

# DISTRICT COUNCIL OF CEDUNA

## General Purpose Financial Reports for the year ended 30 June 2012

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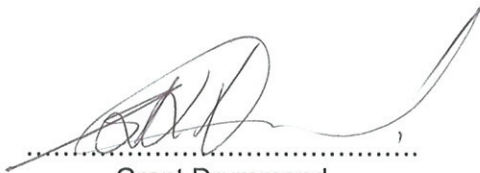
# DISTRICT COUNCIL OF CEDUNA

## ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2012

### 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 2012 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.



Grant Drummond  
**ACTING CHIEF EXECUTIVE OFFICER**



Allan Suter  
**MAYOR**

Date: 16/10/12

**DISTRICT COUNCIL OF CEDUNA**

**STATEMENT OF COMPREHENSIVE INCOME**

for the year ended 30 June 2012

	Notes	2012 \$'000	2011 \$'000
<b>INCOME</b>			
Rates	2	4,252	3,881
Statutory charges	2	157	122
User charges	2	1,676	1,337
Grants, subsidies and contributions	2	3,683	2,750
Investment income	2	17	17
Reimbursements	2	58	457
Other income	2	222	342
<b>Total Income</b>		<b>10,065</b>	<b>8,906</b>
<b>EXPENSES</b>			
Employee costs	3	2,417	2,126
Materials, contracts & other expenses	3	4,328	4,080
Depreciation, amortisation & impairment	3	2,507	2,310
Finance costs	3	309	271
<b>Total Expenses</b>		<b>9,561</b>	<b>8,787</b>
<b>OPERATING SURPLUS / (DEFICIT)</b>		<b>504</b>	<b>119</b>
Asset disposal & fair value adjustments	4	49	22
Amounts received specifically for new or upgraded assets	2	836	1,144
<b>NET SURPLUS / (DEFICIT)</b>		<b>1,389</b>	<b>1,285</b>
transferred to Equity Statement			
Other Comprehensive Income			
Changes in revaluation surplus - infrastructure, property, plant & equipment	9	17,303	18,302
Impairment (expense) / recoupments offset to asset revaluation reserve	9	(24)	-
<b>Total Other Comprehensive Income</b>		<b>17,279</b>	<b>18,302</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>18,668</b>	<b>19,587</b>

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

# DISTRICT COUNCIL OF CEDUNA

## BALANCE SHEET

as at 30 June 2012

	Notes	2012 \$'000	2011 \$'000
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	5	1,151	431
Trade & other receivables	5	871	682
Other financial assets	5	-	-
Inventories	5	15	41
<b>Total Current Assets</b>		<b>2,037</b>	<b>1,154</b>
<b>Non-current Assets</b>			
Financial Assets	6	5	11
Infrastructure, Property, Plant & Equipment	7	76,053	58,226
Other Non-current Assets	6	273	184
<b>Total Non-current Assets</b>		<b>76,331</b>	<b>58,421</b>
<b>Total Assets</b>		<b>78,368</b>	<b>59,575</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade & Other Payables	8	977	951
Borrowings	8	409	368
Provisions	8	214	278
		<b>1,600</b>	<b>1,597</b>
<b>Total Current Liabilities</b>		<b>1,600</b>	<b>1,597</b>
<b>Non-current Liabilities</b>			
Trade & Other Payables	8	-	-
Borrowings	8	3,987	3,896
Provisions	8	142	111
<b>Total Non-current Liabilities</b>		<b>4,129</b>	<b>4,007</b>
<b>Total Liabilities</b>		<b>5,729</b>	<b>5,604</b>
<b>NET ASSETS</b>		<b>72,639</b>	<b>53,971</b>
<b>EQUITY</b>			
Accumulated Surplus		20,189	17,329
Asset Revaluation Reserves	9	52,075	34,796
Other Reserves	9	375	1,846
<b>TOTAL EQUITY</b>		<b>72,639</b>	<b>53,971</b>

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

# DISTRICT COUNCIL OF CEDUNA

## STATEMENT OF CHANGES IN EQUITY for the year ended 30 June 2012

	2012	Notes	Accumulated Surplus	Asset Revaluation Reserve	Available for sale Financial Assets	Other Reserves	TOTAL EQUITY
			\$'000	\$'000	\$'000	\$'000	\$'000
Balance at end of previous reporting period			17,329	34,796	-	1,846	53,971
Restated opening balance			17,329	34,796	-	1,846	53,971
<b>Net Surplus / (Deficit) for Year</b>			1,389				1,389
<b>Other Comprehensive Income</b>							
Gain on revaluation of infrastructure, property, plant & equipment				17,303			17,303
Impairment (expense) / recoupments offset to asset revaluation reserve		4		(24)			(24)
Transfers between reserves			1,471			(1,471)	-
<b>Balance at end of period</b>			<b>20,189</b>	<b>52,075</b>	<b>-</b>	<b>375</b>	<b>72,639</b>

2011

Balance at end of previous reporting period			16,963	16,494		927	34,384
Restated opening balance			16,963	16,494	-	927	34,384
<b>Net Surplus / (Deficit) for Year</b>			1,285				1,285
<b>Other Comprehensive Income</b>							
Changes in revaluation surplus - infrastructure, property, plant & equipment				18,302			18,302
Transfers between reserves			(919)			919	-
<b>Balance at end of period</b>			<b>17,329</b>	<b>34,796</b>	<b>-</b>	<b>1,846</b>	<b>53,971</b>

