



**NARACOORTE LUCINDALE COUNCIL**

**FINANCIAL STATEMENTS**

**Year Ending 30 June 2013**

# NARACOORTE LUCINDALE COUNCIL

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

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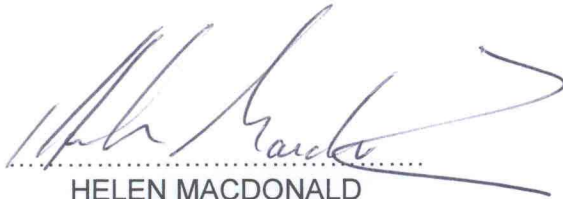
# NARACOORTE LUCINDALE COUNCIL

## ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2013

### 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 2013, 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: 27 August 2013

**NARACOORTE LUCINDALE COUNCIL**

**STATEMENT OF COMPREHENSIVE INCOME**  
for the year ended 30 June 2013

	Notes	2013 \$'000	2012 \$'000
<b>INCOME</b>			
Rates	2	10,496	10,057
Statutory charges	2	155	163
User charges	2	1,943	2,094
Grants, subsidies and contributions	2	3,315	3,697
Investment income	2	182	179
Reimbursements	2	404	404
Other income	2	351	294
<b>Total Income</b>		<u>16,846</u>	<u>16,888</u>
<b>EXPENSES</b>			
Employee costs	3	5,304	5,467
Materials, contracts & other expenses	3	4,701	5,508
Depreciation, amortisation & impairment	3, 20	5,365	5,137
Finance costs	3	273	190
<b>Total Expenses</b>		<u>15,643</u>	<u>16,302</u>
<b>OPERATING SURPLUS / (DEFICIT)</b>		<b>1,203</b>	586
Asset disposal & fair value adjustments	4	(332)	(382)
Amounts received specifically for new or upgraded assets	2	234	2,214
<b>NET SURPLUS / (DEFICIT)</b>		<u>1,105</u>	<u>2,418</u>
transferred to Equity Statement			2,418
Other Comprehensive Income			
<i>Amounts which will not be reclassified subsequently to operating result</i>			
Changes in revaluation surplus - infrastructure, property, plant & equipment	9, 20	-	3,940
<b>Total Other Comprehensive Income</b>		<u>-</u>	<u>3,940</u>
<b>TOTAL COMPREHENSIVE INCOME</b>		<u>1,105</u>	<u>6,358</u>

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

## NARACOORTE LUCINDALE COUNCIL

### BALANCE SHEET as at 30 June 2013

	Notes	2013 \$'000	2012 \$'000
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	5	6,564	3,692
Trade & other receivables	5	1,037	1,111
Inventories	5	858	818
<b>Total Current Assets</b>		<u>8,459</u>	<u>5,621</u>
<b>Non-current Assets</b>			
Financial assets	6	77	103
Infrastructure, property, plant & equipment	7, 20	269,812	270,146
Other non-current assets	6	709	1,612
<b>Total Non-current Assets</b>		<u>270,598</u>	<u>271,861</u>
<b>Total Assets</b>		<u>279,057</u>	<u>277,481</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade & other payables	8	1,880	2,100
Borrowings	8	294	1,193
Provisions	8	703	812
<b>Total Current Liabilities</b>		<u>2,877</u>	<u>4,105</u>
<b>Non-current Liabilities</b>			
Borrowings	8	4,000	2,339
Provisions	8	214	176
<b>Total Non-current Liabilities</b>		<u>4,214</u>	<u>2,515</u>
<b>Total Liabilities</b>		<u>7,091</u>	<u>6,620</u>
<b>NET ASSETS</b>		<u>271,966</u>	<u>270,861</u>
<b>EQUITY</b>			
Accumulated Surplus	20	40,903	39,285
Asset Revaluation Reserves	9, 20	228,939	228,939
Other Reserves	9	2,124	2,637
<b>TOTAL EQUITY</b>		<u>271,966</u>	<u>270,861</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 2013

2013	Notes	Accumulated Surplus \$'000	Asset Revaluation Reserve \$'000	Available for sale Financial Assets \$'000	Other Reserves \$'000	TOTAL EQUITY \$'000
Balance at end of previous reporting period		39,285	228,939	-	2,637	270,861
Restated opening balance		39,285	228,939	-	2,637	270,861
<b>Net Surplus / (Deficit) for Year</b>		1,105	-	-	-	1,105
<b>Other Comprehensive Income</b>		-	-	-	-	-
Transfers between reserves		513	-	-	(513)	-
<b>Balance at end of period</b>		40,903	228,939	-	2,124	271,966
2012						
Balance at end of previous reporting period		36,053	224,999	-	3,451	264,503
Restated opening balance		36,053	224,999	-	3,451	264,503
<b>Net Surplus / (Deficit) for Year</b>		2,418	-	-	-	2,418
<b>Other Comprehensive Income</b>						
Changes in revaluation surplus - infrastructure, property, plant & equipment	20	-	3,940	-	-	3,940
Transfers between reserves		814	-	-	(814)	-
<b>Balance at end of period</b>		39,285	228,939	-	2,637	270,861

