



ANNUAL REPORT

2016 - 2017





Contents

A Message from the Mayor.....	4
General Manager's Message.....	5
Hilltops Council – Towards 2030	6
This is Your Hilltops Region.....	7
The Hilltops Community.....	9
Hilltops Council Community Partners	10
Hilltops Council Event Highlights	13
Lambing Flat Chinese Festival	14
10 th Annual Harden Kite Festival	14
20th Annual Irish Woolfest.....	15
67 th Annual National Cherry Festival 2017	16
Your Hilltops Council	17
The Governing Body.....	17
Administrator Expenses.....	17
Representations	18
Local Representation Committees (LRCs)	19
Implementation Advisory Committee	19
Local Representation Committee and Implementation Advisory Group Expenses	20
Council Meetings	20
Executive Staff.....	21
Senior Staff Remuneration	21
The Organisation	21
Local Government Overview	24
So, What Does Council Do?	24
The Hilltops Council Local Government Area	25
The Stronger Community Fund	26
Hilltops Council 2016-17 – The Numbers in Statutory Review.....	30
Section 356 Donations.....	30
Contracts Awarded (Over \$150,000.00)	31
Private Works	31
Legal Proceedings	32
Code of Conduct Complaints	32
Independent Commission Against Corruption (ICAC) Matters.....	32
Public Interest Disclosures	32
Privacy & Personal Information Protection (PPIP)	32



Government Information Public Access Acct (GIPA)	32
Companion Animal Management.....	33
Council Seizure Activity	34
Environment Planning and Assessment Act	35
Stormwater Levy.....	35
Delivery Program Achievements.....	36
The Five Key Themes.....	37
Community.....	38
Economy.....	43
Environment	46
Infrastructure	53
Financial Summary	58
Financial Statements.....	58



A Message from the Mayor

I am pleased to present the inaugural 2016/2017 Hilltops Council Annual Report.

Having been only recently elected as the first Mayor of Hilltops Council, I wish to begin by acknowledging the achievements of the former Administrator Wendy Tuckerman and thank her for her dedication and commitment to her community.

I also wish to thank the General Manager, the Executive team, and the staff for the enormous amount of work undertaken to transition the three former Councils into one and the outstanding jobs that they have done.

Now, with a newly elected Council, there is much more work to do.

The Hilltops region is full of potential and more and more people from outside the region are discovering the rich and diverse lifestyle experiences Hilltops has to offer.

From our fantastic local produce to our rich cultural and heritage attractions, our beautiful canola crops, award winning cherries and our high-grade merino wool, our region lends itself to endless possibilities for opportunity, growth and development in agriculture, tourism and other industries that will capitalise on the beauty, the resources and the people we have within.

Councillors will be focussing on the development of the first Hilltops Community Strategic Plan (CSP) to guide the organisation towards 2030.

Community engagement is extremely important at this stage of the transition. Councillors will be reaching out to the community to ensure that everyone is well represented as we set our long-term vision for the region and our individual communities.

As a larger local government area (LGA), Hilltops has far greater capacity to attract funding and development into the region. Opportunities will arise in which Council will be



able to plan strategically to identify complimentary projects across the LGA to ensure the wider region benefits from smart and efficient planning.

The new Community Strategic Plan will then

guide further Delivery Programs and their subsequent Operational Plans, turning our community visions into achievable works programs that deliver an integrated, resilient, and interconnected region.

I look forward to working with the new Hilltops Councillors to make our region a place that our residents love to live, our tourists love to visit, and our business thrive for all!



Brian Ingram

Mayor



General Manager's Message



Welcome to the first ever Hilltops Council 2016-2017 Annual Report!

This report has been developed for our community, to share our progress over the past financial year, as

we've laid the foundations of the new Hilltops Council.

The Annual Report is, and will be going forward, one of the key points of accountability between our Council and our community. This report high-lights to the community where their strategic goals have been systematically translated into actions; the principal activities that have been undertaken by Hilltops Council to implement the strategies established by the former Councils' Community Strategic Plans, within the resources available.

This annual report provides a summary of the achievements we have made and the many projects that the new Council has undertaken,

detailed under each of the new regional pillars of Community, Economy, Environment, Governance and Infrastructure. It also provides an overview of Council's financial position, operations and progress, and is prepared in accordance with the Local Government Act, 1993.

One of the biggest challenges during the first twelve months of amalgamation was to ensure that Council provided 'business as usual' services while undertaking the enormous task of transitioning three former Council areas, their staff and their corporate systems, into one efficient organisation.

However, one of the most rewarding aspects of the merger was watching how our staff actively committed to the change and set about building a new culture based on hard work, attention to detail and respect for their fellow employees.

The foundations have been set for the newly elected Council to build a vibrant but sustainable Hilltops region that serves the wider community and adds value and meaning to the lives of all those who call the Hilltops home.

Anthony McMahon
General Manager





Hilltops Council – Towards 2030

- Red carpet not red tape – we will treat people as valued customers, streamline systems, listen and respond to community needs.
- Sustainability, quality and value for money will guide our spending.
- Short-term gains will not detract from long-term financial and environmental sustainability.
- Our communication will be planned, clear, concise, and consistent.
- We will listen to our employees, value and recognise their contributions.
- We will take responsibility for our decisions and actions.



Our Internal Cultural Values



Customer Centric Services

The community are our customers that deserve the best from us in every interaction we have and every action we take.



Collaboration

We are a team and will always achieve more as a team than as individuals – communication is the key.



Continuous Improvement

We may never reach perfection but that will always be our target.

Our Logo



Our logo - the key visual representation of our brand - features primary aspects of the region's landscape – green shoots, golden harvests, blue horizons with cherry-red type. It is also a reminder of our beautiful environment that is emblematic in native creatures such as the superb parrot. The design elicits a sense of elevation and aspiration – the three 'Hilltops' bonding is designed to evoke a sense of unity and strength.

The Creation of a Vision

Hilltops Council is currently engaging with the community to create a new vision to guide the region towards 2030. This process includes understanding not only the individual needs of each village and town, but the collective needs of a larger and growing region.

From this process, Council will be able to identify a collective regional community vision.



YOUR HILLTOPS

Let's Shape Our Future Together



This is Your Hilltops Region

Our beginnings....

Hilltops Council is a local government area in the South East and Tablelands region of New South Wales, Australia. This area was formed on 12 May 2016 through the merger of Boorowa, Harden and Young local government areas (LGAs) into one LGA known as the Hilltops Council.

The LGA area roughly corresponds to the Hilltops wine region and during the period since the merger has been governed by an Administrator, as per proclamation by the Governor of NSW, until the first meeting after the Local Government elections on 9 September 2017. There are eleven Councillor positions to be filled at the election on 9 September 2017 by an open vote (i.e. there are no wards).

The largest town within the Hilltops Council LGA is Young and the other major urban

centres are Boorowa and Harden-Murrumburrah.

The Hilltops Council area includes the localities of Barwang, Beggan Beggan, Bendick Murrell, Berremangra (part), Berthong, Boorowa, Bribbaree (part), Bulla Creek, Burrangong, Cooneys Creek, Crowther, Cunningar, Frogmore, Galong, Godfreys Creek, Harden, Hovells Creek, Jugiong, Kikiamah, Kingsvale, Koorawatha (part), Maimuru, McMahon's Reef, Memagong, Milvale (part), Monteagle, Morangarell (part), Mount Collins, Murringo, Murrumburrah, Nubba, Reids Flat, Rugby, Rye Park, Taylors Flat, Thuddungra, Tubbul, Weedallion, Wirrimah, Wombat, Wyangala (part) and Young.





Land use

The Hilltops Council area is predominantly rural, with several townships which include residential, commercial and industrial areas. Settlement is based mainly in the townships of Boorowa, Harden – Murrumburrah and Young, and the villages of Bendick Murrell, Bribbaree, Frogmore, Galong, Jugiong, Koorawatha, Monteagle, Murringo, Reids Flat, Rugby, Rye Park and Wombat. The Council area encompasses a total land area of over 7,100 square kilometres. Rural land is used mainly for sheep and cattle grazing for meat and wool production, grain cropping, orcharding (particularly cherries), ducks, poultry, pigs, viticulture and mining also being important industries.



Transport

The Hilltops Council area is served by the major transport routes of the Hume Highway, the Olympic Highway, Burley Griffin Way, Lachlan Valley Way and the Melbourne-Sydney railway line through Harden. Canberra Airport is the nearest airport, 1 hour and 10 minutes from the South-East boundary of the LGA and two hours from Young. Canberra Airport has recently commenced international flights and Council is wishing to leverage off this opportunity.



Council Locations

Hilltops Council has three Council Chambers and Administration locations.

Hilltops Young
189 Boorowa Street
Young NSW 2594

Hilltops Harden
3 East Street
Harden NSW 2586

Hilltops Boorowa
6-8 Market Street
Boorowa NSW 2586



All correspondence should be addressed to the General Manager at the following postal address:

Hilltops Council
Locked Bag 5
Young NSW 2594



Council's website can be viewed at www.hilltops.nsw.gov.au . Council also has social media profiles that can be followed on Facebook, Twitter, and Instagram.



The Hilltops Community

Population Profile

The Hilltops region has a population of 18,953 with a population density of 0.03 persons/hectare. Under-15's makeup 21.2% of the population with 50-65's making up 20.4%.

Indigenous background

The original inhabitants of the Hilltops Council area were the Wiradjuri Aboriginal people and the Ngunnawal people in the South-East area of the LGA.



Our People

Hilltops Council's biggest asset is the community of people who reside in the area. Our region prides itself on working collaboratively and we have a strong volunteerism culture.

Volunteers are responsible for maintaining and managing our beautiful halls, ensuring our cemeteries are shown the respect they deserve, assisting to deliver high quality visitor information centres, and maintaining a host of sports grounds, parks, gardens and nature strips throughout the region.

We also have a highly active sporting and cultural community all year round.

Economic Development & Hilltops Small Businesses

There is a widely held view that small town decline is inevitable.

Small towns, rural areas – worldwide – face considerable economic development challenges. However, while there has been much recent focus on the decline of small towns in regional Australia, our Hilltops region is not losing population or businesses, and is in fact, growing.

Council recognises the importance of the appropriate level of services, irrespective of location.



Council is committed to working with our business community to ensure that we are providing an environment that encourages growth and development.

We want to thank our local businesses for the services they provide and the opportunities they give to our youth to live and work in the Hilltops region.



Hilltops Council Community Partners

A number of community committees and organisations have assisted the Hilltops Council in achieving its goals over the past reporting year.

Under Section 355 of the Local Government Act 1993, Hilltops Council may delegate some of its functions to a committee of Council. Council uses this delegation and appoints community people to manage its facilities or functions through a committee of management. Management committees provide an opportunity for local communities to develop ownership of facilities and services and play an active role in the provision of them.

Council cannot perform all the tasks necessary to provide a high standard of services and facilities for the community and Hilltops region volunteers provide an invaluable service to the community. Council has a responsibility to protect the health and safety of these volunteers, but also has legislative requirements to oversee the operation of volunteer committees, especially in regard to financial recording and reporting and comply with taxation rulings.

Progress Associations are individual community/village based organisations with four of them formal Section 355 Committees that manage assets and/or undertake a range of functions on behalf of Council. As well as formal section 355 committees there are all so other forms of village committees in existence that operate completely independently of Council with some villages having more than one community based organisation in place for various reasons. These separate entities take the form of Incorporated Associations, trusts (such as crown trusts) and unincorporated associations (i.e. groups of community members working together without any formal/legal governance arrangements in place).



-  Murringo Community Association
-  Jugiong Advancement Group
-  Galong Progress Association
-  Wombat Progress Association

In addition to the Community Section 355 Committees Council has a number of other community based committees in place and/or proposed by staff that serve a range of functions as listed below:

-  Young National Cherry Festival
-  Young Town Band
-  Boorowa Irish Woolfest
-  Australia Day (Young, Boorowa & Harden each have their own committee)
-  Boorowa Red Hill
-  Boorowa Community Garden
-  Harden Kite Festival
-  Healthy Harden



-  Young Healthy Shires
-  Young Sports Advisory
-  Harden Sports Advisory
-  Boorowa Showground
-  Sibelco Voluntary Planning Agreement
-  Rye Park Windfarm Community Enhancement Fund

During the Administration period, regional themes based committees were established as a means to gain broader community input into planning and delivering initiatives in partnership with Council with a list of those committees provided below.

-  Access
-  Arts & Cultural
-  Economic Development
-  Environmental Initiatives
-  Tourism
-  Youth Initiatives

Once Hilltops has newly elected Councillors in place, these committees will be reviewed with the potential of adding further committees based on advice from the elected representatives.

Hilltops Council has also established or is a member of various committees that provide advice and recommendations to Council on a range of matters.

Representation on the various committees may include community members, industry delegates, State representatives and/or Councillors and are normally called for and appointed for the term of a Council although this is not always the case.

These committees can be internal or external committees that have been created to help Council in making informed decisions on a range of matters or in some instances they are external committees where Council plays an advisory role for other entities.

The role of an Advisory Committee is to serve as an independent and objective party to help Council fulfil its responsibilities in relation to corporate governance, management of its financial affairs, compliance with laws and regulations, ethical behaviour and risk management.

Listed below are the advisory committees that Hilltops is currently a member of;

-  Goldenfields Water County Council
-  Local Emergency Management Committee
-  Local Traffic Committee
-  Floodplain Risk Management Committee
-  Hilltops Fruit Fly Initiatives
-  Lachlan Regional Transport
-  Southwest Regional Waste Management Group
-  Southern Slopes Bushfire Management & Liaison Committee
-  Police Advisory Command Team



-  Southern Tablelands Regional Arts Inc.
-  Young Showground Trust
-  Canberra Region Joint Organisation (CBRJO)
-  Central West Regional Organisation of Councils (CENTROC)
-  Country Mayors Association
-  Blayney/Demondrille Rail Line Working Group
-  Freight Productivity Group
-  Windfarm Community Consultative Committees (Coppabella, Rye Park, Bango)

During the period of Administration, one of Council's partners was dissolved and became a part of Hilltops Council.

-  Southern Slopes County Council (Southern Slopes Noxious Plant Authority)

In conjunction with Yass Valley Council, Hilltops Council delegated control of noxious weeds to the Southern Slopes Noxious Plant Authority. Prior to the merger, this service was available to the four member councils of Boorowa, Harden, Young and Yass Valley. With support from Yass Valley, Hilltops Council undertook a submission to the Minister to request the dissolution of the Southern Slopes County Council which was just recently announced as successful and the body was dissolved and brought in under the responsibility of Hilltops Council.

Hilltops Council does not hold a controlling interest in any corporations, partnerships, trusts, joint ventures, syndicates or other bodies.



Hilltops Council Event Highlights



Every year, each of the former Council areas held a myriad of events for their respective communities.

This year was the first time that the four largest events were planned and managed with an entirely regional focus in mind. And, of course, each event was bigger and better than ever!



Other events included;



The Jugiong Writer's Festival



Senior's Week Celebrations



Australia Day Celebrations



Sergeant Parry Day



Wombat Tractor Pull



Youth Week Celebrations



Christmas Carols



International Women's Day





Lambing Flat Chinese Festival

In March 2017, the Lambing Flat Chinese Festival relocated to Lynch street which attracted thousands of visitors to the central business district of Young.



This year, the event featured the Lambing Flat Chinese Festival Sculpture Wood and Big Art Exhibition, a traditional Wushu performance by the ANU Traditional Chinese Culture Society, traditional Chinese calligraphy demonstrations, Lion Dancing by the Australian Yau Kung Mun

Association, a Local Schools Future Faces Performance, Traditional Chinese Music by David and Eva, delicious and authentic Food and Market Stalls and a colourful street parade.



10th Annual Harden Kite Festival

The Harden Kite Festival is a family friendly event and in October 2016, it attracted record numbers to the Harden Racecourse. The big blue skies of the Hilltops come alive with colourful kites while on the ground, live entertainment, market and food stalls provide a fun and carnival like atmosphere.

Every year the entertainment on the ground increases with rock climbing and carnival rides making an afternoon to remember for the whole family!





20th Annual Irish Woolfest

After 20 years the Irish Woolfest continued to welcome thousands of visitors (approx. 10,000) to the region to celebrate the Wool industry and Boorowa's Irish heritage. 2016 was a unique year where the region experienced record rainfalls resulting in flooding prior to the festival however it did not deter too many visitors to Boorowa.



The main event, Boorowa's Running of the Sheep, was complemented by a range of other highlights such as Boorowa Through Vincent's Eyes Art Show, The St John Anglican Art Show, NSW Yard Dog Championships, The Boorowa Quick Shear, a lively Street Parade, loads of live entertainment including the Melbourne based Celtic Band Zeon, over 70 Handmade Craft and Food Stalls, Antique Engines and Tractor Display, The National Flyball Team, an Ecumenical Blessing of the Fleece, and the Australian Champion Whip Crackers.





67th Annual National Cherry Festival 2017

An event that has been running for nearly a lifetime continues to showcase the region's cherry industry. The Cherry Festival season attracts thousands of people to the region over several weeks to celebrate all things Cherry.

This year the season launched with the Cherry Blossom Long Lunch. It was a beautiful afternoon at the Batinich's Orchard.

The Cherry and Charity Queen coronation raised a record amount of funds for chosen charities and the National Cherry Festival Committee.

The Cherry Festival weekend included the ever popular and very colourful Cherry street parade, the famous Cherry Pie and Pip Spit Competition, a spectacular Friday night Fireworks display, the National Cherry Festival Motor Vehicle Display, loads of Market Stalls, the Celtic Tattoo Massed Band Spectacular, a Bush Poets Competition, the Big Breakfast in the Park, and live entertainment by local performers.





Your Hilltops Council

The Governing Body

When the NSW Government issued the Proclamation of May 12, 2016, that created the Hilltops Council, they also appointed an Administrator, Wendy Tuckerman, to maintain ethical, open and accountable governance until a new Council was elected in September 2017.



The key functions set for the Administrator were;

-  Chairing Council and committee meetings
-  Acting as the Council spokesperson
-  Overseeing the provision of business as usual services to the community
-  Making decisions with the future in mind
-  Attending major civic and community events
-  Managing the performance of the General Manager
-  Establishing Local Representation Committees (LRCs) and an Implementation Advisory Group (IAG)
-  Overseeing preparation and delivery of the implementation plan
-  Leading preparation of the statement of vision and priorities
-  Adopting the operational plans 2016-17 and 2017-18, including the budget
-  Engaging communities and partners in planning for the new Council
-  Engaging key local stakeholders
-  Communicating comprehensively with communities and staff

Administrator Expenses

Hilltops Council adopted a Payments of Expenses and Provision of Facilities to Administrators and Local Representation Committee Members Policy to comply with legislation and ensure adequate reimbursement to the Administrator in carrying out her duties on behalf of Council.

The following expenses have been incurred under this policy for the 2016-17 reporting year:

The Administrator was remunerated at a rate of \$15,000.00 / month.

Description of Administrator Expenses	\$
Travelling Expenses – Local (includes CBRJO area)	\$6,110.66
Travelling Expenses – Overseas	Nil
Conferences and Seminars	\$10,647.82
Telephone and Internet	\$1358.97
Accompanying Persons Expenses	Nil
Provision of Child Care	Nil
Total	\$18,117.45

The total amount of money expended during the year on Administrator fees and expense was \$204,755.95.

Representations

Over the past year, the Administrator has actively lobbied the state government for more transitional funding due to the significant discrepancies between the funding awarded to city councils versus regional councils. Hilltops Council is one of many merged Councils across the State that find themselves in a financial shortfall following the merger, due to the enormous costs of transition.

Throughout the past year, Council's involvement in the Central West Regional Organisation of Councils (CENTROC) and the Canberra Region Joint Organisation (CBRJO) has provided benefits through the economies of scale of working and lobbying with a group of Councils.

Council's Administrator and General Manager have conducted regular meetings with State and Federal representatives to advocate on issues such as the Stronger Communities Fund, Transition Costs, Water Security, Telecommunications, Rail Freight Accessibility and the Re-Instatement to the previous operating level of the Blayney-Demondrille rail line, additional community capacity for adequate health care, Gas Pipe-line, expansion of the Country Universities Centre into the Hilltops region and the establishment of an education precinct, a new state of the art Library facility, a new Rural Fire Service facility in Harden and road safety improvements such as passing lanes on the Lachlan Valley Way.



Attendance at conferences such as the LGNSW Annual Conference, has provided Council with platforms to present views to State and Federal Government representatives and to work with other Councils from across the country to lobby on current issues affecting all Councils as well as those affecting the Hilltops LGA.



In addition to formal Section 355 Committees, the Administrator and LRC members have continued to support other local initiatives and represent Council on a number of community committees and advisory boards.



Local Representation Committees (LRCs)

Three Local Representation Committees (LRCs) were formed during the period of Administration to provide advice to the Administrator on local views and issues in relation to the three former Council areas of Boorowa, Harden and Young.

The LRCs primarily were comprised of former Councillors and some community representatives who demonstrated a commitment to the success of the new council.

The LRCs met in their individual locations monthly and held three combined meetings during their term. The Administrator appointed the members of the LRCs and determined the Chairperson. The LRCs were appointed for a period of twelve months, with their term ending on the 30th June 2017.

The key responsibilities of the LRCs was to;

-  Provide input into the Operational Plans of 2016-17 and 2017-18;
-  Advise on the communication and engagement plans for the community;
-  Provide input to the statement of vision and priorities;
-  Assist to engage communities and partners in planning for the new Council; and
-  Provide input into selection of priority projects to be funded by the Stronger Communities Fund.

Members of each Local Representation Committee are listed below;

<i>Boorowa</i>	<i>Harden</i>	<i>Young</i>
Chris Corcoran	Chris Manchester	Brian Ingram
Jack Ryan	Jan Ryan	Stuart Freudenstein
Angus Clements	John Horton	Brian Mullany
Tim McGrath	Neil Reid	Tony Wallace
Andrew Southwell	Cathy Sanderson	Sandy Freudenstein
David Evans	Pat O'Connor	Ben Cooper

Implementation Advisory Committee

In addition to the Local Representation Committees, an Implementation Advisory Committee (IAG) was established.

The focus of the IAG Committee was on providing consolidated advice on the establishment of the new council and the delivery of the Implementation Plan. Key responsibilities of the IAG included;

- Providing input into the preparation of the Implementation Plan and monitoring its delivery;
- Providing input on the Stronger Communities Assessment Panel
- Providing input into the development of Council policies

Membership of the Implementation Advisory Group consisted of the Administrator as chair and the three Chairs of the Local Representation Committees.

<i>Boorowa</i>	<i>Harden</i>	<i>Young</i>
Chris Corcoran	Chris Manchester	Brian Ingram



Local Representation Committee and Implementation Advisory Group Expenses

Hilltops Council adopted a Payments of Expenses and Provision of Facilities to Administrators and Local Representation Committee Members Policy to comply with legislation and ensure adequate reimbursement to LRC members in carrying out their duties on behalf of Council.

The following expenses have been incurred under this policy for the 2016-17 reporting year:

Members of the LRC were remunerated at a rate of \$917.50 / month.

The Chairperson of each LRC additionally participated in the IAG were remunerated at an additional rate of \$917.50 / month, increasing their total remuneration to \$1835.00 / month.

Description of LRC Expenses	\$
Travelling Expenses - Local	\$11,218.32
Travelling Expenses – Interstate	Nil
Travelling Expenses – Overseas	Nil
Conferences and Seminars	Nil
Telephone and Internet	\$700.00
Accompanying Persons Expenses	Nil
Provision of Child Care	Nil
Total	\$11,918.32

The total amount of money expended during the year on Local Representation Committee and Implementation Advisory Group fees and expense was \$262,395.82.

Council Meetings

Everyone is invited to attend meetings of Council. Ordinary Council Meetings are held every fourth Wednesday. The meetings start at 5.30pm located in each of the three Council Chambers (Boorowa, Harden, Young) on a rotating basis.

Extraordinary Meetings are held from time to time to attend to urgent matters which require the decision of the full Council, and these meeting are advertised in the local papers.



The Agendas for Council Meetings are available on Council's website and a hard copy is made available at each Administration reception desk and in the Council Chambers on the day of the meeting. Business for Council meetings must be received at least ten (10) days prior to the meeting date.

Council meetings are lived streamed and can be viewed on the Council's website.

During the 2016-17 reporting year, Council met at 5.30pm, unless otherwise advertised, on the fourth Wednesday of each month, with the exception of January. Council held two Extraordinary meetings during the 2016-17 reporting year.



Executive Staff

Council's General Manager, Anthony McMahon is responsible for the implementation of Council's policies as well as the administration and management of all Council day-to-day business. For this financial year, the General Manager reported to the Administrator, in place of elected Councillors.

The General Manager is supported in the role by three Directors, forming the Executive team.



Senior Staff Remuneration

General Manager - \$272,900.00

Executive Staff - \$579,447.39 (Note: Executive staff roles were not in place for the full financial year)

The Organisation



Our staff have been busy over the last twelve months coping with an increased workload due to the enormous task of transitioning three Council's into one while maintaining 'business as usual' across the region.

There was an opportunity during the implementation process to recognise and build on the strengths of existing staff, policies, services, systems and processes across the new council, while also ensuring normal service delivery was maintained. Building on a strong

foundation will contribute to the success of the new council, and in turn will support a sense of achievement and a positive work environment for staff, with opportunities for development and promotion.



One of Council's key responsibilities to our staff during this transition period was to ensure that we provided clarity to staff about job security and the consultation processes that was put in place as we moved through the necessary steps to implementing a new organisational structure.

The success of Hilltops Council is dependent on a positive and service-focussed organisational culture. The staff need to feel secure in their employment and understand their new roles within the new organisational context.

Our Human Resources staff undertook a large-scale redevelopment of all position descriptions, employment arrangements and conditions and a new salary structure. As this phase of the workforce transition continues, Council will be undertaking analysis and modelling to support the preparation of a new workforce plan.



Council currently has 241 employees on staff with 9 traineeships and 1 apprenticeship. The actual number of employees is expected to fluctuate over the next few years as a result of short term temporary and casual arrangements to assist with delivery of an unusually large works program resulting from additional grant funds. Similarly, the need to establish new systems and undertaking initial reviews will mean resourcing requirements are likely to be higher during the establishment period of Hilltops before reaching a plateau.

The growth and skill development opportunities that working in local government offers means that Council has a large proportion of employees with long service records and high skill levels. This year, Council experienced the retirement of 6 of these employees long serving employees. While it is sad to see these people leave Council, it offers new opportunities to others in the community and Council has recruited replacements and promoted others within our existing workforce.



Council was also fortunate to gain the former Southern Slopes Noxious Plants Authority employees following the dissolution of the Southern Slopes County Council.

Organisational development initiatives and activities are driven by the values and behaviours defined in our 3C's – Customer Centric Services, Collaboration and Continuous Improvement. These values and behaviours are continuing to be integrated into the majority of our people-processes and practices.



The Rural Management Challenge, an intensive program for young local government professionals to develop and enhance their communication and leadership skills. The Hilltops team consisted of four junior professionals and was led by an executive mentor. The team won the pre-task challenge, which involved the development of a technological platform that could be used to improve and enhance Council's outreach to the community



 Use of MacArthur Life analysis tools to provide managers with 360° feedback and an organisational culture survey to provide a baseline measure and direction for organisational improvement

 Internally we have been overhauling our organisational structure. This project has included a major review of all organisational position descriptions and revision of the remuneration system to reduce integrate three pay-scales into one (making it more transparent and fair)

Equal Employment Opportunity (EEO)

Council believes the implementation of an effective Equal Employment Opportunity program will create a more productive workplace, where diversity is valued and will result in better services to the community.

All staff are obliged to follow non-discriminatory practices in the workplace, and Council, as the responsible employer, is legally accountable for discrimination in employment matters.



Equal Employment Opportunity includes appointment to positions, benefits, training opportunities and/or career development opportunity within the organisation, ensuring people will be equally considered, based on their relevant skills and qualifications. In practical terms, a commitment to EEO means that staff selection must be accurate, fair, accountable and systematic, and appointments/promotions should be based solely on merit. Decisions about staff selection must be made on job-related criteria only.

Council recently adopted a new Hilltops Council Equal Employment Opportunity Policy (27 July 2017). Council's EEO program aims to identify and eliminate barriers which may operate to exclude certain groups from the equal opportunity to be considered on their merits for employment, promotion and training. The policy also aims to eliminate all forms of workplace harassment.

Following on from the adoption of the policy, Council's Human Resources staff, in consultation with

Council's newly established Consultative Committee, are currently drafting of the required Equal Employment Opportunity Management Plan to ensure proper implementation of the EEO Policy. The main purpose of the Plan is to identify policies and programs that will achieve the objectives of the EEO Policy and provide affirmative action programs for EEO groups when needed. It also ensures that proper EEO training will be available to all staff as necessary and that all new employees are provided with an induction program that includes the EEO Management Plan.





Local Government Overview

Local Council is the third level of government that is directly accountable to the local community with powers and responsibilities conferred from State Government, with funding from local rates, charges and fees and grants from the NSW State Government and the Commonwealth Government. The Local Government Act 1993 provides Council with the framework and powers to provide community services and facilities.

So, What Does Council Do?

