	<u>456,011</u>
		644,631	456,011
TRADE & OTHER RECEIVABLES			
Accrued Revenues		6,256	26
Debtors - general		36,499	35,729
Prepayments		-	1,302
Total		42,755	37,057
Less: Allowance for Doubtful Debts		-	-
		<u>42,755</u>	<u>37,057</u>
OTHER FINANCIAL ASSETS			
Bank Investments - Term Deposits		<u>341,626</u>	<u>343,918</u>
		341,626	343,918

Thorak Regional Cemetery
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 3 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT (IPP&E)

		2018 \$'000				2019 \$'000			
Fair Value Level		Fair Value	Cost	Acc' Dep'n	Carrying Amount	Fair Value	Cost	Acc' Dep'n	Carrying Amount
- Thorak Buildings	3	2,428,996	-	(535,440)	1,893,556	2,428,996	-	(603,282)	1,825,714
- Thorak - Motor Vehicles	3	293,000	-	(145,000)	148,000	293,000	-	(174,833)	118,167
Total IPP&E		2,721,996	-	(680,440)	2,041,556	2,721,996	-	(778,115)	1,943,881

This Note continues on the following pages.

Thorak Regional Cemetery
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 4 - LIABILITIES

	Notes	2019		2018	
		Current	Non-current	Current	Non-current
TRADE & OTHER PAYABLES					
Goods & Services		12,239	-	14,787	-
Payments received in advance		334,605	-	340,312	-
Accrued expenses		52,757	-	12,983	-
		<u>399,601</u>	<u>-</u>	<u>368,082</u>	<u>-</u>
 PROVISIONS					
Employee entitlements (including oncosts)		46,164	42,600	59,065	38,206
		<u>46,164</u>	<u>42,600</u>	<u>59,065</u>	<u>38,206</u>

Thorak Regional Cemetery
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 5 - RESERVES

OTHER RESERVES	1-7-2018	Transfers to Reserve	Transfers from Reserve	30-6-2019
Torak REGIONAL Cemetery	183,018	71,339	-	254,357
TOTAL OTHER RESERVES	183,018	71,339	-	254,357
Comparatives	77,755	105,263	-	183,018

PURPOSES OF RESERVES

These are cash backed reserves to meet anticipated future needs. This reserve is internally restricted and the amount relates to a perceived future requirement which is not currently a liability.

Thorak Regional Cemetery
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 6 - RECONCILIATION TO CASH FLOW STATEMENT

(a) Reconciliation of Cash

Cash Assets comprise highly liquid investments with short periods to maturity subject to insignificant risk of changes of value. Cash at the end of the reporting period as shown in the Cash Flow Statement is reconciled to the related items in the Balance Sheet as follows:

	Notes	2019	2018
		\$	\$
Total cash & equivalent assets	2	644,631	456,011
Balances per Cash Flow Statement		<u>644,631</u>	<u>456,011</u>

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

Net Surplus (Deficit)		71,339	105,263
Non-cash items in Income Statement			
Depreciation, amortisation & impairment		97,675	79,721
Investment Income		(9,311)	(11,533)
		<u>159,703</u>	<u>173,451</u>
Add (Less): Changes in Net Current Assets			
Net (increase) decrease in receivables		(1,428)	(6,162)
Net increase (decrease) in trade & other payables		31,519	27,741
Net increase (decrease) in other provisions		(8,507)	13,537
Net Cash provided by (or used in) operations		<u>181,287</u>	<u>208,567</u>

Thorak Regional Cemetery
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 7 - FINANCIAL INSTRUMENTS

All financial instruments are categorised as *loans and receivables*.

Accounting Policies - Recognised Financial Instruments

Bank, Deposits at Call, Short Term Deposits	<p>Accounting Policy: Carried at lower of cost and net realisable value; Interest is recognised when earned.</p> <p>Terms & Conditions: Deposits are returning fixed interest rates at 2.70% with a maturity date of 365 days (2018: 2.75%, 365 days).</p> <p>Carrying Amount: approximates fair value due to the short term to maturity.</p>
Receivables - Fees & other charges	<p>Accounting Policy: Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable.</p> <p>Terms & Conditions: Unsecured, and do not bear interest. Although Cemetery is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Cemetery's boundaries.</p> <p>Carrying Amount: approximates fair value (after deduction of any allowance).</p>
Liabilities - Creditors and Accruals	<p>Accounting Policy: Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Cemetery.</p> <p>Terms & Conditions: Liabilities are normally settled on 30 day terms.</p> <p>Carrying Amount: approximates fair value.</p>

Thorak Regional Cemetery
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 7 - FINANCIAL INSTRUMENTS (con't)

Liquidity Analysis

2019	Due < 1 year	Due > 1 year ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
<u>Financial Assets</u>	\$	\$	\$	\$	\$
Cash & Equivalents	644,631	-	-	644,631	644,631
Receivables	42,755	-	-	42,755	42,755
Other Financial Assets	341,626	-	-	341,626	341,626
Total	1,029,012	-	-	1,029,012	1,029,012
<u>Financial Liabilities</u>					
Payables	399,601	-	-	399,601	346,844
Total	399,601	-	-	399,601	346,844
2018	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
<u>Financial Assets</u>	\$	\$	\$	\$	\$
Cash & Equivalents	456,011	-	-	456,011	456,011
Receivables	35,755	-	-	35,755	35,755
Other Financial Assets	355,414	-	-	355,414	343,918
Total	847,180	-	-	847,180	835,684
<u>Financial Liabilities</u>					
Payables	27,770	-	-	27,770	27,770
Total	27,770	-	-	27,770	27,770

Net Fair Value

All carrying values approximate fair value for all recognised financial instruments. There is no recognised market for the financial assets of the Cemetery.

Risk Exposures:

Credit Risk represents the loss that would be recognised if counterparties fail to perform as contracted. The maximum credit risk on financial assets of the Cemetery is the carrying amount, net of any allowance for doubtful debts. All Cemetery investments are made with authorised deposit taking institutions. Except as detailed in Note 2 in relation to individual classes of receivables, exposure is concentrated within the Cemetery's boundaries, and there is no material exposure to any individual debtor.

Market Risk is the risk that fair values of financial assets will fluctuate as a result of changes in market prices. All of the Cemetery's financial assets are denominated in Australian dollars and are not traded on any market, and hence neither market risk nor currency risk apply.

Liquidity Risk is the risk that Cemetery will encounter difficulty in meeting obligations with financial liabilities. Liabilities have a range of maturity dates.

Interest Rate Risk is the risk that future cash flows will fluctuate because of changes in market interest rates. The Cemetery has a balance of both fixed and variable interest rate borrowings and investments. Cash flow fluctuations are managed holistically in seeking to minimise interest costs over the longer term in a risk averse manner.

9. Other Business

10. Confidential Items

11. Close of Meeting