



NARACOORTE LUCINDALE COUNCIL

FINANCIAL STATEMENTS

Year Ending 30 June 2014

NARACOOORTE LUCINDALE COUNCIL

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2014

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 2014 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: 23 September 2014

NARACOORTE LUCINDALE COUNCIL

General Purpose Financial Reports for the year ended 30 June 2014

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NARACOORTE LUCINDALE COUNCIL

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 June 2014

| | Notes | 2014 \$'000 | 2013 \$'000 |
|--|-------|----------------|----------------|
| INCOME | | | |
| Rates | 2 | 10,839 | 10,496 |
| Statutory charges | 2 | 167 | 155 |
| User charges | 2 | 2,281 | 1,943 |
| Grants, subsidies and contributions | 2 | 2,114 | 3,315 |
| Investment income | 2 | 233 | 182 |
| Reimbursements | 2 | 163 | 404 |
| Other income | 2 | 365 | 351 |
| Total Income | | <u>16,162</u> | <u>16,846</u> |
| EXPENSES | | | |
| Employee costs | 3 | 5,344 | 5,304 |
| Materials, contracts & other expenses | 3 | 4,675 | 4,701 |
| Depreciation, amortisation & impairment | 3 | 5,447 | 5,365 |
| Finance costs | 3 | 255 | 273 |
| Total Expenses | | <u>15,721</u> | <u>15,643</u> |
| OPERATING SURPLUS / (DEFICIT) | | 441 | 1,203 |
| Asset disposal & fair value adjustments | 4 | (77) | (332) |
| Amounts received specifically for new or upgraded assets | 2 | 646 | 234 |
| NET SURPLUS / (DEFICIT) | | <u>1,010</u> | <u>1,105</u> |
| transferred to Equity Statement | | | |
| Other Comprehensive Income | | - | - |
| Total Other Comprehensive Income | | <u>-</u> | <u>-</u> |
| TOTAL COMPREHENSIVE INCOME | | <u>1,010</u> | <u>1,105</u> |

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

NARACOORTE LUCINDALE COUNCIL

STATEMENT OF FINANCIAL POSITION as at 30 June 2014

| | Notes | 2014 \$'000 | 2013 \$'000 |
|---|-------|----------------|----------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash and cash equivalents | 5 | 7,428 | 6,564 |
| Trade & other receivables | 5 | 961 | 1,037 |
| Inventories | 5 | 1,034 | 858 |
| Total Current Assets | | <u>9,423</u> | <u>8,459</u> |
| Non-current Assets | | | |
| Financial assets | 6 | 53 | 77 |
| Infrastructure, property, plant & equipment | 7 | 269,387 | 269,812 |
| Other non-current assets | 6 | 892 | 709 |
| Total Non-current Assets | | <u>270,332</u> | <u>270,598</u> |
| Total Assets | | <u>279,755</u> | <u>279,057</u> |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Trade & other payables | 8 | 1,398 | 1,880 |
| Borrowings | 8 | 314 | 294 |
| Provisions | 8 | 1,051 | 703 |
| Total Current Liabilities | | <u>2,763</u> | <u>2,877</u> |
| Non-current Liabilities | | | |
| Borrowings | 8 | 3,686 | 4,000 |
| Provisions | 8 | 330 | 214 |
| Total Non-current Liabilities | | <u>4,016</u> | <u>4,214</u> |
| Total Liabilities | | <u>6,779</u> | <u>7,091</u> |
| NET ASSETS | | <u>272,976</u> | <u>271,966</u> |
| EQUITY | | | |
| Accumulated Surplus | | 42,600 | 40,903 |
| Asset Revaluation Reserves | 9 | 228,939 | 228,939 |
| Other Reserves | 9 | 1,437 | 2,124 |
| TOTAL EQUITY | | <u>272,976</u> | <u>271,966</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 2014

| 2014 | 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 | | 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 |
| | | | | | | |
| 2013 | | | | | | |
| Balance at end of previous reporting period | | 39,285 | 228,939 | - | 2,637 | 270,861 |
| Net Surplus / (Deficit) for Year | | 1,105 | - | - | - | 1,105 |
| Other Comprehensive Income | | | | | | |
| Transfers between reserves | | 513 | - | - | (513) | - |
| Balance at end of period | | 40,903 | 228,939 | - | 2,124 | 271,966 |