Provide and maintain community facilities such as:

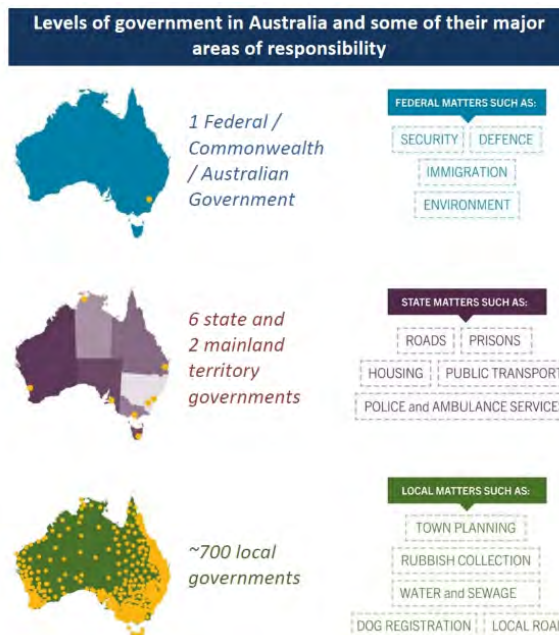
-  Parks and sportsgrounds
-  Playgrounds and skate parks
-  Community swimming pools
-  Sports and recreation facilities
-  Local libraries
-  Cemeteries

We care for the environment by:

-  Managing and enhancing bushland areas
-  Providing environmental and waste education and recycling services
-  Responding to pollution incidents
-  Monitoring water quality
-  Planting trees and controlling noxious weeds

We create a safer place to live by:

-  Maintaining and improving roads, footpaths and stormwater drains
-  Working with emergency organisations such as the Rural Fire Service, State Emergency Service and NSW Police
-  Managing the keeping of companion animals
-  Inspecting food premises
-  Treating and supplying drinking water to our community
-  Treating sewage to a high standard to protect human health



We enhance our community by:

-  Engaging with and listening to our community
-  Holding citizenship ceremonies, Australia Day Celebrations and the Seniors Week activities
-  Offering services for seniors, young people, new migrants and people with a disability
-  Providing grants to community organisations
-  Supporting local community groups such as sporting clubs, arts collectives, and charities
-  Encouraging and promoting volunteering in our communities

We plan for the future by:

-  Planning and managing the urban environment
-  Preserving heritage sites
-  Engaging and consulting with the community about priorities and needs
-  Developing long term strategic plans for Council and the Community



The Hilltops Council Local Government Area

-  2926km of roads
 - State Highways – 167km
 - Regional Roads – 303km
 - Sealed Roads – 944km
 - Unsealed Roads – 1512km
-  62 bridges
-  2420 sewerage manholes
-  345,227m of water main
-  132,294m sewer main
-  3 Sewage treatment plants
-  1 Water treatment plant
-  23 Reservoirs (Water)
-  11 Pump Stations (Water)
-  9 Pump Station (Sewer)
-  15 community halls (9 under Council care and control)
-  18 sporting grounds
-  4 swimming pools
-  3 libraries
-  3 Art Galleries
-  18 cemeteries





The Stronger Community Fund

The Stronger Communities Fund was a one-off NSW Government grant set up to provide funding to newly formed councils like ours. It was used to kick start the delivery of projects that improve our community infrastructure and services.



Funding we Received

Through the NSW Governments Stronger Communities Fund, we were allocated \$1million for a Community Grants Program with an additional \$14 million allocated for major projects. The Community grants were for individual project funding up to \$50,000 to go to incorporated not-for-profit community groups for projects that would develop more vibrant, sustainable and inclusive local communities.

How Funding has been Allocated

There was one round of funding applications, carefully assessed by a Council panel. All funding has now been allocated, and we congratulate the successful applicants who have received well-deserved funding for their organisation's projects.

final list of funding recipients was unanimously signed-off by the Stronger Communities Assessment Panel, following a review of all submissions, including input from each Local Representative Committee (LRC).





The list of Community groups and projects that received funding include:

Community Grants

Applicant	Project Title	Funds Allocated
Boorowa Amateur Swimming Club Inc	Pool Equipment upgrade	\$22,000
Boorowa and District Historical Society Inc	Museum Heating	\$1,900
Boorowa Cricket Club	Boorowa Cricket Club - Cricket Pitch Upgrade	\$18,524
Boorowa Gun Club Incorporated	Build disabled toilets & parking facilities	\$25,000
Boorowa Gun Club incorporated	Build shelter shed over existing clubhouse	\$25,000
Boorowa Junior Rugby League Club Inc	2017 and beyond Season Set up	\$4,745
Boorowa Men's Den Inc	Detailed Men's Shed fit out and storage	\$15,814
Boorowa Show Society	Showground Pavilion Kitchen	\$18,735
Boorowa Tennis Club Incorporated	Hilltops Regional Tennis Complex (Boorowa)	\$50,000
Bribbaree Show Society Inc	Construction of a new multipurpose building at Bribbaree Showgrounds	\$50,000
Harden Murrumburrah Arts Council	Maintenance of Iconic Murrumburrah/Harden Court House	\$47,748
Harden Murrumburrah Men's Shed	Replacement of Band Saw	\$1,067
Harden Regional Development Corporation Education Subcommittee	Bill the Bastard 5 Up	\$50,000
Harden Tennis Club Inc	Resurfacing of Tennis Courts	\$25,000
Jugiong Development Group	Enhancement of Jugiong Recreation Ground	\$22,000
Jugiong Polocrosse Club	Horse yards and field renovation	\$5,515
Koorawatha Progress Association	Koorawatha Public Toilets - War Memorial Park	\$50,000
Milvale Progress Association Inc	Repair and Upgrade Milvale Community Hall	\$35,124
Murringo Community Association Inc (also S355)	Parking at the Park	\$23,100
Roberts Park Trust	Roberts Park Community Sports Precinct Revitalisation.	\$49,500
Rye Park Soldiers Memorial Hall Inc	2 projects (maintenance of community assets)	\$20,000
The Rotary Club of Boorowa	A new storage shed for the Rotary Club of Boorowa	\$6,019



Wombat Equestrian Group Incorporated	Club House - which will include a storage area for club equipment and toilet facilities.	\$32,850
Young Amateur Swimming Club Inc	Lane Ropes	\$8,000
Young District Arts Council	Food Preparation Area	\$50,000
Young Dressage Association Inc	Erect a community use shed on the Bendick Murrell Crown Reserve Grounds at Bendick Murrell	\$38,170
Young Junior Rugby League	Renovation of Clubhouse	\$15,400
Young Junior Rugby Union	Awning for Club House	\$16,500
Young Lions Soccer Club	Gus Smith Oval proposed new extensions and refurbishment to amenities building.	\$36,240
Young Neighbourhood Centre Inc	Young Hub Community Inclusion Project (YHCIP)	\$50,000
Young Pony Club Incorporated	Young Pony Club Inc. & associated groups storage shed.	\$50,000
Young Regional School of Music	Disability and WHS compliance refurbishment of YRSM	\$34,069
Young Rugby League	Alfred Oval Drainage System	\$44,478
Young Rugby Union Football Club Inc	Cranfield Oval redevelopment - Irrigation & Drainage	\$50,000
Young Touch Association	Alfred Oval Speaker System	\$4,347

The below Community applications were funded from the Major Projects funding;

Applicant	Project Title	Funds Allocated
Frogmore Hall & Recreation Reserve Trust	Kitchen Appliance Upgrade	\$10,847
Galong Progress Association - (\$355)	Improvement and Maintenance of the Oval Clubhouse	\$16,135
Young Bowling Club Limited	Design Plans for the Hilltops Bowling & Tennis Precinct at Young	\$34,360
Bendick Murrell Community Hall Trust	Bendick Murrell Hall maintenance.	\$30,000
Monteagle Hall Committee - (\$355)	Replacing the existing dysfunctional toilets	\$50,000
Wombat Progress Association - (\$355)	Picnic seating and disabled access to Sports Club House/Toilet area.	\$14,498
Wombat Progress Association - (\$355)	Entrance Improvement Project	\$18,320



Major Projects

Strengthening Our Economy

Boorowa Caravan Park – Cabin & Camp Kitchen	\$200,000
Harden Caravan Park - Camp Kitchen	\$100,000
Urban Growth (Boorowa)	\$1,000,000

Improving Transport Links

Road Network Improvement Program (Boorowa)	\$700,000
--	-----------

Valuing Our Culture & Environment

Chinese Cemetery (Murrumburrah)	\$50,000
Hilltops Regional Library (Young)	\$2,000,000
Lambing Flat Chinese Tribute Garden (Young)	\$300,000
Solar Power	\$328,995
Burrangong Creek (Young)	\$1,500,000
Murrumbidgee Creek (Harden/Murrumburrah)	\$1,000,000

Encouraging Healthy Lifestyles

Harden Pool renewals	\$300,000
Young Swimming Pool	\$1,700,000
Trinity Centre Refurbishment (Harden)	\$100,000
Mechanics Institute (Harden)	\$250,000
Boorowa Tennis Courts	\$300,000
Hilltops Regional Tennis Complex Upgrade (Young)	\$1,000,000
Boorowa Play Ground	\$250,000
Harden Playgrounds	\$350,000
Harden Sports fields	\$1,000,000
Boorowa Sports Fields improvements (Inc lighting)	\$500,000
Cranfield Over redevelopment (Young)	\$600,000
Blackguard Gully (Young)	\$500,000
Museum Extension (Harden)	\$100,000



Hilltops Council 2016-17 – The Numbers in Statutory Review

Section 356 Donations

In addition to the Stronger Community Funds, Council contributed \$47,190.50 in financial assistance to community groups under section 356 of the Local Government Act 1993 during the 2016-17 year.

SECTION 356 DONATIONS	
LOCAL HEALTH ADVISORY COMMITTEE FORUM	\$500.00
YOUNG HISTORICAL SOCIETY	\$1000.00
YOUNG FAMILY HISTORY GROUP	\$150.00
SENIORS WEEK COMMITTEE	\$400.00
GIRL GUIDES AUSTRALIA	\$275.00
YOUNG ROTARY CLUB	\$400.00
YOUNG COMMUNITY ARTS CENTRE	\$500.00
MEALS ON WHEEL ORGAISATION	\$1000.00
BENDICK MURRELL RECREATION RESERVE	\$1750.00
YOUNG CAMERA CLUB	\$500.00
RIDING FOR THE DISABLED ASSOCIATION	\$2000.00
MILVALE PROGRESS ASSOCIATION	\$1750.00
WESTERN REGION ACADEMY OF SPORT	\$677.00
KOORAWATHA HALL COMMITTEE	\$1750.00
CADET HALL TRUSTEES	\$275.00
TIPPERARY GOLF CLUB	\$1000.00
YOUNG COMMUNITY CHEST	\$500.00
LEGACY CLUB YOUNG BRANCH	\$780.00
YOUNG SOCIETY OF ARTISTS	\$1000.00
YOUNG LIONS CLUB	\$190.00
YOUNG POULTRY CLUB	\$200.00
YOUNG RUGBY LEAGUE MASTERS	\$250.00
YOUNG HEALTH SERVICES AUXILLARY	\$173.50
GEORGINA JOSEPHINE FOUNDATION	\$300.00
YOUNG DISTRICT FIRE CADETS	\$250.00
YOUNG CADET TRAINING	\$720.00
HARDEN KENNEL CLUB	\$500.00
DONATION JUGIONG WRITERS FESTIVAL	\$500.00
PRINTING MONTHLY BULLETIN	\$500.00
YOUTH ART W/SHOPS	\$2,800.00
PRESENTATION NIGHT	\$500.00
63RD ANNUAL TOURNAMENT	\$1,500.00
TIWN TOWNS RODEO	\$5,000.00
129TH HARDEN SHOW	\$2,000.00
ANZAC & REMEMBERANCE DAYS	\$500.00
ELDERLY EXERCISE GROUPS	\$1,500.00
AUST DAY BREAKFAST	\$500.00
ANNUAL KITE FESTIVAL	\$9,000.00
COACHING CLASSES	\$1,100.00
ANZAC DAY CEREMONY	\$500.00
HARDEN DISTRICT ECUCATION FOUNDATION	\$2,000.00
AUST DAY CELEBRATION	\$500.00



Contracts Awarded (Over \$150,000.00)

Contract	Awarded to	Price
Young Stormwater Upgrade	Lyll & Associates	\$203,819.00
Winning & Crushing Gravel	Calvani Crushing Pty Ltd	\$207,491.90
Construction of Sporting Facilities at Hall Bros Oval	Everdell Constructions Pty Ltd	\$568,048.17
Boorowa - Redevelopment of Boorowa Swimming Pool Amenities Building	Alan Banks	\$401,239.81
Bennett springs Bridge Replacement	Transbridge group	\$929,382.72
Apps lane Curve realignment	Hardy Bros Mining & Civil Construction	\$464,435.17
Hilltops IWCM Strategy Contract	Public Works Advisory	\$196,222.00
Supply of Water Tanker	Wagga motors	\$224,810.00
Supply Smooth Drum Roller	Westrac Pty Ltd	\$146,300.00
Supply of two (2) Wheel Loaders	Porter Equipment Pty Ltd	\$396,858.00
Supply of three (3) Motor graders	Westrac Pty Ltd	\$1,049,400.00
Supply of prime Mover	Wagga Motors	\$198,893.48
Panels Provision of Traffic Management Services Contract Plant and Equipment hire Supply of bituminous Products	Care Traffic Services Platinum Traffic Services SJC traffic management Stop Slow Traffic Control Register established Bitumonous Products Pty Ltd Fulton Hogan Industries Pty Ltd	

Private Works

Council carried out \$371,218.00 in private works during the 2016-17 financial year.



Legal Proceedings

It is Council's practice to where ever possible to negotiate with the parties to ensure that legal proceedings are not commenced by Council or instigated against Council unless there is absolutely no room for negotiation.

Legal proceedings undertaken during 2016-17 comprised;

 Planning & Development	\$42,818.25
 Debt Recovery	\$86,729.58
 Other	\$11,980.89

Hilltops Council is party to class action proceedings with regard to financial products involving a large number of Councils. This has not yet been resolved.

Code of Conduct Complaints

During the 2016/17 financial year there were 2 complaints made concerning alleged breaches of the Model Code of Conduct by two members of a Section 355 Committee of Council. On receipt of these complaints, Council investigated each matter thoroughly.

Both matters were concluded.

Independent Commission Against Corruption (ICAC) Matters

Hilltops Council initiated two ICAC investigations during the 2016-17 financial year. The first was in response to a complaint regarding advertising of Council information and the second was in response to allegations of maladministration and corrupt conduct in regard to the awarding of the Local Government Information System (LGIS) tendering process.

In both instances, Council was deemed to be acting appropriately and no further action was taken.

Public Interest Disclosures

There were no public interest disclosures made during the 2016-17 financial year.

Privacy & Personal Information Protection (PPIP)

Council has not been made aware of any complaints of breaches of the Privacy and Personal Information Protection (PPIP) Act 1998.

Government Information Public Access Act (GIPA)

The Government Information (Public Access) Act 2009 encourages a system of responsible and representative democratic government that is open, accountable, fair and effective by authorising the proactive release of Council information and by giving members of the public an enforceable right to access government information. The Act provides that access to Council information is restricted only when there is an overriding public interest against disclosure.

During the 2016-17 year the Hilltops Council received five formal GIPA applications from members of the public and or private organizations. One application was ruled invalid, (the requisite fee was not paid), 1 application was granted in part, and three applications had access granted in full. All applications were made for information pertaining to 2015/DA-00078 – Blantyre Farms, Eulie Road, Harden.

The council is not required to report on informal applications.

Companion Animal Management

During the reporting year, Council was responsible for enforcing and ensuring compliance with the provisions of the Companion Animals Act 1998 and the regulations under the Act.

The community also has responsibilities under the Companion Animals Act 1998 and to ensure the community is aware of their obligations, Council has provided information brochures at the Council reception area on companion animals. Council aims to promote and assist the de-sexing of dogs with information posters displayed in the Council reception area and information in the media.

Council employs two Rangers. Companion animal management is one of the major functions for these staff. Council also maintains Companion Animal Facilities (pounds) in each of the three former Council areas, and staff are instructed to clean, maintain the facilities and provide daily animal care.

As an alternative to euthanasia, Council continues to rehome dogs and cats through various advertising methods and other rehoming organisations. Council requires all animals to be de-sexed and lifetime registered when leaving Council's Animal facilities.

Council will continue to review its animal management policies to work towards best practice methods.





Council Seizure Activity

The Companion Animal Facility management data collection returns were lodged with the Office of Local Government in compliance with the Companion Animals Act.

Hilltops Council Annual Seizure Activity						
	Boorowa		Harden		Young	
	Cats	Dogs	Cats	Dogs	Cats	Dogs
Seized	0	14	0	12	33	252
Returned to Owner	0		0	0	1	66
Transferred to Council's Facility	0	14	0	0	32	186
Animals In and Arriving at Council's Facility	Boorowa		Harden		Young	
	Cats	Dogs	Cats	Dogs	Cats	Dogs
Animals in Council's Facility (Start of Month)	0	0	0	0	15	31
Abandoned or Stray	0	0	0	0	44	5
Surrendered	0	2	0	5	0	15
Animals Transferred from Seizure Activities	0	14	0	0	32	186
Total Incoming Animals	0	16	0	17	91	247
Animals Leaving Council's Facility	Boorowa		Harden		Young	
	Cats	Dogs	Cats	Dogs	Cats	Dogs
Released to Owners	0	8	0	0	6	96
Sold	0	0	0	0	0	9
Released to Organisations for rehoming	0	7	0	2	28	60
Died at Council's Facility (other than euthanasia)	0	0	0	0	0	0
Stolen from Council's Facility	0	0	0	0	0	0
Escaped from Council's Facility	0	0	0	0	0	0
Other (reason if entered)	0	0	0	0	0	0
Euthanased	Boorowa		Harden		Young	
	Cats	Dogs	Cats	Dogs	Cats	Dogs
Restricted Dogs	0	0	0	0	0	0
Dangerous Dogs	0	0	0	0	0	2
Owners Request	0	1	0	0	0	4
Due to Illness/Disease or Injury	0	0	0	0	3	8
Feral/Infant Animal	0	0	0	0	35	0
Unsuitable for rehoming	0	0	0	0	5	28
Unable to rehome	0	0	0	0	0	5
Total Euthanased	0	1	0	4	43	47
Total Outgoing Animals	0	16	0	0	77	212
Total in Council's Facility (End of Month)	0	0	0	0	14	25



Environment Planning and Assessment Act

There were two planning agreements in force during the 2016-17 year – in accordance with section 93G (5) of the Environment Planning and Assessment Act.

Tegra

In 2013 the former Harden Shire Council entered into a planning agreement with Tegra Australia for the payment of Developer Contributions for the ongoing maintenance of the road network impacted as a result of an approval for expansion of mining extraction activities. The agreement was entered into because the contributions proposed were outside the scope of Council's Section 94 Contributions Plan that was in place at the time. The Agreement ensured that there is no net negative effect upon Council resources or finances as a result of these activities.

Sibelco

Hilltops Council entered into an agreement with Sibelco Australia under Section 93F of the Environmental Planning and Assessment Act, 1979 for the payment of developer contributions for the provision of community benefits and ongoing maintenance of roads impacted by the approval of increased material dispatch. The agreement was entered into as the payments proposed were outside of the scope of the Section 94A and Section 94 Contributions Plans that were in place at the time. The agreement is overseen by a committee constituted under Section 355 of the *Local Government Act 1993* consisting of community representatives, the Hilltops Council Administrator (in place of elected representatives), Sibelco representatives and Council staff.

Stormwater Levy

Hilltops Council has collected \$114,557.66 in charges from stormwater levy.



Delivery Program Achievements

Each year, Council is required to provide an annual report which addresses Council's annual performance in relation to the objectives contained within the Operational Plan & Delivery Program.

The Operational Plan & Delivery Program was initially structured in a way that complemented and made easy reference to the former three Council Operational Plans. The Plan did not attempt to fully consolidate the work undertaken by each of the former Councils, rather it presented the strategies, objectives and actions of each of the former Council's separately. Similarly, the format traditionally utilised by each of the former Councils to present their Operational Plans was not modified to minimise confusion and large scale immediate change.

As the year progressed, Council's Corporate and Community team worked to develop a new format that not only addresses all of the requirements of the integrated planning and reporting framework, but presents Council information in a more cohesive and unified strategy, representing the Hilltops region instead of individual former Council areas.

This report has been structured to try and simplify readability by outlining actions undertaken during the year based on the five key pillars that were identified by Hilltops Council early on; Community, Economy, Environment, Governance & Leadership and Infrastructure.





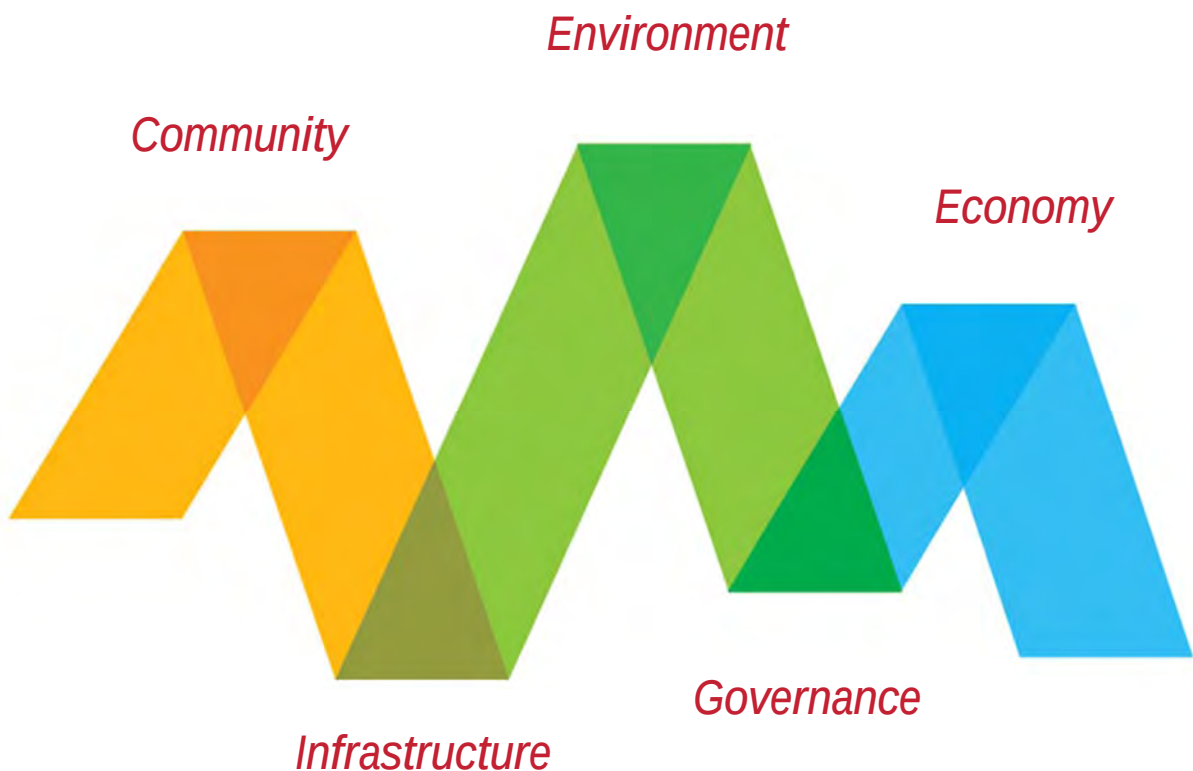
The Five Key Themes

Key Themes: Hilltops Council – Towards 2030 has five key themes. These reflect the ambitions of the community and are presented in a manner that outlines the outcomes to be achieved by 2030.

The first three themes provide the framework to deliver community, environmental, and economic outcomes to achieve our vision in partnership with other levels of government, the community and business.

The fourth theme provides the support to the first three themes through the provision and renewal of infrastructure.

The fifth theme outlines how as an organisation Hilltops Council will support the community through effective and transparent leadership.





Community





- New Hilltops Council Tourism and Visitor guides launched
- New tourism partnership with Visit Canberra established including cross promotion and marketing as well as \$10,000 sponsorship from Visit Canberra towards Hilltops events
- Hilltops SMARTSCAPE initiative commenced which is about delivering more social value to citizens through leveraging the linkages between the interconnecting strands of community life. It builds an ecosystem of people, organisations, opportunities and connected projects to weave an integrated, resilient and networked region
- Hilltops advertising signage on Burley Griffin Way and Hume Highway at Jugiong
- Hilltops Village entry signage
- Tablelands Tourism brand developed, and website commenced in collaboration with neighbouring Council's
- Developed the recently launched Canberra Region website with Councils across the region and the ACT Government
- New Hilltops tourism website developed
- Development of a Disability Inclusion Action Plan
- Completion of Murrumburrah History Hall Toilets with disabled access
- Purchase of a portable disabled toilet for use at events across the Hilltops areas, not only to increase accessibility in locations where none existed, but to increase number of facilities available
- Completion of Wombat Recreation Ground Toilets with disabled access
- Continuation of Healthy Shires and Healthy Harden Section 355 committees
- Support for and advocacy on behalf of Kruger Medical Centre
- Established several new committees to engage with the community on priority areas





- Provided access to a range of Council facilities including pools, libraries, playgrounds, parks and reserves, sporting facilities
- Explored opportunities for improved medical services across the region and provided support where possible including advocating to have GP registrar allocations increased and assisting to identify suitable sites to accommodate new services.
- Provided in excess of \$1m of grants to community organisations through the Stronger Communities Grants program
- Undertook village forums to inform and hear from our village communities
- Commenced planning for the development of the community strategic plan
- Led the Local Emergency Management Committee
- Actively participated in Bush Fire Management Committee Meetings and Police meetings
- Applied for community safety program grants for CCTC and lighting improvements.
- Commenced planning for the new RFS Zone Fire Control Centre and Region West headquarters
- Submitted funding bid to the Federal Governments Smart Cities and Suburbs Program
- Supported Hilltops Country University Centre to develop a business case to secure funding for a Country University Centre in the Hilltops
- Preparation of grant funding submissions for the Stronger Country Communities Program
- Allocation of Stronger Community Fund projects
- Regular Ministerial meetings to advocate on numerous issues to improve community life including Health, Education, Water supply and roads/rail
- Ranger services provided
- Finalisation of the construction of the Harden Skate Park



- Expression of Interest submitted jointly with Cowra and Blayney council to have rail line reopened to remove road freight burden with application for full section between Demondrille to the northern side of Lachlan River at Cowra (in addition to the previously committed \$5M to reopen between Demondrille and Mairamaru)
- Regular group meetings and advocacy to Minister to have rail line reopened
- Engagement with several local and regional businesses and industry to support business case for reopening of Blayney to Demondrille rail line
- Plans commenced and initial funding allocated for a new \$6.5m multi-purpose education & community precinct to include a new library and integrated University facility.
- Employment of new trainees and apprentices
- Facilitation of numerous forums by industry, educational institutes and multi-level Government agencies
- The Hilltops New Regional Living Lab program is being shaped as a collaboration between Hilltops Council and an open coalition of businesses, educational institutions, technology providers, community organisations and individuals who are working to make Hilltops a more vibrant, connected region
- Young Hall Brothers Oval Facilities Upgrade
- A new RFS Headquarters will be built in Harden
- Works progressed on the Boorowa Showground Masterplan
- Support for development of new Men's Shed in Boorowa
- Worked with RFS to assist with recruitment of new volunteers
- Attended numerous community events and meetings including with rotary and business chambers to provide information on Council projects and initiatives
- Advocacy undertaken on behalf of Burrowa House



- Continued rental agreements with Young District Medical Centre and Boorowa Street Practice in Young
- Invested in the refurbishment of a Council owned premise to increase medical service access in Young
- Continued lease agreements with Kruger Medical Centre in Harden
- Preparation of grounds for Reid's Flat Gymkhana and the Boorowa Combined Schools Football/Netball Carnival



Economy



- CSIRO Agricultural Research Station has relocated to Boorowa
- Upgrades/improvements to Cunningar Grain Terminal nearing completion
- Advocacy and funding submissions to have rail line reopened
- Business register developed
- ID Profile economic profiling tool and resources developed in conjunction with Canberra Region Councils
- Business and industry networking events coordinated and facilitated including partnering with Charles Sturt University and Regional Development Australia Southern Inland
- Successfully secured grant funding through the Murray Darling Basin Energise Enterprise Fund to formulate first Hilltops Economic Development Strategy
- Securing of new RFS Zone and Region West headquarters to retain jobs in the region and expand facilities to attract more visitors to area through training.
- Worked with private and Government partner stakeholders to develop business cases for gas and water pipeline projects
- Advocated on behalf of local business and industry direct to Federal Energy Minister on need for intervention on rising energy prices, particularly gas
- Active engagement in Canberra Region Joint Organisation Economic Development working group
- Partnered with ACT Government, Canberra Airport and other Canberra Region Councils to undertake Canberra Freight opportunities analysis
- Advocated for passing lanes on Lachlan Valley Way soon to be constructed to increase freight productivity and efficiency
- Delivered major capital road improvements and submitted further funding bids to improve productivity of regional and local freight networks
- Hilltops will be hosting the national pilot for an Agtech open sensor network roll-out





- Goldenfields Water County Council water conservation methods have been adopted across the Young and Harden areas
- Hilltops Council is a member of CENTROC's Smart Water
- Development of 'Hilltops Precincts' with grant application submitted to Smart Cities and Suburbs program. Hilltops Precincts will grow the regional economy, attract new industries, improve the way civic services are delivered through better use of emerging and new technology, provide enhanced education opportunities and ensure greater social and physical connectivity within our community
- Council maintains event Facebook pages for the National Cherry Festival and the Irish Woolfest. A post on the 2016 Irish Woolfest page went viral with over 57,000 views.
- Launch of the VisitHilltopsRegion Website – English with translations in Traditional and Simplified Chinese. The website pulls data from the Australian Tourism Data Warehouse – which means information and imagery is consistent on the Hilltops and other tourism websites such as VisitNSW and CanberraRegionTablelands.com.au
- Council utilises Social Media channels to promote a positive image of the Hilltops Region and promote the region as a place to visit and ultimately live. Facebook and Instagram are the primary tools, with twitter and YouTube also utilised. How do we compare with other Councils?