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

# DISTRICT COUNCIL OF CEDUNA

## CASH FLOW STATEMENT for the year ended 30 June 2012

	Notes	2012 \$'000	2011 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<u>Receipts</u>			
Rates - general & other		4,210	3,866
Fees & other charges		113	(17)
User charges		993	907
Investment receipts		17	30
Grants utilised for operating purposes		3,766	3,114
Reimbursements		165	402
Other revenues		(238)	1,508
<u>Payments</u>			
Employee Costs		(2,394)	(2,211)
Materials, contracts & other expenses		(3,495)	(5,532)
Finance payments		(319)	(243)
<b>Net Cash provided by (or used in) Operating Activities</b>		<b>2,818</b>	<b>1,824</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<u>Receipts</u>			
Amounts specifically for new or upgraded assets		836	1,144
Sale of replaced assets		268	145
Sale of surplus assets		15	24
Repayments of loans by community groups		9	9
<u>Payments</u>			
Expenditure on renewal/replacement of assets		(2,116)	(1,807)
Expenditure on new/upgraded assets		(1,242)	(2,746)
<b>Net Cash provided by (or used in) Investing Activities</b>		<b>(2,230)</b>	<b>(3,231)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<u>Receipts</u>			
Proceeds from Borrowings		500	1,008
<u>Payments</u>			
Repayments of Borrowings		(368)	(285)
<b>Net Cash provided by (or used in) Financing Activities</b>		<b>132</b>	<b>723</b>
<b>Net Increase (Decrease) in cash held</b>		<b>720</b>	<b>(684)</b>
Cash & cash equivalents at beginning of period	11	431	1,115
<b>Cash &amp; cash equivalents at end of period</b>	11	<b>1,151</b>	<b>431</b>

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

# DISTRICT COUNCIL OF CEDUNA

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

### 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*.

##### **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 thousand dollars (\$'000).

#### **2 The Local Government Reporting Entity**

District Council of Ceduna is incorporated under the SA Local Government Act 1999 and has its principal place of business at 44 O'Loughlin Terrace, Ceduna. These financial statements include the Council's direct operations and all entities through which Council controls resources to carry on its functions. In the process of reporting on the Council as a single unit, all transactions and balances between activity areas and controlled entities have been eliminated.

#### **3 Income recognition**

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

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

## District Council of Ceduna

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

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

##### 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 changes in value with a maturity of three months or less from the date of acquisition.

Receivables for rates and annual charges are secured over the subject land, and bear interest at rates determined in accordance with the Local Government Act 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 by using the weighted average cost on a continual 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.

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.

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

###### 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
Other Plant & Equipment	\$1,000
Buildings - new construction/extensions	\$10,000
Park & Playground Furniture & Equipment	\$2,000
Road construction & reconstruction	\$10,000
Paving & footpaths, Kerb & Gutter	\$5,000
Drains & Culverts	\$5,000
Reticulation extensions	\$5,000
Sidelines & household connections	\$5,000
Artworks	\$5,000



## District Council of Ceduna

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

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

##### 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.

Plant, Furniture & Equipment	
Office Equipment	5 to 10 years
Office Furniture	10 to 20 years
Vehicles and Road-making Equip	5 to 8 years
Other Plant & Equipment	5 to 15 years
Building & Other Structures	
Buildings – masonry	50 to 100 years
Buildings – other construction	20 to 40 years
Park Structures – masonry	50 to 100 years
Park Structures – other construction	20 to 40 years
Playground equipment	5 to 15 years
Benches, seats, etc	10 to 20 years
Infrastructure	
Sealed Roads – Surface	15 to 25 years
Sealed Roads – Structure	20 to 50 years
Unsealed Roads	10 to 20 years
Bridges – Concrete	80 to 100 years
Paving & Footpaths, Kerb & Gutter	80 to 100 years
Drains	80 to 100 years
Culverts	50 to 75 years
Flood Control Structures	80 to 100 years
Dams and Reservoirs	80 to 100 years
Bores	20 to 40 years
Reticulation Pipes – PVC	70 to 80 years
Reticulation Pipes – other	25 to 75 years
Pumps & Telemetry	15 to 25 years
Other Assets	
Library Books	10 to 15 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.

## **District Council of Ceduna**

### **NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012**

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

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.

##### **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.

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 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 schemes are reported in Note 18.

#### **10 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".

## District Council of Ceduna

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

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

##### 11 GST Implications

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

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

##### 12 Pending Accounting Standards

Certain new accounting standards and UIG interpretations have been published that are not mandatory for the 30 June 2012 reporting period and have not been used in preparing these reports.

- AASB 9 *Financial Instruments*
- AASB 10 *Consolidated Financial Statements*
- AASB 11 *Joint Arrangements*
- AASB 12 *Disclosure of Interests in Other Entities*
- AASB 13 *Fair Value Measurement*
- AASB 119 *Employee Benefits*
- AASB 127 *Separate Financial Statements*
- AASB 128 *Investments in Associates and Joint Ventures*
- AASB 2010-6 *Amendments to Australian Accounting Standards [AASBs 1 & 7]*
- AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 [AASBs 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023, & 1038 and Interpretations 2, 5, 10, 12, 19, & 127]*
- AASB 2011-1 *Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project [AASB 1, AASB 5, AASB 101, AASB 107, AASB 108, AASB 121, AASB 128, AASB 132 & AASB 134 and Interpretations 2, 112 & 113]*
- AASB 2011-5 *Amendments to Australian Accounting Standards – Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation [AASB 127, AASB 128 & AASB 131]*
- AASB 2011-7 *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17]*
- AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2010-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132]*
- AASB 2011-9 *Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049]*
- AASB 2011-10 *Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) [AASB 1, AASB 8, AASB 101, AASB 124, AASB 134, AASB 1049 & AASB 2011-8 and Interpretation 14]*
- AASB 2011-12 *Amendments to Australian Accounting Standards arising from Interpretation 20 [AASB 1]*

(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.