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 2014

| | Notes | 2014 \$'000 | 2013 \$'000 |
|---|-------|----------------|----------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| <u>Receipts</u> | | | |
| Rates - general & other | | 10,779 | 10,391 |
| Fees & other charges | | 180 | 167 |
| User charges | | 2,688 | 2,174 |
| Investment receipts | | 219 | 165 |
| Grants utilised for operating purposes | | 2,273 | 3,564 |
| Reimbursements | | 185 | 534 |
| Other revenues | | 1,486 | 1,267 |
| <u>Payments</u> | | | |
| Employee costs | | (5,213) | (5,205) |
| Materials, contracts & other expenses | | (6,545) | (6,418) |
| Finance payments | | (284) | (333) |
| Net Cash provided by (or used in) Operating Activities | 11(b) | 5,768 | 6,306 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| <u>Receipts</u> | | | |
| Amounts specifically for new or upgraded assets | | 646 | 234 |
| Sale of replaced assets | | 119 | 90 |
| Repayments of loans by community groups | | 26 | 30 |
| <u>Payments</u> | | | |
| Expenditure on renewal/replacement of assets | | (3,440) | (3,361) |
| Expenditure on new/upgraded assets | | (1,961) | (1,189) |
| Net Cash provided by (or used in) Investing Activities | | (4,610) | (4,196) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| <u>Receipts</u> | | | |
| Proceeds from borrowings | | - | 2,000 |
| <u>Payments</u> | | | |
| Repayments of borrowings | | (294) | (238) |
| Net Cash provided by (or used in) Financing Activities | | (294) | 1,762 |
| Net Increase (Decrease) in cash held | | 864 | 3,872 |
| Cash & cash equivalents at beginning of period | 11 | 6,564 | 2,692 |
| Cash & cash equivalents at end of period | 11 | 7,428 | 6,564 |

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 2014

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 23 September 2014.

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 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 2014

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 2013 \$1.324 million was received in relation to the 2013-14 year, however, in June 2014 the Federal Government announced that the payment of these grants would return to their normal cycle and no early payment was received in June 2014.

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 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.

Naracoorte Lucindale Council

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

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.

6.2 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 | \$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 |

6.3 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 care should be used in interpreting financial information based on these estimates.

| | |
|---------------------------------|---------------|
| 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 |

Naracoorte Lucindale Council

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

Note 1 - Significant Accounting Policies (cont)

| | |
|--------------------------------------|-----------------|
| 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.

6.6 Comparative Information

Comparative information has been reclassified to be consistent with the current year disclosure of equivalent information in accordance with IFRS.

Comparative information for Land and Building assets disclosed in Note 7 as Level 2 assets have been amended to comply with the new measurement and disclosure requirements as a result of the introduction of AASB 13 *Fair Value Measurement*. Comparative information has been amended for comparability purposes and this has resulted in no change in the comparative financial position or performance of the Council.

Naracoorte Lucindale Council

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

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 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 | 2.51% (2013, 2.3%) |
|--------------------------------|--------------------|

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 (CO₂e) gas emissions.

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

Naracoorte Lucindale Council

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

Note 1 - Significant Accounting Policies (cont)

11 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.

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 2014 reporting period and have not been used in preparing these reports.

- AASB 7 *Financial Instruments - Disclosures*
- AASB 9 *Financial Instruments*
- AASB 10 *Consolidated Financial Statements*
- AASB 11 *Joint Arrangements*
- AASB 12 *Disclosure of Interests in Other Entities*
- AASB 127 *Separate Financial Statements*
- AASB 128 *Investments in Associates and Joint Ventures*
- AASB 132 *Financial Instruments: Presentation*

Standards containing consequential amendments to other Standards and Interpretations arising from the above - AASB 2010-7, AASB 2011-7, AASB 2012-2, AASB 2012-3, AASB 2012-5, AASB 2012-6, AASB 2012-10, AASB 2013-3, AASB 2013-8 and AASB 2013-9.

(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 2014

Note 2 - INCOME

| | Notes | 2014 \$'000 | 2013 \$'000 |
|--|-------|----------------|----------------|
| RATES REVENUES | | | |
| <u>General Rates</u> | | 9,718 | 9,485 |
| Less: Mandatory rebates | | (76) | (112) |
| Less: Discretionary rebates, remissions & write offs | | (57) | (46) |
| | | 9,585 | 9,327 |
| <u>Other Rates</u> (including service charges) | | | |
| Natural Resource Management levy | | 184 | 183 |
| Waste collection | | 912 | 864 |
| Community wastewater management systems | | 77 | 70 |
| | | 1,173 | 1,117 |
| <u>Other Charges</u> | | | |
| Penalties for late payment | | 54 | 54 |
| Legal & other costs recovered | | 28 | 1 |
| | | 82 | 55 |
| Less: Discretionary rebates, remissions & write offs | | (1) | (3) |
| | | 10,839 | 10,496 |
| STATUTORY CHARGES | | | |
| Development Act fees | | 34 | 31 |
| Town planning fees | | 64 | 65 |
| Health & Septic Tank Inspection fees | | 5 | 5 |
| Animal registration fees & fines | | 42 | 36 |
| Parking fines / expiation fees | | 5 | 4 |
| Other licences, fees, & fines | | 17 | 14 |
| | | 167 | 155 |
| USER CHARGES | | | |
| Cemetery/crematoria fees | | 77 | 74 |
| Livestock Exchange Fees and Charges | | 1,448 | 1,265 |
| Lease and Rental Income | | 78 | 80 |
| Transfer Station | | 485 | 410 |
| Hall & equipment hire | | 36 | 40 |
| Aged Home Maintenance Fees | | 18 | 18 |
| Sales - general | | 137 | 54 |
| Sundry | | 2 | 2 |
| | | 2,281 | 1,943 |
| INVESTMENT INCOME | | | |
| Interest on investments | | | |
| Local Government Finance Authority | | 177 | 148 |
| Banks & other | | 53 | 27 |
| Loans to community groups | | 3 | 7 |
| | | 233 | 182 |

