



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
THE DISTRICT COUNCIL OF ELLISTON

We have audited the accompanying Financial Report of the District Council of Elliston which comprises the balance sheet as at 30 June 2010 and the income statement, cash flow statement and statement of changes in equity for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the Chief Executive Officer's declaration as set out on pages 1 - 38

THE 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) the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 1999*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, 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 Council, as well as evaluating the overall presentation of the financial report.

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

AUDITOR'S INDEPENDENCE DECLARATION

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

AUDIT OPINION

In our opinion the financial report of the District Council of Elliston is properly drawn up:

- a) To give a true and fair view of:
 - i) the Council's state of affairs as at 30 June 2010 and changes in equity resulting from operations and cashflows for the year ended on that date.
 - ii) the other matters required by the Local Government Act 1999 to be dealt with in the financial statements.
- b) According to the Local Government Act 1999, together with the Local Government Act 1999 (Financial Management) Regulations 1999 made under that Act; and
- c) According to Australian Accounting Standards and mandatory professional reporting requirements.

SIGNIFICANT UNCERTAINTY REGARDING FAIR VALUE OF INFRASTRUCTURE ASSETS

Without qualification to the opinion expressed above we draw attention to the fact that revaluation of infrastructure has not been carried out for a number of years. The ultimate outcome of an independent valuation cannot presently be determined, therefore the effect to Depreciation expense cannot be made in the Financial report.

Signed at Adelaide this 30th day of September 2010.



JOHN D EWEN
JOHN D EWEN & ASSOCIATES
CHARTERED ACCOUNTANT

DISTRICT COUNCIL OF ELLISTON

General Purpose Financial Reports for the year ended 30 June 2010

TABLE OF CONTENTS

	<u>Page</u>
Principal Financial Statements	
Statement of Comprehensive Income	1
Balance Sheet	2
Statement of Changes in Equity	3
Cash Flow Statement	4
Notes to, and forming part of, the Principal Financial Statements	
Note 1 - Significant Accounting Policies	5
Note 2 - Income	12
Note 3 - Expenses	15
Note 4 - Gain or Loss on Disposal of Assets	17
Note 5 - Current Assets	18
Note 6 - Infrastructure, Property, Plant & Equipment & Investment Property	19
Note 7 - Liabilities	22
Note 8 - Reserves	23
Note 9 - Assets Subject to Restrictions	24
Note 10 - Reconciliation of Cash Flow Statement	25
Note 11 - Functions	26
Note 12 - Financial Instruments	28
Note 13 - Expenditure Commitments	30
Note 14 - Financial Indicators	31
Note 15 - Uniform Presentation of Finances	32
Note 16 - Operating Leases	33
Note 17 - Superannuation	34
Note 18 - Contingencies Assets & Liabilities	35
CEO Statement	36
Audit Certificate of Audit Independence	37
Council Certificate of Audit Independence	38
Independent Auditors Report	

DISTRICT COUNCIL OF ELLISTON

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 June 2010

	Notes	2010 \$	2009 \$
INCOME			
Rates	2	1,613,304	1,529,990
Statutory charges	2	34,499	28,783
User charges	2	54,347	84,804
Grants, subsidies and contributions	2	1,524,569	1,765,864
Investment income	2	69,872	83,458
Reimbursements	2	67,995	49,536
Other income	2	22,893	23,991
Total Income		3,387,479	3,566,426
EXPENSES			
Employee costs	3	503,005	490,640
Materials, contracts & other expenses	3	1,346,219	1,536,345
Finance costs	3	9,886	10,185
Depreciation, amortisation & impairment	3	885,813	1,155,274
Total Expenses		2,744,923	3,192,444
OPERATING SURPLUS / (DEFICIT)		642,556	373,982
Asset disposal & fair value adjustments	4	733	(16,397)
Amounts received specifically for new or upgraded assets	2	-	-
NET SURPLUS / (DEFICIT) transferred to Equity Statement		643,289	357,585
TOTAL COMPREHENSIVE INCOME		643,289	357,585

