



Naracoorte Lucindale Council

Better by Nature



Financial Statements

for Year Ending

30 June 2015

NARACOORTE LUCINDALE COUNCIL

General Purpose Financial Reports for the year ended 30 June 2015

TABLE OF CONTENTS

	<u>Page</u>
Council Certificate	1
Principal Financial Statements	
Statement of Comprehensive Income	2
Statement of Financial Position	3
Statement of Changes in Equity	4
Statement of Cash Flows	5
Notes to, and forming part of, the Principal Financial Statements	
Note 1 - Significant Accounting Policies	N1
Note 2 - Income	N7
Note 3 - Expenses	N10
Note 4 - Asset Disposal & Fair Value Adjustments	N12
Note 5 - Current Assets	N13
Note 6 - Non-Current Assets	N14
Note 7 - Infrastructure, Property, Plant & Equipment & Investment Property	N15
Note 8 - Liabilities	N19
Note 9 - Reserves	N20
Note 10 - Assets Subject to Restrictions	N22
Note 11 - Reconciliation of Cash Flow Statement	N23
Note 12 - Functions	N24
Note 13 - Financial Instruments	N26
Note 14 - Expenditure Commitments	N28
Note 15 - Financial Indicators	N29
Note 16 - Uniform Presentation of Finances	N30
Note 17 - Operating Leases	N31
Note 18 - Superannuation	N32
Note 19 - Assets & Liabilities not Recognised	N33
Audit Report - Financial Statements	
Council Certificate of Audit Independence	
Audit Certificate of Audit Independence	

NARACOORTE LUCINDALE COUNCIL

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2015

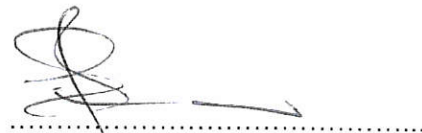
CERTIFICATION OF FINANCIAL STATEMENTS

We have been authorised by the Council to certify the financial statements in their final form. In our opinion:

- the accompanying financial statements comply with the *Local Government Act 1999, Local Government (Financial Management) Regulations 2011* and Australian Accounting Standards.
- the financial statements present a true and fair view of the Council's financial position at 30 June 2015 and the results of its operations and cash flows for the financial year.
- internal controls implemented by the Council provide a reasonable assurance that the Council's financial records are complete, accurate and reliable and were effective throughout the financial year.
- the financial statements accurately reflect the Council's accounting and other records.



HELEN MACDONALD
CHIEF EXECUTIVE OFFICER



ERIKA VICKERY
MAYOR

Date: **8 September 2015**

NARACORTE LUCINDALE COUNCIL

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 June 2015

	Notes	2015 \$'000	2014 \$'000
INCOME			
Rates	2	11,054	10,839
Statutory charges	2	176	167
User charges	2	2,357	2,281
Grants, subsidies and contributions	2	4,685	2,114
Investment income	2	249	233
Reimbursements	2	109	163
Other income	2	373	365
Total Income		<u>19,003</u>	<u>16,162</u>
EXPENSES			
Employee costs	3	5,242	5,344
Materials, contracts & other expenses	3	5,290	4,675
Depreciation, amortisation & impairment	3	6,114	5,447
Finance costs	3	235	255
Total Expenses		<u>16,881</u>	<u>15,721</u>
OPERATING SURPLUS / (DEFICIT)		2,122	441
Asset disposal & fair value adjustments	4	(287)	(77)
Amounts received specifically for new or upgraded assets	2	887	646
NET SURPLUS / (DEFICIT)		<u>2,722</u>	<u>1,010</u>
transferred to Equity Statement		2,722	1,010
Other Comprehensive Income			
<i>Amounts which will not be reclassified subsequently to operating result</i>			
Changes in revaluation surplus - infrastructure, property, plant & equipment	9	5,788	-
Total Other Comprehensive Income		<u>5,788</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME		<u>8,510</u>	<u>1,010</u>

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

NARACORTE LUCINDALE COUNCIL

STATEMENT OF FINANCIAL POSITION as at 30 June 2015

	Notes	2015 \$'000	2014 \$'000
ASSETS			
Current Assets			
Cash and cash equivalents	5	9,593	7,428
Trade & other receivables	5	946	961
Inventories	5	<u>1,034</u>	<u>1,034</u>
Total Current Assets		<u>11,573</u>	<u>9,423</u>
Non-current Assets			
Financial assets	6	42	53
Infrastructure, property, plant & equipment	7	275,619	269,387
Other non-current assets	6	<u>1,225</u>	<u>892</u>
Total Non-current Assets		<u>276,886</u>	<u>270,332</u>
Total Assets		<u>288,459</u>	<u>279,755</u>
LIABILITIES			
Current Liabilities			
Trade & other payables	8	1,909	1,398
Borrowings	8	328	314
Provisions	8	<u>1,074</u>	<u>1,051</u>
Total Current Liabilities		<u>3,311</u>	<u>2,763</u>
Non-current Liabilities			
Borrowings	8	3,358	3,686
Provisions	8	<u>304</u>	<u>330</u>
Total Non-current Liabilities		<u>3,662</u>	<u>4,016</u>
Total Liabilities		<u>6,973</u>	<u>6,779</u>
NET ASSETS		<u>281,486</u>	<u>272,976</u>
EQUITY			
Accumulated Surplus		44,894	42,600
Asset Revaluation Reserves	9	234,727	228,939
Other Reserves	9	<u>1,865</u>	<u>1,437</u>
TOTAL EQUITY		<u>281,486</u>	<u>272,976</u>

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

NARACOORTE LUCINDALE COUNCIL

STATEMENT OF CHANGES IN EQUITY for the year ended 30 June 2015

	Notes	Accumulated Surplus \$'000	Asset Revaluation Reserve \$'000	Other Reserves \$'000	TOTAL EQUITY \$'000
2015					
Balance at end of previous reporting period		42,600	228,939	1,437	272,976
Net Surplus / (Deficit) for Year		2,722	-	-	2,722
Other Comprehensive Income					
Gain on revaluation of infrastructure, property, plant & equipment		-	5,788	-	5,788
Transfers between reserves		(428)	-	428	-
Balance at end of period		44,894	234,727	1,865	281,486
2014					
Balance at end of previous reporting period		40,903	228,939	2,124	271,966
Net Surplus / (Deficit) for Year		1,010	-	-	1,010
Other Comprehensive Income					
Transfers between reserves		687	-	(687)	-
Balance at end of period		42,600	228,939	1,437	272,976