## **District Council of Ceduna**

### **NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012**

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

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.

# DISTRICT COUNCIL OF CEDUNA

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

### Note 2 - INCOME

	Notes	2012 \$'000	2011 \$'000
<b>RATES REVENUES</b>			
<u>General Rates</u>		3,229	2,993
Less: Mandatory rebates			
Less: Discretionary rebates, remissions & write offs		(110)	(93)
		<u>3,119</u>	<u>2,900</u>
<u>Other Rates</u> (including service charges)			
Natural Resource Management levy		113	112
Waste collection		347	253
Water supply		71	68
Community wastewater management systems		573	519
		<u>1,104</u>	<u>952</u>
<u>Other Charges</u>			
Penalties for late payment		18	18
Legal & other costs recovered		11	11
		<u>29</u>	<u>29</u>
Less: Discretionary rebates, remissions & write offs			
		<u>4,252</u>	<u>3,881</u>
<b>STATUTORY CHARGES</b>			
Development Act fees		19	18
Town planning fees		28	28
Animal registration fees & fines		28	19
Parking fines / expiation fees		67	39
Other licences, fees, & fines		15	18
		<u>157</u>	<u>122</u>
<b>USER CHARGES</b>			
Cemetery/crematoria fees		7	19
Aviation Landing Fees & Head Taxes		406	338
Sales of Jet A1 Fuel		689	477
Water Supply		329	251
Boat Ramp Fees		37	27
Commercial Refuse Collection Charges		65	63
Sundry		143	162
		<u>1,676</u>	<u>1,337</u>
<b>INVESTMENT INCOME</b>			
Interest on investments			
Local Government Finance Authority		15	15
Loans to community groups		2	2
		<u>17</u>	<u>17</u>

# DISTRICT COUNCIL OF CEDUNA

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

### NOTE 2 - INCOME (continued)

	Notes	2012 \$'000	2011 \$'000
<b>REIMBURSEMENTS</b>			
- for private works		44	435
- other		14	22
		<u>58</u>	<u>457</u>
<b>OTHER INCOME</b>			
Insurance & other recoupments - infrastructure, property, plant & equipment		0	14
Rebates received		58	35
Sundry		164	293
		<u>222</u>	<u>342</u>
<b>GRANTS, SUBSIDIES, CONTRIBUTIONS</b>			
Amounts received specifically for new or upgraded assets		836	1,144
Other grants, subsidies and contributions		3,000	2,750
Individually significant item - additional Grants Commission payment	see below	683	
		<u>4,519</u>	<u>3,894</u>
<i>The functions to which these grants relate are shown in Note 2.</i>			
<b>Sources of grants</b>			
Commonwealth government		836	1,218
State government		2,940	2,646
Other		743	30
		<u>4,519</u>	<u>3,894</u>

#### **Individually Significant Item**

In June 2009, Council received payment of the first instalment of the 2009/10 Grant Commission (FAG) grant. Similarly, on 28 June 2012 Council received payment of the first two instalments of the 2012/13 grant.

<b>683</b>	0
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This has materially increased Council's operating results in the current year, as these amounts are recognised as income upon receipt.

Similarly material adverse effects will be experienced when the timing of these grant payments is restored to normal schedule in 2012/13

# DISTRICT COUNCIL OF CEDUNA

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

### NOTE 2 - INCOME (continued)

	2012	2011
Notes	\$'000	\$'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>	<b>308</b>	
<i>Less: expended during the current period from revenues recognised in previous reporting periods</i>		
<i>Roads Infrastructure</i>	<b>(163 )</b>	
<i>Heritage &amp; Cultural Services</i>	<b>(14 )</b>	
<i>Community Services &amp; Projects</i>	<b>(131 )</b>	
<i>Subtotal</i>	<b>(308 )</b>	
<i>Plus: amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions</i>		
<i>Roads Infrastructure</i>	<b>86</b>	<b>163</b>
<i>Heritage &amp; Cultural Services</i>	<b>10</b>	<b>14</b>
<i>Community Services &amp; Projects</i>	<b>10</b>	<b>131</b>
<i>Subtotal</i>	<b>96</b>	<b>308</b>
<i>Unexpended at the close of this reporting period</i>	<b>96</b>	<b>308</b>
<i>Net increase (decrease) in assets subject to conditions in the current reporting period</i>	<b>(212 )</b>	<b>308</b>