NARACOORTE LUCINDALE COUNCIL

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

NOTE 2 - INCOME (continued)

| | Notes | 2014 \$'000 | 2013 \$'000 |
|--|-------|----------------|----------------|
| REIMBURSEMENTS | | | |
| - for private works | | 62 | 241 |
| - other | | 101 | 163 |
| | | 163 | 404 |
| OTHER INCOME | | | |
| Insurance & other recoupments - infrastructure, property, plant & equipment | | 184 | 132 |
| Rebates received | | 98 | 109 |
| Sundry | | 83 | 110 |
| | | 365 | 351 |
| GRANTS, SUBSIDIES, CONTRIBUTIONS | | | |
| Amounts received specifically for new or upgraded assets | | 646 | 234 |
| Other grants, subsidies and contributions | | 2,114 | 3,315 |
| | | 2,760 | 3,549 |
| <i>The functions to which these grants relate are shown in Note 2.</i> | | | |
| Sources of grants | | | |
| Commonwealth government | | 417 | 428 |
| State government | | 2,343 | 3,121 |
| | | 2,760 | 3,549 |

NARACORTE LUCINDALE COUNCIL

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

NOTE 2 - INCOME (continued)

| | 2014 | 2013 |
|--|---------|-----------|
| 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> | | 276 |
| <i>Less: expended during the current period from revenues recognised in previous reporting periods</i> | | |
| <i>Roads Infrastructure</i> | - | (272) |
| <i>Heritage, Cultural Services & Other</i> | - | (4) |
| <i>Subtotal</i> | - | (276) |
| <i>Plus: amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions</i> | | |
| <i>Heritage, Cultural Services & Other</i> | 194 | - |
| <i>Subtotal</i> | 194 | - |
| <i>Unexpended at the close of this reporting period</i> | 194 | - |
| <i>Net increase (decrease) in assets subject to conditions in the current reporting period</i> | 194 | (276) |

NARACOORTE LUCINDALE COUNCIL

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

Note 3 - EXPENSES

| | Notes | 2014 \$'000 | 2013 \$'000 |
|--|-------|----------------|----------------|
| EMPLOYEE COSTS | | | |
| Salaries and Wages | | 4,133 | 4,129 |
| Employee leave expense | | 989 | 928 |
| Superannuation - defined contribution plan contributions | 18 | 177 | 157 |
| Superannuation - defined benefit plan contributions | 18 | 271 | 286 |
| Workers' Compensation Insurance | | 234 | 243 |
| Other | | 91 | 87 |
| Less: Capitalised and distributed costs | | (551) | (526) |
| Total Operating Employee Costs | | 5,344 | 5,304 |
| Total Number of Employees | | 73 | 76 |
| <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 | | 18 | 17 |
| Elected members' expenses | | 129 | 142 |
| Election expenses | | 2 | 2 |
| Operating Lease Rentals - cancellable leases | | 3 | 5 |
| Subtotal - Prescribed Expenses | | 152 | 166 |
| <u>Other Materials, Contracts & Expenses</u> | | | |
| Contractors | | 542 | 457 |
| Waste Management | | 1,418 | 1,569 |
| Street Cleaning | | 189 | 188 |
| Insurance | | 281 | 275 |
| Quarry - rubble raising & associated expenses | | 433 | 619 |
| Subscriptions & Licences | | 242 | 294 |
| Energy | | 780 | 726 |
| Maintenance | | 663 | 566 |
| Legal Expenses | | 8 | 3 |
| Levies paid to government - NRM levy | | 184 | 182 |
| - Other Levies | | 93 | 111 |
| Parts, accessories & consumables | | 531 | 611 |
| Professional services | | 264 | 99 |
| Sundry | | 585 | 249 |
| Less: Capitalised and distributed costs | | (1,690) | (1,414) |
| Subtotal - Other Materials, Contracts & Expenses | | 4,523 | 4,535 |
| | | 4,675 | 4,701 |