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

NARACOORTE LUCINDALE COUNCIL

STATEMENT OF CASH FLOWS

for the year ended 30 June 2015

	Notes	2015 \$'000	2014 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
<u>Receipts</u>			
Rates - general & other		11,062	10,779
Fees & other charges		176	180
User charges		2,335	2,688
Investment receipts		253	219
Grants utilised for operating purposes		4,685	2,273
Reimbursements		116	185
Other revenues		386	1,486
<u>Payments</u>			
Employee costs		(5,333)	(5,213)
Materials, contracts & other expenses		(4,717)	(6,545)
Finance payments		(217)	(284)
Net Cash provided by (or used in) Operating Activities		8,746	5,768
 CASH FLOWS FROM INVESTING ACTIVITIES			
<u>Receipts</u>			
Amounts specifically for new or upgraded assets		887	646
Sale of replaced assets		229	119
Sale of surplus assets		127	
Repayments of loans by community groups		24	26
<u>Payments</u>			
Expenditure on renewal/replacement of assets		(6,020)	(3,440)
Expenditure on new/upgraded assets		(1,514)	(1,961)
Net Cash provided by (or used in) Investing Activities		(6,267)	(4,610)
 CASH FLOWS FROM FINANCING ACTIVITIES			
<u>Payments</u>			
Repayments of borrowings		(314)	(294)
Net Cash provided by (or used in) Financing Activities		(314)	(294)
Net Increase (Decrease) in cash held		2,165	864
Cash & cash equivalents at beginning of period	11	7,428	6,564
Cash & cash equivalents at end of period	11	9,593	7,428

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

NARACOORTE LUCINDALE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

Note 1 - SIGNIFICANT ACCOUNTING POLICIES

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

1 Basis of Preparation

1.1 Compliance with Australian Accounting Standards

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

The financial report was authorised for issue by certificate under regulation 14 of the Local Government (Financial Management) Regulations 2011 dated 15 September 2015.

1.2 Historical Cost Convention

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

1.3 Critical Accounting Estimates

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

1.4 Rounding

All amounts in the financial statements have been rounded to the nearest thousand (\$'000).

2 The Local Government Reporting Entity

Naracoorte Lucindale Council is incorporated under the SA Local Government Act 1999 and has its principal place of business at DeGaris Place, Naracoorte. These financial statements include the Council's direct operations and all entities through which Council controls resources to carry on its functions. In the process of reporting on the Council as a single unit, all transactions and balances between activity areas and controlled entities have been eliminated.

3 Income recognition

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

Note 1 - Significant Accounting Policies (cont)

In June the Federal Government announced that the payment of untied financial assistance grants would be made early. Approximately 50% of the anticipated grant for 2015-16 was received in June 2015.

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

3.1 Construction Contracts

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

4 Cash, Cash Equivalents and other Financial Instruments

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

Receivables for rates and annual charges are secured over the subject land, and bear interest at rates determined in accordance with the Local Government Act 1999. Other receivables are generally unsecured and do not bear interest.

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

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

5 Inventories

Inventories held in respect of stores have been valued on a cost basis, after adjustment for loss of service potential. Inventories held in respect of business undertakings have been valued at the lower of cost and net realisable value.

6 Infrastructure, Property, Plant & Equipment

6.1 Land under roads

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

6.2 Initial Recognition

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

Note 1 - Significant Accounting Policies (cont)

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

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

6.3 Materiality

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

Office Furniture & Equipment	\$1,000
Information Technology	\$1,000
Other Plant and Equipment	\$1,000
Buildings New Construction / Extensions	\$5,000
Park & Playground Furniture & Equipment	\$1,000
Road Construction and Reconstruction	\$5,000
Paving & Footpaths, Kerb & Gutter	\$5,000
Drains & Culverts	\$5,000
Artworks	\$1,000

6.4 Subsequent Recognition

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

6.5 Depreciation of Non-Current Assets

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

Major depreciation periods for each class of asset are shown below. Depreciation periods for infrastructure assets have been estimated based on the best information available to Council, but appropriate records covering the entire life cycle of these assets are not available, and care should be used in interpreting financial information based on these estimates.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

Note 1 - Significant Accounting Policies (cont)

Plant, Furniture & Equipment		
	Office Equipment - Computerised	3 to 10 years
	Office Furniture & Equipment	5 to 15 years
	Vehicles and Road-making Equip	5 to 15 years
	Minor Plant & Equipment	3 to 15 years
Building & Other Structures		
	Buildings – masonry	50 to 100 years
	Buildings – other construction	20 to 40 years
	Memorials	40 to 80 years
	Park Structures – other construction	5 to 15 years
	Playground equipment	5 to 15 years
	Benches, seats, etc	5 to 15 years
Infrastructure		
	Seal	15 years
	Pavement	40 years
	Earthworks	indefinite
	Bridges	60 to 100 years
	Paving & Footpaths, Kerb & Gutter	15 to 40 years
	Stormwater Drainage	60 years
Other Assets		
	Library Books	3 to 5 years
	Artworks	indefinite

6.6 Impairment

Assets that have an indefinite useful life are not subject to depreciation and are reviewed annually for impairment. Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount (which is the higher of the present value of future cash outflows or value in use).

For assets whose future economic benefits are not dependent on the ability to generate cash flows, and where the future economic benefits would be replaced if Council were deprived thereof, the value in use is the depreciated replacement cost. In assessing impairment for these assets, a rebuttable assumption is made that the current replacement cost exceeds the original cost of acquisition.

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

Note 1 - Significant Accounting Policies (cont)

7 Payables

7.1 Goods & Services

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

7.2 Payments Received in Advance & Deposits

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

8 Borrowings

Loans are carried at their principal amounts which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period to which it relates, and is recorded as part of "Payables".

9 Employee Benefits

9.1 Salaries, Wages & Compensated Absences

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

Liabilities for employee benefits not expected to be paid or settled within 12 months are measured as the present value of the estimated future cash outflows (including payroll based on-costs) to be made in respect of services provided by employees up to the reporting date. Present values are calculated using government guaranteed securities rates with similar maturity terms.

Weighted average discount rate	2% (2014, 2.51%)
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No accrual is made for sick leave as Council experience indicates that, on average, sick leave taken in each reporting period is less than the entitlement accruing in that period, and this experience is expected to recur in future reporting periods. Council does not make payment for untaken sick leave.

9.2 Superannuation

The Council makes employer superannuation contributions in respect of its employees predominantly to the Statewide Superannuation Scheme. The Scheme has two types of membership, each of which is funded differently. No changes in accounting policy have occurred during either the current or previous reporting periods. Details of the accounting policies applied and Council's involvement with the Scheme is reported in Note 18.

10 Leases

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

Note 1 - Significant Accounting Policies (cont)

11 GST Implications

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

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

12 Pending Accounting Standards

Certain new accounting standards and UIG interpretations have been published that are not mandatory for the 30 June 2015 reporting period and have not been used in preparing these reports.

- AASB 7 Financial Instruments - Disclosures
- AASB 9 Financial Instruments
- AASB 15 Revenue from Contracts with Customers
- AASB 124 Related Party Disclosures

Standards containing consequential amendments to other Standards and Interpretations arising from the above - AASB 2010-7, AASB 2014-1, AASB 2014-3, AASB 2014-4, AASB 2014-5, AASB 2014-6, AASB 2014-7, AASB 2014-8, AASB 2014-9, AASB 14-10, AASB 15-1, AASB 15-2, AASB 15-3, AASB 15-4, AASB 15-5 and AASB 2015-6. (Standards not affecting local government have been excluded from the above list.)