# DISTRICT COUNCIL OF CEDUNA

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

### Note 3 - EXPENSES

	Notes	2012 \$'000	2011 \$'000
<b>EMPLOYEE COSTS</b>			
Salaries and Wages		2,059	1,923
Employee leave expense		364	322
Superannuation - defined contribution plan contributions	18	140	159
Superannuation - defined benefit plan contributions	18	80	83
Workers' Compensation Insurance		127	125
Less: Capitalised and distributed costs		(353)	(486)
<b>Total Operating Employee Costs</b>		<u>2,417</u>	<u>2,126</u>
<b>Total Number of Employees</b>		43	46
<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		11	15
Bad and Doubtful Debts			1
Elected members' expenses		82	99
Election expenses		-	12
Operating Lease Rentals - non-cancellable leases	18		
- minimum lease payments		8	10
<b>Subtotal - Prescribed Expenses</b>		<u>101</u>	<u>137</u>
<u>Other Materials, Contracts &amp; Expenses</u>			
Contractors		1,461	1,738
Energy		1,004	536
Materials		520	740
Maintenance		-	56
Legal Expenses		18	44
Levies paid to government - NRM levy		114	112
- Other Levies		44	35
Parts, accessories & consumables		704	571
Sundry		362	111
<b>Subtotal - Other Materials, Contracts &amp; Expenses</b>		<u>4,227</u>	<u>3,943</u>
		<u>4,328</u>	<u>4,080</u>
<b>INDIVIDUALLY SIGNIFICANT ITEMS</b>			
Expenditure relating to infrastructure installed into facilities not under the care and control of the District Council of Ceduna as a part of the Waterproofing Ceduna Project.		<u>362</u>	<u>111</u>



# DISTRICT COUNCIL OF CEDUNA

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

### Note 3 - EXPENSES (cont)

	Notes	2012 \$'000	2011 \$'000
<b>DEPRECIATION, AMORTISATION &amp; IMPAIRMENT</b>			
<b>Depreciation</b>			
Buildings & Other Structures		175	175
Infrastructure		2,123	1,868
Plant & Equipment		200	257
Furniture & Fittings		9	10
		<u>2,507</u>	<u>2,310</u>
Less: Impairment expense offset to asset revaluation reserve	9	<u>(24)</u>	<u></u>
		<u>2,483</u>	<u>2,310</u>
<b>FINANCE COSTS</b>			
Interest on overdraft and short-term drawdown		17	14
Interest on Loans		292	257
		<u>309</u>	<u>271</u>

# DISTRICT COUNCIL OF CEDUNA

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

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

	Notes	2012 \$'000	2011 \$'000
<b>INFRASTRUCTURE, PROPERTY, PLANT &amp; EQUIPMENT</b>			
<i>Assets renewed or directly replaced</i>			
Proceeds from disposal		268	145
Less: Carrying amount of assets sold		220	147
<b>Gain (Loss) on disposal</b>		<u>48</u>	<u>(2)</u>
<i>Assets surplus to requirements</i>			
Proceeds from disposal		15	24
Less: Carrying amount of assets sold		14	-
<b>Gain (Loss) on disposal</b>		<u>1</u>	<u>24</u>
<b>NET GAIN (LOSS) ON DISPOSAL OR REVALUATION OF ASSETS</b>		<u>49</u>	<u>22</u>

# DISTRICT COUNCIL OF CEDUNA

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

### Note 5 - CURRENT ASSETS

	2012	2011
	Notes	
CASH & EQUIVALENT ASSETS	\$'000	\$'000
Cash on Hand and at Bank	127	57
Deposits at Call	1,024	374
	<u>1,151</u>	<u>431</u>
<b>TRADE &amp; OTHER RECEIVABLES</b>		
Rates - General & Other	159	123
Council Rates Postponement Scheme	-	-
Accrued Revenues	48	3
Debtors - general	273	215
GST Recoupment	45	52
Prepayments	53	39
Loans to community organisations	10	13
Sundry	283	237
	<u>871</u>	<u>682</u>
<i>Amounts included in receivables that are not expected to be received within 12 months of reporting date.</i>	140	120
<b>INVENTORIES</b>		
Stores & Materials	15	41
	<u>15</u>	<u>41</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.*

# DISTRICT COUNCIL OF CEDUNA

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

### Note 6 - NON-CURRENT ASSETS

	2012	2011
	Notes	\$'000
FINANCIAL ASSETS		
<b>Receivables</b>		
Council Rates Postponement Scheme	-	-
Loans to community organisations	5	11
	5	11
Less: Allowance for Doubtful Debts		
	5	11
<b>TOTAL FINANCIAL ASSETS</b>	<b>5</b>	<b>11</b>
<b>OTHER NON-CURRENT ASSETS</b>		
<b>Inventories</b>		
Capital Works-in-Progress	273	184
	273	184

# DISTRICT COUNCIL OF CEDUNA

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

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

	2011 \$'000				2012 \$'000			
	AT FAIR VALUE	AT COST	ACCUM DEPN	CARRYING AMOUNT	AT FAIR VALUE	AT COST	ACCUM DEPN	CARRYING AMOUNT
Land	5,245	231	-	5,476	17,892	-	-	17,892
Land Reinstatement	111	-	-	111	107	-	-	107
Buildings & Other Structures	4,373	307	(912)	3,768	14,288	285	(6,139)	8,434
Infrastructure	50,134	10,941	(14,577)	46,498	52,327	11,263	(16,622)	46,968
Plant & Equipment	2,043	1,311	(1,006)	2,348	1,200	2,434	(998)	2,636
Furniture & Fittings	29	48	(52)	25	35	42	(61)	16
Library books	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-
<b>TOTAL PROPERTY, PLANT &amp; EQUIPMENT</b>	<b>61,935</b>	<b>12,838</b>	<b>(16,547)</b>	<b>58,226</b>	<b>85,849</b>	<b>14,024</b>	<b>(23,820)</b>	<b>76,053</b>
<i>Comparatives</i>	<b>33,495</b>	<b>13,592</b>	<b>(9,186)</b>	<b>37,901</b>	<b>61,935</b>	<b>12,838</b>	<b>(16,547)</b>	<b>58,226</b>

This Note continues on the following pages.