3. Boorowa爱尔兰羊毛节: AAAA节日。每年10月初的Long Weekend 是布罗瓦 (Boorowa) 的爱尔兰羊毛节。主要活动包括羊奔, 牧羊犬工作展示 (极具特色), 看爱尔兰风情表演, 此外还有大量的摊位可购买澳大利亚特色产品, 如纯皮制品, 乡村风格的糕点, 美利奴羊毛, 艺术品, 小吃摊等。该节日免费参加。由于参加的人很多, 开车前往的游客建议提前出发。2018年羊毛节将于9月30日举行。



Facebook:

LGA	Followers
Hilltops	7.6K
Cowra	6.1K
Orange	4.9K
Wagga Wagga City	5K
Mid Western Region	11.7K
Dubbo Regional	3.8K
Parkes Shire	2K
Yass Valley	12.2K
Goulburn	11.9K
Bathurst	4.1K

Instagram:

LGA	Followers
Hilltops	3,055
Cowra	1,583
Orange	2,970
Wagga Wagga City	4,781
Mid Western Region	7,771
Dubbo Regional	1,619
Parkes Shire	890
Yass Valley	1,120
Goulburn	1,213
Bathurst	1,361

Environment



- Progressing with planning for a water pipeline to connect Boorowa to Goldenfields Water being the same bulk water provider as Harden and Young which will improve water services across the Hilltops and allow more standardisation of services
- Water mains replacement in North, Derby, Lucan and Clarke Streets in Harden-Murrumburrah totalling 3.75 km
- Commencement of Integrated Water Cycle Management Strategy covering the Hilltops
- Commenced review of drinking water quality management plans
- Assessment of developments in accordance with land use controls to ensure environmentally sustainable development
- Attendance at schools across the Hilltops to do workshops on waste management and recycling
- Establishment of an environmental initiatives committee
- Submissions to waste industry reviews
- Allocation of funding to solar energy program on Council facilities
- Advocacy on river and creek riparian support (including willow removal and control)
- Reviews of drinking water quality management plans to ensure catchments are adequately managed
- Stormwater drainage improvement program delivered across three main townships
- Sewerage treatment plants managed to meet EPA effluent quality requirements
- Roadside and reserve weed control program delivered
- Flying fox management plan developed





- Took part in and promoted the Garage Sale Trail initiative regionally
- Grant funds applied for Burrangong creek environmental improvements
- Flood plain risk management plans developed for Boorowa and Young
- Integrated water cycle management strategy commenced
- Young Cemetery Masterplan developed
- Advocated direct to Federal Energy Minister for intervention to support more environmentally friendly energy sources being more cost effective
- Consolidation of waste servicing contracts for former Boorowa and Young LGA's pending finalisation of comprehensive waste services review to determine best long term fully integrated waste servicing solution (noting Harden is still internally serviced)
- Commenced transition of the Southern Slopes County Council (SSCC) that was trading as Southern Slopes Noxious Plants Authority back into Hilltops Council due to the constituents of SSCC only being Hilltops and Yass post-merger.
- Worked with private stakeholders to progress business case for natural gas to Harden as alternate energy source
- Commenced street light review program with CENTROC and CBRJO to plan for transition to lower energy and more efficient LED street lighting with smart controls
- Undertook compliance measures where necessary to deliver environmental outcomes
- Commenced conversion of Boorowa landfill to waste transfer station to consolidate waste to Bald Hill facility
- Undertook storm damage repair works
- Undertook asbestos awareness workshops
- Finalisation of Frogmore Waste Transfer Station
- Conversion of Boorowa Tip to Waste Transfer Station





Governance & Leadership



- Six regional committees established with the aim of ensuring broader community involvement in understanding and guiding decisions in what are considered areas of strategic priority including; Economic Development, Access, Arts & Cultural, Environmental Initiatives, Tourism and Youth Initiatives
- Review of Section 355 Committees in place prior to merger undertaken with majority re-established to ensure continuity of community involvement in addressing community issues
- Continuation of the Youth Council with a broader regional focus
- Creation of a Hilltops Council Regional Section 355 Youth Initiatives Committee
- Establishment of three Local Representation Committees (LRCs) during transition period providing additional mechanism for the community to raise issues for consideration, for Council to provide information to the community and to maintain a level of continuity to ensure local community based issues being considered pre-merger were not 'lost'.
- Establishment of an Implementation Advisory Committee (IAG) consisting of the Chairs of the three LRC's. The IAG provided a mechanism for reviewing holistically any recommendations coming through to Council from LRC's, provide advice on consolidation of policies, review transitional plan progress and to generally guide the Administrator on localised input into the transition whilst considering the holistic interests of the Hilltops



- Establishment of an Audit and Risk Improvement Committee that includes independent member and an independent Chair
- 15 Community Forums were organised to explain the Stronger Community Fund project requirements and allow residents and ratepayers the opportunity to directly address the Administrator and the General Manager about issues surrounding the transition
- Attendance at a number of village community meetings
- Regular meetings with numerous village progress associations
- Review of policies and development of integrated policies as a priority where a high degree of policy variation has been identified
- Integrated single website developed and implemented rapidly for interim arrangements whilst final fully integrated website developed which is expected to 'go live' around the time of election result announcements
- Preparation for a Voice of Internet Protocol (VOIP) telephone system that will enable direct phone linkage between all Council sites and will also lead to savings. This will be enacted in coming months as Councils microwave data link system between sites comes on line.
- Identification of most cost-effective solution to be able to connect sites to allow improved online services. Microwave solution currently being implemented.
- Introduction of across the board online payments (not formerly in place in all former Councils)
- Discussions with Stakeholders to value add to potential water pipeline for Boorowa's water security issues by planning a dual trench of a Natural Gas pipeline to Harden through Galong
- Clear explanation to the community that it will be the role of the new Council when elected to partner with the community to develop a shared long-term vision
- Explanation to the community that during the Administration period, Council had focussed on building on the previous similar priorities of the former Councils which had been developed with the communities
- Draft Economic Development Strategy is ready to be presented to Hilltops Councillors and pending approval, will be placed on public exhibition before being adopted as one of the first major planning documents of Council. Partner funding for the strategy was obtained through the Energise Enterprise Fund and both the Regional Economic Development Committee and the Regional Tourism Committee had input into the development of the draft



- Community forums undertaken on a number of key initiatives including;
 - o Stronger Communities Fund small grants program
 - o Economic Development Strategy
 - o Stronger Communities Fund Major Projects, Operational Plan and Budget
 - o Disability Inclusion Action Plan
 - o Flying Fox Management Plan
 - o Development system
 - o Business Marketing and Promotion
 - o Food Handling and Safety



- Pop up community stands for the public to ask questions and provide feedback on the draft Operational Plan and Budget
- Newsletters distributed to inform the community of initiatives being undertaken and provide opportunities for feedback
- Active social media platforms as a way to distribute information and monitor community responses
- Publicly advertising key policy and planning documents inviting submissions from the public
- Maintenance of customer service contact points in all three main centres
- New staff consultative committee established with representatives from across the organisation and different unions with clear and agreed governance framework
- Comprehensive organisational structure review undertaken in consultation with staff
- Recruitment of several new roles achieved by restructuring senior management roles
- Recruitment of a number of trainees, apprentices and cadets
- Successful team in Rural Management Challenge
- Regular briefings and newsletters to all staff on changes as they have been planned or occurred
- Development and introduction of staff values which are;
 - o **Customer Centric Services** – the community are our customers that deserve the best from us in every interaction we have and every action we take
 - o **Collaboration** – we are a team and will always achieve more as a team than as individuals – communication is the key
 - o **Continuous Improvement** – we may never reach perfection but that will always be our target
- Ability to make payments across any of the Councils Administrative sites regardless of former Local Government Area
- Ability to rates and notices by email in place of paper based
- New Local Government Information System (LGIS) which will allow more direct access for customers to interact with Council remotely and do things like track progress of DA's online and lodge customer requests online



Infrastructure



- Expression of Interest submitted jointly with Cowra and Blayney council to have rail line reopened to remove road freight burden with application for full section between Demondrille to the northern side of Lachlan River at Cowra (in addition to the previously committed \$5M to reopen between Demondrille and Maimuru)
- Integrated mapping of key freight transport routes across the Hilltops undertaken (rather than in isolation as three separate Local Government Area's) allowing prioritisation of funding applications and assessment of routes for higher productivity vehicle access
- Completed the Beachwood / Cumbamurrah widening for the RMS on the Burley Griffin Way
- Completed for the RMS over 14 km of resealing works on Burley Griffin and Olympic Highways
- Bitumen resurfacing of 4.3 km on local roads within the Harden area
- Total of 7.3 km of pavement rehabilitated on rural local roads funded from external grants and Section 94 sources within the Harden area.
- Total of 5.9 km of pavement rehabilitated on Cunnigar and Jugiong Roads funded from grant and section 94 sources.
- Further 240,000 litres of bitumen sprayed by Harden depot staff for Young and Boorowa Districts Council based road projects.
- Further Cycle way shared path stage completed in Albury Street, Murrumburrah, footpath linking path construction works completed in Ward and Derby Streets Murrumburrah.
- Unisex disabled access toilet constructed at the Wagenbah (Wombat) recreational grounds.
- Further stage completion of landscape works at the Wombat sculpture park, Wombat.
- Pavement and drainage reconstruction completed in Bathurst Street, Murrumburrah about railway underpass.



- Shoulder reconstruction and intersection reconstruction completed in Albury Street
- Wash down bay and heavy vehicle access pit works completed at the Harden Works Depot.
- Electrical upgrade works under taken at Harden Caravan Park, Wombat Hall, Jugiong Hall and Trinity business centre.
- McLean Oval change rooms received an overdue facelift involving a paint make-over.
- First stage of external weatherproofing works commenced at the Mechanics Institute, Harden.
- Trinity Centre, (Fire Control Office Block), external painting completed.
- Consolidated tendering for road sealing leading to considerable financial savings
- New online monitoring equipment installed at Boorowa Water Treatment Plant
- Inspection and cleaning works undertaken at town reservoirs and clear water tanks
- PLC and SCADA upgrade at Boorowa Water Treatment Plant
- Upgrade to Boorowa Water Treatment Plant safety ladders to meet WHS standards
- Over 5km road rehabilitation on Cunnigar Road
- Swimming pool painting and repair
- General weed control
- 900m road rehab Kenyu Road
- Road rehabilitation Long Street and over 2 km of town streets
- Pedestrian Access paths Along Scott Street, Queen Street and Pudman Street
- Completion of 5 lot subdivision (Market Street Boorowa)



- Over 4km road rehabilitation work Frogmore Road
- Village and local road ongoing maintenance
- Drainage works along Rugby Road from Oak Hill in preparation for 2 km of road work next financial year
- Storm damage repairs on Local and region roads
- Shade and seating improvements at the Boorowa Pool
- over 10 km Shoulder grading and repairs along Rugby Road
- Bennett Springs Bridge tender and design
- Boorowa Waste Facility Upgrade
- Boorowa Showground upgrade and Amenities building with associated field development- horse stables, dangerous tree removal etc
- Preparations for slab for the Boorowa Men's Den
- Completion of work on Young Road for Fixing Country Roads/ National Heavy Vehicle Grants
- Events planning and preparation - Woolfest, Football/Netball Carnival
- Private works
- 2 km along Darbys Falls drainage, tree removal and shoulder works
- CCTV inspection of 440m of Boorowa area sewer pipes
- New screen extractor at the Boorowa Sewerage Treatment Plant inlet
- New lids and jib kits at pumping stations
- Manhole refurbishment
- New Sewer Treatment Plant inlet flow RTU
- New switchboard and controller at pumping stations
- Consultation with the local Transport Industry and Regional Stakeholders to prioritise and garner support for transport and freight funding applications and assessment of routes for higher productivity vehicle access





- Council has advocated for existing healthcare providers in the Hilltops region on the shortage of GP services to our area
- Integrated mapping of key freight transport routes across the Hilltops undertaken (rather than in isolation as three separate Local Government Area's) allowing prioritisation of funding applications and assessment of routes for higher productivity vehicle access
- Grant application submitted to Fixing Country Truck Wash Program for Young which will be resubmitted to Round 2 (unsuccessful Round 1 with improvements to application made since) with truck wash to service industry across the whole of the Hilltops region
- Consolidated tendering for road sealing leading to considerable financial savings
- Chillingworks Road shoulder widening
- Maimuru Soldier Settlers shoulder widening
- \$1M in funding for heavy patching and pavement repair works on Regional Roads granted by Minister Duncan Gay
- Fixing Country Roads & Heavy Vehicle Safety and Productivity funding awarded and works completed on a section of Murringo Road between Boorowa and Murringo
- Roads to Recovery Funding granted and works completed to widen a section of Frogmore Road
- REPAIR grant projects funded for upgrades to both Milvale Road & Tubbul Road intersection as well as Milvale Road and Old Forbes Road intersection
- Upgrade to Darby's Falls Road through funding granted from Blackspot program
- Burrangong Creek Bridge replacement on Bribbaree Road
- Major Upgrades to Jugiong Road – 6000 metres squared at the BackJugiong Road intersection and 12 000 metres squared just south of Jellambi Creek
- Hilltops has become a member of Smart Water as part of CENTROC initiatives
- Goldenfields Water County Council water conservation measures have been implemented across the Young and Harden areas
- Installation of kerb and guttering at the intersection of Jugiong Road and Riverside Drive





Financial Summary

Financial Statements

Hilltops Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the period 13 May 2016 to 30 June 2017



Hilltops Council

General Purpose Financial Statements

for the period 13 May 2016 to 30 June 2017

Contents	Page
1. Understanding Council's Financial Statements	2
2. Statement by Councillors and Management	3
3. Primary Financial Statements:	
– Income Statement	4
– Statement of Comprehensive Income	5
– Statement of Financial Position	6
– Statement of Changes in Equity	7
– Statement of Cash Flows	8
4. Notes to the Financial Statements	9
5. Independent Auditor's Reports:	
– On the Financial Statements (Sect 417 [2])	74
– On the Conduct of the Audit (Sect 417 [3])	76

Overview

- (i) These financial statements are General Purpose Financial Statements and cover the consolidated operations for Hilltops Council.
- (ii) Hilltops Council is a body politic of NSW, Australia – being constituted as a local government area by proclamation and is duly empowered by the *Local Government Act 1993* (LGA).

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

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

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

- (iii) All figures presented in these financial statements are presented in Australian currency.
 - (iv) These financial statements were authorised for issue by the Council on 29 November 2017. Council has the power to amend and reissue these financial statements.
-

Hilltops Council

General Purpose Financial Statements for the period 13 May 2016 to 30 June 2017

Understanding Council's financial statements

Introduction

Each year, individual local governments across New South Wales are required to present a set of audited financial statements to their council and community.

What you will find in the statements

The financial statements set out the financial performance, financial position and cash flows of Council for the period 13 May 2016 to 30 June 2017.

The format of the financial statements is standard across all NSW Councils and complies with both the accounting and reporting requirements of Australian Accounting Standards and requirements as set down by the Office of Local Government.

About the Councillor/Management Statement

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

About the primary financial statements

The financial statements incorporate five 'primary' financial statements:

1. The Income Statement

Summarises Council's financial performance for the year, listing all income and expenses.

This statement also displays Council's original adopted budget to provide a comparison between what was projected and what actually occurred.

2. The Statement of Comprehensive Income

Primarily records changes in the fair value of Council's Infrastructure, Property, Plant and Equipment.

3. The Statement of Financial Position

A 30 June snapshot of Council's financial position indicating its assets, liabilities and "net wealth".

4. The Statement of Changes in Equity

The overall change for the year (in dollars) of Council's "net wealth".

5. The Statement of Cash Flows

Indicates where Council's cash came from and where it was spent. This statement also displays Council's original adopted budget to provide a comparison between what was projected and what actually occurred.

About the Notes to the Financial Statements

The Notes to the Financial Statements provide greater detail and additional information on the five primary financial statements.

About the Auditor's Reports

Council's annual financial statements are required to be audited by the NSW Audit Office. In NSW the auditor provides 2 audit reports:

1. an opinion on whether the financial statements present fairly the Council's financial performance and position, and
2. their observations on the conduct of the audit, including commentary on the Council's financial performance and financial position.

Who uses the financial statements?

The financial statements are publicly available documents and must be presented at a Council meeting between seven days and five weeks after the date of the Audit Report.

The public can make submissions to Council up to seven days subsequent to the public presentation of the financial statements.

Council is required to forward an audited set of financial statements to the Office of Local Government.

Hilltops Council

General Purpose Financial Statements

for the period 13 May 2016 to 30 June 2017

Statement by Councillors and Management

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

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

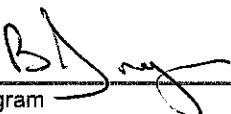
- the *Local Government Act 1993 (NSW)* (as amended) and the regulations made thereunder,
- the Australian Accounting Standards and professional pronouncements, and
- the Local Government Code of Accounting Practice and Financial Reporting.

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

- present fairly the Council's operating result and financial position for the period 13 May 2016 to 30 June 2017, and
- accord with Council's accounting and other records.

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

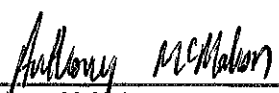
Signed in accordance with a resolution of Council made on 25 October 2017.



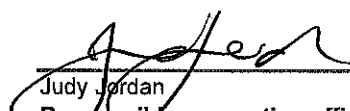
Brian Ingram
Mayor



Tony Wallace
Councillor



Anthony McMahon
General Manager



Judy Jordan
Responsible accounting officer

Hilltops Council

Income Statement

for the period 13 May 2016 to 30 June 2017

\$ '000	Notes	Actual 13/5/16 to 30/6/17
Income from continuing operations		
Revenue:		
Rates and annual charges	3a	20,913
User charges and fees	3b	14,055
Interest and investment revenue	3c	1,754
Other revenues	3d	1,141
Grants and contributions provided for operating purposes	3e,f	28,309
Grants and contributions provided for capital purposes	3e,f	18,742
Other income:		
Net gains from the disposal of assets	5	469
Net share of interests in joint ventures and associates using the equity method	19	—
Total income from continuing operations		85,383
Expenses from continuing operations		
Employee benefits and on-costs	4a	19,852
Borrowing costs	4b	6,318
Materials and contracts	4c	19,802
Depreciation and amortisation	4d	15,959
Impairment	4d	2,079
Other expenses	4e	19,606
Total expenses from continuing operations		83,616
Operating result from continuing operations		1,767
Discontinued operations		
Net profit/(loss) from discontinued operations	24	—
Net operating result for the period		1,767
Gain on local government amalgamation		
Assets and liabilities transferred from former councils	29	566,681
Net result for the period		568,448
Net operating result attributable to Council		568,448
Net operating result attributable to non-controlling interests		—
Net operating result for the period before grants and contributions provided for capital purposes		(16,975)

Hilltops Council

Statement of Comprehensive Income

for the period 13 May 2016 to 30 June 2017

\$ '000	Notes	Actual 13/5/16 to 30/6/17
Net result for the year (as per Income Statement)		568,448
Other comprehensive income:		
Amounts which will not be reclassified subsequently to the operating result Nil		
Amounts which will be reclassified subsequently to the operating result when specific conditions are met Nil		
Total other comprehensive income for the period		–
Total comprehensive income for the period		568,448
Total comprehensive income attributable to Council		568,448
Total comprehensive income attributable to non-controlling interests		–

Hilltops Council

Statement of Financial Position as at 30 June 2017

		Actual
\$ '000	Notes	2017
ASSETS		
Current assets		
Cash and cash equivalents	6a	13,542
Investments	6b	41,453
Receivables	7	9,532
Inventories	8	725
Other	8	73
Non-current assets classified as 'held for sale'	22	—
Total current assets		65,325
Non-current assets		
Investments	6b	—
Receivables	7	—
Inventories	8	—
Infrastructure, property, plant and equipment	9	539,522
Investments accounted for using the equity method	19	—
Investment property	14	—
Intangible assets	25	—
Other	8	—
Total non-current assets		539,522
TOTAL ASSETS		604,847
LIABILITIES		
Current liabilities		
Payables	10	3,345
Income received in advance	10	477
Borrowings	10	1,572
Provisions	10	6,467
Total current liabilities		11,861
Non-current liabilities		
Payables	10	111
Income received in advance	10	—
Borrowings	10	17,421
Provisions	10	7,006
Total non-current liabilities		24,538
TOTAL LIABILITIES		36,399
Net assets		568,448
EQUITY		
Retained earnings	20	568,448
Revaluation reserves	20	—
Total equity		568,448

This statement should be read in conjunction with the accompanying notes.

Hilltops Council

Statement of Changes in Equity

for the period 13 May 2016 to 30 June 2017

13/5/16 to 30/6/17

\$ '000	Notes	Retained earnings	Asset revaluation reserve (Refer 20b)	Other reserves (Refer 20b)	Council interest	Non-controlling interest	Total equity
Opening balance				–	–	–	–
a. Correction of prior period errors	20 (c)	–	–	–	–	–	–
b. Changes in accounting policies (prior year effects)	20 (d)	–	–	–	–	–	–
Revised opening balance		–	–	–	–	–	–
c. Net result for the year		568,448	–	–	568,448	–	568,448
d. Other comprehensive income Nil							
Total comprehensive income (c&d)		568,448	–	–	568,448	–	568,448
e. Distributions to/(contributions from) non-controlling interests		–	–	–	–	–	–
f. Transfers between equity		–	–	–	–	–	–
Equity – balance at end of the reporting period		568,448	–	–	568,448	–	568,448

Hilltops Council

Statement of Cash Flows

for the period 13 May 2016 to 30 June 2017

\$ '000	Notes	Actual 13/5/16 to 30/6/17
Cash flows from operating activities		
<u>Receipts:</u>		
Rates and annual charges		23,581
User charges and fees		16,669
Investment and interest revenue received		1,618
Grants and contributions		46,114
Other		4,259
<u>Payments:</u>		
Employee benefits and on-costs		(20,169)
Materials and contracts		(23,424)
Borrowing costs		(1,263)
Other		(7,187)
Net cash provided (or used in) operating activities	11b	40,198
Cash flows from investing activities		
<u>Receipts:</u>		
Sale of infrastructure, property, plant and equipment		1,238
Deferred debtors receipts		91
<u>Payments:</u>		
Purchase of investment securities		(15,955)
Purchase of infrastructure, property, plant and equipment		(22,511)
Net cash provided (or used in) investing activities		(37,137)
Cash flows from financing activities		
<u>Receipts:</u>		
Proceeds from borrowings and advances		3,800
<u>Payments:</u>		
Repayment of borrowings and advances		(2,428)
Net cash flow provided (used in) financing activities		1,372
Net increase/(decrease) in cash and cash equivalents		4,433
Plus: cash transferred on amalgamation of councils	29	9,109
Cash and cash equivalents – end of the year	11a	13,542
Additional Information:		
plus: Investments on hand – end of year	6b	41,453
Total cash, cash equivalents and investments		54,995

Please refer to Note 11 for information on the following:

- Non-cash financing and investing activities
- Financing arrangements
- Net cash flow disclosures relating to any discontinued operations

This statement should be read in conjunction with the accompanying notes.

Hilltops Council

Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

Contents of the notes accompanying the financial statements

Note	Details	Page
1	Summary of significant accounting policies	10
2(a)	Council functions/activities – financial information	21
2(b)	Council functions/activities – component descriptions	22
3	Income from continuing operations	23
4	Expenses from continuing operations	29
5	Gains or losses from the disposal of assets	33
6(a)	Cash and cash equivalent assets	34
6(b)	Investments	34
6(c)	Restricted cash, cash equivalents and investments – details	35
7	Receivables	37
8	Inventories and other assets	38
9(a)	Infrastructure, property, plant and equipment	39
9(b)	Externally restricted infrastructure, property, plant and equipment	40
9(c)	Infrastructure, property, plant and equipment – current year impairments	40
10(a)	Payables, borrowings and provisions	41
10(b)	Description of (and movements in) provisions	42
11	Statement of cash flows – additional information	43
12	Commitments for expenditure	44
13	Statement of performance measures:	
13a	Local government industry indicators (consolidated)	45
13b	Local government industry indicators (by fund)	46
14	Investment properties	47 n/a
15	Financial risk management	47
16	Material budget variations	50 n/a
17	Statement of developer contributions	51
18	Contingencies and other liabilities/assets not recognised	54
19	Interests in other entities	55 n/a
20	Retained earnings, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors	56
21	Financial result and financial position by fund	57
22	'Held for sale' non-current assets and disposal groups	59 n/a
23	Events occurring after the reporting date	59 n/a
24	Discontinued operations	59 n/a
25	Intangible assets	59 n/a
26	Reinstatement, rehabilitation and restoration liabilities	60
27	Fair value measurement	61
28	Related party disclosures	70 n/a
29	Local Government amalgamation	70

Additional council disclosures

30	Council information and contact details	73
----	---	----

n/a – not applicable

Hilltops Council

Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

Note 1. Summary of significant accounting policies

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

(a) Basis of preparation

The Local Government (Council Amalgamations) Proclamation 2016 ('the Proclamation') under the Local Government Act 1993 (NSW) transferred the assets and liabilities of 3 former councils:

- Boorowa Council
- Harden Shire Council
- Young Shire Council

to Hilltops Council as at 12 May 2016.

Pursuant to the Proclamation, financial statements have been prepared for the period commencing on the date of establishment of Hilltops Council, being 13 May 2016 and ending on 30 June 2017.

Future reporting periods will be from 1 July to 30 June of the relevant years.

Assets and liabilities of Boorowa, Harden and Young have been recognised by the Hilltops Council at the carrying amount recorded by the former council.

Hilltops Council believes the carrying amounts are not materially different from their fair values as at the date of transfer 12 May 2016.

The fair value of the net assets has been shown as a gain on local government amalgamation in the income statement and further information is provided in Note 29.

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

(i) New and amended standards adopted by Council

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

(ii) Early adoption of standards

Council has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 13 May 2016.

(iii) Historical cost convention

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

(iv) Significant accounting estimates and judgements

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Council's accounting policies.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Council and that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include:

- (i) Estimated fair values of infrastructure, property, plant and equipment,
- (ii) Estimated tip remediation provisions.

Hilltops Council

Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

Note 1. Summary of significant accounting policies (continued)

Significant judgements in applying the Council's accounting policies

Impairment of Receivables

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

(b) Revenue recognition

Council recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Council and specific criteria have been met for each of the Council's activities as described below.

Council bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

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

(i) Rates, annual charges, grants and contributions

Rates, annual charges, grants and contributions (including developer contributions) are recognised as revenue when the Council obtains control over the assets comprising these receipts. Developer contributions may only be expended for the purposes for which the contributions were required, but the Council may apply contributions according to the priorities established in work schedules.

Control over assets acquired from rates and annual charges is obtained at the commencement of the rating year as it is an enforceable debt linked to the rateable property or, where earlier, upon receipt of the rates.

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

Where grants or contributions recognised as revenues during the financial year were obtained on condition that they be expended in a particular manner or used over a particular period and those conditions were un-discharged at reporting date, the unused grant or contribution is disclosed in Note

3(g). The note also discloses the amount of unused grant or contribution from prior years that was expended on Council's operations during the current year.

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

(ii) User charges and fees

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

(iii) Sale of infrastructure, property, plant and equipment

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

(iv) Interest

Interest income is recognised using the effective interest rate at the date that interest is earned.

(v) Rent

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

(vi) Dividend income

Revenue is recognised when the Council's right to receive the payment is established, which is generally when shareholders approve the dividend.

(vii) Other income

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

(c) Principles of consolidation

(i) The Consolidated Fund

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

Hilltops Council

Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

Note 1. Summary of significant accounting policies (continued)

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

- Sec 355 Committees of Council
- South West Regional Waste Management Group
- South West Rural Fire Service.

(ii) The Trust Fund

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

Trust monies and property held by Council but not subject to the control of Council have been excluded from these reports. A separate statement of monies held in the Trust Fund is available for inspection at the Council office by any person free of charge.

(iii) County Councils

Council is a member of the following county councils (which are bodies incorporated under the *Local Government Act*):

- **Southern Slopes County Council**
Control of Noxious Weeds – Hilltops and Yass Council are the constituent Councils
- **Goldenfields County Council**
Provision of Water to Harden and Young

The governing body of each county council is responsible for managing its own affairs.

Council is of the opinion that it neither controls nor significantly influences the above county council/s and accordingly these entities have not been consolidated or otherwise included within these financial statements.

(iv) Interests in other entities

Subsidiaries

Council has no interest in any subsidiaries.

Joint arrangements

Council has no interest in any joint arrangements.

(d) Leases

Leases of property, plant and equipment where Council, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases.

Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that Council will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to Council as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Lease income from operating leases where Council is a lessor is recognised as income on a straight-line basis over the lease term.

(e) Impairment of assets

Intangible assets that have an indefinite useful life or are not yet available for use are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An

Hilltops Council

Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

Note 1. Summary of significant accounting policies (continued)

impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(f) Cash and cash equivalents

For Statement of Cash Flow presentation purposes, cash and cash equivalents includes cash on hand; deposits held at call with financial institutions; other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value; and bank overdrafts.

Bank overdrafts are shown within borrowings in current liabilities on the Statement of Financial Position.

(g) Inventories

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

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value.

Cost comprises direct materials, direct labour, and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(ii) Inventory held for distribution

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

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

Land held for resale is stated at the lower of cost and net realisable value. Cost is assigned by specific identification and includes the cost of acquisition, and development and borrowing costs during development. When development is completed borrowing costs and other holding charges are expensed as incurred.

Borrowing costs included in the cost of land held for resale are those costs that would have been avoided if the expenditure on the acquisition and development of the land had not been made. Borrowing costs incurred while active development is interrupted for extended periods are recognised as expenses.

(h) Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets; assets arising from employee benefits; financial assets; and investment properties that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of de-recognition.

Hilltops Council

Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

Note 1. Summary of significant accounting policies (continued)

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

(i) Investments and other financial assets

Classification

Council classifies its financial assets in the following categories: financial assets at fair value through profit or loss; loans and receivables; held-to-maturity investments; and available-for-sale financial assets.

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

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

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

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which that are classified as non-current assets.

Loans and receivables are included in other receivables (note 8) and receivables (note 7) in the Statement of Financial Position.

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Receivables are generally due for settlement within 30 days.

Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that Council's management has the positive intention and ability to hold to maturity. If Council were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale.

Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the reporting date, that are classified as current assets.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting date.

Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

Recognition and de-recognition

Regular purchases and sales of financial assets are recognised on trade-date: the date on which Council commits to purchase or sell the asset.

Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and Council has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are included in the income statement as gains and losses from investment securities.

Hilltops Council

Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

Note 1. Summary of significant accounting policies (continued)

Subsequent measurement

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Changes in the fair value of other monetary and non-monetary securities classified as available-for-sale are recognised in equity.

Impairment

Council assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired.

A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the assets are impaired.

(i) Assets carried at amortised cost

For loans and receivables the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Council may measure impairment on the basis of an instrument's fair value using an observable market price.

Collectability of receivables is reviewed on an on-going basis. Debts that are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of receivables) is used when there is

objective evidence that Council will not be able to collect all amounts due according to the original terms of the receivables.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The amount of the impairment loss is recognised in the income statement within other expenses. When a receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the income statement.

Investment Policy

Council has an approved investment policy complying with Section 625 of the Local Government Act 1993 (NSW) and Clause 212 of the Local Government (General) Regulation 2005 (NSW).

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

Council amended its policy following revisions to the Ministerial Local Government Investment Order (the Order) arising from the Cole Inquiry recommendations. Certain investments the Council holds are no longer prescribed; however, they have been retained under grandfathering provisions of the Order. These will be disposed of when most financially advantageous to Council.

Hilltops Council

Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

Note 1. Summary of significant accounting policies (continued)

(j) Fair value estimation – financial instruments

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. Council uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

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

(k) Infrastructure, property, plant and equipment (IPPE)

Council's assets have been progressively revalued to fair value in accordance with a staged implementation advised by the Office of Local Government. At reporting date, the following classes of IPPE were stated at their fair value:

Externally valued:

- Operational land
- Community land (Harden Area Only)
- Land improvements (Harden Area Only)
- Buildings – specialised/non-specialised
- Roads assets including roads, bridges and footpaths (Harden Area Only)
- Bulk earthworks (Harden Area Only)
- Stormwater drainage (Harden Area Only)
- Swimming pools (Harden Area Only)
- Other open space/recreational assets (Harden Area Only)

Internally valued:

- Community land (Boorowa and Young Area Only)
- Land improvements
- Other structures
- Roads assets including roads, bridges and footpaths (Boorowa and Young Area Only)
- Bulk earthworks (Boorowa and Young Area Only)
- Stormwater drainage (Boorowa and Young Area Only)
- Water and sewerage networks
- Swimming pools (Boorowa and Young Area Only)
- Other open space/recreational assets (Boorowa and Young Area Only)

As approximated by depreciated historical cost:

- Plant and equipment
- Land improvements (Boorowa Area only)

Non-specialised assets with short useful lives are measured at depreciated historical cost as an approximation of fair value. Council has assessed that any difference between fair value and depreciated historical cost is unlikely to be material.