Council is of the view that none of the above new standards or interpretations will affect any of the amounts recognised in the financial statements, but that they may impact certain information otherwise disclosed.

The Australian Accounting Standards Board is currently reviewing AASB 1004 Contributions. It is anticipated that the changes resulting from this review may have a material effect on the timing of the recognition of grants and contributions, but the financial consequences cannot be estimated until a revised accounting standard is issued.

NARACOORTE LUCINDALE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 2 - INCOME

	Notes	2015 \$'000	2014 \$'000
RATES REVENUES			
<u>General Rates</u>		9,943	9,718
Less: Mandatory rebates		(63)	(76)
Less: Discretionary rebates, remissions & write offs		(62)	(57)
		9,818	9,585
<u>Other Rates</u> (including service charges)			
Natural Resource Management levy		187	184
Waste collection		916	912
Community wastewater management systems		84	77
		1,187	1,173
<u>Other Charges</u>			
Penalties for late payment		50	54
Legal & other costs recovered		-	28
		50	82
Less: Discretionary rebates, remissions & write offs		(1)	(1)
		11,054	10,839
STATUTORY CHARGES			
Development Act fees		38	34
Town planning fees		70	64
Health & Septic Tank Inspection fees		4	5
Animal registration fees & fines		43	42
Parking fines / expiation fees		5	5
Other licences, fees, & fines		16	17
		176	167
USER CHARGES			
Cemetery/crematoria fees		87	77
Livestock Exchange Fees and Charges		1,621	1,448
Lease and Rental Income		79	78
Transfer Station		456	485
Hall & Equipment Hire		38	36
Aged Home Maintenance Fees		19	18
Sales - general		55	137
Sundry		2	2
		2,357	2,281
INVESTMENT INCOME			
Interest on investments			
Local Government Finance Authority		202	177
Banks & other		45	53
Loans to community groups		2	3
		249	233

NARACOORTE LUCINDALE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

NOTE 2 - INCOME (continued)

	Notes	2015 \$'000	2014 \$'000
REIMBURSEMENTS			
- for private works		75	62
- other		34	101
		<u>109</u>	<u>163</u>
OTHER INCOME			
Insurance & other recoupments - infrastructure, property, plant & equipment		156	184
Rebates received		118	98
Sundry		99	83
		<u>373</u>	<u>365</u>
GRANTS, SUBSIDIES, CONTRIBUTIONS			
Amounts received specifically for new or upgraded assets		887	646
Other grants, subsidies and contributions		4,685	2,114
		<u>5,572</u>	<u>2,760</u>
<i>The functions to which these grants relate are shown in Note 12.</i>			
Sources of grants			
Commonwealth government		642	417
State government		4,930	2,343
		<u>5,572</u>	<u>2,760</u>

NARACOORTE LUCINDALE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

NOTE 2 - INCOME (continued)

	2015	2014
Notes	\$'000	\$'000
Conditions over grants & contributions		
<i>Grants and contributions which were obtained on the condition that they be expended for specified purposes or in a future period, but which are not yet expended in accordance with those conditions, are as follows:</i>		
<i>Unexpended at the close of the previous reporting period</i>	194	-
<i>Less: expended during the current period from revenues recognised in previous reporting periods</i>		
<i>Heritage & Cultural Services</i>	(194)	-
<i>Subtotal</i>	(194)	-
<i>Plus: amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions</i>		
<i>Roads Infrastructure</i>	566	-
<i>Heritage, Cultural & Economic Development</i>	92	194
<i>Subtotal</i>	658	194
<i>Unexpended at the close of this reporting period</i>	658	194
 <i>Net increase (decrease) in assets subject to conditions in the current reporting period</i>	 464	 194

NARACOORTE LUCINDALE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 3 - EXPENSES

	Notes	2015 \$'000	2014 \$'000
EMPLOYEE COSTS			
Salaries and Wages		4,039	4,133
Employee leave expense		911	989
Superannuation - defined contribution plan contributions	18	324	271
Superannuation - defined benefit plan contributions	18	126	177
Workers' Compensation Insurance		252	234
Other		74	91
Less: Capitalised and distributed costs		(484)	(551)
Total Operating Employee Costs		5,242	5,344
 Total Number of Employees		 70	 73
<i>(Full time equivalent at end of reporting period)</i>			
 MATERIALS, CONTRACTS & OTHER EXPENSES			
<u>Prescribed Expenses</u>			
Auditor's Remuneration			
- Auditing the financial reports		19	18
Elected members' expenses		197	129
Election expenses		24	2
Operating Lease Rentals	17	6	3
Subtotal - Prescribed Expenses		246	152
 <u>Other Materials, Contracts & Expenses</u>			
Contractors		674	542
Waste Management		1,448	1,418
Street Cleaning		128	189
Insurance		286	281
Quarry - rubble raising & associated expenses		447	433
Subscriptions & Licences		247	242
Energy		685	780
Maintenance		797	663
Legal Expenses		13	8
Levies paid to government - NRM levy		186	184
- Other Levies, Taxes & Vehicle Registrations		203	93
Parts, accessories & consumables		478	531
Professional services		196	264
Sundry		582	585
Less: Capitalised and distributed costs		(1,326)	(1,690)
Subtotal - Other Materials, Contracts & Expenses		5,044	4,523
		5,290	4,675

NARACOORTE LUCINDALE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 3 - EXPENSES (cont)

	Notes	2015 \$'000	2014 \$'000
DEPRECIATION, AMORTISATION & IMPAIRMENT			
Depreciation			
Buildings & Other Structures (L3)		449	421
Buildings & Other Structures (L2)		-	10
Transfer Station		30	-
Furniture & Fittings		66	63
Site Improvements		47	50
Minor Plant		17	16
Plant & Equipment		626	497
Library books		22	20
CWMS		38	41
Stormwater		98	93
Regional Livestock Exchange			
- Buildings & Structures		368	260
- Plant, Equipment & Furniture		22	26
Swimming Lake			
- Buildings & Structures		58	45
- Plant, Equipment & Furniture		3	3
Aerodrome			
- Buildings & Structures		92	47
- Site Improvement		2	4
Infrastructure			
- Bridges & Drainage		114	93
- Roads		4,046	3,742
- Street Furniture		9	9
- Site Improvement		7	7
		<u>6,114</u>	<u>5,447</u>
FINANCE COSTS			
Interest on Loans		<u>235</u>	<u>255</u>
		<u>235</u>	<u>255</u>

NARACOORTE LUCINDALE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 4 - ASSET DISPOSAL & FAIR VALUE ADJUSTMENTS

	2015	2014
Notes	\$'000	\$'000
INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT		
<i>Assets renewed or directly replaced</i>		
Proceeds from disposal	229	119
Less: Carrying amount of assets sold	<u>381</u>	<u>171</u>
Gain (Loss) on disposal	<u>(152)</u>	<u>(52)</u>
 <i>Assets surplus to requirements</i>		
Proceeds from disposal	127	-
Less: Carrying amount of assets sold	<u>262</u>	<u>25</u>
Gain (Loss) on disposal	<u>(135)</u>	<u>(25)</u>
 NET GAIN (LOSS) ON DISPOSAL OR REVALUATION OF ASSETS	 <u>(287)</u>	 <u>(77)</u>