# DISTRICT COUNCIL OF CEDUNA

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

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

	2011	CARRYING AMOUNT MOVEMENTS DURING YEAR							2012
	\$'000	\$'000							\$'000
	CARRYING AMOUNT	Additions		Disposals	Depreciation	Impairment	Transfers	Net Revaluation	CARRYING AMOUNT
		New/Upgrade	Renewals						
Land	5,476	-	-	-	-	-	-	-	17,892
Buildings & Other Structures	3,768	8	-	-	(175)	-	41	12,416	8,434
Infrastructure	46,498	1,159	1,376	-	(2,099)	(24)	(41)	4,792	46,968
Plant & Equipment	2,348	75	647	(234)	(200)	-	-	99	2,636
Furniture & Fittings	25	-	-	-	(9)	-	-	-	16
	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
<b>TOTAL INFRASTRUCTURE, PROPERTY, PLANT &amp; EQUIPMENT</b>	<b>58,226</b>	<b>1,242</b>	<b>2,023</b>	<b>(234)</b>	<b>(2,483)</b>	<b>(24)</b>	<b>-</b>	<b>17,303</b>	<b>76,053</b>
<i>Comparatives</i>	<i>37,901</i>	<i>2,746</i>	<i>1,734</i>	<i>(147)</i>	<i>(2,310)</i>			<b>18,302</b>	<b>58,226</b>

This Note continues on the following pages.

# DISTRICT COUNCIL OF CEDUNA

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

### 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.

#### **Land & Land Improvements**

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

Freehold land and land over which Council has control, but does not have title, is recognised on the cost basis. 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 cost basis, originally deriving from a valuation at 30 June 2007 at current replacement cost. Additions are recognised at cost.

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

Buildings and other structures generally are recognised at fair value, based on current market values. However, special purpose buildings (such as public toilets) for which there is no market are valued at depreciated current replacement cost. Buildings which Council does not intend to replace at the end of their useful life are valued at the market value of the "highest and best" use. These assets were revalued as at 30 June 2012 by Maloney Field Services.

#### **Infrastructure**

Transportation assets were revalued by Tonkin Consultants 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.

Stormwater drainage infrastructure was valued by Council officers as at 30 June 2007 at written down current replacement cost, based on actual costs incurred during the reporting period ended 30 June 2007. 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 2009 by Mr Fred Nerk, NBG SFA, of Messrs Guess & Hazard. All acquisitions made after the respective dates of valuation are recorded at cost.

Open Spaces assets such as Playgrounds were revalued to Maloney Field Services at written down current replacement cost during the reporting period ended 30 June 2012.

#### **Plant, Furniture & Equipment**

These assets are recognised on the cost basis.

#### **All other assets**

These assets are recognised on the cost basis.

# DISTRICT COUNCIL OF CEDUNA

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

### Note 8 - LIABILITIES

		2012 \$'000		2011 \$'000	
TRADE & OTHER PAYABLES	Notes	Current	Non-current	Current	Non-current
Goods & Services		60		89	
Payments received in advance		62		189	
Accrued expenses - employee entitlements		314		309	
Accrued expenses - other		537		361	
Deposits, Retentions & Bonds		4		3	
		<u>977</u>	<u>-</u>	<u>951</u>	<u>-</u>

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

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### BORROWINGS

Loans		409	3,987	368	3,896
		<u>409</u>	<u>3,987</u>	<u>368</u>	<u>3,896</u>

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

### PROVISIONS

Employee entitlements (including oncosts)		176	94	205	73
Future reinstatement / restoration, etc		38	48	73	38
		<u>214</u>	<u>142</u>	<u>278</u>	<u>111</u>

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

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### Movements in Provisions - 2011 year only (current & non-current)

	Insurance Losses	Future Reinstatement	Other Provision
Opening Balance		111	
Add Unwinding of present value discounts			
Additional amounts recognised			
(Less) Payments		(21)	
Unused amounts reversed			
Add (Less) Remeasurement Adjustments		(4)	
Closing Balance		<u>86</u>	



# DISTRICT COUNCIL OF CEDUNA

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

### Note 9 - RESERVES

ASSET REVALUATION RESERVE	1/7/2011	Net Increments (Decrements)	Transfers, Impairments	30/6/2012
Notes	\$'000	\$'000	\$'000	\$'000
Asset Revaluation Reserve	34,685	17,307	(24 )	51,968
Land Reinstatement	111	(4 )		107
<b>TOTAL</b>	<b>34,796</b>	<b>17,303</b>	<b>(24 )</b>	<b>52,075</b>
<i>Comparatives</i>	<i>16,494</i>	<i>18,316</i>	<i>(14 )</i>	<i>34,796</i>

OTHER RESERVES	1/7/2011	Transfers to Reserve	Transfers from Reserve	30/6/2012
CWMS Ceduna/Smoky Bay	371		(919 )	(548 )
Water West/ATSIC Rebate	190		(176 )	14
Aerodrome	302	114		416
Other	737		(259 )	478
Carry Forward Projects	246	15	(246 )	15
<b>TOTAL OTHER RESERVES</b>	<b>1,846</b>	<b>129</b>	<b>(1,600 )</b>	<b>375</b>
<i>Comparatives</i>	<i>927</i>	<i>1,245</i>	<i>(326 )</i>	<i>1,846</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).