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

# NARACOORTE LUCINDALE COUNCIL

## CASH FLOW STATEMENT for the year ended 30 June 2013

	Notes	2013 \$'000	2012 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<u>Receipts</u>			
Rates - general & other		10,391	10,030
Fees & other charges		167	178
User charges		2,174	2,158
Investment receipts		165	205
Grants utilised for operating purposes		3,564	4,014
Reimbursements		534	343
Other revenues		1,267	1,256
<u>Payments</u>			
Employee costs		(5,205)	(5,316)
Materials, contracts & other expenses		(6,418)	(6,202)
Finance payments		(333)	(235)
<b>Net Cash provided by (or used in) Operating Activities</b>		<b>6,306</b>	<b>6,431</b>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<u>Receipts</u>			
Amounts specifically for new or upgraded assets		234	2,214
Sale of replaced assets		90	157
Repayments of loans by community groups		30	54
<u>Payments</u>			
Expenditure on renewal/replacement of assets		(3,361)	(2,161)
Expenditure on new/upgraded assets		(1,189)	(8,196)
<b>Net Cash provided by (or used in) Investing Activities</b>		<b>(4,196)</b>	<b>(7,932)</b>
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<u>Receipts</u>			
Proceeds from borrowings		2,000	-
<u>Payments</u>			
Repayments of borrowings		(238)	(181)
Repayment of aged care facility deposits		-	(11)
<b>Net Cash provided by (or used in) Financing Activities</b>		<b>1,762</b>	<b>(192)</b>
<b>Net Increase (Decrease) in cash held</b>		<b>3,872</b>	<b>(1,693)</b>
Cash & cash equivalents at beginning of period	11	2,692	4,385
<b>Cash &amp; cash equivalents at end of period</b>	<b>11</b>	<b>6,564</b>	<b>2,692</b>

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 2013

### 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 27 August 2013.

##### 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 this Note.

##### 1.4 Rounding

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



## Naracoorte Lucindale Council

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

#### Note 1 - Significant Accounting Policies (cont)

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

In the month of June in recent years the Federal Government has paid amounts of untied financial assistance grants, which are recognised on receipt, in advance of the year of allocation. In June 2011, one quarter of the 2011/12 allocation amounting to \$582,000 was paid in advance; in June 2012, two quarters of the 2012/13 allocation: \$1.253 million and in June 2013, again two quarters of the 2013/14 allocation: \$1.324 million.

It is anticipated that these amounts in advance will be adjusted at some future time, but details of the timing of this are not currently available.

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.

# Naracoorte Lucindale Council

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

### Note 1 - Significant Accounting Policies (cont)

#### 6 Infrastructure, Property, Plant & Equipment

##### 6.1 Initial Recognition

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

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.

##### 6.2 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	\$500
Information Technology	\$500
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

##### 6.3 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.

##### 6.4 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 extreme care should be used in interpreting financial information based on these estimates.

## Naracoorte Lucindale Council

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

#### 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

#### 6.5 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 Asset Revaluation Reserve, any excess being recognised as an expense.

#### 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.

## Naracoorte Lucindale Council

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

#### Note 1 - Significant Accounting Policies (cont)

##### 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 oncosts) 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 oncosts) to be made in respect of services provided by employees up to the reporting date. Present values are calculated using government guaranteed securities rates with similar maturity terms.

Weighted average discount rate	2.3% (2012, 3.4%)
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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 Local Government Superannuation Scheme. The Scheme has two types of membership, each of which is funded differently. No changes in accounting policy have occurred during either the current or previous reporting periods. Details of the accounting policies applied and Council's involvement with the Scheme is reported in Note 18.

##### 10 Provision for Carbon Taxation

Council operates one landfill facility, which receives limited waste in the form of asbestos only. The amount received is substantially below the taxation threshold of 25,000 tonnes of carbon dioxide equivalent (CO<sub>2</sub>e) gas emissions.

Council considers that it has no current or likely future liability for this tax.

##### 11 Leases

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

## Naracoorte Lucindale Council

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

#### Note 1 - Significant Accounting Policies (cont)

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.

#### 12 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.

#### 13 Pending Accounting Standards

Certain new accounting standards and UIG interpretations have been published that are not mandatory for the 30 June 2013 reporting period and have not been used in preparing these reports.