NARACOORTE LUCINDALE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 5 - CURRENT ASSETS

	Notes	2015 \$'000	2014 \$'000
CASH & EQUIVALENT ASSETS			
Cash on Hand and at Bank		1,062	439
Deposits at Call		3,452	1,946
Short Term Deposits & Bills, etc		5,079	5,043
		<u>9,593</u>	<u>7,428</u>
 TRADE & OTHER RECEIVABLES			
Rates - General & Other		644	536
Accrued Revenues		75	84
Debtors - general		198	287
GST Recoupment		16	32
Prepayments		7	3
Loans to community organisations		6	19
		<u>946</u>	<u>961</u>
 INVENTORIES			
Stores & Materials		874	877
Trading Stock - VIC		4	4
Fuel & Lubricants		46	50
General Stores		87	81
Other		23	22
		<u>1,034</u>	<u>1,034</u>

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

NARACOORTE LUCINDALE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 6 - NON-CURRENT ASSETS

FINANCIAL ASSETS	Notes	2015 \$'000	2014 \$'000
Receivables			
Loans to community organisations		<u>42</u>	<u>53</u>
TOTAL FINANCIAL ASSETS		<u>42</u>	<u>53</u>
OTHER NON-CURRENT ASSETS			
Capital Works-in-Progress		<u>1,225</u>	<u>892</u>
		<u>1,225</u>	<u>892</u>

NARACORTE LUCINDALE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 7 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

	Fair Value Level	2014 \$'000				2015 \$'000			
		AT FAIR VALUE	AT COST	ACCUM DEP'N	CARRYING AMOUNT	AT FAIR VALUE	AT COST	ACCUM DEP'N	CARRYING AMOUNT
Land (L3)	3	8,715	-	-	8,715	8,971	-	-	8,971
Land (L2)	2	3,004	-	-	3,004	3,354	-	-	3,354
Buildings & Other Structures (L3)	3	19,519	48	(10,348)	9,219	24,688	(12,163)	12,525	
Buildings & Other Structures (L2)	2	363	-	(149)	214	285	-	285	
Transfer Station	3	-	-	-	-	1,183	(162)	1,021	
Furniture & Fittings		-	698	(409)	289	-	(455)	275	
Site Improvements		-	1,363	(497)	866	-	(538)	1,073	
Minor Plant		-	341	(251)	90	-	(267)	85	
Plant & Equipment		-	7,178	(3,356)	3,822	-	(3,424)	3,908	
Library books		-	714	(536)	178	-	(533)	182	
CWMS	3	2,638	65	(1,006)	1,697	2,638	(1,044)	1,659	
Stormwater	3	9,252	469	(5,655)	4,066	8,961	(5,504)	4,510	
Regional Livestock Exchange		-	5,559	(3,217)	8,452	12,737	(4,301)	8,436	
- Buildings & Structures	3	6,110	261	(145)	116	-	(166)	135	
- Plant, Equipment & Furniture		-	-	-	-	301	-	-	
Swimming Lake		-	-	-	-	-	-	-	
- Buildings & Structures	3	2,920	12	(1,737)	1,195	3,224	(1,689)	1,535	
- Plant, Equipment & Furniture		-	39	(17)	22	-	(20)	19	
Aerodrome		-	-	-	-	-	-	-	
- Buildings & Structures	3	323	1,749	(641)	1,431	2,488	(690)	1,798	
- Site Improvement		-	77	(26)	51	-	(22)	34	
Infrastructure		-	-	-	-	-	-	-	
- Bridges & Drainage	3	8,893	568	(4,791)	4,670	8,840	(4,862)	4,772	
- Roads	3	276,319	10,820	(66,213)	220,926	274,385	(68,543)	220,694	
- Street Furniture	3	12	184	(99)	97	12	(108)	88	
- Site Improvement	3	-	284	(17)	267	-	(24)	260	
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT		338,068	30,429	(99,110)	269,387	351,766	(104,515)	275,619	
Comparatives		340,391	25,621	(96,200)	269,812	338,068	(99,110)	269,387	

This Note continues on the following pages.

NARACOORTE LUCINDALE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 7 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

	CARRYING AMOUNT MOVEMENTS DURING YEAR										2015
	\$'000										\$'000
	2014 CARRYING AMOUNT	Additions		Disposals	Depreciation	Impairment	Transfers		Net Revaluation	CARRYING AMOUNT	
	New/Upgrade	Renewals	In				Out				
Land (L3)	8,715	-	-	-	-	-	-	-	256	8,971	
Land (L2)	3,004	285	-	-	-	-	-	-	65	3,354	
Buildings & Other Structures (L3)	9,219	67	(31)	(449)	-	-	-	(846)	4,565	12,525	
Buildings & Other Structures (L2)	214	-	-	-	-	-	-	-	71	285	
Transfer Station	-	-	-	-	-	846	-	-	205	1,021	
Furniture & Fittings	289	33	19	(66)	-	-	-	-	-	275	
Site Improvements	866	236	23	(47)	-	-	-	-	-	1,073	
Minor Plant	90	11	1	(17)	-	-	-	-	-	85	
Plant & Equipment	3,822	141	883	(312)	-	-	-	-	-	3,908	
Library books	178	-	26	(22)	-	-	-	-	-	182	
CWMS	1,697	-	-	(38)	-	-	-	-	-	1,659	
Stormwater	4,066	146	438	(42)	-	-	-	-	-	4,510	
Regional Livestock Exchange	-	-	-	-	-	-	-	-	-	-	
- Buildings & Structures	8,452	55	520	(11)	(368)	-	-	-	(212)	8,436	
- Plant, Equipment & Furniture	116	40	1	(22)	-	-	-	-	-	135	
Swimming Lake	-	-	-	-	-	-	-	-	-	-	
- Buildings & Structures	1,195	19	-	(58)	-	-	-	-	379	1,535	
- Plant, Equipment & Furniture	22	-	-	(3)	-	-	-	-	-	19	
Aerodrome	-	-	-	-	-	-	-	-	-	-	
- Buildings & Structures	1,431	-	-	(92)	-	-	-	-	459	1,798	
- Site Improvement	51	-	-	(2)	-	-	-	-	-	34	
Infrastructure	-	-	-	-	-	-	-	-	-	-	
- Bridges & Drainage	4,670	-	226	(10)	(114)	-	-	-	-	4,772	
- Roads	220,926	481	3,551	(218)	(4,046)	-	-	-	-	220,694	
- Street Furniture	97	-	-	(9)	-	-	-	-	-	88	
- Site Improvement	267	-	-	(7)	-	-	-	-	-	260	
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT	269,387	1,514	5,688	(644)	(6,114)	-	846	(846)	5,788	275,619	
Comparatives	269,812	1,961	3,256	(195)	(5,447)	-	-	-	-	269,387	

This Note continues on the following pages.