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

DISTRICT COUNCIL OF ELLISTON

BALANCE SHEET as at 30 June 2010

ASSETS	Notes	2010 \$	2009 \$
Current Assets			
Cash and cash equivalents	5	2,222,730	2,124,885
Trade & other receivables	5	139,456	139,452
Inventories	5	32,486	59,585
		<u>2,394,672</u>	<u>2,323,922</u>
Total Current Assets		<u>2,394,672</u>	<u>2,323,922</u>
Non-current Assets			
Infrastructure, Property, Plant & Equipment	6	28,344,670	27,853,816
Total Non-current Assets		<u>28,344,670</u>	<u>27,853,816</u>
Total Assets		<u>30,739,342</u>	<u>30,177,738</u>
LIABILITIES			
Current Liabilities			
Trade & Other Payables	7	283,565	347,868
Borrowings	7	33,739	31,757
Provisions	7	17,630	13,007
		<u>334,934</u>	<u>392,632</u>
Total Current Liabilities		<u>334,934</u>	<u>392,632</u>
Non-current Liabilities			
Borrowings	7	-	33,740
Provisions	7	64,521	54,768
Total Non-current Liabilities		<u>64,521</u>	<u>88,508</u>
Total Liabilities		<u>399,455</u>	<u>481,140</u>
NET ASSETS		<u>30,339,887</u>	<u>29,696,598</u>
EQUITY			
Accumulated Surplus		6,603,787	5,960,498
Asset Revaluation Reserves	8	23,736,100	23,736,100
TOTAL EQUITY		<u>30,339,887</u>	<u>29,696,598</u>

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



DISTRICT COUNCIL OF ELLISTON

STATEMENT OF CHANGES IN EQUITY for the year ended 30 June 2010

		Accumulated Surplus	Asset Revaluation Reserve	Available for sale Financial Assets	Other Reserves	TOTAL EQUITY
	Notes	£	£	£	£	£
2010						
Balance at end of previous reporting period	a	5,960,498	23,736,100	-	-	29,696,598
Restated opening balance	b	5,960,498	23,736,100	-	-	29,696,598
Net Surplus / (Deficit) for Year		643,289				643,289
Balance at end of period		6,603,787	23,736,100	-	-	30,339,887
2009						
Balance at end of previous reporting period		5,602,913	23,736,100			29,339,013
Restated opening balance		5,602,913	23,736,100	-	-	29,339,013
Net Surplus / (Deficit) for Year		357,585				357,585
Balance at end of period		5,960,498	23,736,100	-	-	29,696,598

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



DISTRICT COUNCIL OF ELLISTON

CASH FLOW STATEMENT for the year ended 30 June 2010

	Notes	2010 \$	2009 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
<u>Receipts</u>			
Operating receipts		3,564,385	3,726,440
Investment receipts		62,735	102,571
<u>Payments</u>			
Operating payments to suppliers & employees		(2,060,649)	(2,396,350)
Finance payments		(10,611)	(11,760)
Net Cash provided by (or used in) Operating Activities		1,555,860	1,420,901
CASH FLOWS FROM INVESTING ACTIVITIES			
<u>Receipts</u>			
Amounts specifically for new or upgraded assets		-	-
Sale of replaced assets		17,339	36,290
Sale of surplus assets		-	20,421
<u>Payments</u>			
Expenditure on renewal/replacement of assets		(1,343,874)	(1,226,376)
Expenditure on new/upgraded assets		(99,722)	(87,928)
Net Cash provided by (or used in) Investing Activities		(1,426,257)	(1,257,593)
CASH FLOWS FROM FINANCING ACTIVITIES			
<u>Payments</u>			
Repayments of Borrowings		(31,758)	(66,109)
Net Cash provided by (or used in) Financing Activities		(31,758)	(66,109)
Net Increase (Decrease) in cash held		97,845	97,199
Cash & cash equivalents at beginning of period	10	2,124,886	2,027,687
Cash & cash equivalents at end of period	10	2,222,731	2,124,886

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



DISTRICT COUNCIL OF ELLISTON

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2010

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 clause 11 of the *Local Government (Financial Management) Regulations 1999* dated .

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 dollars.

2 The Local Government Reporting Entity

The District Council of Elliston is incorporated under the SA Local Government Act 1999 and has its principal place of business at 21 Beach Tce, Elliston. These financial statements include the consolidated fund 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.

Trust monies and property held by Council but subject to the control of other persons have been excluded from these reports. A separate statement of moneys held in the Trust Fund is available for inspection at the Council Office by any person free of charge.

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 Elliston

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2010

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.

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.

In 2008/09 financial year the crushed rubble inventory was overestimated by \$29357.43. Therefore, the error has been rectified in 2009/10 financial year and the overestimated rubble inventory has been written down in accordance to para. 34.AASB 102

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	\$800
Other Plant & Equipment	\$800
Buildings - new construction/extensions	\$2,000
Park & Playground Furniture & Equipment	\$2,000
Road construction & reconstruction	\$5,000
Paving & footpaths, Kerb & Gutter	\$5,000
Drains & Culverts	\$2,000
Reticulation extensions	\$2,000
Sidelines & household connections	\$2,000
Artworks	\$2,000

District Council of Elliston

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2010

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 in a manner which reflects the consumption of the service potential embodied in those assets.