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

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

Increases in the carrying amounts arising on revaluation are credited to the asset revaluation reserve. To the extent that the increase reverses a decrease previously recognising profit or loss relating to that asset class, the increase is first recognised as profit or loss.

Decreases that reverse previous increases of assets in the same class are first charged against revaluation reserves directly in equity to the extent of

Hilltops Council

Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

Note 1. Summary of significant accounting policies (continued)

the remaining reserve attributable to the class; all other decreases are charged to the Income Statement.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to Council and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation

Land is not depreciated.

Depreciation on other assets is calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

Plant and equipment

- Office equipment	5 to 10 years
- Office furniture	3 to 20 years
- Computer equipment	4 years
- Vehicles	5 to 10 years
- Heavy plant/road making equipment	5 to 10 years
- Other plant and equipment	5 to 25 years

Other equipment

- Playground equipment	5 to 15 years
- Benches, seats etc.	5 to 20 years

Buildings

- Buildings: masonry	50 to 100 years
- Buildings: other	20 to 40 years

Water and sewer assets

- Dams and reservoirs	80 to 100 years
- Bores	20 to 80 years
- Reticulation pipes: PVC	70-80 years
- Reticulation pipes: other	25 to 75 years
- Pumps and telemetry	15 to 20 years

Stormwater assets

- Drains	80 to 100 years
- Culverts	50 to 150 years
- Flood control structures	80 to 100 years

Transportation assets

- Sealed roads: surface	10-50 years
- Sealed roads: structure	50-150 years
- Unsealed roads	7-20 years
- Bridge: concrete	80- 100 years
- Bridge: other	50 – 100 years

- Road pavements	90 - 100 years
- Kerb, gutter and footpaths	15 - 100 years

Other infrastructure assets

- Bulk earthworks	Infinite
- Swimming pools	25 - 60 years
- Other open space/ recreational assets	15 - 100 years
- Other infrastructure	7 - 50 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

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

(l) Investment property

Investment property, principally comprising freehold office buildings, is held for long-term rental yields and is not occupied by the Council.

Investment property is carried at fair value, which is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, Council uses alternative valuation methods such as recent prices in less active markets, or discounted cash flow projections. Changes in fair values are recorded in the income statement as part of other income.

Properties that are under construction for future use as investment properties are regarded as investment properties. These are also carried at fair value unless the fair value cannot yet be reliably determined. Where that is the case, the property will be accounted for at cost until either the fair value becomes reliably determinable or construction is complete.

(m) Payables

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

Hilltops Council

Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

Note 1. Summary of significant accounting policies (continued)

(n) Borrowings

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

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

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

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

(o) Borrowing costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

(p) Provisions

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

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

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(q) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be wholly settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

The liability for annual leave and accumulating sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

(ii) Other long-term employee benefit obligations

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

Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with

Hilltops Council

Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

Note 1. Summary of significant accounting policies (continued)

terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

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

(iii) Retirement benefit obligations

All employees of the Council are entitled to benefits on retirement, disability or death. Council contributes to various defined benefit plans and defined contribution plans on behalf of its employees.

Defined Benefit Plans

A liability or asset in respect of defined benefit superannuation plans would ordinarily be recognised in the Statement of Financial Position, and measured as the present value of the defined benefit obligation at the reporting date plus unrecognised actuarial gains (less unrecognised actuarial losses) less the fair value of the superannuation fund's assets at that date and any unrecognised past service cost.

The present value of the defined benefit obligation is based on expected future payments that arise from membership of the fund to the reporting date, calculated annually by independent actuaries using the projected unit credit method.

Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. However, when this information is not reliably available, Council accounts for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans, i.e. as an expense when it becomes payable.

Defined Contribution Plans

Contributions to defined contribution plans are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(r) Land under roads

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

Land under roads is land under roadways and road reserves including land under footpaths, nature strips and median strips.

Council has elected not to recognise land under roads acquired before 1 July 2008 in accordance with AASB 1051 Land Under Roads.

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

(s) Self-insurance

Council does not self-insure.

(t) Intangible assets

Council has not classified any assets as intangible.

(u) Crown reserves

Crown Reserves under Council's care and control are recognised as assets of the Council. While ownership of the reserves remains with the Crown, Council retains operational control of the reserves and is responsible for their maintenance and use in accordance with the specific purposes to which the reserves are dedicated.

Improvements on Crown Reserves are also recorded as assets, while maintenance costs incurred by Council and revenues relating to the reserves are recognised within Council's Income Statement.

(v) Rural fire service assets

Under section 119 of the Rural Fire Services Act 1997 (NSW), "all fire fighting equipment purchased or constructed wholly or from money to the credit of the Fund is to be vested in the council of the area for or on behalf of which the firefighting equipment has been purchased or constructed".

Until such time as discussions on this matter have concluded and the legislation changed, Council will

Hilltops Council

Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

Note 1. Summary of significant accounting policies (continued)

recognise rural fire service assets including land and buildings, but will not recognise plant and vehicles.

(w) Goods and Services Tax (GST)

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

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

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

(x) New accounting standards and interpretations issued not yet effective

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

Council does not consider that these standards are likely to have a material impact on the Council's future financial statements, financial position, financial performance or cash flows

(y) Rounding of amounts

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

(z) Disclaimer

Nothing contained within these statements may be taken to be an admission of any liability to any person under any circumstance.

Hilltops Council

Notes to the Financial Statements for the period 13 May 2016 to 30 June 2017

Note 2(a). Council functions/activities – financial information

Functions/activities	Income, expenses and assets have been directly attributed to the following functions/activities. Details of these functions/activities are provided in Note 2(b).				
	Income from continuing operations	Expenses from continuing operations	Operating result from continuing operations	Grants included in income from continuing operations	Total assets held (current & non-current)
	Actual 13/5/16 to 30/6/17	Actual 13/5/16 to 30/6/17	Actual 13/5/16 to 30/6/17	Actual 13/5/16 to 30/6/17	Actual 13/5/16 to 30/6/17
Governance	–	1,129	(1,129)	19,952	–
Administration	21,703	6,740	14,963	194	60,437
Public order and safety	771	1,449	(678)	635	1,539
Health	99	475	(376)	3	9
Environment	5,723	11,625	(5,902)	–	6,336
Community services and education	16	283	(267)	4	3,054
Housing and community amenities	1,152	2,122	(970)	788	1,222
Water supplies	7,929	8,587	(658)	83	51,571
Sewerage services	4,262	16,816	(12,554)	64	50,040
Recreation and culture	1,814	5,869	(4,055)	877	21,185
Mining, manufacturing and construction	483	565	(82)	–	49
Transport and communication	9,621	20,549	(10,928)	6,842	403,021
Economic affairs	7,244	7,407	(163)	52	6,384
Total functions and activities	60,817	83,616	(22,799)	29,494	604,847
Share of gains/(losses) in associates and joint ventures (using the equity method)	–	–	–	–	–
General purpose income ¹	24,566	–	24,566	11,333	–
Operating result from continuing operations	85,383	83,616	1,767	40,827	604,847

1. Includes: rates and annual charges (incl. ex-gratia), untied general purpose grants and unrestricted interest and investment income.

Hilltops Council

Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

Note 2(b). Council functions/activities – component descriptions

Details relating to the Council's functions/activities as reported in Note 2(a) are as follows:

GOVERNANCE

Includes costs relating to Council's role as a component of democratic government, including elections, members' fees and expenses, subscriptions to local authority associations, meetings of Council and policy-making committees, public disclosure (e.g. GIPA), and legislative compliance.

ADMINISTRATION

Includes corporate support and other support services, engineering works, and any Council policy compliance.

PUBLIC ORDER AND SAFETY

Includes Council's fire and emergency services levy, fire protection, emergency services, beach control, enforcement of regulations and animal control.

HEALTH

Includes immunisation, food control, health centres etc.

ENVIRONMENT

Includes noxious plants and insect/vermin control; other environmental protection; solid waste management, including domestic waste; other waste management; other sanitation; and garbage, street cleaning, drainage and stormwater management.

COMMUNITY SERVICES AND EDUCATION

Includes administration and education; social protection (welfare); migrant, Aboriginal and other community services and administration (excluding accommodation – as it is covered under 'housing and community amenities'); youth services; aged and disabled persons services; children's services, including family day care; child care; and other family and children services.

HOUSING AND COMMUNITY AMENITIES

Includes public cemeteries; public conveniences; street lighting; town planning; other community amenities, including housing development and accommodation for families and children, aged persons, disabled persons, migrants and Indigenous persons.

WATER SUPPLIES

SEWERAGE SERVICES

RECREATION AND CULTURE

Includes public libraries; museums; art galleries; community centres and halls, including public halls and performing arts venues; sporting grounds and venues; swimming pools; parks; gardens; lakes; and other sporting, recreational and cultural services.

MINING, MANUFACTURING AND CONSTRUCTION

Includes building control, quarries and pits, mineral resources, and abattoirs.

TRANSPORT AND COMMUNICATION

Urban local, urban regional, includes sealed and unsealed roads, bridges, footpaths, parking areas, and aerodromes.

ECONOMIC AFFAIRS

Includes camping areas and caravan parks; tourism and area promotion; industrial development promotion; sale yards and markets; real estate development; commercial nurseries; and other business undertakings.

Hilltops Council

Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

Note 3. Income from continuing operations

\$ '000	Notes	Actual 13/5/16 to 30/6/17
(a) Rates and annual charges		
Ordinary rates		
Residential		4,244
Farmland		6,200
Mining		19
Business		1,519
Total ordinary rates		11,982
Special rates		
Stormwater levy		16
Total special rates		16
Annual charges (pursuant to s.496, s.496A, s.496B, s.501 & s.611)		
Domestic waste management services		1,589
Stormwater management services		99
Water supply services		2,569
Sewerage services		3,970
Waste management services (non-domestic)		299
Section 611 charges		10
Recycling		184
Greenwaste		187
Other		8
Total annual charges		8,915
TOTAL RATES AND ANNUAL CHARGES		20,913

Council has used the following year valuation provided by the NSW Valuer General in calculating its rates

- Former Boorowa Council area – 2015
- Former Harden Shire Council area – 2014
- Former Young Shire Council area – 2013

(b) User charges and fees

Specific user charges (per s.502 – specific 'actual use' charges)

Water supply services	4,519
Sewerage services	3
Waste management services (non-domestic)	45
Other	2
Total user charges	4,569

Hilltops Council

Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

Note 3. Income from continuing operations (continued)

\$ '000	Notes	Actual 13/5/16 to 30/6/17
(b) User charges and fees		
Other user charges and fees		
(i) Fees and charges – statutory and regulatory functions (per s.608)		
Building regulation		102
Inspection services		32
Planning and building regulation		123
Private works – section 67		401
Regulatory/ statutory fees		405
Regulatory fees		24
Section 149 certificates (EPA Act)		21
Section 603 certificates		19
Tapping fees		35
Town planning		52
Animal		11
Environment protection		1
Total fees and charges – statutory/regulatory		1,226
(ii) Fees and charges – other (incl. general user charges (per s.608))		
Caravan park		218
Cemeteries		275
Gravel pits		3
Lease rentals		389
Leaseback fees – Council vehicles		77
Library and art gallery		20
Park rents		22
Recycling income (non-domestic)		9
RMS (formerly RTA) charges (state roads not controlled by Council)		5,902
Swimming centres		91
Tourism		29
Waste disposal tipping fees		1,056
Water connection fees		3
Truckwash		16
Water plan fees		13
Septic tank fees		3
Sewer plan fees		7
Sewer connection fees		2
Cemetery interment		33
Other		92
Total fees and charges – other		8,260
<u>TOTAL USER CHARGES AND FEES</u>		<u>14,055</u>

Hilltops Council

Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

Note 3. Income from continuing operations (continued)

		Actual 13/5/16 to 30/6/17
\$ '000	Notes	
(c) Interest and investment revenue (including losses)		
Interest		
– Interest on overdue rates and annual charges (incl. special purpose rates)		124
– Interest earned on investments (interest and coupon payment income)		1,611
– Interest on deferred debtors		1
– Interest (other)		18
<u>TOTAL INTEREST AND INVESTMENT REVENUE</u>		<u>1,754</u>
Interest revenue is attributable to:		
Unrestricted investments/financial assets:		
Overdue rates and annual charges (general fund)		124
General Council cash and investments		1,127
Restricted investments/funds – external:		
Development contributions		
– Section 94		27
– Section 64		6
Water fund operations		248
Sewerage fund operations		173
South West Regional Waste Management Group		49
Total interest and investment revenue recognised		<u>1,754</u>
(d) Other revenues		
Rental income – other council properties		217
Fines		13
Fines – parking		28
Fines – other		41
Legal fees recovery – rates and charges (extra charges)		81
Legal fees recovery – other		4
Commissions and agency fees		25
Diesel rebate		176
Insurance claim recoveries		102
Sales – general		77
Promotion and trade fairs		19
Insurance incentives and rebates		84
Reimbursements other councils		9
Dividend southern phone		38
Sale of scrap metal		22
Section 355 committee		51
Sale of garbage bins		2
Insurance incentive rebates		21
Training incentives		10
Worker health and safety incentives		15
Workers compensation reimbursement		69
Other		37
<u>TOTAL OTHER REVENUE</u>		<u>1,141</u>

Hilltops Council

Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

Note 3. Income from continuing operations (continued)

	13/5/16 to 30/6/17 Operating	13/5/16 to 30/6/17 Capital
\$ '000		
(e) Grants		
General purpose (untied)		
Financial assistance – general component	7,141	–
Financial assistance – local roads component	3,998	–
Pensioners' rates subsidies – general component	194	–
Total general purpose	11,333	–
Specific purpose		
Pensioners' rates subsidies:		
– Water	76	–
– Sewerage	64	–
– Domestic waste management	79	–
Water supplies	7	–
Sewerage services	–	581
Bushfire and emergency services	604	31
Economic development	52	–
Employment and training programs	9	–
Flood restoration	2,808	–
Heritage and cultural	229	–
Library – per capita	104	–
LIRS subsidy	123	–
Recreation and culture	109	435
Street lighting	99	–
Transport (roads to recovery)	2,548	–
Transport (other roads and bridges funding)	–	1,462
Youth services	4	–
Health programs	3	–
New Council Implementation Funds	5,000	–
Stronger Community Funds	–	15,000
Other	25	–
Fire and emergency services	12	–
Flood study	29	–
Technology IPAD	1	–
Total specific purpose	11,985	17,509
Total grants	23,318	17,509
Grant revenue is attributable to:		
– Commonwealth funding	13,696	302
– State funding	9,622	17,207
	23,318	17,509

Hilltops Council

Notes to the Financial Statements for the period 13 May 2016 to 30 June 2017

Note 3. Income from continuing operations (continued)

\$ '000	Notes	13/5/16 to 30/6/17 Operating	13/5/16 to 30/6/17 Capital
(f) Contributions			
Developer contributions:			
(s93 & s94 – EP&A Act, s64 of the LGA):			
S 94 – contributions towards amenities/services		102	345
S 94A – fixed development consent levies		–	113
S 64 – water supply contributions		–	102
S 64 – sewerage service contributions		–	77
Total developer contributions	17	102	645
Other contributions:			
Bushfire services		57	–
Community services		4	–
Other councils – joint works/services		2,361	–
Recreation and culture		64	73
Roads and bridges		–	57
RMS contributions (regional roads, block grant)		2,316	442
Sewerage (excl. section 64 contributions)		–	1
Water supplies (excl. section 64 contributions)		–	2
Waste		19	–
Health equipment		23	–
Other		12	13
Other		33	–
Total other contributions		4,889	588
Total contributions		4,991	1,233
TOTAL GRANTS AND CONTRIBUTIONS		28,309	18,742

Hilltops Council

Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

Note 3. Income from continuing operations (continued)

	Actual 13/5/16 to 30/6/17
\$ '000	
(g) Unspent grants and contributions	
Certain grants and contributions are obtained by Council on condition that they be spent in a specified manner:	
Unexpended at the close of the previous reporting period (former Councils)	3,226
Add: grants and contributions recognised in the current period but not yet spent:	20,051
Less: grants and contributions recognised in a previous reporting period now spent:	(1,347)
Net increase (decrease) in restricted assets during the period	18,704
Unexpended and held as restricted assets	21,930
Comprising:	
– Specific purpose unexpended grants	18,932
– Developer contributions	1,953
– Other contributions	1,045
	21,930

Hilltops Council

Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

Note 4. Expenses from continuing operations

		Actual 13/5/16 to 30/6/17
\$ '000	Notes	
(a) Employee benefits and on-costs		
Salaries and wages		15,871
Travel expenses		6
Employee leave entitlements (ELE)		2,420
Superannuation		1,886
Workers' compensation insurance		522
Fringe benefit tax (FBT)		94
Payroll tax		87
Training costs (other than salaries and wages)		234
Protective clothing		74
WH&S expenses		23
Other		134
Total employee costs		21,351
Less: capitalised costs		(1,499)
TOTAL EMPLOYEE COSTS EXPENSED		19,852
Number of 'full-time equivalent' employees (FTE) at year end		221
(b) Borrowing costs		
(i) Interest bearing liability costs		
Interest on overdraft		1
Interest on loans		1,149
Total interest bearing liability costs		1,150
Less: capitalised costs		—
Total interest bearing liability costs expensed		1,150
(ii) Other borrowing costs		
Discount adjustments relating to movements in provisions (other than ELE)		
– Remediation liabilities	26	5,168
Total other borrowing costs		5,168
TOTAL BORROWING COSTS EXPENSED		6,318

Hilltops Council

Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

Note 4. Expenses from continuing operations (continued)

\$ '000	Notes	Actual 13/5/16 to 30/6/17
(c) Materials and contracts		
Raw materials and consumables		22,511
Contractor and consultancy costs		1,432
– Contractor and consultancy costs		201
– RTA works		293
– Private works		4
– Contractors		624
– Security services		23
– IT support services		2
– Engineering		44
– Town planning		58
– Regional landfill receival charges		966
– Infrastructure capital works		1,095
– Waste haulage		454
Auditors remuneration ⁽¹⁾		42
Legal expenses:		
– Legal expenses: planning and development		43
– Legal expenses: debt recovery		87
– Legal expenses: other		12
Operating leases:		
– Operating lease rentals: minimum lease payments ⁽²⁾		43
Water acquisition costs		2,682
Water purchase		1,368
Swimming pool		15
Other		122
Total materials and contracts		32,121
Less: capitalised costs		(12,319)
TOTAL MATERIALS AND CONTRACTS		19,802

1. Auditor remuneration

a. During the year, the following fees were incurred for services provided by the other Council's Auditors (and the Auditors of other consolidated entities):

(i) Audit and other assurance services

– Audit and review of financial statements: Council's Auditor	35
– Internal audit	7

Total remuneration of other Council's Auditors	42
---	-----------

Total Auditor remuneration	42
-----------------------------------	-----------

2. Operating lease payments are attributable to:

Other	43
	43

Hilltops Council

Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

Note 4. Expenses from continuing operations (continued)

\$ '000	Notes	Actual 13/5/16 to 30/6/17
(d) Depreciation, amortisation and impairment		
Depreciation and amortisation		
Plant and equipment		2,436
Office equipment		87
Furniture and fittings		51
Land improvements (depreciable)		2
Infrastructure:		
– Buildings – non-specialised		529
– Buildings – specialised		1,971
– Other structures		217
– Roads		6,228
– Bridges		580
– Footpaths		122
– Stormwater drainage		354
– Water supply network		1,555
– Sewerage network		1,269
– Swimming pools		169
– Other open space/recreational assets		287
Other assets		
– Library books		62
Asset reinstatement costs	9 & 26	40
Total gross depreciation and amortisation costs		15,959
Less: capitalised costs		–
Total depreciation and amortisation costs		15,959
Impairment		
Infrastructure:		
– Roads		2,079
Total impairment costs		2,079
TOTAL DEPRECIATION AND IMPAIRMENT COSTS EXPENSED		18,038

Hilltops Council

Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

Note 4. Expenses from continuing operations (continued)

\$ '000	Notes	Actual 13/5/16 to 30/6/17
(e) Other expenses		
Advertising		87
Bad and doubtful debts		(2)
Bank charges		101
Cleaning		27
Computer software charges		254
Contributions/levies to other levels of government		4
– Emergency services levy (includes FRNSW, SES, and RFS levies)		239
– NSW fire brigade levy		45
– NSW rural fire service levy		408
– Waste levy		1
– Southern Slopes Noxious Weeds County Council		83
– South West Regional Library		278
– South Western rural fire zone		10
Councillor expenses – mayoral fee		1
Councillor expenses – councillors' fees		252
Councillors' expenses (incl. mayor) – other (excluding fees above)		49
Donations, contributions and assistance to other organisations (Section 356)		57
– Donations, contributions and assistance		32
– Local Government Association		20
– South West Regional Library		36
– Southern Slopes Weeds Authority		81
– Other memberships and subscriptions		5
– ROC membership		12
– Section 355 committees and community events		49
– Water utilities alliance		9
– Shires Association		19
– Southern Slopes Noxious Weeds Authority		71
– SW Regional Library		53
– Donations, contributions and assistance		882
Electricity and heating		744
Fair value decrements – I,PP&E	9(a)	13,052
Fire control expenses		92
Insurance		321
Office expenses (including computer expenses)		186
Postage		101
Printing and stationery		149
Street lighting		263
Subscriptions and publications		247
Telephone and communications		177
Tourism expenses (excluding employee costs)		144
continued on next page...		

Hilltops Council

Notes to the Financial Statements for the period 13 May 2016 to 30 June 2017

Note 4. Expenses from continuing operations (continued)

		Actual 13/5/16 to 30/6/17
\$ '000	Notes	
(e) Other expenses (continued)		
Valuation fees		42
Valuation fees – land rates		47
Licence fees		14
Lease property		33
Insurance premiums (excluding motor vehicle)		698
Promotion and trade fairs		83
Computer support costs		4
Other		46
Total other expenses		19,606
Less: capitalised costs		–
<u>TOTAL OTHER EXPENSES</u>		<u>19,606</u>

Note 5. Gains or losses from the disposal of assets

		Actual 13/5/16 to 30/6/17
\$ '000	Notes	
Property (excl. investment property)		
Proceeds from disposal – property		49
Less: carrying amount of property assets sold/written off		(22)
Net gain/(loss) on disposal		27
Plant and equipment		
Proceeds from disposal – plant and equipment		1,189
Less: carrying amount of plant and equipment assets sold/written off		(639)
Net gain/(loss) on disposal		550
Infrastructure		
Proceeds from disposal – infrastructure		–
Less: carrying amount of infrastructure assets sold/written off		(108)
Net gain/(loss) on disposal		(108)
<u>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</u>		<u>469</u>

Hilltops Council

Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

Note 6a. – Cash assets and Note 6b. – investments

\$ '000	Notes	2017	
		Actual Current	Actual Non-current
Cash and cash equivalents (Note 6a)			
Cash on hand and at bank		1,909	–
Cash-equivalent assets ¹			
– Deposits at call		383	–
– Short-term deposits		11,250	–
Total cash and cash equivalents		13,542	–
Investments (Note 6b)			
– Long term deposits		41,450	–
– Listed equity securities		3	–
Total investments		41,453	–
TOTAL CASH ASSETS, CASH EQUIVALENTS AND INVESTMENTS		54,995	–

¹ Those investments where time to maturity (from date of purchase) is < 3 mths.

Cash, cash equivalents and investments were classified at year end in accordance with AASB 139 as follows:

Cash and cash equivalents

a. 'At fair value through the profit and loss'

13,542	–
---------------	----------

Investments

a. 'Held to maturity'

41,453	–
--------	---

Investments

41,453	–
---------------	----------

Refer to Note 27. Fair value measurement for information regarding the fair value of investments held.

Hilltops Council

Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

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

	13/5/16 to 30/6/17 Actual Current	13/5/16 to 30/6/17 Actual Non-current
\$ '000		
Total cash, cash equivalents and investments	54,995	–
attributable to:		
External restrictions (refer below)	23,498	–
Internal restrictions (refer below)	30,757	–
Unrestricted	740	–
	54,995	–

13/5/16 to 30/6/17	Transferred from former Councils	Transfers to restrictions	Transfers from restrictions	Closing balance
\$ '000				

Details of restrictions

External restrictions – included in liabilities

Specific purpose unexpended loans – general (A)	947	–	(247)	700
---	-----	---	-------	-----

External restrictions – included in liabilities	947	–	(247)	700
--	------------	----------	--------------	------------

External restrictions – other

Developer contributions – general (D)	925	600	(307)	1,218
Developer contributions – water fund (D)	603	107		710
Developer contributions – sewer fund (D)	20	77	(72)	25
RMS (formerly RTA) contributions (E)	5	–	(5)	–
Specific purpose unexpended grants (F)	1,310	1,672	(1,833)	1,149
Water supplies (G)	7,776	3,353	(2,469)	8,660
Sewerage services (G)	5,269	2,532	(424)	7,377
Domestic waste management (G)	151	–	–	151
Stormwater management (G)	126	–	–	126
Grants received in advance	164	–	(164)	–
Waste transfer station	237	–	–	237
Regional waste group	1,763	589	(26)	2,326
Regional fire zone	26	–	(15)	11
Other contributions	93	–	(72)	21
Other	762	25	–	787

External restrictions – other	19,230	8,955	(5,387)	22,798
Total external restrictions	20,177	8,955	(5,634)	23,498

- A Loan moneys which must be applied for the purposes for which the loans were raised.
- D Development contributions which are not yet expended for the provision of services and amenities in accordance with contributions plans (refer Note 17).
- E RMS contributions which are not yet expended for the provision of services and amenities in accordance with those contributions.
- F Grants which are not yet expended for the purposes for which the grants were obtained. (refer Note 1 (b))
- G Water, sewerage, domestic waste management (DWM) and other special rates/levies/charges are externally restricted assets and must be applied for the purposes for which they were raised.

Hilltops Council

Notes to the Financial Statements for the period 13 May 2016 to 30 June 2017

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

13/5/16 to 30/6/17 \$ '000	Transferred from former Councils	Transfers to restrictions	Transfers from restrictions	Closing balance
Internal restrictions				
Plant and vehicle replacement	702	–	–	702
Infrastructure replacement	3,388	243	(1,592)	2,039
Employees leave entitlement	3,050	128	–	3,178
Carry over works	2,139	–	(1,017)	1,122
Financial assistance grant advance payment	–	3,769	–	3,769
Incomplete works reserve	247	–	(148)	99
Implementartion Funding	–	5,000	(1,335)	3,665
Stronger Councils Funds	–	15,000	(882)	14,118
Quarries and pit restoration	552	–	–	552
Housing and community	1,560	–	(138)	1,422
Community services	10	–	(10)	–
Corporate support reserves	111	–	(28)	83
Depot improvements	50	–	(50)	–
Economic affairs	60	–	(60)	–
Health	25	–	(25)	–
Public order and safety	54	–	(54)	–
Recreational and cultural	272	–	(264)	8
Roads and other transport reserves	81	–	(81)	–
Stormwater upgrade	32	–	(32)	–
Town improvement	12	–	(12)	–
Total internal restrictions	12,606	24,140	(5,989)	30,757
TOTAL RESTRICTIONS	32,783	33,095	(11,623)	54,255

Hilltops Council

Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

Note 7. Receivables

\$ '000	Notes	2017	
		Current	Non-current
Purpose			
Rates and annual charges		1,555	—
Interest and extra charges		207	—
User charges and fees		695	—
Private works		26	—
Contributions to works		29	—
Accrued revenues			
– Interest on investments		393	—
– Other income accruals		55	—
Amounts due from other councils		168	—
Deferred debtors		26	—
Government grants and subsidies		5,604	—
Net GST receivable		603	—
Contributions		253	—
Other debtors		5	—
Total		9,619	—
Less: provision for impairment			
Rates and annual charges		(35)	—
User charges and fees		(35)	—
Other debtors		(17)	—
Total provision for impairment – receivables		(87)	—
<u>TOTAL NET RECEIVABLES</u>		<u>9,532</u>	<u>—</u>
Externally restricted receivables			
Water supply			
– Rates and availability charges		348	—
– Other		903	—
Sewerage services			
– Rates and availability charges		352	—
– Other		103	—
Domestic waste management		108	—
Stormwater management		8	—
Total external restrictions		1,822	—
Internally restricted receivables			
Nil			
Unrestricted receivables		7,710	—
TOTAL NET RECEIVABLES		9,532	—

Notes on debtors above:

- Rates and annual charges outstanding are secured against the property.
- Doubtful rates debtors are provided for where the value of the property is less than the debt outstanding.
An allowance for other doubtful debts is made when there is objective evidence that a receivable is impaired.
- Interest was charged on overdue rates and charges at 8.50% (2016 8.50%).
Generally all other receivables are non-interest bearing.
- Please refer to Note 15 for issues concerning credit risk and fair value disclosures.

Hilltops Council

Notes to the Financial Statements for the period 13 May 2016 to 30 June 2017

Note 8. Inventories and other assets

\$ '000	Notes	2017	
		Current	Non-current
(a) Inventories			
(i) Inventories at cost			
Stores and materials		713	—
Trading stock		12	—
Total inventories at cost		725	—
(ii) Inventories at net realisable value (NRV)			
Nil			
<u>TOTAL INVENTORIES</u>		<u>725</u>	<u>—</u>
(b) Other assets			
Prepayments		73	—
<u>TOTAL OTHER ASSETS</u>		<u>73</u>	<u>—</u>

Externally restricted assets

There are no restrictions applicable to the above assets.

Refer to Note 27. Fair value measurement for information regarding the fair value of other assets held.