NARACORTE LUCINDALE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 7 (cont) – INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

Valuation of Assets

General Valuation Principles

Accounting procedure: Upon revaluation, the current new replacement cost and accumulated depreciation are re-stated such that the difference represents the fair value of the asset determined in accordance with AASB 13

Fair Value Measurement: accumulated depreciation is taken to be the difference between current new replacement cost and fair value. In the case of land, fair value is taken to be the current replacement cost.

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

Much of the land under Council's care and control is Crown land or has been declared as community land under the provisions of the Local Government Act 1999. Other types of restrictions also exist.

For land subject to these restrictions, the highest and best use is taken to be the "highest and best use" available to Council, with a rebuttable presumption that the current use is the "highest and best use".

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

Fair value hierarchy level 2 valuations: Certain land, and the buildings and structures thereon, have been classified as hierarchy level 2. When they are revalued their fair value will be based on prices for similar assets in an active market, with directly or indirectly observable adjustments for specific advantages or disadvantages attaching to the particular asset.

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

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

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

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

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

Land & Land Improvements

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

Freehold land and land over which Council has control, but does not have title, are recognised on the fair value basis. These assets were revalued for the year ending 30 June 2015 by Mr Nick Franks, BSc. MRICS AAPI, Certified Practising Valuer of AssetVal Pty Ltd at market value. Additions since the date of revaluation are recorded at cost. No capitalisation threshold is applied to the acquisition of land or interests in land.

Land improvements, including bulk earthworks with an assessed unlimited useful life, are recognised on the fair value basis, originally deriving from a valuations for the year ending 30 June 2011 by Ms Kate Tynan, B. Bus Property (Valuation) AAPI, Certified Practising Valuer of Maloney Field Services at current replacement cost. Additions since the date of revaluation are recorded at cost.

Naracoorte Lucindale Council

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2014

Note 7 – Property, Plant & Equipment (cont)

Buildings & Other Structures

Buildings and Other Structures incorporate *Buildings & Other Structures, Transfer Station, Regional Livestock Exchange, Swimming Lake and Aerodrome*.

Regional Livestock Exchange, Swimming Lake & Aerodrome include assets which are valued at Fair Value and on a cost basis.

Buildings and other structures which are valued at Fair Value were revalued for the year ending 30 June 2015 Mr Nick Franks, BSc. MRICS AAPI, Certified Practising Valuer of AssetVal Pty Ltd. Additions are recognised at cost.

Infrastructure

Transportation assets were valued at written down current replacement cost during the reporting period ended 30 June 2011. All acquisitions made after the respective dates of valuation are recorded at cost.

Drainage & Bridges infrastructure was valued for the year ending 30 June 2011 at written down current replacement cost, based on actual costs incurred during the reporting period. All acquisitions made after the respective dates of valuation are recorded at cost.

Community wastewater management system infrastructure was valued at written down current replacement cost during the reporting period ended 30 June 2011. All acquisitions made after the respective dates of valuation are recorded at cost.

In May 2015 the interpretation of 'AASB 116 Property Plant and Equipment' was reviewed by the Australian Accounting Standards Board in regard to accounting for residual values of assets. It was determined that residuals should only be applied to reflect expected net receipts from disposal of an asset to another party. This interpretation has resulted in an increase to annual depreciation of \$323,000.

Plant, Furniture & Equipment

Pursuant to Council's election, these assets are recognised on the cost basis.

All other assets

Pursuant to Council's election, these assets are recognised on the cost basis. Library books and other lending materials are capitalised in bulk.

Capitalisation Thresholds and Estimated Useful Lives

Refer to Note 1 for details in relation to capital thresholds and estimated useful lives.

NARACOORTE LUCINDALE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 8 - LIABILITIES

	Notes	2015		2014	
		\$'000		\$'000	
TRADE & OTHER PAYABLES		Current	Non-current	Current	Non-current
Goods & Services		991		429	
Payments received in advance		204	-	194	-
Accrued expenses - employee entitlements		179	-	206	-
Accrued expenses - other		97	-	123	-
Aged Care Facility Deposits		421	-	427	-
Other		17	-	19	-
		1,909	-	1,398	-

Amounts included in trade & other payables that are not expected to be settled within 12 months of reporting date.

356

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BORROWINGS

Loans		328	3,358	314	3,686
		328	3,358	314	3,686

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

PROVISIONS

Employee entitlements (including oncosts)		1,037	237	1,032	251
Landfill Provision		37	67	19	79
		1,074	304	1,051	330

Amounts included in provisions that are not expected to be settled within 12 months of reporting date.

829

826

NARACOORTE LUCINDALE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 9 - RESERVES

ASSET REVALUATION RESERVE	1/7/2014	Net Increments (Decrements)	Transfers, Impairments	30/6/2015
Notes	\$'000	\$'000	\$'000	\$'000
Land	7,170	321	-	7,491
Buildings & Other Structures	4,340	4,841	-	9,181
Infrastructure	216,499	459	-	216,958
Other Community Assets	930	167	-	1,097
TOTAL	228,939	5,788	-	234,727
<i>Comparatives</i>	<i>228,939</i>	<i>-</i>	<i>-</i>	<i>228,939</i>

OTHER RESERVES	1/7/2014	Transfers to Reserve	Transfers from Reserve	30/6/2015
Community Chest	17	-	-	17
Development	290	17	-	307
Grants Committed	214	653	214	653
IT Upgrade	91	40	-	131
Lake Ormerod	2	-	-	2
Lucindale Aged Care Facility	5	-	-	5
Lucindale Health Centre	8	4	-	12
Lucindale Library	26	-	10	16
Open Space	25	-	-	25
Plant & Machinery	612	-	175	437
Harry Tregoweth Retirement Village	4	7	-	11
Livestock Exchange (NRLE)	28	48	-	76
CWMS	110	58	-	168
Volunteers	5	5	5	5
TOTAL OTHER RESERVES	1,437	832	(404)	1,865
<i>Comparatives</i>	<i>2,124</i>	<i>668</i>	<i>(1,355)</i>	<i>1,437</i>

PURPOSES OF RESERVES

Asset Revaluation Reserve

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

Community Chest Reserve

The Community Chest Reserve acknowledges community grants given by Council but not claimed by Community Groups as at 30 June 2015.

Development Reserve

Reserve to allow for future development in the Council district. May be used to assist community groups and sporting bodies with expansion that has a proven community benefit.

Grants Committed Reserve

Reserve to recognise grants received, but not expended.

Heritage Reserve

Reserve to recognise Council's matching contribution to a Heritage Grant received which has been recognised in Grants Committed. This grant has now been acquitted.

IT Upgrade Reserve

Provision for the upgrade of IT requirements. Includes unexpended capital budget.

NARACOORTE LUCINDALE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 9 - RESERVES

Lake Ormerod Reserve

Account for funds held on behalf of Lake Ormerod Community Group.

Lucindale Aged Care Facility Reserve

Donation May 2005 from National Rally of Caravan Clubs for Aged Care Accommodation to be established in Lucindale.

Lucindale Health Centre Reserve

Funds set aside for future maintenance of the Lucindale Health Centre.

Lucindale Library Reserve

Lucindale Community Library. Commitment at amalgamation.