NARACOORTE LUCINDALE COUNCIL

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

Note 3 - EXPENSES (cont)

| | Notes | 2014 \$'000 | 2013 \$'000 |
|--|-------|----------------|----------------|
| DEPRECIATION, AMORTISATION & IMPAIRMENT | | | |
| Depreciation | | | |
| Buildings & Other Structures (L3) | | 421 | 434 |
| Buildings & Other Structures (L2) | | 10 | - |
| Infrastructure | | | |
| - Roads | | 3,742 | 3,711 |
| - Bridges & drainage | | 93 | 92 |
| - Street Furniture | | 9 | 8 |
| - CWMS | | 41 | 41 |
| - Site Improvements | | 7 | 7 |
| - Reserve Furniture | | 50 | 50 |
| - Storm Water | | 93 | 91 |
| - Aerodrome | | 51 | 47 |
| Plant & Equipment | | 497 | 469 |
| Furniture & Fittings | | 63 | 65 |
| Minor Plant | | 16 | 20 |
| Library books | | 20 | 18 |
| Saleyards | | 286 | 263 |
| Swimming Lake | | 48 | 49 |
| | | 5,447 | 5,365 |
| FINANCE COSTS | | | |
| Interest on overdraft and short-term drawdown | | - | 22 |
| Interest on Loans | | 255 | 251 |
| | | 255 | 273 |

NARACOORTE LUCINDALE COUNCIL

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

Note 4 - ASSET DISPOSAL & FAIR VALUE ADJUSTMENTS

| | 2014 | 2013 |
|---|-------------|--------------|
| Notes | \$'000 | \$'000 |
| INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT | | |
| <i>Assets renewed or directly replaced</i> | | |
| Proceeds from disposal | 119 | 91 |
| Less: Carrying amount of assets disposed | 171 | 423 |
| Gain (Loss) on disposal | <u>(52)</u> | <u>(332)</u> |
| <i>Assets surplus to requirements</i> | | |
| Proceeds from disposal | - | - |
| Less: Carrying amount of assets disposed | 25 | - |
| Gain (Loss) on disposal | <u>(25)</u> | <u>-</u> |
| NET GAIN (LOSS) ON DISPOSAL OR REVALUATION OF ASSETS | <u>(77)</u> | <u>(332)</u> |

NARACOORTE LUCINDALE COUNCIL

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

Note 5 - CURRENT ASSETS

| | Notes | 2014 \$'000 | 2013 \$'000 |
|--|-------|----------------|----------------|
| CASH & EQUIVALENT ASSETS | | | |
| Cash on Hand and at Bank | | 439 | 457 |
| Deposits at Call | | 1,946 | 5,107 |
| Short Term Deposits & Bills, etc | | <u>5,043</u> | <u>1,000</u> |
| | | <u>7,428</u> | <u>6,564</u> |
| TRADE & OTHER RECEIVABLES | | | |
| Rates - General & Other | | 536 | 516 |
| Accrued Revenues | | 84 | 95 |
| Debtors - general | | 287 | 375 |
| GST Recoupment | | 32 | 17 |
| Prepayments | | 3 | 13 |
| Loans to community organisations | | <u>19</u> | <u>21</u> |
| | | <u>961</u> | <u>1,037</u> |
| INVENTORIES | | | |
| Stores & Materials | | 877 | 727 |
| Trading Stock - VIC | | 4 | 3 |
| Fuel & Lubricants | | 50 | 28 |
| General Stores | | 81 | 80 |
| Other | | <u>22</u> | <u>20</u> |
| | | <u>1,034</u> | <u>858</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 2014

Note 6 - NON-CURRENT ASSETS

| | Notes | 2014 \$'000 | 2013 \$'000 |
|----------------------------------|-------|----------------|----------------|
| FINANCIAL ASSETS | | | |
| Loans to community organisations | | <u>53</u> | <u>77</u> |
| TOTAL FINANCIAL ASSETS | | <u>53</u> | <u>77</u> |
| | | | |
| OTHER NON-CURRENT ASSETS | | | |
| Capital Works-in-Progress | | <u>892</u> | <u>709</u> |
| | | <u>892</u> | <u>709</u> |