#### Available-for-sale Investments Reserve

This reserve records the net difference between original cost, and fair value at reporting date, of financial instruments classified as available-for-sale. On disposal of the financial instrument, the balance standing in the reserve in relation to that instrument is transferred to profit and loss (see Note 4).

#### CWMS Ceduna/Smoky Bay

For the future maintenance & capital upgrades or replacements of Community Waste Management Systems in Ceduna & Smoky Bay.

#### Water West/ATSIC Rebate

For future maintenance & capital replacement/upgrades of facilities supplying water west of Ceduna. This reserve represents the net balance between Ceduna/Koonibba Water and ATSIC Koonibba Water Subsidy reserves.

#### Aerodrome

For the future maintenance & capital upgrades/replacement of infrastructure of Ceduna Aerodrome

#### Carry Forward Project

Capital projects not completed by end of reporting period, that have been carried forward by Council

#### Other

Includes funds reserved for maintenance on boat ramps, operations of refuse collection and management services and doctor housing

# DISTRICT COUNCIL OF CEDUNA

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

### 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.

		2012	2011
	Notes	\$'000	\$'000
<b>CASH &amp; FINANCIAL ASSETS</b>			
Unexpended amounts received from Federal Government		86	163
Unexpended amounts received from State Government		10	145
		<u>96</u>	<u>308</u>
<b>RECEIVABLES</b>			
Water Scheme		48	51
CWMS		15	15
		<u>63</u>	<u>66</u>
<b>TOTAL ASSETS SUBJECT TO EXTERNALLY IMPOSED RESTRICTIONS</b>		<u>159</u>	<u>374</u>

Unexpended Federal Government grants refer to \$90,000 of Roads to Recovery funding on project yet to be completed. Unexpended State Government grants refer to \$10,000 for disabled access on Fosters Boat Ramp.

Both CWMS & Water Scheme restrictions are for future maintenance and capital asset replacements/upgrades.

# DISTRICT COUNCIL OF CEDUNA

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

### 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	2012 \$'000	2011 \$'000
Total cash & equivalent assets	5	1,151	431
Less: Short-term borrowings	8	-	-
Balances per Cash Flow Statement		<u>1,151</u>	<u>431</u>

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

Net Surplus (Deficit)	1,389	1,285
Non-cash items in Income Statement		
Depreciation, amortisation & impairment	2,483	2,310
Fair value adjustments	-	
Net increase (decrease) in unpaid employee benefits	(3)	(85)
Grants for capital acquisitions treated as Investing Activity	(836)	(1,144)
Net (Gain) Loss on Disposals	(49)	(22)
	<u>2,984</u>	<u>2,344</u>
Add (Less): Changes in Net Current Assets		
Net (increase) decrease in receivables	(192)	5
Net (increase) decrease in inventories	26	(32)
Net increase (decrease) in trade & other payables	21	(493)
<b>Net Cash provided by (or used in) operations</b>	<u>2,818</u>	<u>1,824</u>

**(c) Financing Arrangements**

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

Bank Overdrafts	100	100
Corporate Credit Cards	30	30
LGFA Cash Advance Debenture facility	1,000	1,000

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice. Council also has immediate access to a short-term draw-down facility, and variable interest rate borrowings under a cash advance facility, both from the Local Government Finance Authority of SA.

# DISTRICT COUNCIL OF CEDUNA

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

### 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	ACTUAL	ACTUAL	2012	2011
	2012	2011	2012	2011	2012	2011	2012	2011	\$'000	\$'000
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000		
Business Undertakings	1,174	1,393	2,018	1,741	(844)	(348)	410	438	14,780	12,203
Community Services	15	45	688	659	(673)	(614)	7	25	6,047	2,489
Culture	19	29	118	158	(99)	(129)	5	10	2,445	771
Economic Development	73	126	614	613	(541)	(487)	-	14	680	536
Environment	525	428	794	816	(269)	(388)	-	-	686	387
Recreation	29	93	998	779	(969)	(686)	10	58	8,088	3,117
Regulatory Services	188	152	391	351	(203)	(199)	-	-	256	153
Transport & Communication	1,651	1,354	3,213	2,821	(1,562)	(1,467)	906	1,177	36,381	35,288
Plant Hire & Depot/Indirect	21	44	76	192	(55)	(148)	-	-	4,136	2,606
Unclassified Activities	2	2	1	2	1	-	-	-	15	25
Council Administration	6,368	5,240	650	655	5,718	4,585	2,438	2,142	4,854	2,000
<b>TOTALS</b>	<b>10,065</b>	<b>8,906</b>	<b>9,561</b>	<b>8,787</b>	<b>504</b>	<b>119</b>	<b>3,776</b>	<b>3,864</b>	<b>78,368</b>	<b>59,575</b>

Excludes 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.

# DISTRICT COUNCIL OF CEDUNA

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

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

The activities relating to Council functions are as follows:

#### **Business Undertakings**

Development of Land for Resale, Private Works, Property Portfolio, Sewerage/CWMS, Water Supply – Domestic.

#### **Community Services**

Crime Prevention, Other Fire Protection, Other Public Order and Safety, Other Health Services, Elderly Citizens Facilities, Other Services for the Aged and Disabled, Children and Youth Services, Other Community Support, Cemeteries / Crematoria and Public Conveniences

#### **Culture**

Static Libraries, Cultural Venues and Other Cultural Services.

#### **Economic Development**

Regional Development, Support to Local Businesses, Tourism, and Other Economic Development.