Open Space Reserve

Developers Contribution towards open space reserves.

Plant & Machinery Reserve

Provision for future plant replacement.

Harry Tregoweth Retirement Village (Lucindale) Reserve

Balance of monthly rent, retained capital and expenditure held for future maintenance.

Livestock Exchange Reserve (NRLE)

Provision for future capital requirements of the Naracoorte Regional Livestock Exchange.

CWMS Reserve

Balance of fees collected from Lucindale CWMS Scheme held for future maintenance.

Volunteers Reserve

Government Grant - general operations.

NARACOORTE LUCINDALE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 10 - ASSETS SUBJECT TO RESTRICTIONS

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

	Notes	2015 \$'000	2014 \$'000
CASH & FINANCIAL ASSETS			
Open Space		25	25
Community Waste Management Scheme (CWMS)		168	110
Volunteers Grant		5	5
Committed Grants		653	214
TOTAL ASSETS SUBJECT TO EXTERNALLY IMPOSED RESTRICTIONS		851	354

Open Space

Cash contributions received from developers in lieu of the provision of open space as part of a land division proposal. It is a condition of the contribution that the funds are spent either directly on the provision of open space or recreation (eg. playground) or the planning for such infrastructure.

CWMS

Balance of expenditure and income in relation to Council's CWMS Scheme. Required by legislation to be preserved for expenditure in relation to future upgrades and/or maintenance of the Scheme.

Volunteers Grants

Federal funding towards the provision of a volunteer training program.

Committed Grants

Specific purpose grants which were unexpended as at 30 June 2015.

NARACOORTE LUCINDALE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 11 - RECONCILIATION TO CASH FLOW STATEMENT

(a) Reconciliation of Cash

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

	Notes	2015 \$'000	2014 \$'000
Total cash & equivalent assets	5	<u>9,593</u>	<u>7,428</u>
Balances per Cash Flow Statement		<u>9,593</u>	<u>7,428</u>

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

Net Surplus (Deficit)	2,722	1,010
Non-cash items in Income Statement		
Depreciation, amortisation & impairment	6,114	5,447
Net increase (decrease) in unpaid employee benefits	(36)	132
Grants for capital acquisitions treated as Investing Activity	(887)	(646)
Net (Gain) Loss on Disposals	<u>287</u>	<u>77</u>
	8,200	6,020
Add (Less): Changes in Net Current Assets		
Net (increase) decrease in receivables	2	74
Net (increase) decrease in inventories	-	(176)
Net increase (decrease) in trade & other payables	538	(55)
Net increase (decrease) in Landfill liability	<u>6</u>	<u>(95)</u>
Net Cash provided by (or used in) operations	<u>8,746</u>	<u>5,768</u>

(c) Financing Arrangements

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

Corporate Credit Cards	8	8
LGFA Cash Advance Debenture facilities	3,000	3,000

The LGFA Cash Advance facilities may be drawn at any time.

NARACORTE LUCINDALE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 12 - FUNCTIONS

INCOMES, EXPENSES AND ASSETS HAVE BEEN DIRECTLY ATTRIBUTED TO THE FOLLOWING FUNCTIONS & ACTIVITIES										
	INCOME		EXPENSES		OPERATING SURPLUS (DEFICIT)		GRANTS INCLUDED IN INCOME		TOTAL ASSETS HELD (CURRENT & NON-CURRENT)	
	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	2015	2014	2015	2014
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	\$'000	\$'000	\$'000	\$'000
Administration	13,980	10,897	3,254	2,682	10,726	8,215	3,733	901	12,225	9,527
Community Services	254	222	927	966	(673)	(744)	67	-	7,802	7,328
Environment	1,383	1,438	2,112	2,171	(729)	(733)	-	87	6,566	3,254
Culture	56	47	444	367	(388)	(320)	49	46	1,753	1,593
Recreation	4	219	873	858	(869)	(639)	-	-	8,154	7,900
Regulatory Services	165	165	314	452	(149)	(287)	-	-	1	1
Transport	862	1,117	6,686	6,033	(5,824)	(4,916)	836	1,080	232,387	232,889
Economic Development	49	43	308	223	(259)	(180)	-	-	477	450
Business Undertakings	1,780	1,496	1,480	1,330	300	166	-	-	12,159	10,005
Plant Machinery & Depot	56	68	290	270	(234)	(202)	-	-	5,656	5,193
Unclassified	414	450	193	369	221	81	-	-	1,279	1,615
TOTALS	19,003	16,162	16,881	15,721	2,122	441	4,685	2,114	288,459	279,755

Revenues and expenses exclude net gain (loss) on disposal or revaluation of assets, net gain (loss) from joint ventures & associated entities, amounts received specifically for new or upgraded assets and physical resources received free of charge.

NARACOORTE LUCINDALE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 12 (cont) - COMPONENTS OF FUNCTIONS

The activities relating to Council functions are as follows:

Administration

Administration, Governance, Elected Members, Accounting/Finance, Payroll, Human Resources, Information Technology, Communication, Rates, Records, Contract Management, Customer Service, Other Support Services, Revenues, LGGC – General Purpose, General Rates and NRM Levy.

Community Services

Fire Prevention, Immunisation & Other Preventative Health, Community Support, Volunteer Management, Halls, Harry Tregoweth Retirement Village, Seniors and Youth Support, Cemeteries, Effluent (not CWMS) and Public Conveniences.

Environment

Waste Management, Stormwater, Street Cleaning and Street Lighting.

Culture

Library, Heritage, Art Gallery and Lucindale Historical Museum

Recreation

Parks & Gardens, Sporting Grounds & Facilities, Playgrounds, Swimming Lake

Regulatory

Urban and rural development, including building and planning. Dog Control, Livestock Control, Parking Control, Health Inspections, Septic Tank Approvals and General Inspectorial Responsibilities.

Transport

Aerodrome, Bridges, Footpaths, Bike Paths and Kerbing, Roads – sealed, Roads – formed, Roads – natural formed, Roads – unformed, Traffic Management, Drainage, LGGC – roads (formula funded), and Other Transport.

Economic Affairs

Land Development, Plantations, Visitor Information Centre and Events.

Business Undertakings

Naracoorte Regional Livestock Exchange, Community Waste Management Scheme (CWMS), Rental Property, Private Works and Quarries.

Plant, Machinery & Depots

Depot, fleet and plant operations

Unclassified

Debt, Other Property & Services, Other and Vandalism.