NARACORTE LUCINDALE COUNCIL

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

Note 7 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

| | Fair Value Level | 2013 \$'000 | | | | 2014 \$'000 | | | |
|--|------------------|----------------|---------------|-----------------|-----------------|----------------|-----------------|----------------|-----------------|
| | | AT FAIR VALUE | AT COST | ACCUM DEPN | CARRYING AMOUNT | AT FAIR VALUE | AT COST | ACCUM DEPN | CARRYING AMOUNT |
| Land (L3) | 3 | 8,715 | - | - | 8,715 | 8,715 | - | - | 8,715 |
| Land (L2) | 2 | 3,004 | - | - | 3,004 | 3,004 | - | - | 3,004 |
| Buildings & Other Structures (L3) | 3 | 19,704 | 16 | (10,104) | 9,616 | 19,519 | (10,348) | 9,219 | |
| Buildings & Other Structures (L2) | 2 | 363 | - | (139) | 224 | 363 | (149) | 214 | |
| Infrastructure | | | | | | | | | |
| - Roads | 3 | 278,250 | 7,218 | (64,354) | 221,114 | 276,319 | (66,213) | 220,926 | |
| - Bridges & drainage | 3 | 9,050 | 419 | (4,818) | 4,651 | 8,893 | (4,791) | 4,670 | |
| - Street Furniture | 3 | 12 | 184 | (90) | 106 | 12 | (99) | 97 | |
| - CWMS | 3 | 2,688 | 50 | (1,008) | 1,730 | 2,638 | (1,006) | 1,697 | |
| - Site Improvements | | | 284 | (10) | 274 | - | (17) | 267 | |
| - Reserve Furniture | | | 1,254 | (446) | 808 | - | (497) | 866 | |
| - Storm Water | 3 | 9,252 | 160 | (5,562) | 3,850 | 9,252 | (5,655) | 4,066 | |
| - Aerodrome | 3 | 323 | 1,604 | (705) | 1,222 | 323 | (667) | 1,482 | |
| Plant & Equipment | | | 7,099 | (3,034) | 4,065 | 7,178 | (3,356) | 3,822 | |
| Furniture & Fittings | | | 573 | (363) | 210 | - | (409) | 289 | |
| Minor Plant | | | 339 | (235) | 104 | - | (251) | 90 | |
| Library books | | | 715 | (541) | 174 | - | (536) | 178 | |
| Saleyards | 3 | 6,110 | 5,655 | (3,085) | 8,680 | 6,110 | (3,362) | 8,568 | |
| Swimming Lake | 3 | 2,920 | 51 | (1,706) | 1,265 | 2,920 | (1,754) | 1,217 | |
| TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT | | 340,391 | 25,621 | (96,200) | 269,812 | 338,068 | (99,110) | 269,387 | |
| Comparatives | | 342,939 | 19,749 | (92,542) | 270,146 | 340,391 | (96,200) | 269,812 | |

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 2014

Note 7 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

| | CARRYING AMOUNT MOVEMENTS DURING YEAR | | | | | | | | | | 2014 \$'000 |
|--|---------------------------------------|--------------|--------------|--------------|----------------|------------|-----------|--------------------|--------------------|----------------|----------------|
| | \$'000 | | | | | | | | | | |
| | 2013 \$'000 | Additions | | Disposals | Depreciation | Impairment | Transfers | Net Revaluation | CARRYING AMOUNT | | |
| CARRYING AMOUNT | New/Upgrade | Renewals | | | | | | | | | |
| Land (L3) | 8,715 | - | - | - | - | - | - | - | - | 8,715 | |
| Land (L2) | 3,004 | - | - | - | - | - | - | - | - | 3,004 | |
| Buildings & Other Structures (L3) | 9,616 | 46 | 2 | (24) | (421) | - | - | - | - | 9,219 | |
| Buildings & Other Structures (L2) | 224 | - | - | - | (10) | - | - | - | - | 214 | |
| Infrastructure | | | | | | | | | | | |
| - Roads | 221,114 | 1,116 | 2,486 | (48) | (3,742) | - | - | - | - | 220,926 | |
| - Bridges & drainage | 4,651 | 11 | 138 | (37) | (93) | - | - | - | - | 4,670 | |
| - Street Furniture | 106 | - | - | - | (9) | - | - | - | - | 97 | |
| - CWMS | 1,730 | - | 15 | (7) | (41) | - | - | - | - | 1,697 | |
| - Site Improvements | 274 | - | - | - | (7) | - | - | - | - | 267 | |
| - Reserve Furniture | 808 | 108 | - | - | (50) | - | - | - | - | 866 | |
| - Storm Water | 3,850 | 309 | - | - | (93) | - | - | - | - | 4,066 | |
| - Aerodrome | 1,222 | - | 311 | - | (51) | - | - | - | - | 1,482 | |
| Plant & Equipment | 4,065 | 64 | 262 | (72) | (497) | - | - | - | - | 3,822 | |
| Furniture & Fittings | 210 | 132 | 11 | (1) | (63) | - | - | - | - | 289 | |
| Minor Plant | 104 | - | 2 | - | (16) | - | - | - | - | 90 | |
| Library books | 174 | - | 24 | - | (20) | - | - | - | - | 178 | |
| Saleyards | 8,680 | 175 | 5 | (6) | (286) | - | - | - | - | 8,568 | |
| Swimming Lake | 1,265 | - | - | - | (48) | - | - | - | - | 1,217 | |
| TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT | 269,812 | 1,961 | 3,256 | (195) | (5,447) | - | - | - | - | 269,387 | |
| Comparatives | 270,146 | 2,801 | 2,652 | (422) | (5,365) | - | - | - | - | 269,812 | |

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 2014

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.

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 for the year ending 30 June 2011 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.

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)

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.