Depreciation is recognised on a straight-line basis. 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	5 to 15 years
Office Vehicles	2 to 5 years
Road-making Equip	5 to 8 years
Other Plant & Equipment	3 to 5 years
Building & Other Structures	
Buildings – masonry	60 to 80 years
Buildings – other construction	15 to 40 years
Park Structures – masonry	15 to 40 years
Park Structures – other construction	15 to 40 years
Playground equipment	5 to 10 years
Benches, seats, etc	10 to 15 years

In accordance to the Council Resolution 126.2010 (17th May 2010), the average useful life of unsealed road has been changed compare to last financial year.

Road Category	2008/09 Financial Year's assumed Average Useful Life	2009/10 Financial Year's Average Useful Life if amendment accepted
Category 1	10 years	15 years
Category 2	13 years	20 years
Category 3	15 years	25 years

As a consequence of this change the total depreciation expense in 2009/10 financial year has been reduced by about \$262,600.*

[The method of depreciation calculation is consistent and it is not been changed compare to 2008/09 financial year].*

District Council of Elliston

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2010

Note 1 - Significant Accounting Policies (cont)

Infrastructure	
Sealed Roads – Surface	16 to 26 years
Sealed Roads – Structure	20 to 50 years
Unsealed Roads	15 to 25 years
Bridges – Concrete	80 to 100 years
Paving & Footpaths, Kerb & Gutter	50 to 80 years
Drains	50 to 80 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	
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 Borrowing Costs

Borrowing costs in relation to qualifying assets (net of offsetting investment revenue) have been capitalised in accordance with AASB 123 "Borrowing Costs". The amounts of borrowing costs recognised as an expense or as part of the carrying amount of qualifying assets are disclosed in Note 3, and the amount (if any) of interest revenue offset against borrowing costs in Note 2.

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.

District Council of Elliston

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2010

Note 1 - Significant Accounting Policies (cont)

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". Interest free loans are carried at their nominal amounts; interest revenues foregone by the lender effectively being a reduction of interest expense in the period to which it relates.

□

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".

11 Joint Ventures and Associated Entities

Council participates in cooperative arrangements with other Councils for the provision of services and facilities. Council's interests in cooperative arrangements, which are only recognised if material, are accounted for in accordance with AASB 128 and set out in detail in Note 19.

12 Leases

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

In respect of finance leases, where Council substantially carries all of the risks incident to ownership, the leased items are initially recognised as assets and liabilities equal in amount to the present value of the minimum lease payments. The assets are disclosed within the appropriate asset class, and are amortised to expense over the period during which the Council is expected to benefit from the use of the leased assets. Lease payments are allocated between interest expense and reduction of the lease liability, according to the interest rate implicit in the lease.

District Council of Elliston

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2010

Note 1 - Significant Accounting Policies (cont)

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

13 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.

14 New Accounting Standards

Certain new accounting standards and UIG interpretations have been published that are not mandatory for the 30 June 2010 reporting period.

- AASB 1 *First-time Adoption of Australian Accounting Standards*
- AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*
- AASB 7 *Financial Instruments: Disclosures*
- AASB 9 *Financial Instruments*
- AASB 101 *Presentation of Financial Statements*
- AASB 107 *Statement of Cash Flows*
- AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*
- AASB 110 *Events after the Reporting Period*
- AASB 117 *Leases*
- AASB 118 *Revenue*
- AASB 119 *Employee Benefits*
- AASB 132 *Financial Instruments: Presentation*
- AASB 136 *Impairment of Assets*
- AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*
- AASB 139 *Financial Instruments: Recognition and Measurement*
- AASB 1031 *Financial Instruments: Recognition and Measurement*
- AASB 2009-11 *Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12]*
- AASB 2009-12 *Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052]*
- AASB 2009-13 *Amendments to Australian Accounting Standards arising from Interpretation 19 [AASB 1]*
- AASB 2010-1 *Amendments to Australian Accounting Standards – Limited Exemption from Comparative AASB 7 Disclosures for First-time Adopters [AASB 1 & AASB 7]*
- *Interpretation 4* *Determining whether an Arrangement contains a Lease*
- *Interpretation 14* *AASB 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*
- (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 Elliston