NARACORTE LUCINDALE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 13 - FINANCIAL INSTRUMENTS

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

Accounting Policies - Recognised Financial Instruments

<p>Bank, Deposits at Call, Short Term Deposits</p>	<p>Accounting Policy: Carried at lower of cost and net realisable value; Interest is recognised when earned.</p> <p>Terms & conditions: Deposits are returning fixed interest rates between 2% and 3.6% (2014: 2.5% and 3.9%). Short term deposits have an average interest rate of 2.36% (2014: 2.53%).</p> <p>Carrying amount: approximates fair value due to the short term to maturity.</p>
<p>Receivables - Rates & Associated Charges (including legals & penalties for late payment) Note: These receivables do not meet the definition of "financial instruments" and have been excluded from the following disclosures.</p>	<p>Accounting Policy: Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable.</p> <p>Terms & conditions: Secured over the subject land, arrears attract interest of 0.65% (2014: 0.67%) Although Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries in the State.</p> <p>Carrying amount: Approximates fair value (after deduction of any allowance).</p>
<p>Receivables - Fees & other charges</p>	<p>Accounting Policy: Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable.</p> <p>Terms & conditions: Unsecured, and do not bear interest. Although Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries.</p> <p>Carrying amount: Approximates fair value (after deduction of any allowance).</p>
<p>Liabilities - Creditors and Accruals</p>	<p>Accounting Policy: Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Council.</p> <p>Terms & conditions: Liabilities are normally settled on 30 day terms.</p> <p>Carrying amount: Approximates fair value.</p>
<p>Liabilities - Retirement Home Contributions</p>	<p>Accounting Policy: Amounts are carried at nominal values.</p> <p>Terms & conditions: Pursuant to Commonwealth legislation certain intending residents are required to contribute amounts on an interest free basis. The amounts are subject to certain deductions as prescribed by the legislation, the balance being repaid on termination of tenancy.</p> <p>Carrying amount: Approximates fair value for short tenancies; may be non-materially over-stated for longer tenancies.</p>
<p>Liabilities - Interest Bearing Borrowings</p>	<p>Accounting Policy: Carried at the principal amounts. Interest is charged as an expense as it accrues.</p> <p>Terms & conditions: Secured over future revenues, borrowings are repayable bi-annually; interest is charged at fixed rates between 5.3% and 7.95% (2014: 5.3% and 7.95%)</p> <p>Carrying amount: Approximates fair value.</p>

NARACORTE LUCINDALE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 13 (cont) - FINANCIAL INSTRUMENTS

Liquidity Analysis

2015	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets					
Cash & Equivalents	9,593			9,593	9,593
Receivables	297	-	-	297	296
Community Loans	6	28	14	48	48
Total	9,896	28	14	9,938	9,937
Financial Liabilities					
Payables	1,349	356	-	1,705	1,705
Current Borrowings	549	-	-	549	328
Non-Current Borrowings	-	2,195	2,148	4,343	3,358
Total	1,898	2,551	2,148	6,597	5,391
2014					
	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets					
Cash & Equivalents	7,428			7,428	7,428
Receivables	478	-	-	478	478
Community Loans	19	29	24	72	72
Total	7,925	29	24	7,978	7,978
Financial Liabilities					
Payables	1,204	-	-	1,204	1,204
Current Borrowings	554	-	-	554	314
Non-Current Borrowings	-	2,195	2,689	4,884	3,686
Total	1,758	2,195	2,689	6,642	5,204

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

	30 June 2015		30 June 2014	
	Weighted Average Interest Rate	Carrying Value	Weighted Average Interest Rate	Carrying Value
	%	\$'000	%	\$'000
Overdraft	4.61	-	4.78	-
Fixed Interest Rates	6.12	3,686	6.15	4,000
		<u>3,686</u>		<u>4,000</u>

Net Fair Value

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

Risk Exposures

Credit Risk represents the loss that would be recognised if counterparties fail to perform as contracted. The maximum credit risk on financial assets of the Council is the carrying amount, net of any allowance for doubtful debts. All Council investments are made with the SA Local Government Finance Authority and are guaranteed by the SA Government. Except as detailed in Notes 5 & 6 in relation to individual classes of receivables, exposure is concentrated within the Council's boundaries, and there is no material exposure to any individual debtor.

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

Liquidity Risk is the risk that Council will encounter difficulty in meeting obligations with financial liabilities. In accordance with the model Treasury Management Policy (LGA Information Paper 15), liabilities have a range of maturity dates. Council also has available a range of bank overdraft and standby borrowing facilities that it can access.

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

NARACOORTE LUCINDALE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 14 - COMMITMENTS FOR EXPENDITURE

	2015 <u>Notes</u> \$'000	2014 \$'000
Capital Commitments		
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Buildings	130	-
Infrastructure	<u>2,486</u>	<u>1,603</u>
	<u>2,616</u>	<u>1,603</u>
These expenditures are payable:		
Not later than one year	2,616	1,052
Later than one year and not later than 5 years	<u>-</u>	<u>551</u>
	<u>2,616</u>	<u>1,603</u>

Finance Lease Commitments

Council does not have any finance leases.

NARACOORTE LUCINDALE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 15 - FINANCIAL INDICATORS

	2015	2014	2013
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These Financial Indicators have been calculated in accordance with *Information Paper 9 - Local Government Financial Indicators* prepared as part of the LGA Financial Sustainability Program for the Local Government Association of South Australia. Detailed methods of calculation are set out in the SA Model Statements.

Operating Surplus Ratio

<u>Operating Surplus</u>	20%	4%	12%
Rates - general & other less NRM levy			

This ratio expresses the operating surplus as a percentage of general and other rates, net of NRM levy.

Adjusted Operating Surplus Ratio

	7%	4%	11%
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*In recent years the Federal Government has made advance payments prior to 30th June from future year allocations of financial assistance grants, as explained in Note 1. The **Adjusted Operating Surplus Ratio** adjusts for the resulting distortion in the disclosed operating result for each year.*

Net Financial Liabilities Ratio

<u>Net Financial Liabilities</u>	-19%	-10%	-3%
Total Operating Revenue			

Net Financial Liabilities are defined as total liabilities less financial assets (excluding equity accounted investments in Council businesses). These are expressed as a percentage of total operating revenue.

Asset Sustainability Ratio

<u>Net Asset Renewals</u>	95%	61%	61%
Infrastructure & Asset Management Plan required expenditure			

Net asset renewals expenditure is defined as net capital expenditure on the renewal and replacement of existing assets, and excludes new capital expenditure on the acquisition of additional assets.

NARACOORTE LUCINDALE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 16 - UNIFORM PRESENTATION OF FINANCES

The following is a high level summary of both operating and capital investment activities of the Council prepared on a simplified Uniform Presentation Framework basis.

All Councils in South Australia have agreed to summarise annual budgets and long-term financial plans on the same basis.

The arrangements ensure that all Councils provide a common 'core' of financial information, which enables meaningful comparisons of each Council's finances

	2015 \$'000	2014 \$'000
Income	19,003	16,162
less Expenses	<u>16,881</u>	<u>15,721</u>
Operating Surplus / (Deficit)	2,122	441
 <i>less Net Outlays on Existing Assets</i>		
Capital Expenditure on renewal and replacement of Existing Assets	6,020	3,440
Depreciation, Amortisation and Impairment	(6,114)	(5,447)
Proceeds from Sale of Replaced Assets	<u>(229)</u>	<u>(119)</u>
	(323)	(2,126)
 <i>less Net Outlays on New and Upgraded Assets</i>		
Capital Expenditure on New and Upgraded Assets <i>(including investment property & real estate developments)</i>	1,514	1,961
Amounts received specifically for New and Upgraded Assets	(887)	(646)
Proceeds from Sale of Surplus Assets <i>(including investment property and real estate developments)</i>	<u>(127)</u>	<u>-</u>
	<u>500</u>	<u>1,315</u>
Net Lending / (Borrowing) for Financial Year	<u>1,945</u>	<u>1,252</u>

NARACOORTE LUCINDALE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 17 - OPERATING LEASES

Leases providing revenue to the Council

Council owns various land and buildings that are available for hire or lease in accordance with the published fees and charges guide. Rentals received from such leases are disclosed as rent and hire of non-investment property in Note 2.