- |            |   |
|------------|---|
| ➤ AASB 7   | <i>Financial Instruments - Disclosures</i>          |
| ➤ AASB 9   | <i>Financial Instruments</i>                        |
| ➤ AASB 10  | <i>Consolidated Financial Statements</i>            |
| ➤ AASB 11  | <i>Joint Arrangements</i>                           |
| ➤ AASB 12  | <i>Disclosure of Interests in Other Entities</i>    |
| ➤ AASB 13  | <i>Fair Value Measurement</i>                       |
| ➤ AASB 119 | <i>Employee Benefits</i>                            |
| ➤ AASB 127 | <i>Separate Financial Statements</i>                |
| ➤ AASB 128 | <i>Investments in Associates and Joint Ventures</i> |
| ➤ AASB 132 | <i>Financial Instruments: Presentation</i>          |

Standards containing consequential amendments to other Standards and Interpretations arising from the above - AASB 2010-7, AASB 2011-7, AASB 2011-8, AASB 2011-10, AASB 2012-2, AASB 2012-3, AASB 2012-5, AASB 2012-6 and AASB 2012-10.

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

*Council is of the view that with the exception of AASB 13 Fair Value Measurement, 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. As at 30 June 2013 the impact of the introduction of AASB 13 Fair Value Measurement was unable to be quantified with the current information available to Council.*

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 2013

### Note 2 - INCOME

	Notes	2013 \$'000	2012 \$'000
<b>RATES REVENUES</b>			
<u>General Rates</u>		9,485	9,106
Less: Mandatory rebates		(112)	(61)
Less: Discretionary rebates, remissions & write offs		(46)	(54)
		9,327	8,991
<u>Other Rates</u> (including service charges)			
Natural Resource Management levy		183	176
Waste collection		864	773
Community wastewater management systems		70	64
		1,117	1,013
<u>Other Charges</u>			
Penalties for late payment		54	42
Legal & other costs recovered		1	13
		55	55
Less: Discretionary rebates, remissions & write offs		(3)	(2)
		10,496	10,057
 <b>STATUTORY CHARGES</b>			
Development Act fees		31	34
Town planning fees		65	67
Health & Septic Tank Inspection fees		5	6
Animal registration fees & fines		36	38
Parking fines / expiation fees		4	10
Other licences, fees, & fines		14	8
		155	163
 <b>USER CHARGES</b>			
Cemetery/crematoria fees		74	66
Livestock Exchange Fees and Charges		1,265	1,483
Lease and Rental Income		80	64
Transfer Station		410	371
Hall & equipment hire		40	30
Aged Home Maintenance Fees		18	15
Sales - general		54	49
Sundry		2	16
		1,943	2,094
 <b>INVESTMENT INCOME</b>			
Interest on investments			
Local Government Finance Authority		148	121
Banks & other		27	50
Loans to community groups		7	8
		182	179

# NARACOORTE LUCINDALE COUNCIL

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

### NOTE 2 - INCOME (continued)

	Notes	2013 \$'000	2012 \$'000
<b>REIMBURSEMENTS</b>			
- for private works		241	228
- other		163	176
		404	404
<b>OTHER INCOME</b>			
Insurance & other recoupments - infrastructure, property, plant & equipment		132	156
Rebates received		109	87
Sundry		110	51
		351	294
<b>GRANTS, SUBSIDIES, CONTRIBUTIONS</b>			
Amounts received specifically for new or upgraded assets		234	2,214
Other grants, subsidies and contributions Individually Significant Item -		1,991	2,444
- additional Grants Commission payment		1,324	1,253
		3,549	5,911
<i>The functions to which these grants relate are shown in Note 2.</i>			
<b>Sources of grants</b>			
Commonwealth government		428	5,807
State government		3,121	104
		3,549	5,911

# NARACOORTE LUCINDALE COUNCIL

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

### NOTE 2 - INCOME (continued)

	Notes	2013 \$'000	2012 \$'000
<b>Conditions over grants &amp; contributions</b>			
<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>		276	608
<i>Less: expended during the current period from revenues recognised in previous reporting periods</i>			
<i>Roads Infrastructure</i>		(272)	(477)
<i>Heritage &amp; Cultural Services</i>		(4)	(99)
<i>Subtotal</i>		(276)	(576)
<i>Plus: amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions</i>			
<i>Roads Infrastructure</i>		-	240
<i>Heritage &amp; Cultural Services</i>		-	4
<i>Subtotal</i>		-	244
<i>Unexpended at the close of this reporting period</i>		-	276
 <i>Net increase (decrease) in assets subject to conditions in the current reporting period</i>		 (276)	 (332)