Hilltops Council

Notes to the Financial Statements
for the period 13 May 2016 to 30 June 2017

Note 9a. Infrastructure, property, plant and equipment

Asset class \$ '000	IPP&E transferred from former Councils as at 13/5/2016			Asset movements during the reporting period									as at 30/6/2017		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals	Additions new assets	Carrying value of disposals	Depreciation expense	Impairment loss (recognised in P/L)	WIP transfers	Adjustments and transfers	Other movements	Revaluation decrements to P&L	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
Capital work in progress	916	–	916	532	458	–	–	–	(1,128)	(4)	–	–	774	–	774
Plant and equipment	27,534	14,930	12,604	3,960	–	(639)	(2,436)	–	–	(41)	(4)	–	28,044	14,600	13,444
Office equipment	928	668	260	55	–	–	(87)	–	–	–	–	–	921	693	228
Furniture and fittings	718	324	394	9	18	–	(51)	–	–	–	–	–	799	429	370
Land:															
– Operational land	6,528	–	6,528	15	–	(18)	–	–	–	89	–	–	6,614	–	6,614
– Community land	7,936	–	7,936	48	–	–	–	–	–	(89)	–	–	7,895	–	7,895
Land improvements – non-depreciable	71	–	71	–	–	–	–	–	–	–	–	–	71	–	71
Land improvements – depreciable	50	11	39	23	–	–	(2)	–	–	–	–	–	73	13	60
Infrastructure:															
– Buildings – non-specialised	19,831	12,009	7,822	22	–	–	(529)	–	–	–	–	–	19,853	12,538	7,315
– Buildings – specialised	72,560	34,812	37,748	584	373	–	(1,971)	–	194	286	–	–	73,584	36,370	37,214
– Other structures	7,246	3,609	3,637	237	9	(9)	(217)	–	76	–	–	–	7,547	3,814	3,733
– Roads	327,608	98,416	229,192	4,339	3,898	(95)	(6,228)	(2,079)	347	–	–	–	334,367	104,993	229,374
– Bridges	50,904	23,889	27,015	826	–	–	(580)	–	–	–	–	–	51,730	24,469	27,261
– Footpaths	7,183	1,997	5,186	207	–	(5)	(122)	–	–	–	–	–	7,372	2,106	5,266
– Bulk earthworks (non-depreciable)	95,261	–	95,261	–	–	–	–	–	29	–	–	–	95,290	–	95,290
– Stormwater drainage	28,131	16,246	11,885	242	–	(3)	(354)	–	30	–	–	–	28,400	16,600	11,800
– Water supply network	101,669	60,025	41,644	733	5	–	(1,555)	–	–	–	–	(373)	70,233	29,779	40,454
– Sewerage network	84,647	32,868	51,779	4,159	48	–	(1,269)	–	51	(939)	–	(12,679)	69,275	28,125	41,150
– Swimming pools	8,037	3,511	4,526	33	–	–	(169)	–	–	–	–	–	8,070	3,680	4,390
– Other open space/recreational assets	8,683	3,418	5,265	5	196	–	(287)	–	401	698	–	–	10,028	3,750	6,278
Other assets:															
– Library books	445	255	190	–	62	–	(62)	–	–	–	–	–	507	317	190
Reinstatement, rehabilitation and restoration assets (refer Note 26):															
– Tip assets	304	299	5	–	–	–	(2)	–	–	–	–	–	304	301	3
– Quarry assets	639	253	386	–	–	–	(38)	–	–	–	–	–	639	291	348
TOTAL INFRASTRUCTURE, PROPERTY, PLANT AND EQUIP.	857,829	307,540	550,289	16,029	5,067	(769)	(15,959)	(2,079)	–	–	(4)	(13,052)	822,390	282,868	539,522

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

Refer to Note 27. Fair value measurement for information regarding the fair value of other infrastructure, property, plant and equipment.

Hilltops Council

Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

Note 9b. Externally restricted infrastructure, property, plant and equipment

\$ '000 Class of asset	Actual 2017		
	Gross carrying amount	Accumulated depn. and impairment	Net carrying amount
Water supply			
WIP	126	—	126
Plant and equipment	624	468	156
Office equipment	99	55	44
Land			
– Operational land	169	—	169
Infrastructure	70,233	29,778	40,455
Total water supply	71,251	30,301	40,950
Sewerage services			
Plant and equipment	1,926	1,757	169
Land			
– Operational land	570	—	570
Buildings	386	92	294
Infrastructure	69,275	28,125	41,150
Total sewerage services	72,157	29,974	42,183
Domestic waste management			
Plant and equipment	203	159	44
Total DWM	203	159	44
SWRWMG			
Plant and equipment	1,289	691	598
Other Structures	195	18	177
Total other restrictions	1,484	709	775
TOTAL RESTRICTED I,PP&E	145,095	61,143	83,952

Note 9c. Infrastructure, property, plant and equipment – current year impairments

		Actual 13/5/16 to 30/6/17
\$ '000	Notes	
Impairment losses recognised in the Income Statement:		
Road Impairment		(2,079)
Total impairment losses		(2,079)
IMPAIRMENT OF ASSETS – GAINS/(LOSSES) in P/L	4(d)	(2,079)

Hilltops Council

Notes to the Financial Statements for the period 13 May 2016 to 30 June 2017

Note 10a. Payables, borrowings and provisions

\$ '000	Notes	2017	
		Current	Non-current
Payables			
Goods and services – operating expenditure		2,266	2
Goods and services – capital expenditure		54	–
Accrued expenses:			
– Borrowings		100	–
– Salaries and wages		279	–
– Other expenditure accruals		44	–
Security bonds, deposits and retentions		584	109
Other		18	–
Total payables		3,345	111
Income received in advance			
Payments received in advance		477	–
Total income received in advance		477	–
Borrowings			
Loans – secured ¹		1,572	17,421
Total borrowings		1,572	17,421
Provisions			
Employee benefits:			
Annual leave		1,778	–
Sick leave		634	–
Long service leave		3,903	146
Other leave		20	–
RDO leave		32	–
Sub-total – aggregate employee benefits		6,367	146
Asset remediation/restoration (future works)	26	100	6,860
Total provisions		6,467	7,006
TOTAL PAYABLES, BORROWINGS AND PROVISIONS		11,861	24,538
(i) Liabilities relating to restricted assets			
		2017	
		Current	Non-current
Externally restricted assets			
Water		181	–
Sewer		161	12,648
Liabilities relating to externally restricted assets		342	12,648
Internally restricted assets			
Nil			
Total liabilities relating to restricted assets		342	12,648
Total liabilities relating to unrestricted assets		11,519	11,890
TOTAL PAYABLES, BORROWINGS AND PROVISIONS		11,861	24,538

¹ Loans are secured over the general rating income of Council

Disclosures on liability interest rate risk exposures, fair value disclosures and security can be found in Note 15.

Hilltops Council

Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

Note 10a. Payables, borrowings and provisions (continued)

	Actual 2017
\$ '000	
(ii) Current liabilities not anticipated to be settled within the next twelve months	
The following liabilities, even though classified as current, are not expected to be settled in the next 12 months.	
Provisions – employees benefits	4,282
Payables – security bonds, deposits and retentions	–
	4,282

Note 10b. Description of and movements in provisions

Class of provision	2016 Opening balance (former Councils)	13/5/16 to 30/6/17				Closing balance as at 30/6/17
		Additional provisions	Decrease due to payments	Remeasurement effects due to discounting	Unused amounts reversed	
Gratuities	20	(20)	–	–	–	–
Asset remediation	1,796	–	(4)	5,168	–	6,960
TOTAL	1,816	(20)	(4)	5,168	–	6,960

- a. Asset remediation, reinstatement and restoration provisions represent the present value estimate of future costs Council will incur in order to remove, restore and remediate assets and/or activities as a result of past operations.

Hilltops Council

Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

Note 11. Statement of cash flows – additional information

\$ '000	Notes	Actual 2017
(a) Reconciliation of cash assets		
Total cash and cash equivalent assets	6a	13,542
Less bank overdraft	10	–
Balance as per the Statement of Cash Flows		13,542
(b) Reconciliation of net operating result to cash provided from operating activities		
Net result from Income Statement		1,767
Adjust for non-cash items:		
Depreciation and amortisation		15,959
Net losses/(gains) on disposal of assets		(469)
Impairment losses recognition – I,PP&E		2,079
Losses/(gains) recognised on fair value re-measurements through the P&L:		
– Write offs relating to the fair valuation of I,PP&E		13,052
Unwinding of discount rates on reinstatement provisions		5,168
+/- Movement in operating assets and liabilities and other cash items:		
Decrease/(increase) in receivables		3,592
Increase/(decrease) in provision for doubtful debts		(65)
Decrease/(increase) in inventories		(200)
Decrease/(increase) in other assets		166
Increase/(decrease) in payables		(380)
Increase/(decrease) in accrued interest payable		(113)
Increase/(decrease) in other accrued expenses payable		(409)
Increase/(decrease) in other liabilities		156
Increase/(decrease) in employee leave entitlements		(101)
Increase/(decrease) in other provisions		(4)
Net cash provided from/(used in) operating activities from the Statement of Cash Flows		40,198

(c) Non-cash investing and financing activities

Nil

(d) Financing arrangements

Nil

Hilltops Council

Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

Note 12. Commitments for expenditure

\$ '000	Notes	Actual 2017
(a) Capital commitments (exclusive of GST)		
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Property, plant and equipment		
Buildings		568
Bridge		929
Total commitments		1,497
These expenditures are payable as follows:		
Within the next year		1,497
Later than one year and not later than 5 years		–
Later than 5 years		–
Total payable		1,497

(b) Finance lease commitments

Nil

(c) Operating lease commitments (non-cancellable)

a. Commitments under non-cancellable operating leases at the reporting date, but not recognised as liabilities are payable:

Within the next year	24
Later than one year and not later than 5 years	–
Later than 5 years	–
Total non-cancellable operating lease commitments	24

b. Non-cancellable operating leases include the following assets:

Contingent rentals may be payable depending on the condition of items or usage during the lease term.

Conditions relating to operating leases:

- All operating lease agreements are secured only against the leased asset.
- No lease agreements impose any financial restrictions on Council regarding future debt etc.

Hilltops Council

Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

Note 13a. Statement of performance measurement – indicators (consolidated)

\$ '000	Amounts 2017	Indicator 2017	Benchmark
Local government industry indicators – consolidated			
1. Operating performance ratio			
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions less operating expenses	(4,392)	-6.64%	>0.00%
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions	66,172		
2. Own source operating revenue ratio			
Total continuing operating revenue ⁽¹⁾ excluding all grants and contributions	37,863	44.59%	>60.00%
Total continuing operating revenue ⁽¹⁾	84,914		
3. Unrestricted current ratio			
Current assets less all external restrictions ⁽²⁾	40,005	5.53x	>1.5x
Current liabilities less specific purpose liabilities ^(3, 4)	7,237		
4. Debt service cover ratio			
Operating result ⁽¹⁾ before capital excluding interest and depreciation/impairment/amortisation	19,964	2.28x	>2x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	8,746		
5. Rates, annual charges, interest and extra charges outstanding percentage			
Rates, annual and extra charges outstanding	1,727	6.76%	< 5% Metro
Rates, annual and extra charges collectible	25,546		<10% Rural
6. Cash expense cover ratio			
Current year's cash and cash equivalents plus all term deposits	54,992	12.11	> 3 mths
Payments from cash flow of operating and financing activities	4,539	mths	

Notes

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

⁽²⁾ Refer Notes 6-8 inclusive.

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

⁽³⁾ Refer to Note 10(a).

⁽⁴⁾ Refer to Note 10(a)(ii) – excludes all payables and provisions not expected to be paid in the next 12 months (incl. ELE).

Hilltops Council

Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

Note 13b. Statement of performance measurement – indicators (by fund)

\$ '000	General ⁵ 2017	Water 2017	Sewer 2017	Benchmark
Local government industry indicators – by fund				
1. Operating performance ratio				
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions less operating expenses	16.40%	-8.82%	-294.23%	>0.00%
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions				
2. Own source operating revenue ratio				
Total continuing operating revenue ⁽¹⁾ excluding all grants and contributions	35.92%	97.28%	85.41%	>60.00%
Total continuing operating revenue ⁽¹⁾				
3. Unrestricted current ratio				
Current assets less all external restrictions ⁽²⁾	5.53x	58.68x	48.80x	>1.5x
Current liabilities less specific purpose liabilities ^(3, 4)				
4. Debt service cover ratio				
Operating result ⁽¹⁾ before capital excluding interest and depreciation/impairment/amortisation	2.06x	636.00x	3.01x	>2x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)				
5. Rates, annual charges, interest and extra charges outstanding percentage				
Rates, annual and extra charges outstanding	5.31%	13.45%	9.77%	< 5%
Rates, annual and extra charges collectible				Metro <10% Rural
6. Cash expense cover ratio				
Current year's cash and cash equivalents plus all term deposits	11.14 mths	2653.00 mths	876.00 mths	> 3 mths
Payments from cash flow of operating and financing activities				

Notes

(1) - (4) Refer to Notes at Note 13a(i) above.

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

Hilltops Council

Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

Note 14. Investment properties

Council has not classified any land or buildings as 'investment properties'.

Note 15. Financial risk management

\$ '000

Risk management

Council's activities expose it to a variety of financial risks including **(1)** price risk, **(2)** credit risk, **(3)** liquidity risk and **(4)** interest rate risk.

The Council's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Council.

Council does not engage in transactions expressed in foreign currencies and is therefore not subject to foreign currency risk.

Financial risk management is carried out by Council's finance section under policies approved by the Council.

A comparison by category of the carrying amounts and fair values of Council's financial assets and financial liabilities recognised in the financial statements is presented below.

	Carrying Amount 2017	Fair Value 2017
Financial assets		
Cash and cash equivalents	13,542	13,542
Investments		
– 'Held to maturity'	41,453	41,543
Receivables	9,532	9,863
Total financial assets	64,527	64,948
Financial liabilities		
Payables	3,456	3,839
Loans/advances	18,993	18,993
Total financial liabilities	22,449	22,832

Fair value is determined as follows:

- **Cash** and **cash equivalents**, **receivables**, **payables** – are estimated to be the carrying value that approximates market value.
- **Borrowings** and **held-to-maturity** investments – are based upon estimated future cash flows discounted by the current mkt interest rates applicable to assets and liabilities with similar risk profiles, unless quoted market prices are available.
- Financial assets classified (i) '**at fair value through profit and loss**' or (ii) '**available-for-sale**' – are based upon quoted market prices (in active markets for identical investments) at the reporting date or independent valuation.

Refer to Note 27. Fair value measurement for information regarding the fair value of financial assets and liabilities.

Hilltops Council

Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

Note 15. Financial risk management (continued)

\$ '000

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

Council's finance area manages the cash and Investments portfolio with the assistance of independent advisors.

Council has an investment policy which complies with the *Local Government Act 1993* and Minister's investment order. This policy is regularly reviewed by Council and its staff and an investment report is tabled before Council on a monthly basis setting out the portfolio breakup and its performance.

The risks associated with the investments held are:

- **Price risk** – the risk that the capital value of Investments may fluctuate due to changes in market prices, whether there changes are caused by factors specific to individual financial instruments or their issuers or are caused by factors affecting similar instruments traded in a market.
- **Interest rate risk** – the risk that movements in interest rates could affect returns and income.
- **Credit risk** – the risk that the investment counterparty will not complete their obligations particular to a financial instrument, resulting in a financial loss to Council – be it of a capital or income nature.

Council manages these risks (amongst other measures) by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees.

Council also seeks advice from independent advisers before placing any funds in cash equivalents and investments.

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

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

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

13/5/16 to 30/6/17	Increase of values/rates		Decrease of values/rates	
	Profit	Equity	Profit	Equity
Possible impact of a 10% movement in market values	2,245	2,245	(2,245)	(2,245)
Possible impact of a 1% movement in interest rates	224	224	(224)	(224)

Hilltops Council

Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

Note 15. Financial risk management (continued)

\$ '000

(b) Credit risk

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

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

Council manages this risk by monitoring outstanding debt and employing stringent debt recovery procedures. It also encourages ratepayers to pay their rates by the due date through incentives.

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

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

The level of outstanding receivables is reported to Council monthly and benchmarks are set and monitored for acceptable collection performance.

Council makes suitable provision for doubtful receivables as required and carries out credit checks on most non-rate debtors.

There are no material receivables that have been subjected to a re-negotiation of repayment terms.

A profile of Council's receivables credit risk at balance date follows:

(i) Ageing of receivables – %

Current (not yet overdue)

Overdue

2017	2017
Rates and annual charges	Other receivables
0%	100%
100%	0%
100%	100%

(ii) Ageing of receivables – value

Rates and annual charges

Other receivables

Current

Current

< 1 year overdue

0 – 30 days overdue

1 – 2 years overdue

31 – 60 days overdue

2 – 5 years overdue

61 – 90 days overdue

> 5 years overdue

> 91 days overdue

Rates and annual charges	Other receivables
–	5,359
939	1,400
347	226
147	392
122	687
1,555	8,064

(iii) Movement in provision for impairment of receivables

Balance at the beginning of the year (former Councils)

+ new provisions recognised during the year

– amounts already provided for and written off this year

Balance at the end of the year

2017

152

4

(69)

87

Hilltops Council

Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

Note 15. Financial risk management (continued)

\$ '000

(c) Liquidity risk

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

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

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

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

\$ '000	Subject to no maturity	payable in:						Total cash outflows	Actual carrying values
		≤ 1 Year	1-2 Yrs	2-3 Yrs	3-4 Yrs	4-5 Yrs	> 5 Yrs		
13/5/16 to 30/6/17									
Trade/other payables	693	–	–	–	–	–	–	693	3,456
Loans and advances	–	2,361	2,252	1,885	1,846	1,846	12,481	22,671	18,993
Total financial liabilities	693	2,361	2,252	1,885	1,846	1,846	12,481	23,364	22,449

Borrowings are also subject to interest rate risk – the risk that movements in interest rates could adversely affect funding costs and debt servicing requirements. Council manages this risk through the diversification of borrowing types, maturities and interest rate structures.

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

	2017	
	Carrying value	Average interest rate
Trade/other payables	3,456	0.00%
Loans and advances – fixed interest rate	18,993	4.83%
	<u>22,449</u>	

Note 16. Material budget variations

In accordance with the Supplementary Code 25, this note is not required for new Councils.

Hilltops Council

Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

Note 17. Statement of developer contributions

\$ '000

Council recovers contributions, raises levies and enters into planning agreements on development works that are subject to a development consent issued by Council. All contributions must be spent/utilised for the specific purpose they were levied and any interest applicable to unspent funds must be attributed to remaining funds.

The following tables detail the receipt, interest and use of the above contributions and levies and the value of all remaining funds which are 'restricted' in their future use.

SUMMARY OF CONTRIBUTIONS AND LEVIES

PURPOSE	S94 Funds transferred from former Councils	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Roads	519	313	–	17	(189)	–	660	–
S94 contributions – under a plan	519	313	–	17	(189)	–	660	–
S94A levies – under a plan	315	255	–	10	(115)	–	465	–
Total S94 revenue under plans	834	568	–	27	(304)	–	1,125	–
S94 not under plans	92	–	–	–	–	–	92	–
S64 contributions	622	179	–	6	(71)	–	736	–
Total contributions	1,548	747	–	33	(375)	–	1,953	–

Hilltops Council

Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

Note 17. Statement of developer contributions (continued)

\$ '000

S94 CONTRIBUTIONS – UNDER A PLAN

CONTRIBUTION PLAN (former Harden)

PURPOSE	S94 Funds transferred from former Councils	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Roads	519	313	–	17	(189)	–	660	–
Total	519	313	–	17	(189)	–	660	–

S94A LEVIES – UNDER A PLAN

CONTRIBUTION PLAN (former Boorowa)

PURPOSE	S94 Funds transferred from former Councils	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Roads	129	8	–	3	–	–	140	–
Community facilities	148	32	–	5	–	–	185	–
Total	277	40	–	8	–	–	325	–

CONTRIBUTION PLAN (former Harden)

PURPOSE	S94 Funds transferred from former Councils	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Other	38	113	–	2	(13)	–	140	–
Total	38	113	–	2	(13)	–	140	–

Hilltops Council

Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

Note 17. Statement of developer contributions (continued)

\$ '000

S94A LEVIES – UNDER A PLAN

Young

PURPOSE	S94 Funds transferred from former Councils	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Community facilities	–	102	–	–	(102)	–	–	–
Total	–	102	–	–	(102)	–	–	–

S94 CONTRIBUTIONS – NOT UNDER A PLAN

(former Young)

PURPOSE	S94 Funds transferred from former Councils	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Drainage	27	–	–	–	–	–	27	–
Parking	65	–	–	–	–	–	65	–
Total	92	–	–	–	–	–	92	–

Hilltops Council

Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

Note 18. Contingencies and other assets/liabilities not recognised

\$ '000

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

LIABILITIES NOT RECOGNISED:

1. Guarantees

(i) Defined benefit superannuation contribution plans

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

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

The schemes most recent full actuarial review indicated that the net assets of the scheme were not sufficient to meet the accrued benefits of the schemes defined benefit member category with member councils required to make significantly higher contributions in future years.

The Local Government Superannuation Scheme however is unable to provide Council with an accurate estimate of its share of the net deficit and accordingly Council has not recorded any net liability from its defined benefit scheme obligations in accordance with AASB 119.

Future contributions made to the defined benefit scheme to rectify the net deficit position will be recognised as an expense when they become payable – similar to the accounting for defined contributions plans.

(ii) Statewide Limited

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

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

The future realisation and finalisation of claims incurred but not reported to 30/6 this year may result in future liabilities or benefits as a result of past events that Council will be required to fund or share in respectively.

(iii) StateCover Limited

Council is a member of StateCover Mutual Limited and holds a partly paid share in the entity.

StateCover is a company providing workers compensation insurance cover to the NSW local government industry and specifically Council.

Council has a contingent liability to contribute further equity in the event of the erosion of the company's capital base as a result of the company's past performance and/or claims experience or as a result of any increased prudential requirements from APRA.

These future equity contributions would be required to maintain the company's minimum level of net assets in accordance with its licence requirements.

(iv) Other guarantees

Council has provided no other guarantees other than those listed above.

Hilltops Council

Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

Note 18. Contingencies and other assets/liabilities not recognised (continued)

\$ '000

LIABILITIES NOT RECOGNISED (continued):

2. Other liabilities

(i) Third party claims

The Council is involved from time to time in various claims incidental to the ordinary course of business including claims for damages relating to its services.

Council believes that it is appropriately covered for all claims through its insurance coverage and does not expect any material liabilities to eventuate.

(ii) S94 plans

Council levies section 94/94A contributions upon various development across the Council area through the required contributions plans.

As part of these plans, Council has received funds for which it will be required to expend the monies in accordance with those plans.

As well, these plans indicate proposed future expenditure to be undertaken by Council, which will be funded by making levies and receipting funds in future years or where a shortfall exists by the use of Council's general funds.

These future expenses do not yet qualify as liabilities as of the reporting date, but represent Council's intention to spend funds in the manner and timing set out in those plans.

(iii) Potential land acquisitions due to planning

Council has classified a number of privately owned land parcels as local open space or bushland.

As a result, where notified in writing by the various owners, Council will be required to purchase these land parcels.

At reporting date, reliable estimates as to the value of any potential liability (and subsequent land asset) from such potential acquisitions has not been possible.

ASSETS NOT RECOGNISED:

(i) Land under roads

As permitted under AASB 1051, Council has elected not to bring to account land under roads that it owned or controlled up to and including 30/6/08.

(ii) Infringement notices/fines

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

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

Accordingly, at year end, there is a potential asset due to Council representing issued but unpaid infringement notices.

Due to the limited information available on the status, value and duration of outstanding notices, Council is unable to determine the value of outstanding income.

Note 19. Interests in other entities

Council has no interest in any controlled entities, joint arrangements or associates.

Hilltops Council

Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

Note 20. Retained earnings, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors

\$ '000	Notes	Actual 2017
(a) Retained earnings		
Movements in retained earnings were as follows:		
a. Net result for the year		568,448
Balance at end of the reporting period		<u>568,448</u>

(b) Revaluation reserves

Council has no reportable equity reserves.

(c) Correction of error/s relating to a previous reporting period

Council made no correction of errors during the current reporting period.

(d) Voluntary changes in accounting policies

Council made no voluntary changes in any accounting policies during the year.

Hilltops Council

Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

Note 21. Financial result and financial position by fund

Income Statement by fund	Actual 13/5/16 to 30/6/17	Actual 13/5/16 to 30/6/17	Actual 13/5/16 to 30/6/17	Actual 13/5/16 to 30/6/17
\$ '000				
Continuing operations	Other	Water	Sewer	General¹
Income from continuing operations				
Rates and annual charges	–	2,569	3,603	14,741
User charges and fees	–	4,620	420	9,015
Interest and investment revenue	49	253	174	1,278
Other revenues	–	34	–	1,107
Grants and contributions provided for operating purposes	2,107	83	64	26,055
Grants and contributions provided for capital purposes	–	103	659	17,980
Other income				
Net gains from disposal of assets	–	364	–	105
Total income from continuing operations	2,156	8,026	4,920	70,281
Expenses from continuing operations				
Employee benefits and on-costs	27	1,093	747	17,985
Borrowing costs	1	2	707	5,608
Materials and contracts	1,434	959	1,182	16,227
Depreciation and amortisation	136	2,483	1,693	11,647
Impairment	–	–	–	2,079
Other expenses	15	4,050	12,489	3,052
Total expenses from continuing operations	1,613	8,587	16,818	56,598
Operating result from continuing operations	543	(561)	(11,898)	13,683
Discontinued operations				
Net profit/(loss) from discontinued operations	–	–	–	–
Net operating result for the year	543	(561)	(11,898)	13,683
Gain on local government amalgamation				
Assets and liabilities transferred from former councils	–	51,951	49,790	464,940
Net result for the year	543	51,390	37,892	478,623
Net result attributable to each council fund	543	51,390	37,892	478,623
Net result attributable to non-controlling interests	–	–	–	–
Net operating result for the year before grants and contributions provided for capital purposes	543	(664)	(12,557)	(4,297)

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

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

Hilltops Council

Notes to the Financial Statements as at 30 June 2017

Note 21. Financial result and financial position by fund (continued)

Statement of Financial Position by fund \$ '000	Actual 2017	Actual 2017	Actual 2017	Actual 2017
ASSETS	Other	Water	Sewer	General¹
Current assets				
Cash and cash equivalents	2,338	2,652	1,751	6,801
Investments	–	6,718	5,651	29,084
Receivables	335	1,251	455	7,491
Inventories	–	–	–	725
Other	–	–	–	73
Total current assets	2,673	10,621	7,857	44,174
Non-current assets				
Investments	–	–	–	–
Receivables	–	–	–	–
Inventories	–	–	–	–
Infrastructure, property, plant and equipment	774	40,950	42,183	455,615
Investments accounted for using the equity method	–	–	–	–
Investment property	–	–	–	–
Intangible assets	–	–	–	–
Other	–	–	–	–
Total non-current assets	774	40,950	42,183	455,615
TOTAL ASSETS	3,447	51,571	50,040	499,789
LIABILITIES				
Current liabilities				
Payables	–	100	111	3,134
Income received in advance	–	–	–	477
Borrowings	–	–	–	1,572
Provisions	–	81	50	6,336
Total current liabilities	–	181	161	11,519
Non-current liabilities				
Payables	–	–	–	111
Borrowings	–	–	12,648	4,773
Provisions	–	–	–	7,006
Total non-current liabilities	–	–	12,648	11,890
TOTAL LIABILITIES	–	181	12,809	23,409
Net assets	3,447	51,390	37,231	476,380
EQUITY				
Retained earnings	3,447	51,390	37,231	476,380
Revaluation reserves	–	–	–	–
Total equity	3,447	51,390	37,231	476,380

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

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

Hilltops Council

Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

Note 22. 'Held for sale' non-current assets and disposal groups

\$ '000

Council did not classify any non-current assets or disposal groups as 'held for sale'.

Note 23. Events occurring after the reporting date

Events that occur between the end of the reporting period (30 June 2017) and the date when the financial statements are 'authorised for issue' have been taken into account in preparing these statements.

Council has adopted the date of receipt of the Auditors' Report as the applicable 'authorised for issue' date relating to these General Purpose Financial Statements.

Accordingly, the 'authorised for issue' date is 29/11/17.

Events that occur after the reporting period represent one of two types:

(i) Events that provide evidence of conditions that existed at the reporting period

These financial statements (and the figures therein) incorporate all 'adjusting events' that provided evidence of conditions that existed at 30 June 2017.

(ii) Events that provide evidence of conditions that arose after the reporting period

These financial statements (and figures therein) do not incorporate any 'non-adjusting events' that have occurred after 30 June 2017 and which are only indicative of conditions that arose after 30 June 2017.

Council is unaware of any material or significant 'non-adjusting events' that should be disclosed.

Note 24. Discontinued operations

Council has not classified any of its operations as 'discontinued'.

Note 25. Intangible assets

Intangible assets represent identifiable non-monetary assets without physical substance.

Council is unaware of any control over intangible assets that warrant recognition in the financial statements, including either internally generated and developed assets or purchased assets.

Hilltops Council

Notes to the Financial Statements for the period 13 May 2016 to 30 June 2017

Note 26. Reinstatement, rehabilitation and restoration liabilities

\$ '000

Council has legal/public obligations to make restore, rehabilitate and reinstate the following assets/operations:

Asset/operation	Estimated year of restoration	NPV of provision 2017
Tips and quarries		937
Jugiong common gravel pit	11	38
Goorama gravel pit	15	52
Sheas gravel pit	3	55
Collins gravel pit	12	48
Thompson's roadside gravel pit	11	49
Waste depots and transfer stations		5,465
Quarries and gravel pits		316
Balance at end of the reporting period	10(a)	6,960

Under AASB 116 – Property, Plant and Equipment, where the use of an asset results in the obligation to dismantle or remove the asset and restore the site on which the asset stands, an estimate of such costs is required to be included in the cost of the asset.

An equivalent liability must be recognised under AASB 137 – Provisions, Contingent Liabilities and Contingent Assets.

The provision has been calculated by determining the present value of the future expenditures expected to be incurred. The discount rate used is the risk free borrowing rate applicable to Council.

Reconciliation of movement in provision for year:

Balance at beginning of year (former Councils)	1,796
Amortisation of discount (expensed to borrowing costs)	5,168
Expenditure incurred attributable to provisions	(4)
Total – reinstatement, rehabilitation and restoration provision	6,960

Amount of expected reimbursements

Of the above provisions for reinstatement, rehabilitation and restoration works, those applicable to garbage services and waste management are able to be funded through future charges incorporated within Council's annual domestic waste management charge.