Lease payment commitments of Council

Council has entered into an operating lease for a photocopier and for information technology equipment.

The leases permit Council, at expiry, to elect to re-lease, return or acquire the equipment leased.

Commitments under operating leases that have not been recognised in the financial statements are as follows:

	2015 \$'000	2014 \$'000
Not later than one year	20	5
Later than one year and not later than 5 years	40	15
	<u>60</u>	<u>20</u>

NARACOORTE LUCINDALE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 18 – SUPERANNUATION

The Council makes employer superannuation contributions in respect of its employees to Statewide Super (formerly Local Government Superannuation Scheme). The Scheme has two types of membership, each of which is funded differently. From 1 July 2010 Salarylink was closed to all new members. The closure does not affect the rights of existing contributors to Salarylink. All new employees (including casuals) have all contributions allocated to Marketlink.

Marketlink (Accumulation Fund) Members

Marketlink receives both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of employee earnings in accordance with superannuation guarantee legislation (9.5% in 2014/2015; 9.25% in 2013/2014). No further liability accrues to the Council as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

Salarylink (Defined Benefit Fund) Members

Salarylink is a defined benefit scheme where the benefit payable is based on a formula determined by the member's contribution rate, number of years and level of contribution and final average salary. Council makes employer contributions to Salarylink as determined by the Scheme's Trustee based on advice from the Scheme's Actuary. The rate is currently 6.3% (2013/2014: 6.3%) of "superannuation" salary.

In addition, Council makes a separate contribution of 3% of salary for Salarylink members to their Marketlink account. Employees also make member contributions to the Fund. As such, assets accumulate in the Fund to meet the member's benefits, as defined in the Trust Deed, as they accrue.

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

The most recent actuarial investigation was conducted by the Scheme's actuary, A C Miller, FIAA, of Russell Employee Benefits Pty Ltd as at 30 June 2014. The Trustee has determined that the current funding arrangements are adequate for the expected Salarylink liabilities. However, future financial and economic circumstances may require changes to Council's contribution rates at some future time.

Contributions to Other Superannuation Schemes

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

NARACOORTE LUCINDALE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 19 - CONTINGENCIES & ASSETS & LIABILITIES NOT RECOGNISED IN THE BALANCE SHEET

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

1. LAND UNDER ROADS

As reported elsewhere in these Statements, Council is of the opinion that it is not possible to attribute a value sufficiently reliably for these assets to qualify for recognition, and accordingly land under roads has not been recognised in these reports.

2. POTENTIAL INSURANCE LOSSES

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

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

Potential claims not reported to Council may have existed at reporting date.

3. BANK GUARANTEES

Council has previously guaranteed certain loans advanced to community organisations and sporting bodies. These loans were paid in full at reporting date (2014: \$5,439).

4. LEGAL EXPENSES

Council is the planning consent authority for its area under the Development Act 1993 (as amended). Pursuant to that Act, certain persons aggrieved by a planning decision of the Council may appeal. It is normal practice that parties bear their own legal costs. At the date of these reports, Council has not been notified of any appeals against planning decisions made prior to the reporting date.

5. RATEPAYER LOANS

Council has extended loans to individual ratepayers relating to the installation of sewer extension schemes and community groups for upgrade to facilities. The amount outstanding at reporting date is \$48,553 (2014: \$66,296).

Council does not expect to incur any loss arising from these loans.

6. "CARBON" TAX

From 1 July 2012 a new tax on emissions of certain "greenhouse" gases commences operation. Council has garbage landfill facilities which emit, and will continue for many years to emit, gases of this type.

Using current calculation methods, emissions from Council's landfill facilities are substantially below current taxable thresholds. This situation is expected to continue while thresholds remain at current levels.

Information currently available provides assurances that "legacy emissions" from garbage placed in landfills prior to commencement of the tax will not subsequently become liable to the tax. However, should taxable thresholds be substantially reduced Council may be subject to taxation on landfill deposits made after 1 July 2013. No liability has been recognised in these reports.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE NARACOORTE LUCINDALE COUNCIL

We have audited the accompanying financial report of the Naracoorte Lucindale Council, which comprises the Statement of Comprehensive Income for the year ended 30 June 2015, the Statement of Financial Position as at 30 June 2015, the Statement of Changes in Equity for the year ended 30 June 2015, the Statement of Cash Flows for the year ended 30 June 2015, a summary of significant accounting policies and other explanatory notes and the Certification of Financial Statements statement.

The Responsibility of the Chief Executive Officer for the Financial Report

The Chief Executive Officer of the Naracoorte Lucindale Council is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the Local Government Act 1999 and Local Government (Financial Management) Regulations 2011. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud and error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Chief Executive Officer, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for an audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the Local Government Act 1999 and Local Government (Financial Management) Regulations 2011 and the Australian professional ethical pronouncements.

Auditor's Opinion

In our opinion, the financial report presents fairly, in all material respects, the financial position of the Naracoorte Lucindale Council as of 30 June 2015, and its financial performance and cash flows for the year then ended in accordance with the Local Government Act 1999, Local Government (Financial Management) Regulations 2011 and the Australian Accounting Standards (including Australian Accounting Interpretations).

DEAN NEWBERY & PARTNERS
CHARTERED ACCOUNTANTS


JIM KEOGH
PARTNER

Signed on the 12th day of October 2015,
at 214 Melbourne Street, North Adelaide, South Australia 5006.

NARACOORTE LUCINDALE COUNCIL

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2015

CERTIFICATION OF AUDITOR INDEPENDENCE

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of the Naracoorte Lucindale Council for the year ended 30 June 2015, the Council's Auditor, Dean Newbery & Partners, has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

This statement is prepared in accordance with the requirements of Regulation 22(3) *Local Government (Financial Management) Regulations 2011*.



HELEN MACDONALD
CHIEF EXECUTIVE OFFICER



JIM KER
PRESIDING MEMBER
AUDIT COMMITTEE

Date: 8-9-2015

Certification of Auditor's Independence

I confirm that, for the audit of the financial statements of Naracoorte Lucindale Council for the year ended 30 June 2015, I have maintained my independence in accordance with the requirements of APES 110 – Code of Ethics for Professional Accountants, Section 290, published by the Accounting Professional and Ethical Standards Board, in accordance with the *Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011* made under that Act.

This statement is prepared in accordance with the requirements of Regulation 22 (5) *Local Government (Financial Management) Regulations 2011*.



JIM KEOGH

Partner

DEAN NEWBERY & PARTNERS
CHARTERED ACCOUNTANTS

Dated this 12th day of October 2015