# NARACOORTE LUCINDALE COUNCIL

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

### Note 3 - EXPENSES

	Notes	2013 \$'000	2012 \$'000
<b>EMPLOYEE COSTS</b>			
Salaries and Wages		4,129	4,350
Employee leave expense		928	835
Superannuation - defined contribution plan contributions	18	286	283
Superannuation - defined benefit plan contributions	18	157	165
Workers' Compensation Insurance		243	226
Other		87	92
Less: Capitalised and distributed costs		(526)	(485)
<b>Total Operating Employee Costs</b>		<b>5,304</b>	<b>5,467</b>
 <b>Total Number of Employees</b>		 <b>76</b>	 <b>80</b>
<i>(Full time equivalent at end of reporting period)</i>			
 <b>MATERIALS, CONTRACTS &amp; OTHER EXPENSES</b>			
<u>Prescribed Expenses</u>			
Auditor's Remuneration			
- Auditing the financial reports		17	18
Elected members' expenses		142	155
Election expenses		2	-
Operating Lease Rentals - cancellable leases		5	10
Subtotal - Prescribed Expenses		<b>166</b>	<b>182</b>
 <u>Other Materials, Contracts &amp; Expenses</u>			
Contractors		377	423
Waste Management		1,569	1,815
Street Cleaning		188	177
Insurance		275	245
Quarry - rubble raising & associated expenses		619	826
Roadside & Reserves Mowing/Spraying		80	115
Subscriptions & Licences		294	257
Energy		726	759
Maintenance		566	673
Legal Expenses		3	13
Levies paid to government - NRM levy		182	176
- Other Levies		111	94
Parts, accessories & consumables		611	509
Professional services		99	112
Sundry		249	580
Less: Capitalised and distributed costs		(1,414)	(1,449)
Subtotal - Other Materials, Contracts & Expenses		<b>4,535</b>	<b>5,325</b>
		<b>4,701</b>	<b>5,508</b>

# NARACOORTE LUCINDALE COUNCIL

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

### Note 3 - EXPENSES (cont)

	Notes	2013 \$'000	2012 \$'000
<b>DEPRECIATION, AMORTISATION &amp; IMPAIRMENT</b>			
<b>Depreciation</b>			
Buildings & Other Structures		434	451
Infrastructure			
- Roads		3,711	3,643
- Bridges & Drainage		92	90
- Street Furniture		8	8
- CWMS		41	39
- Site Improvements		7	3
- Reserve Furniture		50	46
- Stormwater		91	91
- Aerodrome		47	45
Plant & Equipment		469	417
Furniture & Fittings		65	65
Minor Plant		20	20
Library Books		18	14
Saleyards		263	155
Swimming Lake		49	50
		5,365	5,137
 <b>FINANCE COSTS</b>			
Interest on overdraft and short-term drawdown		22	10
Interest on Loans		251	180
		273	190

# NARACOORTE LUCINDALE COUNCIL

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

### Note 4 - ASSET DISPOSAL & FAIR VALUE ADJUSTMENTS

	Notes	2013 \$'000	2012 \$'000
<b>INFRASTRUCTURE, PROPERTY, PLANT &amp; EQUIPMENT</b>			
<i>Assets renewed or directly replaced</i>			
Proceeds from disposal		91	157
Less: Carrying amount of assets sold		423	539
<b>Gain (Loss) on disposal</b>		<u>(332)</u>	<u>(382)</u>
<b>NET GAIN (LOSS) ON DISPOSAL OR REVALUATION OF ASSETS</b>		<u>(332)</u>	<u>(382)</u>

# NARACOORTE LUCINDALE COUNCIL

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

### Note 5 - CURRENT ASSETS

	Notes	2013 \$'000	2012 \$'000
<b>CASH &amp; EQUIVALENT ASSETS</b>			
Cash on Hand and at Bank		457	384
Deposits at Call		5,107	3,307
Short Term Deposits & Bills, etc		1,000	-
		<b>6,564</b>	<b>3,692</b>
 <b>TRADE &amp; OTHER RECEIVABLES</b>			
Rates - General & Other		516	371
Accrued Revenues		95	139
Debtors - general		375	522
GST Recoupment		17	53
Prepayments		13	1
Loans to community organisations		21	25
Total		<b>1,037</b>	<b>1,111</b>
 <b>INVENTORIES</b>			
Stores & Materials		727	666
Trading Stock - VIC		3	3
Fuel & Lubricants		28	32
General Stores		80	99
Other		20	18
		<b>858</b>	<b>818</b>

*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 2013

### Note 6 - NON-CURRENT ASSETS

<b>FINANCIAL ASSETS</b>	Notes	<b>2013 \$'000</b>	<b>2012 \$'000</b>
<b>Receivables</b>			
Loans to community organisations		<u>77</u>	<u>103</u>
		77	103
 <b>OTHER NON-CURRENT ASSETS</b>			
Capital Works-in-Progress		<u>709</u>	<u>1,612</u>
		<u>709</u>	<u>1,612</u>