#### **Environment**

Domestic Waste, Recycling, Waste Disposal Facility, Other Waste Management, Coastal Protection, Stormwater and Drainage, Street Cleaning, Street Lighting, Natural Resource Management Levy, and Other Environment.

#### **Recreation**

Jetties, Other Marine Facilities, Parks and Gardens, Sports Facilities – Outdoor and Swimming Centres – Outdoor.

#### **Regulatory Services**

Dog and Cat Control, Building Control, Town Planning, Litter Control, Health Inspection, Parking Control, and Other Regulatory Services.

#### **Transport**

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

#### **Plant Hire & Depot**

#### **Unclassified Activities**

#### **Council Administration**

Elected Members, Organisational, Human Resources, Information Technology, Rates Administration, Occupancy, Other Support Services, LGGC – General Purpose, and Administration – Other.

# DISTRICT COUNCIL OF CEDUNA

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

### Note 13 - FINANCIAL INSTRUMENTS

#### Recognised Financial Instruments

<b>Bank, Deposits at Call, Short Term Deposits</b>	<p><b>Accounting Policy:</b> Carried at lower of cost and net realisable value; interest is recognised when earned.</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 9.25% (2011: 9%) 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>
<b>Receivables - Fees &amp; other charges</b>	<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>
<b>Liabilities - Creditors and Accruals</b>	<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>
<b>Liabilities - Interest Bearing Borrowings</b>	<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 in half yearly repayments; interest is charged at fixed rates between 6.4% and 8.25% (2011: 6.4% and 8.25%)</p> <p><b>Carrying amount:</b> approximates fair value.</p>
<b>Liabilities - Finance Leases</b>	<p><b>Accounting Policy:</b> accounted for in accordance with AASB 117.</p>

# DISTRICT COUNCIL OF CEDUNA

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

### Note 13 (cont) - FINANCIAL INSTRUMENTS

#### Liquidity Analysis

2012	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial Assets</b>					
Cash & Equivalents	1,151			1,151	1,151
Receivables	717			717	717
Other Financial Assets	5			5	5
<b>Total</b>	<b>1,873</b>	<b>-</b>	<b>-</b>	<b>1,873</b>	<b>1,873</b>
<b>Financial Liabilities</b>					
Payables	126			126	126
Current Borrowings	409			409	409
Non-Current Borrowings	416	1,391	2,180	3,987	3,987
<b>Total</b>	<b>951</b>	<b>1,391</b>	<b>2,180</b>	<b>4,522</b>	<b>4,522</b>

2011	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial Assets</b>					
Cash & Equivalents	431			431	431
Receivables	518			518	570
Other Financial Assets		11		11	11
<b>Total</b>	<b>949</b>	<b>11</b>	<b>-</b>	<b>960</b>	<b>1,012</b>
<b>Financial Liabilities</b>					
Payables	759	1		760	281
Current Borrowings	368			368	368
Non-Current Borrowings		1,798	2,098	3,896	3,896
<b>Total</b>	<b>1,127</b>	<b>1,799</b>	<b>2,098</b>	<b>5,024</b>	<b>4,545</b>

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

	30 June 2012		30 June 2011	
	Weighted Average Interest Rate	Carrying Value	Weighted Average Interest Rate	Carrying Value
	%	\$'000	%	\$'000
Overdraft	0	-	0	760
Other Variable Rates				
Fixed Interest Rates	7.02	4,396	7.02	4,264
		<u>4,396</u>		<u>5,024</u>

#### Net Fair Value

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

### **Risk Exposures**

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

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

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

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



# DISTRICT COUNCIL OF CEDUNA

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

### Note 14 - COMMITMENTS FOR EXPENDITURE

	2012 \$'000	2011 \$'000
<b>Capital Commitments</b>		
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Land	-	-
Buildings	862	-
Plant & Equipment	-	-
	<u>862</u>	<u>-</u>
These expenditures are payable:		
Not later than one year	862	-
Later than one year and not later than 5 years	-	-
Later than 5 years	-	-
	<u>862</u>	<u>-</u>
<b>Other Expenditure Commitments</b>		
Other expenditure committed for (excluding inventories) at the reporting date but not recognised in the financial statements as liabilities:		
Safety & Security Services	737	237
Waste Management Services	306	75
Employee Remuneration Contracts	1,224	2,177
Patrol Grading	495	71
I.T. Management Services	248	449
Other	280	527
	<u>3,290</u>	<u>3,536</u>
These expenditures are payable:		
Not later than one year	1,491	1,537
Later than one year and not later than 5 years	1,799	1,999
Later than 5 years	-	-
	<u>3,290</u>	<u>3,536</u>

# DISTRICT COUNCIL OF CEDUNA

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

### Note 15 - FINANCIAL INDICATORS

	2012	2011	2010
--	------	------	------

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>	13%	3%	1%
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%)	3%	1%
--	------	----	----

*In each of June 2009, 2010 and 2011 the Commonwealth Government made an advance of one quarterly payment of the Financial Assistance Grant. In June 2012 an advance of two quarterly payments was made (see Note 2). Accordingly there were four "quarterly" payments in 2010 and 2011, and five payments in 2012. The **Adjusted Operating Surplus Ratio** adjusts for this distortion.*

#### Net Financial Liabilities Ratio

<u>Net Financial Liabilities</u>	37%	51%	43%
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>	263%	72%	86%
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.*