Land reclassified in 2014 as Level 2 valuation pursuant to AASB13 *Fair Value Measurement* was not revalued in 2014 as the estimated impact on the financial statements was not material.

Buildings & Other Structures

Buildings and other structures are recognised on the fair value basis. These assets were revalued for the year ending 30 June 2011 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.

Buildings reclassified in 2014 as Level 2 valuation pursuant to AASB13 *Fair Value Measurement* was not revalued in 2014 as the estimated impact on the financial statements was not material.

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.

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 2014

Note 8 - LIABILITIES

| | Notes | 2014 \$'000 | | 2013 \$'000 | |
|--|-------|----------------|--------------|----------------|--------------|
| | | Current | Non-current | Current | Non-current |
| TRADE & OTHER PAYABLES | | | | | |
| Goods & Services | | 429 | | 445 | |
| Payments received in advance | | 194 | - | 131 | - |
| Accrued expenses - employee entitlements | | 206 | - | 633 | - |
| Accrued expenses - other | | 123 | - | 194 | - |
| Aged Care Facility Deposits | | 427 | - | 432 | - |
| Deposits, Retentions & Bonds | | - | - | 34 | - |
| Other | | 19 | - | 11 | - |
| | | 1,398 | - | 1,880 | - |
| BORROWINGS | | | | | |
| Loans | | 314 | 3,686 | 294 | 4,000 |
| | | 314 | 3,686 | 294 | 4,000 |

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

PROVISIONS

| | | | | | |
|---|--|--------------|------------|------------|------------|
| Employee entitlements (including oncosts) | | 1,032 | 251 | 608 | 116 |
| Landfill Liability | | 19 | 79 | 95 | 98 |
| | | 1,051 | 330 | 703 | 214 |

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

826

486

NARACOORTE LUCINDALE COUNCIL

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

Note 9 - RESERVES

| ASSET REVALUATION RESERVE | 1/7/2013 | Net Increments (Decrements) | Transfers, Impairments | 30/6/2014 |
|------------------------------|----------------|--------------------------------|---------------------------|----------------|
| 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 |
| TOTAL | 228,939 | - | - | 228,939 |
| <i>Comparatives</i> | <i>228,939</i> | <i>-</i> | <i>-</i> | <i>228,939</i> |

| OTHER RESERVES | 1/7/2013 | Transfers to Reserve | Transfers from Reserve | 30/6/2014 |
|------------------------------------|--------------|-------------------------|---------------------------|--------------|
| Community Chest | 22 | - | (5) | 17 |
| Development | 273 | 17 | - | 290 |
| Grants Committed | 1,360 | 194 | (1,340) | 214 |
| Heritage | 5 | - | (5) | 0 |
| IT Upgrade | 11 | 80 | - | 91 |
| Lake Ormerod | 2 | - | - | 2 |
| Lucindale Aged Care Facility | 5 | - | - | 5 |
| Lucindale Health Centre | 4 | 4 | - | 8 |
| Lucindale Library | 26 | - | - | 26 |
| Open Space | 25 | - | - | 25 |
| Plant & Machinery | 308 | 304 | - | 612 |
| Harry Tregoweth Retirement Village | 4 | - | - | 4 |
| Livestock Exchange (NRLE) | - | 28 | - | 28 |
| CWMS | 74 | 36 | - | 110 |
| Volunteers | 5 | 5 | (5) | 5 |
| TOTAL OTHER RESERVES | 2,124 | 668 | (1,355) | 1,437 |
| <i>Comparatives</i> | <i>2,637</i> | <i>1,715</i> | <i>(2,228)</i> | <i>2,124</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 2014.

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.

NARACOORTE LUCINDALE COUNCIL

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

Note 9 - RESERVES

IT Upgrade Reserve

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.

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 2014

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 | 2014 \$'000 | 2013 \$'000 |
|--|-------|----------------|----------------|
| CASH & FINANCIAL ASSETS | | | |
| Open Space | | 25 | 25 |
| Community Water Management Scheme (CWMS) | | 110 | 74 |
| Volunteers Grant | | 5 | 5 |
| Committed Grants | | 214 | 32 |
| Heritage Grant | | - | 5 |
| | | <u>354</u> | <u>141</u> |
| TOTAL ASSETS SUBJECT TO EXTERNALLY IMPOSED RESTRICTIONS | | <u>354</u> | <u>141</u> |

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 2014.