Hilltops Council

Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

Note 27. Fair value measurement

\$ '000

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

- Infrastructure, property, plant and equipment
- Financial assets and liabilities

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

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

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

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

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

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

		Fair value measurement hierarchy			Total
		Level 1	Level 2	Level 3	
	Date	Quoted	Significant	Significant	
	of latest	prices in	observable	unobservable	
	valuation	active mkts	inputs	inputs	
13/5/16 to 30/6/17					
Recurring fair value measurements					
Infrastructure, property, plant and equipment					
Plant & Equipment	30/06/17	–	–	13,444	13,444
Office Equipment, Furniture and Fittings	30/06/17	–	–	598	598
Operational Land	30/06/13	–	6,614	–	6,614
Community Land	12/05/16	–	–	7,895	7,895
Land Improvements	30/06/11	–	–	131	131
Buildings - Specialised	30/06/13	–	–	7,315	7,315
Buildings Non-Specialised	30/06/13	–	37,214	–	37,214
other structures	30/06/13	–	–	3,733	3,733
Roads	30/06/15	–	–	229,374	229,374
Bridges	30/06/15	–	–	27,261	27,261
Footpaths	30/06/15	–	–	5,266	5,266
Bulk Earthworks	30/06/15	–	–	95,290	95,290
Stormwater Drainage	30/06/15	–	–	11,800	11,800
Water Supply Network	30/06/17	–	–	40,454	40,454
Sewer Network	30/06/17	–	–	41,150	41,150
Swimming Pools	30/06/13	–	–	4,390	4,390
Other open space/recreational assets	30/06/13	–	–	6,278	6,278
Library Books	30/06/17	–	–	190	190
Reinstatements	30/06/17	–	–	351	351
Total infrastructure, property, plant and equipment		–	43,828	494,920	538,748

Hilltops Council

Notes to the Financial Statements for the period 13 May 2016 to 30 June 2017

Note 27. Fair value measurement (continued)

(2) Transfers between level 1 and level 2 fair value hierarchies

During the year, there were no transfers between level 1 and level 2 fair value hierarchies for recurring fair value measurements.

(3) Valuation techniques used to derive level 2 and level 3 fair values

Where Council is unable to derive fair valuations using quoted market prices of identical assets (i.e. level 1 inputs), Council instead utilises a spread of both observable inputs (level 2 inputs) and unobservable inputs (level 3 inputs).

The fair valuation techniques Council has employed while utilising level 2 and level 3 inputs are as follows:

Infrastructure, property, plant and equipment

Plant and equipment

Council's Plant and equipment incorporates

- Major plants- graders, loaders, rollers, trucks, tractors,
- Fleet Vehicles- Cars, Utes etc.
- Minor Plant – Pumps, Chainsaws, brush cutters, mowers, concrete mixers, movie projectors.

Council fair values plant and equipment using level 3 inputs. The observable Level 3 inputs used

- Quoted price for similar assets
- Purchase price
- Useful life of asset
- Current replacement Cost

The 'Cost Approach' is used to value Plant & Equipment

Furniture and fittings

Council's Furniture & Fittings incorporates

- Furniture and fittings- Desks, Chairs, Display Systems

Council fair values furniture fittings using level 3 inputs. The observable Level 3 inputs used include:

- Quoted prices for similar assets
- Current replacement cost
- Purchase prices
- Useful life on asset

The 'Cost Approach' is used to value Furniture & Fittings.

Property, office equipment

Council's Office Equipment incorporates:

- Office Equipment: copiers, telephone system, projectors, fridges etc.

Council fair values office equipment using level 3 inputs. The observable Level 3 inputs used include:

- Quoted prices for similar assets
- Current replacement cost
- Purchase prices
- Useful life on asset

Hilltops Council

Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

Note 27. Fair value measurement (continued)

Infrastructure – Roads/Bulk Earthworks

The road carriageway is defined as the trafficable portion of a road, between but not including the kerb and gutter and would include any paved makers parking places along side roadside.

Council's Road Asset Data contains detailed dimensions and specification for all Council roads.

Council fair values, road infrastructure using Level 3 inputs at a component level.

The 'Cost Approach' is used to value roads by componentising the assets into significant parts and then rolling up these component values to provide an overall road valuation (for each road segment) within Council's Asset System.

Level of componentisation adopted by Council is in accordance with AASB 116, OLG Circular 09-09 and the Institute of Public Works Engineers International Infrastructure Management Manual (IIMM)

The unobservable Level 3 inputs used include:

- Pattern of Consumption
- Components
- Useful life and residual value
- Asset Condition
- Dimensions and Specification
- Remaining Life of Carriageway
- Unit Rates.

There were no changes in valuation technique from prior year.

Infrastructure - Bridges

A bridge is defined as all structures that convey a road, a footpath or a cycleway across any other physical feature (including waterways and other roads) but do not include culverts.

Council Road Asset Data contains detailed dimensions and specification for all Council's bridges.

Council fair values, bridges (non- componentised) using Level 3 inputs.

The unobservable Level 3 inputs used include:

- Pattern of Consumption
- Components
- Residual value
- Asset Condition
- Dimensions and Specification
- Unit Rates.

In addition, the value of bridges takes into consideration the various type of structures such as:

- Bridge Deck/ Superstructure
- Bridge Abutments/Foundations
- Bridge rails and hand rails

There were no changes in valuation technique from prior year.

The 'Cost Approach' is used to value bridges.

Hilltops Council

Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

Note 27. Fair value measurement (continued)

Infrastructure - Footpaths

A footpath is defined as all footways (including those shared with a cycleway) sealed or non-sealed. Council Road Asset Data contains detailed dimensions and specifications for all Council footpaths.

Council fair values, footpaths (non-componentised) using Level 3 inputs.

The unobservable Level 3 inputs used include:

- Pattern of Consumption
- Components
- Residual value
- Asset Condition
- Dimensions and Specification
- Unit Rates.

In additions, the value of footpaths takes into consideration the various type of structure such as:

- Length
- Construction Materials

The 'Cost Approach' is used to value footpaths.

Infrastructure - Drainage

Council's Drainage Assets comprises pits, pipes, culverts, open channels, headwalls used to collect and remove stormwater.

Council carries fair values drainages assets (non-componentised) using Level 3 inputs.

The unobservable Level 3 inputs used include:

- Pattern of Consumption
- Components
- Residual value
- Asset Condition
- Dimensions and Specification
- Unit Rates.

In addition, the value of drainage assets takes into consideration the various type if structure such as

- Pipe Diameter
- Pit Type
- Water Quality Device Type
- Culverts and Headwall Constructions Type.

The 'Cost Approach' is used to value drainage assets.

Property: - Operational Land

Council's "Operational" land by definition has no special restriction other than those that may apply to any piece of land.

Council carries fair values operational land by an External Valuer every 5 years (last valuation being 2013) using Level 2 inputs.

Hilltops Council

Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

Note 27. Fair value measurement (continued)

The unobservable Level 2 inputs used include:

- Land Area
- Rate per square Metre
- Planning and Other Restrictions
- Description of Land

The 'Market Approach' is used to value the Operational Land.

Property: - Community Land

Council's "Community" land (including owned by Council, the Crown and various other Government Agencies that is managed by Council) by definition is land intended for public access and use or where other restrictions applying to the land create some obligation to maintain public access (such as a trust deed, dedication under section 94 of the Environment Planning and Assessment Act 1979). This gives rise to the restrictions in the Act, intended to preserve the qualities of the land.

Community Land:

- Cannot be sold
- Cannot be leased, licensed, or any other estate granted over the land for more than 21 years and
- Must have a plan of management for it.

In relation to Community Land the Division of Local Government has reviewed its positions on the use of the Valuer General's Valuations of community land and in association with the Local Government Accounting Advisory Group, the Division has determined that community land may be valued as follows.

- The NSW Valuer General's valuations may be used under revaluation model to represent fair value for the revaluation of community land under clause 31 of AASB 116.

Council fair values community land using unobservable Level 3 inputs based on inputs on either the UCV (Unimproved Capital Value) provided by the Valuer General or an average unit rate based on the UCV and allocated by Council against those properties where the Valuer General did not provide a UCV.

The 'Cost Approach' is used to value Community land.

Land improvements

Council's Land improvements incorporates

- Sprinkler & Watering Systems
- Cemetery Irrigation

Council carries fair values of land reserves using level 3 inputs.

The unobservable Level 3 inputs used include:

- Pattern of consumption
- Asset Condition
- Dimensions and Specification

The cost approach is used to value the land improvements

Hilltops Council

Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

Note 27. Fair value measurement (continued)

Property- Buildings (specialised and non-specialised)

Council Buildings incorporates Council administration buildings, Libraries, Public Amenities, Sporting Club Houses, Kiosks and Amenities, Depot Buildings and workshops, Halls & Community Centres and Rural Fire Service Buildings.

Council carries fair values building using level 3 inputs. Valuations are generally carried out by an external Valuer using the cost approach. This approach estimates the replacement cost for each building by componentising the building (for complex structures) into significant parts with different useful life and taking in to account a range of factors. Buildings are physically inspected and unit although rates based on square meters could be supported from the market evidence, extensive professional judgement, and condition and consumption rates etc. impact significantly on the final value determination of fair value. As such these assets are classified as having being valued using Level 3 inputs.

The unobservable Level 3 inputs used include:

- Consumption rate
- Future Economic Benefits
- Condition
- Useful Life of an asset

The 'Cost Approach' is used to value specialised buildings

Other structures, swimming pools, open space and recreation:

Council's other structures incorporates the following types of assets;

- Significant single assets such as swimming pools, playgrounds, floodlighting system, tennis courts, tennis shelters, grandstands etc. and
- Aggregated lower value assets such as recreational / park infrastructures (picnic tables, seats, bollards, fences BBQs etc.)

Council carries fair value of other structures assets (non-componentised) using Level 3 inputs. Such valuations are under taken by Council Staff or by an external valuer depending on the structure.

The unobservable Level 3 inputs used include:

- Pattern of Consumption
- Residual Value
- Asset Condition
- Components
- Dimensions and specifications
- Unit Rates.

The "Cost Approach" is used to value other structures

Water supply network

Council's Water Supply Network incorporates:

- Water Lines
- Water Meters
- Pumping Stations
- Reservoirs

Council carries fair value of water supply assets using Level 3 inputs. Such valuations are under taken by Council Staff using the NSW Water and Sewerage Reference Rates Manual.

Hilltops Council

Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

Note 27. Fair value measurement (continued)

The unobservable Level 3 inputs used include:

- Pattern of Consumption
- Residual Value
- Asset Condition
- Components
- Dimensions and specifications
- Unit Rates.

The “Cost Approach” is used to value other structures

Sewerage network

Council's Sewerage Network incorporates:

- Sewer Lines
- Pump Stations
- Sewer Treatment Plant

Council carries fair value of water supply assets using Level 3 inputs. Such valuations are under taken by Council Staff using the NSW Water and Sewerage Reference Rates Manual.

The unobservable Level 3 inputs used include:

- Pattern of Consumption
- Residual Value
- Asset Condition
- Components
- Dimensions and specifications
- Unit Rates.

Hilltops Council

Notes to the Financial Statements for the period 13 May 2016 to 30 June 2017

Note 27. Fair value measurement (continued)

\$ '000

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

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

	IPP & E	Total
Balance on transfer from former Councils	506,013	506,013
Purchases (GBV)	19,930	19,930
Disposals (WDV)	(751)	(751)
Depreciation and impairment	(16,067)	(16,067)
Fair Value Changes	(13,052)	(13,052)
Other movement	(379)	(379)
Closing balance – 30/6/17	495,694	495,694

continued on next page...

Hilltops Council

Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

Note 27. Fair value measurement (continued)

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

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

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

I,PP&E

Class	Fair value (30/6/17) \$'000	Valuation technique/s	Unobservable inputs
Plant & Equipment	\$13,652	Cost used to approximate fair value	Gross Replacement cost, useful life, residual value
Office Equipment	\$429	Cost used to approximate fair value	Gross Replacement cost, useful life, residual value
Community land	\$7,896	Land Values obtained from NSW Valuer General	Land Value, Land area
Land Improvements	\$131	Cost used to approximate fair value	Asset Condition, remaining life, residual value
Building Specialised	\$37,225	Cost used to approximate fair value	Cost per sq metre, consumption rate. Condition, useful life
Other Structures	\$3,732	Cost used to approximate fair value	Asset Condition, remaining life, residual value
Roads	\$229,373	Cost used to approximate fair value	Asset Condition, remaining life, residual value
Bridges	\$27,261	Cost used to approximate fair value	Asset Condition, remaining life, residual value
Footpaths	\$5,266	Cost used to approximate fair value	Asset Condition, remaining life, residual value
Bulk Earthworks	\$95,290	Cost used to approximate fair value	Cost per sq Metre
Stormwater Drainage	\$11,800	Cost used to approximate fair value	Asset Condition, remaining life, residual value
Water Supply Network	\$40,455	Cost used to approximate fair value, NSW Reference Rates Manual	Unit rates, pattern of consumption, components, useful life, residual value, asset condition
Sewerage Network	\$41,150	Cost used to approximate fair value, NSW Reference Rates Manual	Unit rates, pattern of consumption, components, useful life, residual value, asset condition
Swimming Pool	\$4,419	Cost used to approximate fair value	Cost per unit
Tip Assets	\$5	Cost used to approximate fair value	Unit Rates
Quarry Assets	\$346	Cost used to approximate fair value	Unit Rates

c. The valuation process for level 3 fair value measurements

The valuation processes used for Level 3 assets are described above. The valuation processes are decided by management with valuation movements reviewed by assets and finance staff.

(5). Highest and best use

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

Hilltops Council

Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

Note 28. Related party disclosures

\$ '000

This note doesn't not apply to Hilltops Council due to the reporting period commencing prior to 1/7/2017

Note 29. Local Government amalgamation

\$ '000

Notes

The local government (Council Amalgamations) Proclamation 2016 ('the Proclamation') under the Local Government Act 1993 (NSW) transferred the assets and liabilities of the former councils Boorowa Council, Harden Shire Council and Young Shire Council to Hilltops Council as at 12 May 2016.

Gain on local government amalgamation

Actual
13/5/16
to 30/6/17

Assets and liabilities transferred from former councils	a	566,681
Accounting policy adjustments	b	—
		<u>566,681</u>

a. Assets and liabilities transferred from former councils

(i) Carrying amount of assets and liabilities transferred

Assets and liabilities of:

- Boorowa Shire Council
- Harden Shire Council and
- Young Shire Council
- South West Regional Library

have been recognised by Council.

Council believes the carrying amounts are not materially different from their fair values as at the date of transfer 13 May 2016.

The fair value of the net assets has been shown as a gain on local government amalgamation in the income statement and further information is provided on the next page.

Hilltops Council

Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

Note 29. Local Government amalgamation (continued)

\$ '000

a. Assets and liabilities transferred from former councils (continued)

(i) Carrying amount of assets and liabilities transferred (continued)

	Boorowa	Harden	Young	South West Regional Library	Gain on local government amalgamation
ASSETS					
Current assets					
Cash and cash equivalents	3,882	1,626	3,579	226	9,313
Investments	4,048	6,400	15,050	—	25,498
Receivables	2,255	3,490	7,402	2	13,149
Inventories	195	163	167	—	525
Other	103	11	125	—	239
Total current assets	10,483	11,690	26,323	228	48,724
Non-current assets					
Investments	—	—	—	—	—
Receivables	—	—	—	—	—
Inventories	—	—	—	—	—
Infrastructure, property, plant and equipment	156,045	177,830	216,221	194	550,290
Investment property	—	—	—	—	—
Intangible assets	—	—	—	—	—
Other	—	—	—	—	—
Total non-current assets	156,045	177,830	216,221	194	550,290
TOTAL ASSETS	166,528	189,520	242,544	422	599,014
LIABILITIES					
Current liabilities					
Payables (excluding bank overdraft)	554	1,280	4,149	5	5,988
Bank overdraft	—	204	—	—	204
Borrowings	329	196	1,679	—	2,204
Provisions	1,446	2,278	2,679	33	6,436
Total current liabilities	2,329	3,958	8,507	38	14,832
Non-current liabilities					
Payables	—	110	—	—	110
Income received in advance	—	—	—	—	—
Borrowings	1,964	311	13,142	—	15,417
Provisions	1,061	264	649	—	1,974
Total non-current liabilities	3,025	685	13,791	—	17,501
TOTAL LIABILITIES	5,354	4,643	22,298	38	32,333
Net assets transferred	161,174	184,877	220,246	384	566,681

Hilltops Council

Notes to the Financial Statements for the period 13 May 2016 to 30 June 2017

Note 29. Local Government amalgamation (continued)

\$ '000

(ii) Adjustments between former council carrying amount of assets and fair values recognised

Council made no adjustments to the carrying amount of the assets and liabilities received as part of the amalgamation in order.

(iii) Rates and Non-Reciprocal Grants income

The rates and non-reciprocal grants revenue for the period from 13 May 2016 to 30 June 2016 were recorded in the financial statements of the former councils in accordance with AASB 1004 Contributions.

The assets transferred to Council include a portion of rates and non-reciprocal grants that were received but related to the period after the former councils ceased to exist.

Hilltops Council

Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

Note 30. Council information and contact details

Principal place of business:

189 Boorowa Street
Young NSW 2594

Contact details
Mailing address:

Locked Bag 5
Young NSW 2594

Opening hours:

8.30am - 5.00pm Monday to Friday

Telephone: 02 63801200

Facsimile: 02 63801299

Internet: www.hilltops.nsw.gov.au

Email: mail@hilltops.nsw.gov.au

Officers
GENERAL MANAGER

Anthony McMahon

RESPONSIBLE ACCOUNTING OFFICER

Judy Jordan

PUBLIC OFFICER

Lee Furness

AUDITORS

NSW Audit Office

Elected members
MAYOR

Brian Ingram

COUNCILLORS

Tony Wallace (Deputy mayor)

Greg Armstrong

Tony Flanery

John Horton

Chris Manchester

Rita O'Connor

Margaret Roles

Matthew Stadtmiller

Wendy Tuckerman

John Walker

Other information

ABN: 31 984 256 429



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements

Hilltops Council

To the Councillors of the Hilltops Council

Opinion

I have audited the accompanying financial statements of Hilltops Council (the Council), which comprise the statement of financial position as at 30 June 2017, the income statement, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period 13 May 2016 to 30 June 2017, notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by Councillors and Management.

In my opinion,

- the Council's accounting records have been kept in accordance with the requirements of the *Local Government Act 1993*, Chapter 13, Part 3, Division 2 (the Division)
- the financial statements:
 - have been presented, in all material respects, in accordance with the requirements of this Division
 - are consistent with the Council's accounting records
 - present fairly, in all material respects, the financial position of the Council as at 30 June 2017, and of its financial performance and its cash flows for the period 13 May 2016 to 30 June 2017 in accordance with Australian Accounting Standards
- all information relevant to the conduct of the audit has been obtained
- no material deficiencies in the accounting records or financial statements have come to light during the audit.

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

Basis for Opinion

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

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

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

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

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

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

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

The Councillors' Responsibility for the Financial Statements

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

In preparing the financial statements, the Councillors must assess the Council's ability to continue as a going concern except where the Council will be dissolved or amalgamated by an Act of Parliament. The assessment must disclose, as applicable, matters related to going concern and the appropriateness of using the going concern basis of accounting.

Auditor's Responsibility for the Audit of the Financial Statements

My objectives are to:

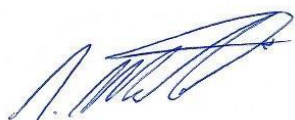
- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

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

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar3.pdf. The description forms part of my auditor's report.

My opinion does *not* provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- on the Original Budget information included in the Income Statement, Statement of Cash Flows, Note 2(a) and Note 16 budget variation explanations
- on the attached Special Schedules
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



Steven Martin
Assistant Auditor-General, Financial Audit

29 November 2017
SYDNEY

Brian Ingram
Mayor
Hilltops Council
Locked Bag 5
YOUNG NSW 2594

Contact: Lawrissa Chan
Phone no: 02 9275 7255
Our ref: D1730455/1740

29 November 2017

Dear Cr Ingram

Report on the Conduct of the Audit for the Period 13 May 2016 to 30 June 2017 Hilltops Council

We have audited the general purpose financial statements of Hilltops Council (the Council) for the period 13 May 2016 to 30 June 2017 as required by section 415 of the *Local Government Act 1993* (the Act). We expressed an unmodified opinion on the Council's general purpose financial statements.

This Report on the Conduct of the Audit (the Report) for the Council for the period 13 May 2016 to 30 June 2017 is issued in accordance with section 417 of the Act. Section 417(3) requires us to consider and report on matters pertinent to the Council's financial statements and audit. This Report should be read in conjunction with our audit opinion on the general purpose financial statements issued under section 417(2) of the Act.

INCOME STATEMENT

The operating results represent council's activities for the period 13 May 2016 to 30 June 2017.

Operating result

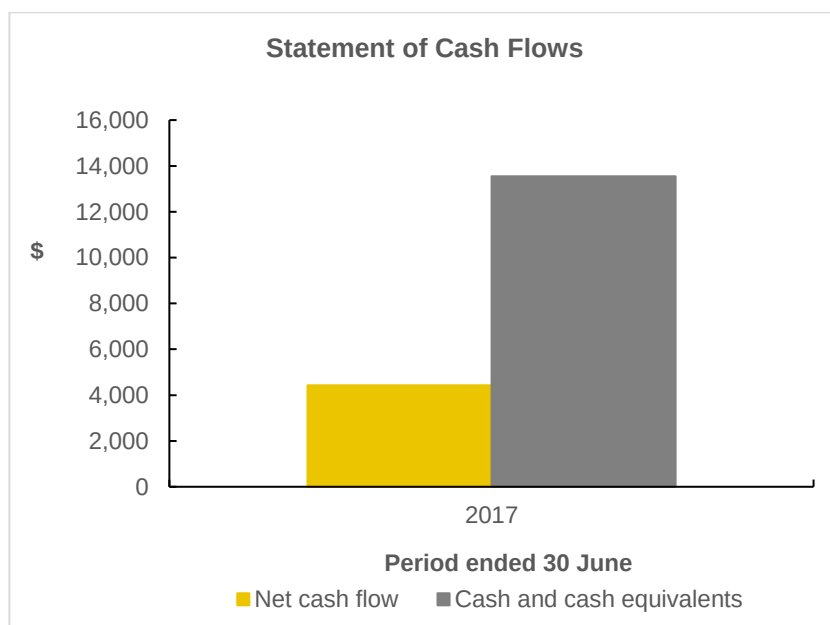
	2017 \$'000
Rates and annual charges	20,913
Grants and contributions (capital and operational)	47,051
Operating result for the period	1,767
Net result for the period (after assets and liabilities transferred from former Councils)	568,448
Net operating result before capital amounts	(16,975)

The following comments are made in respect of Council's operating result for the period:

- Council's operating surplus for the period was \$1.8 million. The operating result for the period included revenue from rates and annual charges of \$20.9 million, user charges and fees of \$14.1 million, grants and contributions of \$47.1 million and expenses for employee benefits and on-costs of \$19.9 million and materials and contracts of \$19.9 million.
- Council recorded a net result for the period after assets and liabilities transferred from former councils of \$568 million.
- The net operating result before capital contributions was a deficit of \$17.0 million.
- Grants and contributions provided for operating purposes were \$28.3 million. Grant income included a \$5.0 million Merger Implementation Grant and \$15 million Stronger Communities Grant, which are both non-recurring. In addition, Council received \$11.1 million Financial Assistance Grants, of which \$3.7 million related to 2017–18 and booked as income in June 2017.
- Council's depreciation and amortisation expense for the period ended 30 June 2017 was \$16 million.
- There was a fair value decrement of \$12.7 million from the valuation of the sewerage network

STATEMENT OF CASH FLOWS

- Council recorded a net increase in cash and cash equivalents of \$4.4 million in 2017 before cash transferred on amalgamation. Cash transferred on amalgamation of former Councils was \$9.1 million.
- Net cash provided by operating activities amounted to \$40.2 million. Council recorded \$16.7 million cash receipts from user charges and fees, \$46.1 million cash receipts from grants and contributions, \$23.4 million in cash payments for materials and contracts and \$20.2 million in cash payments on employee benefits and on-costs.
- Net cash used in investing activities totalled \$37.1 million. This is largely due to \$22.5 million in payments for the purchase of infrastructure, property, plant and equipment and \$16 million for the purchase of investment securities.



FINANCIAL POSITION

Cash and Investments

Restricted Cash and Investments	2017	Commentary
	\$'000	
External restrictions	23,498	Externally restricted cash and investments are restricted in their use by externally imposed requirements. Externally restricted cash includes \$1.1 million of specific purpose unexpended grants.
Internal restrictions	30,757	
Unrestricted	740	
Cash and investments	54,995	- Internally restricted cash and investments have been restricted in their use by resolution or policy of Council to reflect identified programs of works and any forward plans identified by Council. Internally restricted cash includes: \$14.1 million for Stronger council funds \$3.7 million for Implementation funding \$3.8 million for the Financial Assistance Grant advance payment \$3.2 million for employee leave entitlements \$2 million for infrastructure replacement

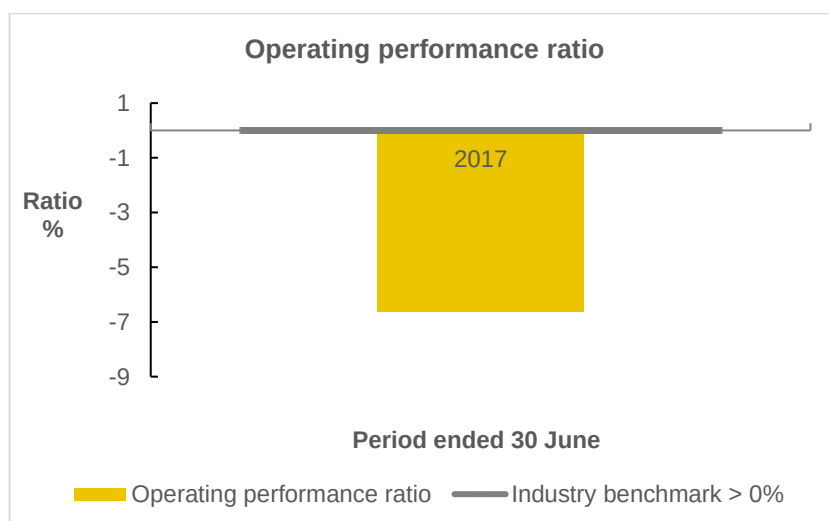
Debt

- The Council had borrowings of \$19.0 million at 30 June 2017. All loans are secured over general rating income of Council.

PERFORMANCE RATIOS

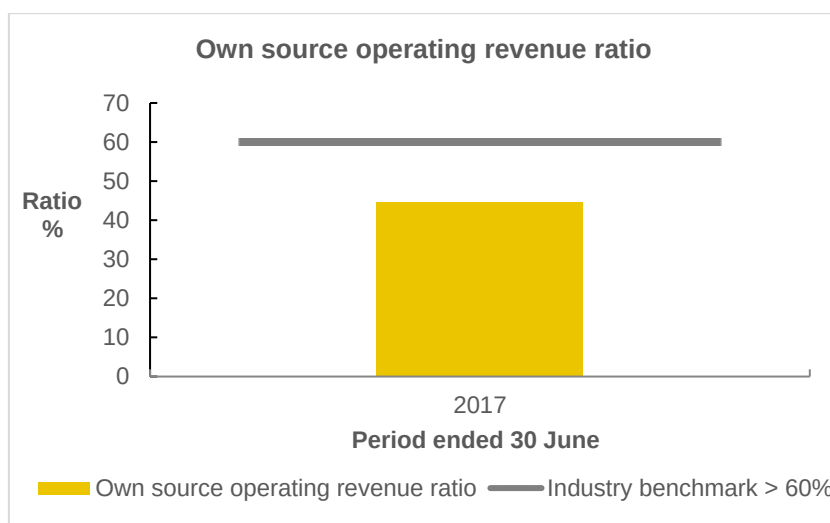
Operating performance ratio

- The 'operating performance ratio' measures how well Council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and revaluation decrements). The benchmark set by the Office of Local Government (OLG) is greater than 0 per cent.
- The operating performance ratio was -6.64% which is below the industry benchmark of 0%.
- The operating performance ratio was impacted by the receipt of \$3.7 million Financial Assistance Grants for 2017–18 received in June 2017 and \$5.0 million for the New Council Implementation Fund received during the year.



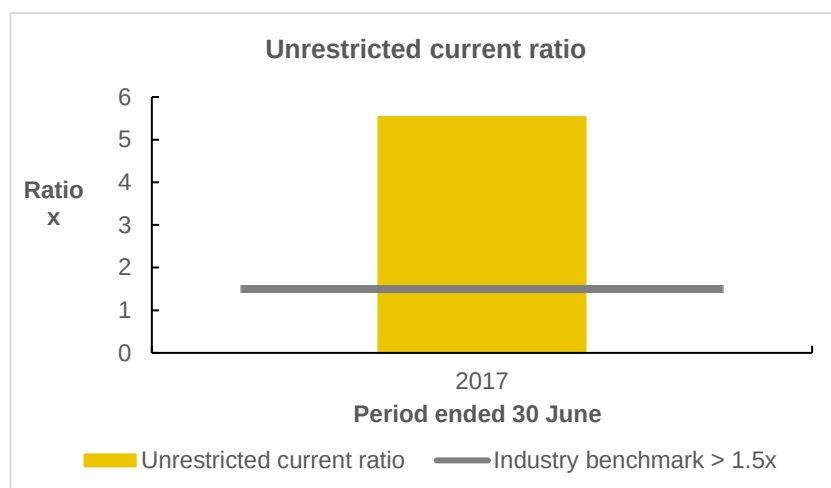
Own source operating revenue ratio

- The 'own source operating revenue ratio' measures Council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.
- The own source operating revenue ratio of 44.59% is below the industry benchmark of 60%.
- This is largely due to the level of grant activity at Council during the period. Council received \$15 million for the Stronger Communities Fund, \$5.0 million for the New Council Implementation Fund and \$3.7 million Financial Assistance Grant for 2017-18, which was recorded as income in June 2017.



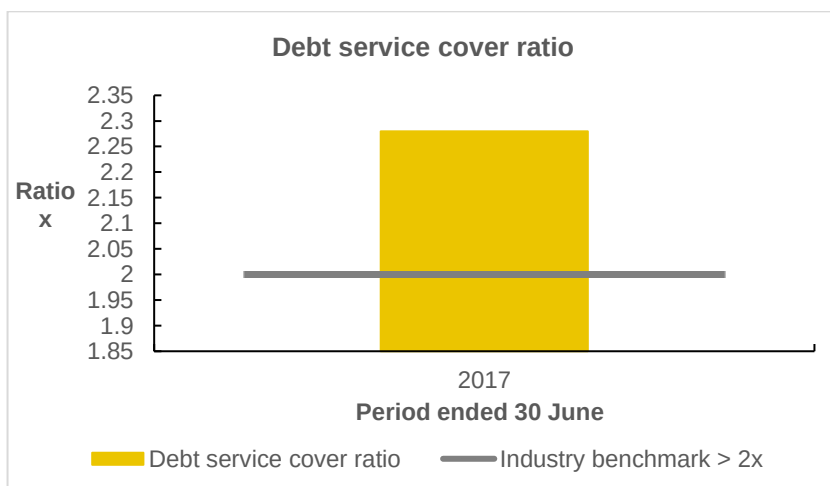
Unrestricted current ratio

- The 'unrestricted current ratio' is specific to local government and represents Council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.
- The Council's liquidity ratio of 5.53 times is greater than the industry benchmark minimum of > 1.5 times.
- This indicates that Council has sufficient liquidity to meet its current liabilities as and when they fall due.