# NARACOORTE LUCINDALE COUNCIL

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

### Note 7 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

	2012 \$'000	CARRYING AMOUNT MOVEMENTS DURING YEAR \$'000										2013 CARRYING AMOUNT \$'000
		Additions		Disposals	Depreciation	Impairment	Transfers	Net Revaluation				
		New/Upgrade	Renewals									
Land	11,719	-	-	-	-	-	-	-	-	-	-	11,719
Buildings & Other Structures	10,361	14	2	-	(434)	-	(103)	-	-	-	-	9,840
Infrastructure												
- Roads	222,979	532	1,633	(319)	(3,711)	-	-	-	-	-	-	221,114
- Bridges & Drainage	4,619	-	176	(52)	(92)	-	-	-	-	-	-	4,651
- Street Furniture	114	-	-	-	(8)	-	-	-	-	-	-	106
- CWMS	1,751	-	26	(6)	(41)	-	-	-	-	-	-	1,730
- Site Improvements	1,334	-	-	-	(7)	-	(1,053)	-	-	-	-	274
- Reserve Furniture	788	101	30	-	(50)	-	(61)	-	-	-	-	808
- Stormwater drainage	3,794	55	105	(13)	(91)	-	-	-	-	-	-	3,850
- Aerodrome	-	42	10	-	(47)	-	1,217	-	-	-	-	1,222
Plant & Equipment	4,360	190	-	(16)	(469)	-	-	-	-	-	-	4,065
Furniture & Fittings	247	10	27	(9)	(65)	-	-	-	-	-	-	210
Minor Plant	121	3	-	-	(20)	-	-	-	-	-	-	104
Library books	157	-	35	-	(18)	-	-	-	-	-	-	174
Saleyards	6,491	1,854	600	(2)	(263)	-	-	-	-	-	-	8,680
Swimming Lake	1,311	-	8	(5)	(49)	-	-	-	-	-	-	1,265
<b>TOTAL INFRASTRUCTURE, PROPERTY, PLANT &amp; EQUIPMENT</b>	<b>270,146</b>	<b>2,801</b>	<b>2,652</b>	<b>(422)</b>	<b>(5,365)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>269,812</b>
<b>Comparatives</b>	<b>263,116</b>	<b>6,605</b>	<b>2,161</b>	<b>(539)</b>	<b>(5,137)</b>	<b>-</b>	<b>3,940</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>270,146</b>

# NARACOORTE LUCINDALE COUNCIL

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

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

#### **Valuation of Assets**

At 1 July 2004 upon the transition to AIFRS, Council elected pursuant to AASB 1.19 to retain a previously established deemed cost under GAAP as its deemed cost. With subsequent additions at cost, this remains as the basis of recognition of non-material asset classes.

Increases in the carrying amount arising on revaluation are credited to a revaluation reserve in equity. Decreases that offset previous increases of the same class of assets are charged against the revaluation reserve in equity.

All relevant assets were last revalued as at 1 July 2010. Valuations were conducted by Ms Kate Tynan, B. Bus Property (Valuation) AAPI, Certified Practising Valuer. The Valuer arrived at fair value of land and buildings based on recent market transactions for similar land and buildings in the area taking into account zoning and restricted use. For valuations of plant and equipment, market value is used as a proxy for fair value.

#### **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.

Pursuant to Council's election, 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 at 1<sup>st</sup> July 2010 by Ms Kate Tynan, B. Bus Property (Valuation) AAPI, independent Certified Practising Valuer of Maloney Field Services 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 recognised on the fair value basis, originally deriving from a valuation at 1<sup>st</sup> July 2010 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.

#### **Buildings & Other Structures**

Pursuant to Council's nomination, buildings and other structures are recognised on the fair value basis. These assets were revalued at 1<sup>st</sup> July 2010 by Ms Kate Tynan, B. Bus Property (Valuation) AAPI, independent Certified Practising Valuer of Maloney Field Services at current replacement cost. Additions are recognised at cost.

#### **Infrastructure**

Transportation assets were valued at written down current replacement cost during the reporting period ended 1<sup>st</sup> July 2010 and pursuant to Council's election are disclosed at deemed replacement cost. All acquisitions made after the respective dates of valuation are recorded at cost.

Drainage & Bridges infrastructure was valued as at 1<sup>st</sup> July 2010 at written down current replacement cost, based on actual costs incurred during the reporting period and pursuant to Council's election are disclosed at deemed replacement cost. 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 1<sup>st</sup> July 2010 and pursuant to Council's election are disclosed at deemed replacement cost. All acquisitions made after the respective dates of valuation are recorded at cost.