NARACOORTE LUCINDALE COUNCIL

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

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 | 2014 \$'000 | 2013 \$'000 |
|----------------------------------|-------|----------------|----------------|
| Total cash & equivalent assets | 5 | <u>7,428</u> | <u>6,564</u> |
| Balances per Cash Flow Statement | | <u>7,428</u> | <u>6,564</u> |

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

| | | |
|---|--------------|--------------|
| Net Surplus (Deficit) | 1,010 | 1,105 |
| Non-cash items in Income Statement | | |
| Depreciation, amortisation & impairment | 5,447 | 5,365 |
| Net increase (decrease) in unpaid employee benefits | 132 | 43 |
| Grants for capital acquisitions treated as Investing Activity | (646) | (234) |
| Net (Gain) Loss on Disposals | <u>77</u> | <u>332</u> |
| | <u>6,020</u> | <u>6,611</u> |
| Add (Less): Changes in Net Current Assets | | |
| Net (increase) decrease in receivables | 74 | 69 |
| Net (increase) decrease in inventories | (176) | (40) |
| Net increase (decrease) in trade & other payables | (55) | (181) |
| Net increase (decrease) in landfill liability | <u>(95)</u> | <u>(153)</u> |
| Net Cash provided by (or used in) operations | <u>5,768</u> | <u>6,306</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 facility | 3,000 | 3,000 |

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 2014

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 | 2014 | 2013 | 2014 | |
| | 2014 \$'000 | 2013 \$'000 | 2014 \$'000 | 2013 \$'000 | 2014 \$'000 | 2013 \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | |
| Administration | 10,897 | 12,068 | 2,682 | 2,516 | 8,215 | 9,552 | 901 | 2,348 | 9,527 | 8,745 | |
| Health | 10 | 10 | 51 | 61 | (41) | (51) | - | - | - | - | |
| Social Security & Welfare | 26 | 29 | 69 | 69 | (43) | (40) | - | - | 617 | 515 | |
| Housing & Community Amenities | 1,681 | 1,539 | 2,491 | 2,494 | (810) | (955) | 87 | 89 | 2,674 | 2,697 | |
| Sport & Recreation | 219 | 206 | 1,717 | 1,661 | (1,498) | (1,455) | 46 | 56 | 14,274 | 14,451 | |
| Regulatory Services | 155 | 259 | 486 | 394 | (331) | (135) | - | 80 | 94 | 215 | |
| Transport & Communication | 1,117 | 782 | 6,033 | 6,008 | (4,916) | (5,226) | 1,080 | 742 | 232,889 | 232,253 | |
| Economic Affairs NEC | 43 | 43 | 223 | 227 | (180) | (184) | - | - | 3,867 | 3,929 | |
| Other Purposes NEC | 518 | 641 | 639 | 950 | (121) | (309) | - | - | 6,808 | 7,057 | |
| Business Undertakings | 1,496 | 1,269 | 1,330 | 1,263 | 166 | 6 | - | - | 9,005 | 9,195 | |
| TOTALS | 16,162 | 16,846 | 15,721 | 15,643 | 441 | 1,203 | 2,114 | 3,315 | 279,755 | 279,057 | |

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 2014

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 2014

Note 13 - FINANCIAL INSTRUMENTS

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

Accounting Policies - Recognised Financial Instruments

| | |
|---|--|
| Bank, Deposits at Call, Short Term Deposits | <p>Accounting Policy: Carried at lower of cost and net realisable value; Interest is recognised when earned.</p> <p>Terms & conditions: Deposits are returning fixed interest rates between 2.5% and 3.9% (2013: 2.75% and 4.2%). Short term deposits have an average interest rates of 2.53% (2013: 3.13%).</p> <p>Carrying amount: approximates fair value due to the short term to maturity.</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>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 0.67% (2013: 0.71%) 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> |
| Receivables - Fees & other charges | <p>Accounting Policy: Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable.</p> <p>Terms & conditions: Unsecured, and do not bear interest. Although 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> |
| Liabilities - Creditors and Accruals | <p>Accounting Policy: Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Council.</p> <p>Terms & conditions: Liabilities are normally settled on 30 day terms.</p> <p>Carrying amount: approximates fair value.</p> |
| Liabilities - Retirement Home Contributions | <p>Accounting Policy: To avoid inconvenience when complying with the separate audit requirements imposed by the relevant legislation, 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> |
| Liabilities - Interest Bearing Borrowings | <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 twice per year; interest is charged at fixed rates between 5.3% and 7.95% (2013: 5.3% and 7.95%)</p> <p>Carrying amount: approximates fair value.</p> |
| Liabilities - Finance Leases | <p>Accounting Policy: 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 2014