# DISTRICT COUNCIL OF CEDUNA

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

### 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

	2012 \$'000	2011 \$'000
Income	10,065	8,906
less Expenses	9,561	8,787
<b>Operating Surplus / (Deficit)</b>	<b>504</b>	<b>119</b>
<b>less Net Outlays on Existing Assets</b>		
Capital Expenditure on renewal and replacement of Existing Assets	2,116	1,807
less Depreciation, Amortisation and Impairment	2,507	2,310
less Proceeds from Sale of Replaced Assets	268	145
	(659)	(648)
<b>less Net Outlays on New and Upgraded Assets</b>		
Capital Expenditure on New and Upgraded Assets (including investment property & real estate developments)	1,242	2,746
less Amounts received specifically for New and Upgraded Assets	836	1,144
less Proceeds from Sale of Surplus Assets (including investment property and real estate developments)	15	24
	391	1,578
<b>Net Lending / (Borrowing) for Financial Year</b>	<b>772</b>	<b>(811)</b>

# DISTRICT COUNCIL OF CEDUNA

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

### 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 (on a non-cancellable basis wherever practicable) in accordance with the published revenue policy. Rentals received from such leases are disclosed as rent and hire of non-investment property in Note 2.

#### Investment Property

Rentals received, and outgoings reimbursed, in relation to Investment Property are also disclosed in Note 2. These lease agreements, all of which are classified as operating leases, are made on a non-cancellable basis wherever practicable.

Lessees commitments under all non-cancellable lease agreements, including those relating to Investment Property, are as follows:

	2012 \$'000	2011 \$'000
Not later than one year	31	41
Later than one year and not later than 5 years	4	35
Later than 5 years		
	<u>35</u>	<u>76</u>

#### *Lease payment commitments of Council*

Council has entered into non-cancellable operating leases for various items of computer and other plant and equipment.

Contingent rental payments exist in relation to the lease of one grader if utilisation exceeds 250 hours during any month. No contingent rentals were paid during the current or previous reporting periods.

No lease imposes any additional restrictions on Council in relation to additional debt or further leasing.

Leases in relation to computer and office equipment permit Council, at expiry of the lease, to elect to re-lease, return or acquire the equipment leased.

No lease contains any escalation clause.

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

	2012 \$'000	2011 \$'000
Not later than one year	-	4
Later than one year and not later than 5 years		
Later than 5 years		
	<u>-</u>	<u>4</u>

# DISTRICT COUNCIL OF CEDUNA

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

### Note 18 – SUPERANNUATION

The Council makes employer superannuation contributions in respect of its employees to the Local Government Superannuation Scheme. The Scheme has two types of membership, each of which is funded differently. Permanent and contract employees of the South Australian Local Government sector have the option to contribute to Marketlink and/or Salarylink. All other 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% in 2011/12; 9% in 2010/11). 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 2010/11) 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.

# **DISTRICT COUNCIL OF CEDUNA**

## **NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012**

### **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 user of the financial report in making and evaluating decisions about the allocation of scarce resources.

#### **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. 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.

At reporting date, Council controlled 1,772 km of road reserves of average width 20 metres.

# DISTRICT COUNCIL OF CEDUNA

## ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2012

### CERTIFICATION OF AUDITOR INDEPENDENCE

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of the District Council of Ceduna for the year ended 30 June 2012, the Council's Auditor, Ian G McDonald FCA, 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*.

A handwritten signature in blue ink, appearing to be 'Grant Drummond', written over a horizontal dotted line.

Grant Drummond  
**ACTING CHIEF EXECUTIVE OFFICER**

A handwritten signature in blue ink, appearing to be 'Allan Suter', written over a horizontal dotted line.

Allan Suter  
**PRESIDING MEMBER  
AUDIT COMMITTEE**

Date: 16/10/12

**DISTRICT COUNCIL OF CEDUNA**  
**ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2012**

**STATEMENT BY AUDITOR**

I confirm that, for the audit of the financial statements of District Council of Ceduna for the year ended 30 June 2012, 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*.

A handwritten signature in black ink, appearing to read 'Ian G McDonald'.

**Ian G McDonald FCA**

Dated this    6th    day of    September                      2012



**INDEPENDENT AUDIT REPORT TO THE MEMBERS OF THE DISTRICT COUNCIL OF CEDUNA**

I have audited the accompanying financial report of the District Council of Ceduna which comprises the balance sheet as at 30 June 2012 and the statement of comprehensive income, statement of changes in equity, cash flow statement, summary of significant accounting policies, other explanatory notes and the certification of financial statement for the year ended 30 June 2012.

**Chief Executive Officer's Responsibility for the Financial Report**

The Chief Executive Officer is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Local Government Act 1999 together with the Local Government (Financial Management) Regulations 2011. This responsibility includes establishing and maintaining internal controls 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**

My responsibility is to express an opinion on the financial report based on my audit. I have conducted my audit in accordance with Australian Auditing Standards. These Auditing Standards require that I 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 or 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 Board of Management, as well as evaluating the overall presentation of the financial report.

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

**Independence**

In conducting my audit I followed applicable independence requirements of Australian professional and ethical pronouncements and the Local Government Act 1999.

**Auditor's Opinion**

In my opinion, the financial report presents fairly, in all material respects, the financial position of the District Council of Ceduna as of 30 June 2012, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Local Government Act 1999 together with the Local Government (Financial Management) Regulations 2011.

**IAN G MC DONALD FCA**  
**CHARTERED ACCOUNTANT**  
**REGISTERED COMPANY AUDITOR**

Liability limited by a scheme approved under Professional Standards Legislation

Signed 20 day of October, at Eastwood, South Australia

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