## **Naracoorte Lucindale Council**

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

#### **Note 7 – Property, Plant & Equipment (cont)**

##### **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 2013

### Note 8 - LIABILITIES

	Notes	2013 \$'000		2012 \$'000	
		Current	Non-current	Current	Non-current
<b>TRADE &amp; OTHER PAYABLES</b>					
Goods & Services		445		646	
Payments received in advance		131	-	136	-
Accrued expenses - employee entitlements		633	-	672	-
Accrued expenses - other		194	-	133	-
Aged Care Facility Deposits		432	-	444	-
Deposits, Retentions & Bonds		34	-	68	-
Other		11	-	1	-
		<u>1,880</u>	<u>-</u>	<u>2,100</u>	<u>-</u>
<b>BORROWINGS</b>					
Bank Overdraft		-	-	1,000	-
Loans		294	4,000	193	2,339
		<u>294</u>	<u>4,000</u>	<u>1,193</u>	<u>2,339</u>

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

#### PROVISIONS

Employee entitlements (including oncosts)	608	116	583	59
Landfill Liability	95	98	229	117
	<u>703</u>	<u>214</u>	<u>812</u>	<u>176</u>

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

**486**

**467**

# NARACOORTE LUCINDALE COUNCIL

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

### Note 9 - RESERVES

ASSET REVALUATION RESERVE	1/7/2012	Net Increments (Decrements)	Transfers, Impairments	30/6/2013
Notes	\$'000	\$'000	\$'000	\$'000
Land	7,170	-	-	7,170
Buildings & Other Structures	4,340	-	-	4,340
Infrastructure	216,499	-	-	216,499
Other Community Assets	930	-	-	930
<b>TOTAL</b>	<b>228,939</b>			<b>228,939</b>
<i>Comparatives</i>	<i>224,999</i>	<i>3,940</i>	<i>-</i>	<i>228,939</i>

OTHER RESERVES	1/7/2012	Transfers to Reserve	Transfers from Reserve	30/6/2013
Community Chest	20	2	-	22
Development	301	45	(73)	273
Grants Committed	1,520	1,345	(1,505)	1,360
Heritage	5	-	-	5
IT Upgrades	44	2	(35)	11
Lake Ormerod	2	-	-	2
Long Service Leave	146	-	(146)	-
Lucindale Aged Care Facility	5	-	-	5
Lucindale Health Centre	-	4	-	4
Lucindale Library	26	-	-	26
Open Space	25	-	-	25
Plant & Machinery	-	308	-	308
Harry Tregoweth Retirement Village	-	4	-	4
Livestock Exchange (NRLE)	463	-	(463)	-
CWMS	76	-	(2)	74
Volunteers	4	5	(4)	5
<b>TOTAL OTHER RESERVES</b>	<b>2,637</b>	<b>1,715</b>	<b>(2,228)</b>	<b>2,124</b>
<i>Comparatives</i>	<i>3,451</i>	<i>1,543</i>	<i>(2,357)</i>	<i>2,637</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 30th June.

##### **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 to recognise grants received, but not expended.

# NARACOORTE LUCINDALE COUNCIL

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

### Note 9 - RESERVES

**Heritage**

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

**IT Upgrades**

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

**Lake Ormerod Reserve**

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

**Long Service Leave Reserve**

Liability is recognised as a current liability in balance sheet. There is no need to cash fund.

**Lucindale Aged Care Facility**

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

**Lucindale Health Centre**

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

**Lucindale Library**

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)**

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 2013

### Note 10 - ASSETS SUBJECT TO RESTRICTIONS

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

CASH & FINANCIAL ASSETS	Notes	2013 \$'000	2012 \$'000
Unexpended amounts received from Federal Government		-	22
Open Space		25	25
Community Water Management Scheme (CWMS)		74	76
Volunteers Grant		5	4
Roads to Recovery - Moyall Road		-	213
Safer Greener Travel/Way2Go/Trails Grants		32	27
Heritage Grant		5	5
		141	372

#### 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.

#### Safer Greener Travel/Way2Go/Trails Grants

State Grants for the encouragement of safer greener travel, an active population and improved walking trails in Naracoorte.

#### Heritage Grant

The Grant, which was provided by the Dept Environment and Conservation, must be used to provide financial

# NARACOORTE LUCINDALE COUNCIL

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

### 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	2013 \$'000	2012 \$'000
Total cash & equivalent assets	5	6,564	3,692
Less: Short-term borrowings	8	-	(1,000)
Balances per Cash Flow Statement		6,564	2,692

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

Net Surplus (Deficit)	1,105	2,418
Non-cash items in Income Statement		
Depreciation, amortisation & impairment	5,365	5,138
Net increase (decrease) in unpaid employee benefits	43	89
Change in allowances for under-recovery	-	(186)
Grants for capital acquisitions treated as Investing Activity	(234)	(2,214)
Net (Gain) Loss on Disposals	332	382
	6,611	5,627
Add (Less): Changes in Net Current Assets		
Net (increase) decrease in receivables	69	(251)
Net (increase) decrease in inventories	(40)	503
Net increase (decrease) in trade & other payables	(181)	206
Net increase (decrease) in other provisions	(153)	346
<b>Net Cash provided by (or used in) operations</b>	<b>6,306</b>	<b>6,431</b>