Debt service cover ratio

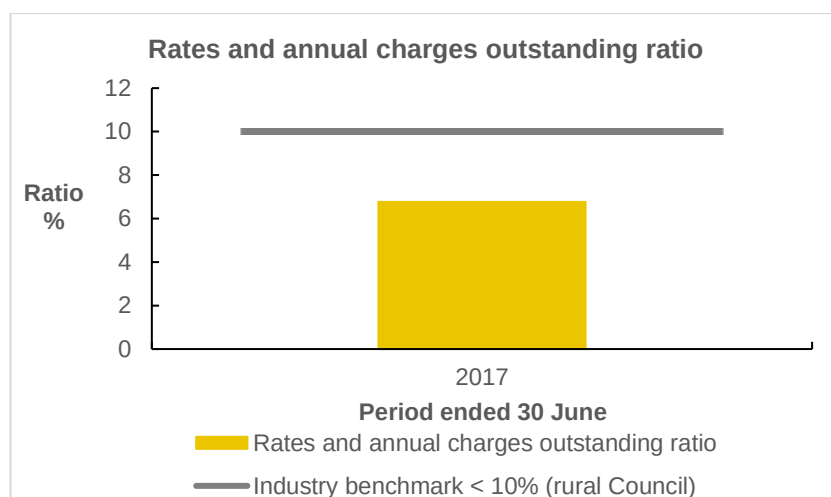
- The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than 2 times.
- This Council's debt service cover ratio of 2.28 times is greater than the industry benchmark of > 2 times.
- Council generates sufficient cash from its operations to fund its debt obligations.



Rates and annual charges outstanding ratio

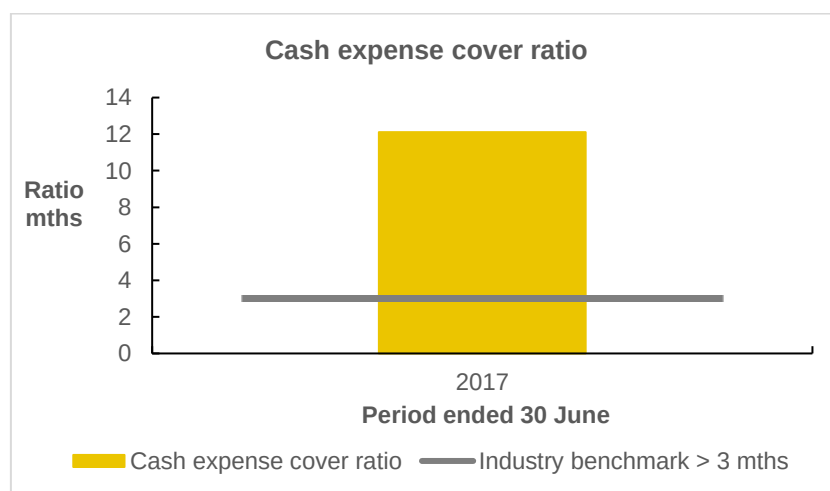
- The 'rates and annual charges outstanding ratio' assesses the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 10 per cent for rural councils.
- The Council's rates and annual charges outstanding ratio of 6.76% is within the benchmark for rural councils of < 10%.

This indicates that Council's rate recovery measures are effective in collecting and reducing outstanding debts.



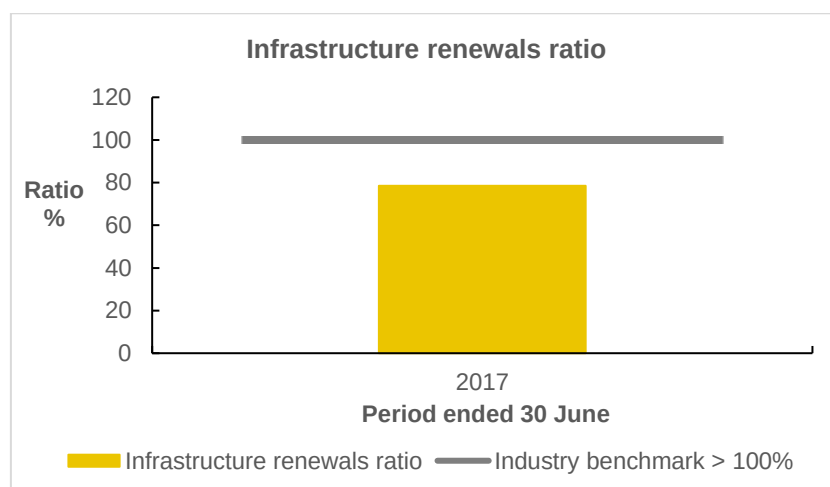
Cash expense cover ratio

- This liquidity ratio indicates the number of months the Council can continue paying for its immediate expenses without additional cash inflow. The benchmark set by OLG is greater than three months.
- The Council's cash expense cover ratio was 12.11 months, which is above the industry benchmark of > 3 months.
- This indicates that Council had the capacity to cover 12.11 months of cash expenditure without additional cash inflows at 30 June 2017.



Building and infrastructure renewals ratio

- The 'building and infrastructure renewals ratio' represents the rate at which assets are being renewed relative to the rate at which they are depreciating.
- The ratio of 78.57 per cent is below the industry benchmark of greater than 100 per cent.
- Council need to be aware of the deteriorating impact on infrastructure assets if this underperformance is sustained over an extended period.



Other Matters

Legislative compliance

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

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



Steven Martin
Assistant Auditor-General, Financial Audit

29 November 2017
SYDNEY

cc: Anthony McMahon, General Manager
Andrew Fletcher, Chair of Audit and Risk Improvement Committee
Judy Jordan, Chief Financial Officer

Hilltops Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the period 13 May 2016 to 30 June 2017



Hilltops Council

Special Purpose Financial Statements

for the period 13 May 2016 to 30 June 2017

Contents	Page
1. Statement by Councillors and Management	2
2. Special Purpose Financial Statements:	
Income Statement – Water Supply Business Activity	3
Income Statement – Sewerage Business Activity	4
Income Statement – Other Business Activities	5
Statement of Financial Position – Water Supply Business Activity	6
Statement of Financial Position – Sewerage Business Activity	7
Statement of Financial Position – Other Business Activities	8
3. Notes to the Special Purpose Financial Statements	9
4. Auditor's Report	18

Background

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

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

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

Hilltops Council

Special Purpose Financial Statements

for the period 13 May 2016 to 30 June 2017

Statement by Councillors and Management

made pursuant to the Local Government Code of Accounting Practice and Financial Reporting

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

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

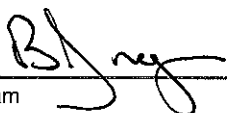
To the best of our knowledge and belief, these financial statements:

- present fairly the operating result and financial position for each of Council's declared business activities for the period 13 May 2016 to 30 June 2017, and
- accord with Council's accounting and other records.

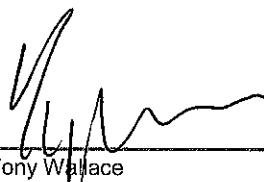
We are not aware of any matter that would render these statements false or misleading in any way.

Signed in accordance with a resolution of Council made on 25 October 2017.

Brian Ingram
Mayor



Tony Wallace
Councillor



Anthony McMahon
General Manager



Judy Jordan
Responsible accounting officer



Hilltops Council

Income Statement of Council's Water Supply Business Activity

for the period 13 May 2016 to 30 June 2017

	Actual 13/5/16 to 30/6/17
\$ '000	
Income from continuing operations	
Access charges	2,569
User charges	4,534
Fees	86
Interest	253
Grants and contributions provided for non-capital purposes	83
Profit from the sale of assets	364
Share of profit from equity accounted investment	–
Other income	34
Total income from continuing operations	7,923
Expenses from continuing operations	
Employee benefits and on-costs	1,093
Borrowing costs	2
Materials and contracts	959
Depreciation, amortisation and impairment	2,483
Water purchase charges	4,050
Calculated taxation equivalents	–
Debt guarantee fee (if applicable)	–
Other expenses	–
Total expenses from continuing operations	8,587
Surplus (deficit) from continuing operations before capital amounts	(664)
Grants and contributions provided for capital purposes	103
Surplus (deficit) from continuing operations after capital amounts	(561)
Surplus (deficit) from discontinued operations	–
Surplus (deficit) from all operations before tax	(561)
Less: corporate taxation equivalent (30%) [based on result before capital]	–
SURPLUS (DEFICIT) AFTER TAX	(561)
Plus Assets and liabilities transferred from former councils	51,951
Plus adjustments for amounts unpaid:	
– Taxation equivalent payments	–
– Debt guarantee fees	–
– Corporate taxation equivalent	–
Less:	
– Tax equivalent dividend paid	–
– Surplus dividend paid	–
Closing retained profits	51,390
Return on capital %	-1.6%
Subsidy from Council	1,637
Calculation of dividend payable:	
Surplus (deficit) after tax	(561)
Less: capital grants and contributions (excluding developer contributions)	(103)
Surplus for dividend calculation purposes	–
Potential dividend calculated from surplus	–

Hilltops Council

Income Statement of Council's Sewerage Business Activity for the period 13 May 2016 to 30 June 2017

	Actual 13/5/16 to 30/6/17
\$ '000	
Income from continuing operations	
Access charges	3,603
User charges	364
Liquid trade waste charges	15
Fees	41
Interest	174
Grants and contributions provided for non-capital purposes	64
Profit from the sale of assets	–
Share of profit from equity accounted investment	–
Other income	–
Total income from continuing operations	4,261
Expenses from continuing operations	
Employee benefits and on-costs	747
Borrowing costs	707
Materials and contracts	1,182
Depreciation, amortisation and impairment	1,693
Calculated taxation equivalents	–
Debt guarantee fee (if applicable)	–
Other expenses	12,489
Total expenses from continuing operations	16,818
Surplus (deficit) from continuing operations before capital amounts	(12,557)
Grants and contributions provided for capital purposes	659
Surplus (deficit) from continuing operations after capital amounts	(11,898)
Surplus (deficit) from discontinued operations	–
Surplus (deficit) from all operations before tax	(11,898)
Less: corporate taxation equivalent (30%) [based on result before capital]	–
SURPLUS (DEFICIT) AFTER TAX	(11,898)
Plus Assets and liabilities transferred from former councils	49,790
Plus/less: prior period adjustments	(661)
Plus adjustments for amounts unpaid:	
– Taxation equivalent payments	–
– Debt guarantee fees	–
– Corporate taxation equivalent	–
Less:	
– Tax equivalent dividend paid	–
– Surplus dividend paid	–
Closing retained profits	37,231
Return on capital %	-28.1%
Subsidy from Council	12,854
Calculation of dividend payable:	
Surplus (deficit) after tax	(11,898)
Less: capital grants and contributions (excluding developer contributions)	(659)
Surplus for dividend calculation purposes	–
Potential dividend calculated from surplus	–

Hilltops Council

Income Statement of Council's Other Business Activities

for the period 13 May 2016 to 30 June 2017

	South West Regional Waste Management Group Category 2	South West Rural Fire Zone Category 2
\$ '000	Actual 13/5/16 to 30/6/17	Actual 13/5/16 to 30/6/17
Income from continuing operations		
Access charges	—	—
User charges	—	—
Fees	—	—
Interest	49	—
Grants and contributions provided for non-capital purposes	2,024	83
Profit from the sale of assets	—	—
Share of profit from equity accounted investment	—	—
Other income	—	—
Total income from continuing operations	2,073	83
Expenses from continuing operations		
Employee benefits and on-costs	27	—
Borrowing costs	1	—
Materials and contracts	1,365	69
Depreciation, amortisation and impairment	136	—
Calculated taxation equivalents	—	—
Debt guarantee fee (if applicable)	—	—
Other expenses	1	14
Total expenses from continuing operations	1,530	83
Surplus (deficit) from continuing operations before capital amounts	543	—
Grants and contributions provided for capital purposes	—	—
Surplus (deficit) from continuing operations after capital amounts	543	—
Surplus (deficit) from discontinued operations	—	—
Surplus (deficit) from all operations before tax	543	—
Less: corporate taxation equivalent (30%) [based on result before capital]	(163)	—
SURPLUS (DEFICIT) AFTER TAX	380	—
Plus Assets and liabilities transferred from former councils	2,716	188
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	—	—
– Debt guarantee fees	—	—
– Corporate taxation equivalent	163	—
Add:		
– Subsidy paid/contribution to operations	—	—
Less:		
– TER dividend paid	—	—
– Dividend paid	—	—
Closing retained profits	3,259	188
Return on capital %	70.3%	n/a
Subsidy from Council	—	—

Hilltops Council

Statement of Financial Position – Council's Water Supply Business Activity
as at 30 June 2017

	Actual 2017
\$ '000	
ASSETS	
Current assets	
Cash and cash equivalents	2,652
Investments	6,718
Receivables	1,251
Inventories	–
Other	–
Non-current assets classified as held for sale	–
Total current assets	10,621
Non-current assets	
Investments	–
Receivables	–
Inventories	–
Infrastructure, property, plant and equipment	40,950
Investments accounted for using equity method	–
Investment property	–
Intangible assets	–
Other	–
Total non-current assets	40,950
TOTAL ASSETS	51,571
LIABILITIES	
Current liabilities	
Bank overdraft	–
Payables	100
Income received in advance	–
Borrowings	–
Provisions	81
Total current liabilities	181
Non-current liabilities	
Payables	–
Borrowings	–
Provisions	–
Total non-current liabilities	–
TOTAL LIABILITIES	181
NET ASSETS	51,390
EQUITY	
Retained earnings	51,390
Revaluation reserves	–
Other reserves	–
TOTAL EQUITY	51,390

Hilltops Council

Statement of Financial Position – Council's Sewerage Business Activity as at 30 June 2017

\$ '000	Actual 2017
ASSETS	
Current assets	
Cash and cash equivalents	1,751
Investments	5,651
Receivables	455
Inventories	–
Other	–
Non-current assets classified as held for sale	–
Total current Assets	7,857
Non-current assets	
Investments	–
Receivables	–
Inventories	–
Infrastructure, property, plant and equipment	42,183
Investments accounted for using equity method	–
Investment property	–
Intangible assets	–
Other	–
Total non-current assets	42,183
TOTAL ASSETS	50,040
LIABILITIES	
Current liabilities	
Bank overdraft	–
Payables	111
Income received in advance	–
Borrowings	–
Provisions	50
Total current liabilities	161
Non-current liabilities	
Payables	–
Borrowings	12,648
Provisions	–
Total non-current liabilities	12,648
TOTAL LIABILITIES	12,809
NET ASSETS	37,231
EQUITY	
Retained earnings	37,231
Revaluation reserves	–
Other reserves	–
TOTAL EQUITY	37,231

Hilltops Council

Statement of Financial Position – Council's Other Business Activities

as at 30 June 2017

	South West Regional Waste Management Group Category 2	South West Rural Fire Zone Category 2
\$ '000	Actual 2017	Actual 2017
ASSETS		
Current assets		
Cash and cash equivalents	2,327	11
Investments	–	–
Receivables	158	177
Inventories	–	–
Other	–	–
Non-current assets classified as held for sale	–	–
Total Current Assets	2,485	188
Non-current assets		
Investments	–	–
Receivables	–	–
Inventories	–	–
Infrastructure, property, plant and equipment	774	–
Investments accounted for using equity method	–	–
Investment property	–	–
Intangible assets	–	–
Other	–	–
Total non-current assets	774	–
TOTAL ASSETS	3,259	188
LIABILITIES		
Current liabilities		
Bank overdraft	–	–
Payables	–	–
Income received in advance	–	–
Borrowings	–	–
Provisions	–	–
Total current liabilities	–	–
Non-current liabilities		
Payables	–	–
Borrowings	–	–
Provisions	–	–
Total non-current liabilities	–	–
TOTAL LIABILITIES	–	–
NET ASSETS	3,259	188
EQUITY		
Retained earnings	3,259	188
Revaluation reserves	–	–
Other reserves	–	–
TOTAL EQUITY	3,259	188

Hilltops Council

Special Purpose Financial Statements

for the period 13 May 2016 to 30 June 2017

Contents of the notes accompanying the financial statements

Note	Details	Page
1	Summary of significant accounting policies	10
2	Water Supply Business Best-Practice Management disclosure requirements	13
3	Sewerage Business Best-Practice Management disclosure requirements	15

Hilltops Council

Notes to the Special Purpose Financial Statements for the period 13 May 2016 to 30 June 2017

Note 1. Significant accounting policies

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

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

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

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

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

National Competition Policy

Council has adopted the principle of 'competitive neutrality' in its business activities as part of the National Competition Policy which is being applied throughout Australia at all levels of government.

The framework for its application is set out in the June 1996 NSW government policy statement titled 'Application of National Competition Policy to Local Government'.

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

The pricing and costing guidelines outline the process for identifying and allocating costs to

activities and provide a standard for disclosure requirements.

These disclosures are reflected in Council's pricing and/or financial reporting systems and include taxation equivalents, Council subsidies, return on investments (rate of return), and dividends paid.

Declared business activities

In accordance with *Pricing and Costing for Council Businesses – A Guide to Competitive Neutrality*, Council has declared that the following are to be considered as business activities:

Category 1

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

a. Hilltops Water Supply

Provision of reticulated water to the community of Hilltops.

b. Hilltops Sewerage Services

Provision of sewerage services to the community of Hilltops.

Category 2

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

a. South West Slopes Regional Waste Management Group

b. South West Rural Fire Service

Monetary amounts

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

As required by the NSW Office of Water (Department of Primary Industries) the amounts shown in Note 2 and Note 3 are disclosed in whole dollars.

Hilltops Council

Notes to the Special Purpose Financial Statements

for the period 13 May 2016 to 30 June 2017

Note 1. Significant accounting policies (continued)

(i) Taxation-equivalent charges

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

However, where Council does not pay some taxes which are generally paid by private sector businesses, such as income tax, these equivalent tax payments have been applied to all Council-nominated business activities and are reflected in Special Purpose Financial Statements.

For the purposes of disclosing comparative information relevant to the private sector equivalent, the following taxation equivalents have been applied to all Council-nominated business activities (this does not include Council's non-business activities):

Notional rate applied (%)

Corporate income tax rate – 30%

Land tax – the first \$549,000 of combined land values attracts 0%. For the combined land values in excess of \$549,001 up to \$3,357,000 the rate is 1.6% + \$100. For the remaining combined land value that exceeds \$3,357,000 a premium marginal rate of 2.0% applies.

Payroll tax – 5.45% on the value of taxable salaries and wages in excess of \$750,000.

In accordance with the Department of Primary Industries Water (DPIW), a payment for the amount calculated as the annual tax equivalent charges (excluding income tax) must be paid from water supply and sewerage business activities.

The payment of taxation equivalent charges, referred to in the NSW Office of Water Guidelines to as a 'dividend for taxation equivalent', may be applied for any purpose allowed under the *Local Government Act, 1993*.

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

Income tax

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

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

Accordingly, the return on capital invested is set at a pre-tax level - gain/(loss) from ordinary activities before capital amounts, as would be applied by a private sector competitor. That is, it should include a provision equivalent to the corporate income tax rate, currently 30%.

Income tax is only applied where a gain/ (loss) from ordinary activities before capital amounts has been achieved.

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

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

Local government rates and charges

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

Loan and debt guarantee fees

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

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

(ii) Subsidies

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

Hilltops Council

Notes to the Special Purpose Financial Statements for the period 13 May 2016 to 30 June 2017

Note 1. Significant accounting policies (continued)

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

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

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

(iii) Return on investments (rate of return)

The NCP policy statement requires that councils with Category 1 businesses 'would be expected to generate a return on capital funds employed that is comparable to rates of return for private businesses operating in a similar field'.

Such funds are subsequently available for meeting commitments or financing future investment strategies.

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

The rate of return is calculated as follows:

Operating result before capital income + interest expense

Written down value of I,PP&E as at 30 June

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 2.38% at 30/6/17.

(iv) Dividends

Council is not required to pay dividends to either itself (as owner of a range of businesses) or to any external entities.

Local government water supply and sewerage businesses are permitted to pay an annual dividend from its water supply or sewerage business surplus.

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

- (i) 50% of this surplus in any one year, or
- (ii) the number of water supply or sewerage assessments at 30 June 2017 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

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

Hilltops Council

Notes to the Special Purpose Financial Statements for the period 13 May 2016 to 30 June 2017

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

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

2017

1. Calculation and payment of tax-equivalents

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

(i)	Calculated tax equivalents	–
(ii)	Number of assessments multiplied by \$3/assessment	5,928
(iii)	Amounts payable for tax equivalents [lesser of (i) and (ii)]	–
(iv)	Amounts actually paid for tax equivalents	

2. Dividend from surplus

(i)	50% of surplus before dividends [calculated in accordance with Best-Practice Management for Water Supply and Sewerage Guidelines]	–
(ii)	Number of assessments multiplied by \$30/assessment, less tax equivalent charges/assessment	59,280
(iii)	Cumulative surplus before dividends for the 3 years to 30 June 2017, less the cumulative dividends paid for the 2 years to 13 May 2016 and 30 June 2015	(639,400)

2017 Surplus

(iv)	Maximum dividend from surplus [least of (i), (ii) and (iii) above]	n/a
(v)	Dividend actually paid from surplus [refer below for required pre-dividend payment criteria]	
(vi)	Are the overhead reallocation charges to the water business fair and reasonable? ^a	

3. Required outcomes for 6 criteria

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

(i)	Completion of strategic business plan (including financial plan)	
(ii)	Full cost recovery, without significant cross subsidies [refer item 2 (a) in table 1 on page 22 of the Best-Practice Guidelines]	
	– Complying charges [item 2 (b) in table 1]	
	– DSP with commercial developer charges [item 2 (e) in table 1]	
	– If dual water supplies, complying charges [item 2 (g) in table 1]	
(iii)	Sound water conservation and demand management implemented	
(iv)	Sound drought management implemented	
(v)	Complete performance reporting form (by 15 September each year)	
(vi)	a. Integrated water cycle management evaluation	
	b. Complete and implement integrated water cycle management strategy	

Hilltops Council

Notes to the Special Purpose Financial Statements for the period 13 May 2016 to 30 June 2017

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

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

2017

National Water Initiative (NWI) financial performance indicators

NWI F1	Total revenue (water) Total income (w13) – grants for the acquisition of assets (w11a) – interest income (w9) – Aboriginal Communities W&S Program income (w10a)	\$'000	7,426
NWI F4	Revenue from residential usage charges (water) Income from residential usage charges (w6b) x 100 divided by the sum of [income from residential usage charges (w6a) + income from residential access charges (w6b)]	%	61.95%
NWI F9	Written down replacement cost of fixed assets (water) Written down current cost of system assets (w47)	\$'000	40,455
NWI F11	Operating cost (OMA) (water) Management expenses (w1) + operational and maintenance expenses (w2)	\$'000	6,113
NWI F14	Capital expenditure (water) Acquisition of fixed assets (w16)	\$'000	430
NWI F17	Economic real rate of return (water) [total income (w13) – interest income (w9) – grants for acquisition of assets (w11a) – operating costs (NWI F11) – current cost depreciation (w3)] x 100 divided by [written down current cost of system assets (w47) + plant and equipment (w33b)]	%	-0.69%
NWI F26	Capital works grants (water) Grants for the acquisition of assets (w11a)	\$'000	–

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

Hilltops Council

Notes to the Special Purpose Financial Statements for the period 13 May 2016 to 30 June 2017

Note 3. Sewerage business best-practice management disclosure requirements

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

2017

1. Calculation and payment of tax-equivalents

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

(i)	Calculated tax equivalents	–
(ii)	Number of assessments multiplied by \$3/assessment	3,198
(iii)	Amounts payable for tax equivalents [lesser of (i) and (ii)]	–
(iv)	Amounts actually paid for tax equivalents	

2. Dividend from surplus

(i)	50% of surplus before dividends [calculated in accordance with Best-Practice Management for Water Supply and Sewerage Guidelines]	–
(ii)	Number of assessments x (\$30 less tax equivalent charges per assessment)	31,980
(iii)	Cumulative surplus before dividends for the 3 years to 30 June 2017, less the cumulative dividends paid for the 2 years to 13 May 2016 and 30 June 2015	(11,484,900)

2017 Surplus

(iv)	Maximum dividend from surplus [least of (i), (ii) and (iii) above]	n/a
(v)	Dividend actually paid from surplus [refer below for required pre-dividend payment criteria]	
(vi)	Are the overhead reallocation charges to the sewer business fair and reasonable? ^a	

3. Required outcomes for 4 criteria

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

(i)	Completion of strategic business plan (including financial plan)	
(ii)	Pricing with full cost-recovery, without significant cross subsidies [refer item 2 (a) in table 1 on page 22 of the Best-Practice Guidelines]	
	Complying charges	
	(a) Residential [item 2 (c) in table 1]	
	(b) Non-residential [item 2 (c) in table 1]	
	(c) Trade waste [item 2 (d) in table 1]	
	DSP with commercial developer charges [item 2 (e) in table 1]	
	Liquid trade waste approvals and policy [item 2 (f) in table 1]	
(iii)	Complete performance reporting form (by 15 September each year)	
(iv)	a. Integrated water cycle management evaluation	
	b. Complete and implement integrated water cycle management strategy	

Hilltops Council

Notes to the Special Purpose Financial Statements for the period 13 May 2016 to 30 June 2017

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

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

2017

National Water Initiative (NWI) financial performance indicators

NWI F2	Total revenue (sewerage) Total income (s14) – grants for acquisition of assets (s12a) – interest income (s10) – Aboriginal Communities W&S Program income (w10a)	\$'000	4,166
NWI F10	Written down replacement cost of fixed assets (sewerage) Written down current cost of system assets (s48)	\$'000	41,150
NWI F12	Operating cost (sewerage) Management expenses (s1) + operational and maintenance expenses (s2)	\$'000	1,811
NWI F15	Capital expenditure (sewerage) Acquisition of fixed assets (s17)	\$'000	13
NWI F18	Economic real rate of return (sewerage) [total income (s14) – interest income (s10) – grants for acquisition of assets (s12a) – operating cost (NWI F12) – current cost depreciation (s3)] x 100 divided by [written down current cost (i.e. WDCC) of system assets (s48) + plant and equipment (s34b)]	%	2.52%
NWI F27	Capital works grants (sewerage) Grants for the acquisition of assets (12a)	\$'000	581

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

NWI F3	Total income (water and sewerage) Total income (w13 + s14) + gain/loss on disposal of assets (w14 + s15) minus grants for acquisition of assets (w11a + s12a) – interest income (w9 + s10)	\$'000	11,592
NWI F8	Revenue from community service obligations (water and sewerage) Community service obligations (NWI F25) x 100 divided by total income (NWI F3)	%	1.21%
NWI F16	Capital expenditure (water and sewerage) Acquisition of fixed assets (w16 + s17)	\$'000	443
NWI F19	Economic real rate of return (water and sewerage) [total income (w13 + s14) – interest income (w9 + s10) – grants for acquisition of assets (w11a + s12a) – operating cost (NWI F11 + NWI F12) – current cost depreciation (w3 + s3)] x 100 divided by [written down replacement cost of fixed assets (NWI F9 + NWI F10) + plant and equipment (w33b + s34b)]	%	0.94%
NWI F20	Dividend (water and sewerage) Dividend paid from surplus (2 (v) of Note 2 + 2 (v) of Note 3)	\$'000	–
NWI F21	Dividend payout ratio (water and sewerage) Dividend (NWI F20) x 100 divided by net profit after tax (NWI F24)	%	0.00%

Hilltops Council

Notes to the Special Purpose Financial Statements

for the period 13 May 2016 to 30 June 2017

Note 3. Sewerage business

best-practice management disclosure requirements (continued)

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

2017

National Water Initiative (NWI) financial performance indicators

Water and sewer (combined)

NWI F22	Net debt to equity (water and sewerage) Overdraft (w36 + s37) + borrowings (w38 + s39) – cash and investments (w30 + s31) x 100 divided by [total assets (w35 + s36) – total liabilities (w40 + s41)]	%	-4.65%
NWI F23	Interest cover (water and sewerage) Earnings before interest and tax (EBIT) divided by net interest Earnings before interest and tax (EBIT): 782 Operating result (w15a + s16a) + interest expense (w4a + s4a) – interest income (w9 + s10) – gain/loss on disposal of assets (w14 + s15) + miscellaneous expenses (w4b + w4c + s4b + s4c) Net interest: 302 Interest expense (w4a + s4a) – interest income (w9 + s10)		3
NWI F24	Net profit after tax (water and sewerage) Surplus before dividends (w15a + s16a) – tax equivalents paid (Note 2-1 (iv) + Note 3-1 (iv))	\$'000	(13,040)
NWI F25	Community service obligations (water and sewerage) Grants for pensioner rebates (w11b + s12b)	\$'000	140

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



INDEPENDENT AUDITOR'S REPORT

Report on the special purpose financial statement

Hilltops Council

To the Councillors of the Hilltops Council

Opinion

I have audited the accompanying special purpose financial statements (the financial statements) of Hilltops Council's (the Council) Declared Business Activities, which comprise the statement of financial position of each Declared Business Activity as at 30 June 2017, the income statement of each Declared Business Activity for the period 13 May 2016 to 30 June 2017, notes comprising a summary of significant accounting policies and other explanatory information for the Business Activities declared by Council, and the Statement by Councillors and Management.

The Declared Business Activities of the Council are:

- Hilltops Water Supply
- Hilltops Sewerage Services
- South West Slopes Regional Waste Management Group
- South West Rural Fire Service.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Council's declared Business Activities as at 30 June 2017, and their financial performance for the period 13 May 2016 to June 2017, in accordance with the Australian Accounting Standards described in Note 1 and the Local Government Code of Accounting Practice and Financial Reporting (LG Code).

My opinion should be read in conjunction with the rest of this report and in particular, the Emphasis of Matter referring to the basis of accounting.