Note 13 (cont) - FINANCIAL INSTRUMENTS

Liquidity Analysis

| 2014 | 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 | 7,428 | - | - | 7,428 | 7,428 |
| Receivables | 475 | - | - | 475 | 478 |
| Community Loans | 19 | 29 | 24 | 72 | 72 |
| Total | 7,922 | 29 | 24 | 7,975 | 7,978 |
| Financial Liabilities | | | | | |
| Payables | 1,679 | - | - | 1,679 | 1,204 |
| Current Borrowings | 554 | - | - | 554 | 314 |
| Non-Current Borrowings | - | 2,195 | 2,689 | 4,884 | 3,686 |
| Total | 2,233 | 2,195 | 2,689 | 7,117 | 5,204 |
| | | | | | |
| 2013 | 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 | 6,564 | - | - | 6,564 | 6,564 |
| Receivables | 577 | - | - | 577 | 577 |
| Other Financial Assets | 21 | 45 | 32 | 98 | 98 |
| Total | 7,162 | 45 | 32 | 7,239 | 7,239 |
| Financial Liabilities | | | | | |
| Payables | 1,749 | - | - | 1,749 | 1,749 |
| Current Borrowings | 555 | - | - | 555 | 294 |
| Non-Current Borrowings | - | 2,750 | 2,689 | 5,439 | 4,000 |
| Total | 2,304 | 2,750 | 2,689 | 7,743 | 6,043 |

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

| | 30 June 2014 | | 30 June 2013 | |
|----------------------|--------------------------------------|----------------|--------------------------------------|----------------|
| | Weighted Average Interest Rate | Carrying Value | Weighted Average Interest Rate | Carrying Value |
| | % | \$'000 | % | \$'000 |
| Overdraft | 4.78 | - | 5.28 | - |
| Other Variable Rates | 0.00 | - | 0.00 | - |
| Fixed Interest Rates | 6.15 | 4,000 | 6.16 | 4,294 |
| | | 4,000 | | 4,294 |

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. The majority of Council investments are made with the SA Local Government Finance Authority and are guaranteed by the SA Government. The Council also has an Incentive Saver Investment held with BankSA. 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 2014

Note 14 - COMMITMENTS FOR EXPENDITURE

| | <u>Notes</u> | 2014 \$'000 | 2013 \$'000 |
|--|--------------|----------------|----------------|
| Capital Commitments | | | |
| Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities: | | | |
| Infrastructure | | 1,603 | - |
| Plant & Equipment | | - | 65 |
| | | <u>1,603</u> | <u>65</u> |
| These expenditures are payable: | | | |
| Not later than one year | | 1,052 | 65 |
| Later than one year and not later than 5 years | | 551 | - |
| | | <u>1,603</u> | <u>65</u> |

Finance Lease Commitments

Council has no finance leases

NARACOORTE LUCINDALE COUNCIL

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

Note 15 - FINANCIAL INDICATORS

| | 2014 | 2013 | 2012 |
|--|------|------|------|
|--|------|------|------|

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> | 4% | 12% | 6% |
| 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

| | | | |
|--|----|-----|------|
| | 4% | 11% | (1%) |
|--|----|-----|------|

*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> | -10% | -4% | 10% |
| 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% | 61% | 39% |
| 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 2014

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

| | 2014 \$'000 | 2013 \$'000 |
|---|---------------------|---------------------|
| Income | 16,162 | 16,846 |
| less Expenses | <u>15,721</u> | <u>15,643</u> |
| Operating Surplus / (Deficit) | 441 | 1,203 |
| less Net Outlays on Existing Assets | | |
| Capital Expenditure on renewal and replacement of Existing Assets | 3,440 | 3,361 |
| Depreciation, Amortisation and Impairment | (5,447) | (5,365) |
| Proceeds from Sale of Replaced Assets | <u>(119)</u> | <u>(90)</u> |
| | (2,126) | (2,094) |
| less Net Outlays on New and Upgraded Assets | | |
| Capital Expenditure on New and Upgraded Assets <i>(including investment property & real estate developments)</i> | 1,961 | 1,189 |
| Amounts received specifically for New and Upgraded Assets | (646) | (234) |
| Proceeds from Sale of Surplus Assets <i>(including investment property and real estate developments)</i> | - | - |
| | <u>1,315</u> | <u>955</u> |
| Net Lending / (Borrowing) for Financial Year | <u>1,252</u> | <u>2,342</u> |

NARACORTE LUCINDALE COUNCIL

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

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 a operating lease for photocopier.

The lease in relation to the photocopier permits Council, at expiry of the lease, 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:

| | 2014 \$'000 | 2013 \$'000 |
|--|----------------|----------------|
| Not later than one year | 5 | 2 |
| Later than one year and not later than 5 years | 15 | - |
| | <u>20</u> | <u>2</u> |

NARACOORTE LUCINDALE COUNCIL

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

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 the 1st 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 (9.25% in 2013/14; 9% in 2012/2013). 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% (6.3% in 2012/13) 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 2011. 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 2014

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 guaranteed certain loans and other banking facilities advanced to community organisations and sporting bodies, amounting to \$5,439 (2013: \$10,470) at reporting date.

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

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 \$66,296 (2013: \$87,154).

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 a number of garbage landfill facilities which emit, and will continue for many years to emit, gases of this type. 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, details of the mechanisms for measuring such emissions or of providing the exemption are not currently available.

NARACOORTE LUCINDALE COUNCIL

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2014

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 2014, 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: 23-9-2014