**(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 facility	3,000	5,000

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

# NARACOOORTE LUCINDALE COUNCIL

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

### 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	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Administration	12,068	11,810	2,516	2,661	9,552	9,149	2,348	2,435	8,745	7,945
Health	10	14	61	103	(51)	(89)	-	-	-	-
Social Security & Welfare	29	27	69	82	(40)	(55)	-	-	515	536
Housing & Community Amenities	1,539	1,378	2,494	3,035	(955)	(1,657)	89	72	2,697	2,716
Sport & Recreation	206	193	1,661	1,746	(1,455)	(1,553)	56	54	14,451	14,643
Regulatory Services	259	118	394	503	(135)	(385)	80	3	215	221
Transport & Communication	782	1,202	6,008	6,195	(5,226)	(4,993)	742	1,133	232,253	234,760
Economic Affairs NEC	43	41	227	184	(184)	(143)	-	-	3,929	4,014
Other Purposes NEC	641	608	950	795	(309)	(187)	-	-	7,057	5,567
Business Undertakings	1,269	1,497	1,263	998	6	499	-	-	9,195	7,079
<b>TOTALS</b>	<b>16,846</b>	<b>16,888</b>	<b>15,643</b>	<b>16,302</b>	<b>1,203</b>	<b>586</b>	<b>3,315</b>	<b>3,697</b>	<b>279,057</b>	<b>277,481</b>

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 2013

### Note 12 (cont) - COMPONENTS OF FUNCTIONS

The activities relating to Council functions are as follows:

#### **Administration**

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

#### **Health**

Health Services, Immunisation, Preventive Health Services, Other Health Services.

#### **Social Security and Welfare**

Elderly Citizens Facilities, Seniors Week, Retirement Village

#### **Housing & Community Amenities**

Community Support, Youth Services, Community Assistance, Other Community Support, Community Amenities, Cemeteries/Crematoria, Public Conveniences, Effluent, Sanitation and Garbage

#### **Sport & Recreation**

Library Services, Art Gallery, Swimming Lake, Parks & Gardens, Playgrounds

#### **Regulatory**

Urban and rural development, including building and planning. Public Order and Safety, Crime Prevention, Emergency Services, Other Fire Protection, Other Public Order and Safety, Dog Control, General Inspectorial.

#### **Transport & Communication**

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

#### **Economic Affairs**

Land Development, Visitor Information Centre.

#### **Other Purposes NEC**

Depot and plant operations

#### **Business Undertakings**

Saleyards

# NARACOORTE LUCINDALE COUNCIL

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

### Note 13 - FINANCIAL INSTRUMENTS

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

#### Accounting Policies - Recognised Financial Instruments

<p><b>Bank, Deposits at Call, Short Term Deposits</b></p>	<p><b>Accounting Policy:</b> Carried at lower of cost and net realisable value; Interest is recognised when earned.</p> <p><b>Terms &amp; conditions:</b> Deposits are returning fixed interest rates between 2.75% and 4.2% (2012: 3.5% and 4.75%). Short term deposits have an average interest rate of 3.13% (2012: 4.34%).</p> <p><b>Carrying amount:</b> approximates fair value due to the short term to maturity.</p>
<p><b>Receivables - Rates &amp; Associated Charges (including legals &amp; penalties for late payment)</b></p> <p>Note: These receivables do not meet the definition of "financial instruments" and have been excluded from the following disclosures.</p>	<p><b>Accounting Policy:</b> 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><b>Terms &amp; conditions:</b> Secured over the subject land, arrears attract interest of 0.71% (2012: 0.77%) 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><b>Carrying amount:</b> approximates fair value (after deduction of any allowance).</p>
<p><b>Receivables - Fees &amp; other charges</b></p>	<p><b>Accounting Policy:</b> 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><b>Terms &amp; conditions:</b> 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><b>Carrying amount:</b> approximates fair value (after deduction of any allowance).</p>
<p><b>Liabilities - Creditors and Accruals</b></p>	<p><b>Accounting Policy:</b> 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><b>Terms &amp; conditions:</b> Liabilities are normally settled on 30 day terms.</p> <p><b>Carrying amount:</b> approximates fair value.</p>
<p><b>Liabilities - Retirement Contributions</b></p> <p style="padding-left: 20px;">Home</p>	<p><b>Accounting Policy:</b> To avoid inconvenience when complying with the separate audit requirements imposed by the relevant legislation, amounts are carried at nominal values.</p> <p><b>Terms &amp; conditions:</b> 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><b>Carrying amount:</b> approximates fair value for short tenancies; may be non-materially over-stated for longer tenancies.</p>
<p><b>Liabilities - Borrowings</b></p> <p style="padding-left: 20px;">Interest Bearing</p>	<p><b>Accounting Policy:</b> Carried at the principal amounts. Interest is charged as an expense as it accrues.</p> <p><b>Terms &amp; conditions:</b> secured over future revenues, borrowings are repayable (describe basis); interest is charged at fixed rates between 5.3% and 7.95% (2012: 6.3% and 7.95%)</p> <p><b>Carrying amount:</b> approximates fair value.</p>
<p><b>Liabilities - Finance Leases</b></p>	<p><b>Accounting Policy:</b> accounted for in accordance with AASB 117.</p>