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

The Councillors' Responsibility for the Financial Statements

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

In preparing the financial statements, the Councillors must assess the Council's ability to continue as a going concern except where the Council will be dissolved or amalgamated by an Act of Parliament. The assessment must disclose, as applicable, matters related to going concern and the appropriateness of using the going concern basis of accounting, as it affects the Council's Declared Business Activities.

Auditor's Responsibility for the Audit of the Financial Statements

My objectives are to:

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

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

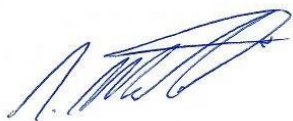
A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at:

http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf.

The description forms part of my auditor's report.

My opinion does not provide assurance:

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



Steven Martin
Assistant Auditor-General, Financial Audit

29 November 2017
SYDNEY

Hilltops Council

SPECIAL SCHEDULES

for the period 13 May 2016 to 30 June 2017



Hilltops Council

Special Schedules

for the period 13 May 2016 to 30 June 2017

Contents

Page

Special Schedules¹

Special Schedule 1	Net Cost of Services	2
Special Schedule 2(a)	Statement of Long Term Debt (all purposes)	4
Special Schedule 2(b)	Statement of Internal Loans (Sect. 410(3) LGA 1993)	n/a
Special Schedule 3	Water Supply Operations – incl. Income Statement	5
Special Schedule 4	Water Supply – Statement of Financial Position	8
Special Schedule 5	Sewerage Service Operations – incl. Income Statement	9
Special Schedule 6	Sewerage Service – Statement of Financial Position	12
Notes to Special Schedules 3 and 5		13
Special Schedule 7	Report on Infrastructure Assets	14
Special Schedule 8	Permissible Income Calculation	19

¹ Special Schedules are not audited (with the exception of Special Schedule 8).

Background

- (i) These Special Schedules have been designed to meet the requirements of special purpose users such as;
 - the NSW Grants Commission
 - the Australian Bureau of Statistics (ABS),
 - the NSW Office of Water (NOW), and
 - the Office of Local Government (OLG).
- (ii) The financial data is collected for various uses including;
 - the allocation of Financial Assistance Grants,
 - the incorporation of Local Government financial figures in national statistics,
 - the monitoring of loan approvals,
 - the allocation of borrowing rights, and
 - the monitoring of the financial activities of specific services.

Hilltops Council

Special Schedule 1 – Net Cost of Services

for the period 13 May 2016 to 30 June 2017

\$'000

Function or activity	Expenses from continuing operations	Income from continuing operations		Net cost of services
		Non-capital	Capital	
Governance	1,129	–	–	(1,129)
Administration	6,740	6,224	15,479	14,963
Public order and safety				
Fire service levy, fire protection, emergency services	1,281	667	31	(583)
Beach control	–	–	–	–
Enforcement of local government regulations	42	–	–	(42)
Animal control	126	73	–	(53)
Other	–	–	–	–
Total public order and safety	1,449	740	31	(678)
Health	475	99	–	(376)
Environment				
Noxious plants and insect/vermin control	249	–	–	(249)
Other environmental protection	201	9	–	(192)
Solid waste management	10,417	5,595	–	(4,822)
Street cleaning	262	–	–	(262)
Drainage	189	115	–	(74)
Stormwater management	307	4	–	(303)
Total environment	11,625	5,723	–	(5,902)
Community services and education				
Administration and education	–	–	–	–
Social protection (welfare)	–	–	–	–
Aged persons and disabled	86	8	–	(78)
Children's services	197	8	–	(189)
Total community services and education	283	16	–	(267)
Housing and community amenities				
Public cemeteries	519	308	–	(211)
Public conveniences	249	–	–	(249)
Street lighting	294	99	–	(195)
Town planning	1,047	745	–	(302)
Other community amenities	13	–	–	(13)
Total housing and community amenities	2,122	1,152	–	(970)
Water supplies	8,587	7,825	104	(658)
Sewerage services	16,816	3,603	659	(12,554)

Hilltops Council

Special Schedule 1 – Net Cost of Services (continued)

for the period 13 May 2016 to 30 June 2017

\$'000

Function or activity	Expenses from continuing operations	Income from continuing operations		Net cost of services
		Non-capital	Capital	
Recreation and culture				
Public libraries	1,013	465	–	(548)
Museums	4	–	–	(4)
Art galleries	–	–	–	–
Community centres and halls	478	21	–	(457)
Performing arts venues	–	–	–	–
Other performing arts	–	–	–	–
Other cultural services	187	65	–	(122)
Sporting grounds and venues	1,512	357	508	(647)
Swimming pools	1,357	395	–	(962)
Parks and gardens (lakes)	1,318	–	–	(1,318)
Other sport and recreation	–	3	–	3
Total recreation and culture	5,869	1,306	508	(4,055)
Fuel and energy	–	–	–	–
Agriculture	–	–	–	–
Mining, manufacturing and construction				
Building control	396	474	–	78
Other mining, manufacturing and construction	169	9	–	(160)
Total mining, manufacturing and const.	565	483	–	(82)
Transport and communication				
Urban roads (UR) – local	1,191	42	–	(1,149)
Urban roads – regional	–	–	–	–
Sealed rural roads (SRR) – local	7,673	4,850	–	(2,823)
Sealed rural roads (SRR) – regional	3,587	1,446	1,940	(201)
Unsealed rural roads (URR) – local	6,734	1,264	–	(5,470)
Unsealed rural roads (URR) – regional	–	–	–	–
Bridges on UR – local	334	–	–	(334)
Bridges on SRR – local	205	–	–	(205)
Bridges on URR – local	–	–	–	–
Bridges on regional roads	135	–	–	(135)
Parking areas	–	–	–	–
Footpaths	189	58	21	(110)
Aerodromes	36	–	–	(36)
Other transport and communication	465	–	–	(465)
Total transport and communication	20,549	7,660	1,961	(10,928)
Economic affairs				
Camping areas and caravan parks	196	217	–	21
Other economic affairs	7,211	7,027	–	(184)
Total economic affairs	7,407	7,244	–	(163)
Totals – functions	83,616	42,075	18,742	(22,799)
General purpose revenues ⁽¹⁾		24,566		24,566
Share of interests – joint ventures and associates using the equity method	–	–		–
NET OPERATING RESULT ⁽²⁾	83,616	66,641	18,742	1,767

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

Hilltops Council

Special Schedule 2(a) – Statement of Long Term Debt (all purpose)

for the period 13 May 2016 to 30 June 2017

\$'000

Classification of debt	Principal outstanding at beginning of the year (former Councils)			New loans raised during the year	Debt redemption during the year		Transfers to sinking funds	Interest applicable for year	Principal outstanding at the end of the year		
	Current	Non-current	Total		From revenue	Sinking funds			Current	Non-current	Total
Loans (by source)											
Commonwealth Government	–	–	–							–	–
NSW Treasury Corporation	–	–	–							–	–
Other State Government	–	–	–							–	–
Public subscription	–	–	–							–	–
Financial institutions	2,204	15,417	17,621	3,800	2,428	–	–	1,149	1,572	17,421	18,993
Other	–	–	–							–	–
Total loans	2,204	15,417	17,621	3,800	2,428	–	–	1,149	1,572	17,421	18,993
Other long term debt											
Ratepayers advances	–	–	–							–	–
Government advances	–	–	–							–	–
Finance leases	–	–	–							–	–
Deferred payments	–	–	–							–	–
Total long term debt	–	–	–	–	–	–	–	–	–	–	–
Total debt	2,204	15,417	17,621	3,800	2,428	–	–	1,149	1,572	17,421	18,993

Notes: excludes (i) internal loans and (ii) principal inflows/outflows relating to loan re-financing.

This schedule is prepared using the **face value** of debt obligations, rather than **fair value** (which are reported in the GPFS).

Hilltops Council

Special Schedule 3 – Water Supply Income Statement

Includes all internal transactions, i.e. prepared on a gross basis
for the period 13 May 2016 to 30 June 2017

\$'000	Actuals 13/5/16 to 30/6/17
A Expenses and income Expenses	
1. Management expenses	
a. Administration	519
b. Engineering and supervision	332
2. Operation and maintenance expenses	
– dams and weirs	
a. Operation expenses	15
b. Maintenance expenses	(43)
– Mains	
c. Operation expenses	–
d. Maintenance expenses	555
– Reservoirs	
e. Operation expenses	228
f. Maintenance expenses	19
– Pumping stations	
g. Operation expenses (excluding energy costs)	–
h. Energy costs	55
i. Maintenance expenses	1
– Treatment	
j. Operation expenses (excluding chemical costs)	–
k. Chemical costs	39
l. Maintenance expenses	187
– Other	
m. Operation expenses	143
n. Maintenance expenses	13
o. Purchase of water	4,050
3. Depreciation expenses	
a. System assets	1,586
b. Plant and equipment	8
4. Miscellaneous expenses	
a. Interest expenses	2
b. Revaluation decrements	372
c. Other expenses	140
d. Impairment – system assets	–
e. Impairment – plant and equipment	–
f. Aboriginal Communities Water and Sewerage Program	–
g. Tax equivalents dividends (actually paid)	–
5. Total expenses	8,221

Hilltops Council

Special Schedule 3 – Water Supply Income Statement (continued)

Includes all internal transactions, i.e. prepared on a gross basis
for the period 13 May 2016 to 30 June 2017

	Actuals 13/5/16 to 30/6/17
\$'000	
Income	
6. Residential charges	
a. Access (including rates)	2,300
b. Usage charges	3,744
7. Non-residential charges	
a. Access (including rates)	268
b. Usage charges	800
8. Extra charges	19
9. Interest income	234
10. Other income	77
10a. Aboriginal Communities Water and Sewerage Program	–
11. Grants	
a. Grants for acquisition of assets	–
b. Grants for pensioner rebates	76
c. Other grants	7
12. Contributions	
a. Developer charges	135
b. Developer provided assets	–
c. Other contributions	–
13. Total income	7,660
14. Gain (or loss) on disposal of assets	–
15. Operating result	(561)
15a. Operating result (less grants for acquisition of assets)	(561)

Hilltops Council

Special Schedule 3 – Water Supply Income Statement (continued)

Includes all internal transactions, i.e. prepared on a gross basis
for the period 13 May 2016 to 30 June 2017

	Actuals 13/5/16 to 30/6/17
\$'000	
B Capital transactions	
Non-operating expenditures	
16. Acquisition of fixed assets	
a. New assets for improved standards	6
b. New assets for growth	–
c. Renewals	424
d. Plant and equipment	–
17. Repayment of debt	–
18. Totals	430
Non-operating funds employed	
19. Proceeds from disposal of assets	–
20. Borrowing utilised	–
21. Totals	–
C Rates and charges	
22. Number of assessments	
a. Residential (occupied)	1,288
b. Residential (unoccupied, ie. vacant lot)	108
c. Non-residential (occupied)	550
d. Non-residential (unoccupied, ie. vacant lot)	30
23. Number of ETs for which developer charges were received	ET
24. Total amount of pensioner rebates (actual dollars)	\$ 39,509

Hilltops Council

Special Schedule 4 – Water Supply Statement of Financial Position

Includes internal transactions, i.e. prepared on a gross basis
as at 30 June 2017

\$'000	Actuals Current	Actuals Non-current	Actuals Total
ASSETS			
25. Cash and investments			
a. Developer charges	–	–	–
b. Special purpose grants	–	–	–
c. Accrued leave	–	–	–
d. Unexpended loans	–	–	–
e. Sinking fund	518	–	518
f. Other	8,852	–	8,852
26. Receivables			
a. Specific purpose grants	–	–	–
b. Rates and availability charges	348	–	348
c. User charges	903	–	903
d. Other	–	–	–
27. Inventories	–	–	–
28. Property, plant and equipment			
a. System assets	–	40,455	40,455
b. Plant and equipment	–	495	495
29. Other assets	–	–	–
30. Total assets	10,621	40,950	51,571
LIABILITIES			
31. Bank overdraft	–	–	–
32. Creditors	100	–	100
33. Borrowings	–	–	–
34. Provisions			
a. Tax equivalents	–	–	–
b. Dividend	–	–	–
c. Other	81	–	81
35. Total liabilities	181	–	181
36. NET ASSETS COMMITTED	10,440	40,950	51,390
EQUITY			
37. Accumulated surplus			42,645
38. Asset revaluation reserve			8,745
39. Other reserves			–
40. TOTAL EQUITY			51,390
Note to system assets:			
41. Current replacement cost of system assets			70,233
42. Accumulated current cost depreciation of system assets			(29,778)
43. Written down current cost of system assets			40,455

Hilltops Council

Special Schedule 5 – Sewerage Service Income Statement

Includes all internal transactions, i.e. prepared on a gross basis
for the period 13 May 2016 to 30 June 2017

		Actuals
		13/5/16
		to 30/6/17
\$'000		
A	Expenses and income	
	Expenses	
1.	Management expenses	
	a. Administration	227
	b. Engineering and supervision	328
2.	Operation and maintenance expenses	
	– mains	
	a. Operation expenses	34
	b. Maintenance expenses	12
	– Pumping stations	
	c. Operation expenses (excluding energy costs)	–
	d. Energy costs	25
	e. Maintenance expenses	795
	– Treatment	
	f. Operation expenses (excl. chemical, energy, effluent and biosolids management costs)	123
	g. Chemical costs	–
	h. Energy costs	1
	i. Effluent management	4
	j. Biosolids management	–
	k. Maintenance expenses	216
	– Other	
	l. Operation expenses	46
	m. Maintenance expenses	–
3.	Depreciation expenses	
	a. System assets	1,279
	b. Plant and equipment	13
4.	Miscellaneous expenses	
	a. Interest expenses	707
	b. Revaluation decrements	12,678
	c. Other expenses	330
	d. Impairment – system assets	–
	e. Impairment – plant and equipment	–
	f. Aboriginal Communities Water and Sewerage Program	–
	g. Tax equivalents dividends (actually paid)	–
5.	Total expenses	16,818

Hilltops Council

Special Schedule 5 – Sewerage Service Income Statement (continued)

Includes all internal transactions, i.e. prepared on a gross basis
for the period 13 May 2016 to 30 June 2017

	Actuals 13/5/16 to 30/6/17
\$'000	
Income	
6. Residential charges (including rates)	3,846
7. Non-residential charges	
a. Access (including rates)	50
b. Usage charges	98
8. Trade waste charges	
a. Annual fees	16
b. Usage charges	3
c. Excess mass charges	–
d. Re-inspection fees	–
9. Extra charges	1
10. Interest income	173
11. Other income	15
11a. Aboriginal Communities Water and Sewerage Program	–
12. Grants	
a. Grants for acquisition of assets	581
b. Grants for pensioner rebates	64
c. Other grants	–
13. Contributions	
a. Developer charges	–
b. Developer provided assets	73
c. Other contributions	–
14. Total income	4,920
15. Gain (or loss) on disposal of assets	–
16. Operating result	(11,898)
16a. Operating result (less grants for acquisition of assets)	(12,479)

Hilltops Council

Special Schedule 5 – Sewerage Service Income Statement (continued)

Includes all internal transactions, i.e. prepared on a gross basis
for the period 13 May 2016 to 30 June 2017

	Actuals 13/5/16 to 30/6/17
\$'000	
B Capital transactions	
Non-operating expenditures	
17. Acquisition of fixed assets	
a. New assets for improved standards	—
b. New assets for growth	—
c. Renewals	13
d. Plant and equipment	—
18. Repayment of debt	—
19. Totals	13
Non-operating funds employed	
20. Proceeds from disposal of assets	—
21. Borrowing utilised	—
22. Totals	—
C Rates and charges	
23. Number of assessments	
a. Residential (occupied)	849
b. Residential (unoccupied, ie. vacant lot)	65
c. Non-residential (occupied)	152
d. Non-residential (unoccupied, ie. vacant lot)	
24. Number of ETs for which developer charges were received	ET
25. Total amount of pensioner rebates (actual dollars)	\$ 28,520

Hilltops Council

Special Schedule 6 – Sewerage Service Statement of Financial Position

Includes internal transactions, i.e. prepared on a gross basis
as at 30 June 2017

\$'000	Actuals Current	Actuals Non-current	Actuals Total
ASSETS			
26. Cash and investments			
a. Developer charges	—	—	—
b. Special purpose grants	—	—	—
c. Accrued leave	—	—	—
d. Unexpended loans	—	—	—
e. Sinking fund	985	—	985
f. Other	6,417	—	6,417
27. Receivables			
a. Specific purpose grants	—	—	—
b. Rates and availability charges	352	—	352
c. User charges	18	—	18
d. Other	85	—	85
28. Inventories	—	—	—
29. Property, plant and equipment			
a. System assets	—	41,150	41,150
b. Plant and equipment	—	1,033	1,033
30. Other assets	—	—	—
31. Total assets	7,857	42,183	50,040
LIABILITIES			
32. Bank overdraft	—	—	—
33. Creditors	111	—	111
34. Borrowings	—	12,648	12,648
35. Provisions			
a. Tax equivalents	—	—	—
b. Dividend	—	—	—
c. Other	50	—	50
36. Total liabilities	161	12,648	12,809
37. NET ASSETS COMMITTED	7,696	29,535	37,231
EQUITY			
38. Accumulated surplus			31,700
39. Asset revaluation reserve			5,531
40. Other reserves			—
41. TOTAL EQUITY			37,231
Note to system assets:			
42. Current replacement cost of system assets			69,275
43. Accumulated current cost depreciation of system assets			(28,125)
44. Written down current cost of system assets			41,150

Hilltops Council

Notes to Special Schedules 3 and 5 for the period 13 May 2016 to 30 June 2017

Administration ⁽¹⁾

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

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

Engineering and supervision ⁽¹⁾

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

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

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

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

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

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

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

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

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

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

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

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

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

Notes:

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

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

Hilltops Council

Special Schedule 7 – Report on Infrastructure Assets as at 30 June 2017

\$'000

Asset class	Asset category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2016/17 Required maintenance ^a	2016/17 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
								1	2	3	4	5
Buildings	Administration	–	–	81	105	12,059	18,067	70%	10%	20%	0%	0%
	Buildings – non-specialised	225	8	36	42	2,537	4,357	21%	38%	28%	12%	1%
	Buildings – Commercial	541	23	27	18	3,657	9,593	9%	26%	45%	19%	1%
	Works Depot	400	144	40	43	1,718	5,028	18%	17%	44%	7%	14%
	Public Halls	1,683	–	91	96	4,509	16,096	3%	37%	21%	39%	0%
	Library	260	–	16	12	848	2,782	1%	16%	37%	46%	0%
	Cultural Facilities	842	100	18	10	1,461	4,883	3%	0%	21%	66%	10%
	Sporting Facilities	312	45	64	156	8,271	17,735	5%	43%	44%	6%	2%
	Child Care	–	–	2	12	2,396	4,064	0%	100%	0%	0%	0%
	Medical Centre	–	–	72	51	2,871	3,138	100%	0%	0%	0%	0%
	Aged Care Facilities	–	–	–	–	725	1,456	100%	0%	0%	0%	0%
	Caravan Park	–	–	3	29	417	686	23%	0%	77%	0%	0%
	Emergency Services	11	–	39	5	2,270	3,629	18%	49%	31%	2%	0%
	Sewer Buildings	25	11	3	10	293	386	0%	0%	95%	5%	0%
	Other	104	31	104	12	497	1,537	33%	19%	24%	14%	10%
	Sub-total	4,403	362	596	601	44,529	93,437	24.4%	28.9%	28.9%	15.9%	2.0%
Other structures	Other structures	1,512	607	85	125	3,557	7,547	22%	10%	7%	20%	41%
	SWRWMG	–	–	1	–	176	195	100%	0%	0%	0%	0%
	Sub-total	1,512	607	86	125	3,733	7,742	24.0%	9.7%	6.8%	19.5%	40.0%

Hilltops Council

Special Schedule 7 – Report on Infrastructure Assets as at 30 June 2017 (continued)

\$'000

Asset class	Asset category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2016/17 Required maintenance ^a	2016/17 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
								1	2	3	4	5
Roads	Sealed Roads Surface	3,446	698	1,392	2,461	83,641	109,552	24%	44%	20%	9%	3%
	Road Pavement	3,402	564	1,955	2,691	120,125	174,357	14%	42%	36%	7%	1%
	Bridges	283	–	735	71	27,261	51,729	8%	21%	68%	3%	0%
	Footpaths	99	10	51	46	5,266	7,372	25%	26%	43%	5%	1%
	Kerb & Gutter	99	–	125	63	7,935	15,491	27%	20%	50%	3%	0%
	Bulk earthworks	325	65	475	–	95,290	95,290	67%	9%	23%	1%	0%
	Causeways	8	–	12	–	361	828	3%	21%	71%	5%	0%
	Culverts	319	–	306	–	13,311	24,845	4%	62%	29%	5%	0%
	Street Furniture	–	–	58	–	3,229	4,100	14%	86%	0%	0%	0%
	Other	–	–	–	–	772	1,295	0%	0%	0%	0%	100%
	Sub-total	7,981	1,337	5,109	5,332	357,191	484,859	26.0%	34.0%	33.1%	5.5%	1.3%
Water supply network	Water Supply network	1,817	592	518	646	28,571	47,807	11%	43%	37%	3%	6%
	Reservoirs	3,232	1,616	85	58	4,598	9,706	21%	7%	22%	26%	24%
	Pump Stations	3,156	1,578	42	7	4,900	8,686	2%	7%	2%	4%	85%
	Other	26	13	79	24	2,385	3,792	8%	13%	64%	15%	0%
	Sub-total	8,231	3,799	724	735	40,454	69,991	11.1%	31.9%	32.0%	7.0%	18.0%
Sewerage network	Sewerage network	45	18	239	71	23,422	38,327	25%	24%	41%	0%	10%
	Treatment Plant	2,450	1,225	369	356	11,991	19,059	63%	0%	5%	0%	32%
	Pump Stations	194	76	44	61	856	1,927	4%	10%	58%	8%	20%
	Reclaimed Water	532	266	120	21	4,881	6,578	75%	5%	0%	0%	20%
	Sub-total	3,221	1,585	772	509	41,150	65,891	40.4%	14.8%	27.0%	0.2%	17.7%

Hilltops Council

Special Schedule 7 – Report on Infrastructure Assets as at 30 June 2017 (continued)

\$'000

Asset class	Asset category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2016/17 Required maintenance ^a	2016/17 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
								1	2	3	4	5
Stormwater drainage	Stormwater drainage	163	145	40	377	9,312	24,489	29%	6%	62%	3%	0%
	Stormwater Pits	18	18	59	–	1,628	2,728	61%	14%	22%	3%	0%
	Stormwater Headwalls	23	23	1	–	549	728	65%	7%	12%	16%	0%
	Pollutant Traps	–	–	5	–	147	156	100%				0%
	Other	–	–	14	–	164	299	100%				0%
	Sub-total	204	186	119	377	11,800	28,400	34.1%	6.7%	55.9%	3.3%	0.0%
Open space/recreational assets	Swimming pools	1,092	292	425	96	4,390	8,070	31%	1%	34%	16%	18%
	Other	132	–	209	90	6,278	10,028	21%	55%	20%	4%	0%
	Sub-total	1,224	292	634	186	10,668	18,098	25.5%	30.9%	26.2%	9.4%	8.0%
	TOTAL – ALL ASSETS	26,776	8,168	8,040	7,865	509,525	768,418	26.0%	30.2%	32.4%	6.6%	4.8%

Notes:

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

Infrastructure asset condition assessment 'key'

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

Hilltops Council

Special Schedule 7 – Report on Infrastructure Assets (continued)

for the period 13 May 2016 to 30 June 2017

\$ '000	Amounts 2017	Indicator 2017
Infrastructure asset performance indicators * consolidated		
1. Infrastructure renewals ratio		
Asset renewals ⁽¹⁾	12,069	78.57%
Depreciation, amortisation and impairment	15,360	
2. Infrastructure backlog ratio		
Estimated cost to bring assets to a satisfactory standard	26,776	6.46%
Net carrying amount of infrastructure assets	414,295	
3. Asset maintenance ratio		
Actual asset maintenance	7,865	0.98
Required asset maintenance	8,040	
4. Cost to bring assets to agreed service level		
Estimated cost to bring assets to an agreed service level set by Council	8,168	1.06%
Gross replacement cost	768,418	

Notes

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

⁽¹⁾ Asset renewals represent the replacement and/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance.

Hilltops Council

Special Schedule 7 – Report on Infrastructure Assets (continued)

for the period 13 May 2016 to 30 June 2017

\$ '000	Water 2017	Sewer 2017	General ⁽¹⁾ 2017
Infrastructure asset performance indicators by fund			
1. Infrastructure renewals ratio			
Asset renewals ⁽²⁾	47.14%	327.74%	57.25%
Depreciation, amortisation and impairment			
2. Infrastructure backlog ratio			
Estimated cost to bring assets to a satisfactory standard	20.35%	7.83%	4.61%
Net carrying amount of infrastructure assets			
3. Asset maintenance ratio			
Actual asset maintenance	1.02	0.66	1.01
Required asset maintenance			
4. Cost to bring assets to agreed service level			
Estimated cost to bring assets to agreed service level set by Council	5.43%	2.41%	0.44%
Gross replacement cost			

Notes

- ⁽¹⁾ General fund refers to all of Council's activities except for its water and sewer activities which are listed separately.
- ⁽²⁾ Asset renewals represent the replacement and/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance.

Hilltops Council

Special Schedule 8 – Permissible Income Calculation

for the year ended 30 June 2018

\$'000		Calculation 2017/18	Calculation 2017/18	Calculation 2017/18	Calculation 2017/18
		Former Boorowa Council	Former Harden Shire Council	Former Young Shire Council	Total
Notional general income calculation ⁽¹⁾					
Last year notional general income yield	a	2,479	2,884	7,054	12,417
Plus or minus adjustments ⁽²⁾	b	17	(18)	52	51
Notional general income	c = (a + b)	2,496	2,866	7,106	12,468
Permissible income calculation					
Special variation percentage ⁽³⁾	d	0.00%	0.00%	0.00%	–
Or rate peg percentage	e	1.50%	1.50%	1.50%	1.50%
Or crown land adjustment (incl. rate peg percentage)	f	0.00%	0.00%	0.00%	–
Less expiring special variation amount	g	–	–	–	–
Plus special variation amount	h = d x (c – g)	–	–	–	–
Or plus rate peg amount	i = c x e	37	43	107	187
Or plus Crown land adjustment and rate peg amount	j = c x f	–	–	–	–
Sub-total	k = (c + g + h + i + j)	2,533	2,909	7,213	12,655
Plus (or minus) last year's carry forward total	l	–	(5)	38	33
Less valuation objections claimed in the previous year	m	–	–	–	–
Sub-total	n = (l + m)	–	(5)	38	33
Total permissible income	o = k + n	2,533	2,904	7,251	12,688
Less notional general income yield	p	2,530	2,907	7,351	12,788
Catch-up or (excess) result	q = o – p	3	(3)	(100)	(100)
Plus income lost due to valuation objections claimed ⁽⁴⁾	r	–	–	–	–
Less unused catch-up ⁽⁵⁾	s	–	–	–	–
Carry forward to next year	t = q + r – s	3	(3)	(100)	(100)

Hilltops Council

Special Schedule 8 – Permissible Income Calculation (continued) for the year ended 30 June 2018

\$'000

Notes

- (1) The notional general income will not reconcile with rate income in the financial statements in the corresponding year. The statements are reported on an accrual accounting basis which include amounts that relate to prior years' rates income.
- (2) Adjustments account for changes in the number of assessments and any increase or decrease in land value occurring during the year. The adjustments are called 'supplementary valuations' as defined in the *Valuation of Land Act 1916*.
- (3) The 'special variation percentage' is inclusive of the rate peg percentage and where applicable Crown land adjustment.
- (4) Valuation objections are unexpected changes in land values as a result of land owners successfully objecting to the land value issued by the Valuer-General. Councils can claim the value of the income lost due to valuation objections in any single year.
- (5) Unused catch-up amounts will be deducted if they are not caught up within 2 years. Usually councils will have a nominal carry forward figure. These amounts can be adjusted for in setting the rates in a future year.
- (6) Carry forward amounts which are in excess (an amount that exceeds the permissible income) require ministerial approval by order published in the NSW Government Gazette in accordance with section 512 of the *Local Government Act 1993*. The OLG will extract these amounts from Council's Special Schedule 8 in the financial data return (FDR) to administer this process.



INDEPENDENT AUDITOR'S REPORT

Special Schedule No. 8

Hilltops Council

To the Councillors of Hilltops Council

Opinion

I have audited the accompanying special purpose financial statement comprising the reconciliation of total permissible general income (Special Schedule No. 8) of Hilltops Council (the Council) for the year ending 30 June 2018.

In my opinion, Special Schedule No. 8 of Hilltops Council for 30 June 2018 is prepared, in all material respects in accordance with the requirements of the Local Government Code of Accounting Practice and Financial Reporting (LG Code) issued by the Office of Local Government (OLG), and is in accordance with the books and records of the Council.

My opinion should be read in conjunction with the rest of this report, and in particular the Emphasis of Matter paragraph, which describes the basis of accounting.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of Special Schedule No.8' section of my report.

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

Without modifying my opinion, I draw attention to the notes and explanations in Special Schedule No. 8 that instruct councils in its preparation so it complies with OLG's requirements as described in the LG Code. As a result, Special Schedule No. 8 may not be suitable for another purpose.

Councillors' Responsibility for Special Schedule No. 8

The Councillors of the Council are responsible for the preparation of Special Schedule No. 8 in accordance with the LG Code. The Councillors' responsibility also includes such internal control as the Councillors determine is necessary to enable the preparation of Special Schedule No. 8 that is free from material misstatement, whether due to fraud or error.

In preparing Special Schedule No.8, the Councillors must assess the Council's ability to continue as a going concern except where the Council will be dissolved or amalgamated by an Act of Parliament. The assessment must disclose, as applicable, matters related to going concern and the appropriateness of using the going concern basis of accounting.

Auditor's Responsibility for the Audit of Special Schedule No. 8

My objectives are to:

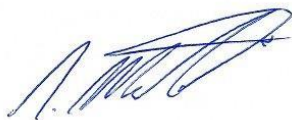
- obtain reasonable assurance whether Special Schedule No. 8 as a whole is free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on Special Schedule No.8.

A description of my responsibilities for the audit of Special Schedule No.8 is located at the Auditing and Assurance Standards Board website at http://www.auasb.gov.au/auditors_responsibilities/ar8.pdf. The description forms part of my auditor's report.

My opinion does not provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited Special Schedule No.8 on any website where they may be presented
- about any other information which may have been hyperlinked to/from Special Schedule No 8.



Steven Martin
Assistant Auditor-General, Financial Audit

29 November 2017
SYDNEY