# NARACOORTE LUCINDALE COUNCIL

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

### Note 14 - COMMITMENTS FOR EXPENDITURE

	<u>Notes</u>	2013 \$'000	2012 \$'000
<b>Capital Commitments</b>			
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
Plant & Equipment		<u>65</u>	<u>155</u>
		<u>65</u>	<u>155</u>
These expenditures are payable:			
Not later than one year		<u>65</u>	<u>155</u>
		<u>65</u>	<u>155</u>
<b>Finance Lease Commitments</b>			
Council has no finance leases.			

# NARACOORTE LUCINDALE COUNCIL

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

### Note 15 - FINANCIAL INDICATORS

	2013	2012	2011
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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>	12%	6%	(2%)
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**

	11%	(1%)	(3%)
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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>	(4%)	10%	0%
Total Operating Revenue less NRM levy			

*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 (excluding NRM levy).*

#### **Asset Sustainability Ratio**

<u>Net Asset Renewals</u>	61%	39%	38%
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.*

*Amounts shown above an asterisk (\*) indicate that depreciation expense has been used as a proxy, pending finalisation of the Infrastructure & Asset Management Plan.*

# NARACOORTE LUCINDALE COUNCIL

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

### Note 17 - OPERATING LEASES

#### *Leases providing revenue to the Council*

Council owns various buildings, plant and other facilities that are available for hire or lease in accordance with the published fees and charges policy. 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 operating leases for a photocopier.

The lease in relation to the photocopier permit Council, at expiry of lease, to elect to re-lease, return or acquire the equipment leased.

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

	2013 \$'000	2012 \$'000
Not later than one year	2	5
Later than one year and not later than 5 years	-	2
	<u>2</u>	<u>7</u>

# NARACOORTE LUCINDALE COUNCIL

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

### Note 20 – RETROSPECTIVE RESTATEMENT OF 2011/12 COMPARATIVE DATA FOR MATERIAL ERRORS DETECTED AFTER SIGNING OF ACCOUNTS

#### Stormwater Infrastructure

It has been identified that a number of Council's Stormwater Drainage Assets have been excluded from historic asset revaluation exercise. The 2011/12 Balance Sheet and Statement of Comprehensive Income has been restated to include these assets and the associated depreciation expense. The assets have been brought back into account by way of a Revaluation Reserve adjustment.

#### **Balance Sheet**

Previous 2011/12 Stormwater Drainage Assets Balance	\$0
Adjustment	\$9,350,935
Adjusted 2011/12 Stormwater Drainage Assets Balance	<b>\$9,350,935</b>

Previous 2011/12 Stormwater Drainage Accumulated Depreciation Balance	\$0
Adjustment	(\$5,556,640)
Adjusted 2011/12 Stormwater Drainage Accumulated Depreciation Balance	<b>(\$5,556,640)</b>

Previous 2011/12 Accumulated Surplus Balance	(\$39,376,191)
Adjustment	\$90,786
Adjusted 2011/12 Accumulated Surplus Balance	<b>(\$39,285,405)</b>

Previous 2011/12 Asset Revaluation Reserve Balance	(\$212,613,753)
Adjustment	(\$3,885,081)
Adjusted 2011/12 Asset Revaluation Reserve Balance	<b>(\$216,498,834)</b>

#### **Statement of Comprehensive Income**

Previous 2011/12 Depreciation Expense Balance	\$5,046,102
Adjustment	\$90,786
Adjusted 2011/12 Depreciation Expense Balance	<b>\$5,136,888</b>

Previous 2011/12 2011/12 Operating Surplus/(Deficit)	\$677,770
Adjustment	(\$90,786)
Adjusted 2011/12 2011/12 Operating Surplus/(Deficit)	<b>\$586,984</b>

Previous 2011/12 Total Comprehensive Income Comparative Balance	\$2,564,539
Adjustment – Depreciation \$90,786 Decrease Operating Surplus	(\$90,786)
Adjustment – ARR \$3,885,081 Increase Other Comprehensive Income	\$3,885,081
Adjusted 2011/12 Total Comprehensive Income Comparative Balance	<b>\$6,358,834</b>

## 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 balance sheet as at 30 June 2013 and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year ended on that date, 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.

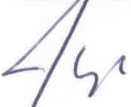
### **Independence**

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 2013, 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 29th day of August 2013,  
at 214 Melbourne Street, North Adelaide, South Australia 5006.

# NARACOORTE LUCINDALE COUNCIL

## ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2013

### 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 2013 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: 27 August 2013.

## **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 2013, 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 29<sup>th</sup> day of August 2013**