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2010

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 ELLISTON

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2010

Note 2 - INCOME

	Notes	2010 \$	2009 \$
RATES REVENUES			
<u>General Rates</u>		1,260,523	1,183,529
Less: Discretionary rebates, remissions & write offs		(12,479)	(11,774)
		1,248,044	1,171,755
<u>Other Rates</u> (including service charges)			
Natural Resource Management levy		56,340	70,848
Television		12,705	11,600
Waste collection		260,112	241,344
Community wastewater management systems		28,812	26,950
		357,969	350,742
<u>Other Charges</u>			
Penalties for late payment		7,291	7,493
		7,291	7,493
		1,613,304	1,529,990
STATUTORY CHARGES			
Development Act fees		8,850	11,072
Search Fee		1,500	2,033
Town planning fees		16,509	10,941
Animal registration fees & fines		5,729	3,791
Sundry		1,911	946
		34,499	28,783
USER CHARGES			
Cemetery/crematoria fees		3,518	663
House Rental		525	3,912
Caravan Park Income		21,467	25,275
Camping Fee		8,080	8,159
Water		12,635	6,994
Waste		3,289	25,111
Community Bus Hire		339	3,503
Licence Income		2,661	1,540
Sales - general		742	9,639
Sundry		1,091	8
		54,347	84,804
INVESTMENT INCOME			
Interest on investments			
Local Government Finance Authority		69,502	82,956
Banks & other		370	502
		69,872	83,458

DISTRICT COUNCIL OF ELLISTON

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2010

NOTE 2 - INCOME (continued)

	Notes	2010 \$	2009 \$
REIMBURSEMENTS			
- for private works		9,975	7,861
- other		<u>58,020</u>	<u>41,675</u>
		<u>67,995</u>	<u>49,536</u>
OTHER INCOME			
Sundry		<u>22,893</u>	<u>23,991</u>
		<u>22,893</u>	<u>23,991</u>
GRANTS, SUBSIDIES, CONTRIBUTIONS			
Amounts received specifically for new or upgraded assets		0	
Other grants, subsidies and contributions		1,524,569	1,507,980
Individually significant item - additional Grants Commission payment	see below	0	257,884
		<u>1,524,569</u>	<u>1,765,864</u>
<i>The functions to which these grants relate are shown in Note 2.</i>			
Sources of grants			
Commonwealth government		1,524,569	1,748,513
State government		<u>0</u>	<u>17,351</u>
		<u>1,524,569</u>	<u>1,765,864</u>

Individually Significant Item

On 26 June 2009, Council received payment of the first quarter instalment of the 2009/10 Grant Commission (FAG) grant. This represents a significant increase in income from this source for 2008/09, with an equivalent reduction in a future year

0	257,884
---	---------

DISTRICT COUNCIL OF ELLISTON

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2010

NOTE 2 - INCOME (continued)

	Notes	2010 \$	2009 \$
<i>Conditions over grants & contributions</i>			
<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>		342,825	153,469
<i>Less: expended during the current period from revenues recognised in previous reporting periods</i>			
Roads Infrastructure	□	(140,898)	(67,687)
Heritage & Cultural Services		(184,483)	(27,231)
<i>Subtotal</i>		<u>(325,381)</u>	<u>(94,918)</u>
<i>Plus: amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions</i>			
Roads Infrastructure	□		99,791
Community Infrastructure			26,390
General Purpose			158,093
Heritage & Cultural Services			
<i>Subtotal</i>			<u>284,274</u>
<i>Unexpended at the close of this reporting period</i>		<u>17,444</u>	<u>342,825</u>
<i>Net increase (decrease) in assets subject to conditions in the current reporting period</i>		<u>(325,381)</u>	<u>189,356</u>

DISTRICT COUNCIL OF ELLISTON

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2010

Note 3 - EXPENSES

	Notes	2010 \$	2009 \$
EMPLOYEE COSTS			
Salaries and Wages		597,316	475,394
Employee leave expense		65,618	73,026
Superannuation - defined contribution plan contributions	18	35,014	37,181
Superannuation - defined benefit plan contributions	18	19,323	14,029
Workers' Compensation Insurance		31,493	25,867
Less: Capitalised and distributed costs		<u>(245,759)</u>	<u>(134,857)</u>
Total Operating Employee Costs		<u>503,005</u>	<u>490,640</u>
 <i>Total Number of Employees</i> <i>(Full time equivalent at end of reporting period)</i>		 14	 13
MATERIALS, CONTRACTS & OTHER EXPENSES			
<u>Prescribed Expenses</u>			
Auditor's Remuneration			
- Auditing the financial reports		6,415	7,500
- Other Auditors - Travel and Accom		2,495	2,980
Elected members' expenses		50,604	49,280
Election expenses		12,651	612
Operating Lease Rentals - non-cancellable leases	18		
- minimum lease payments		<u>7,092</u>	<u>7,092</u>
Subtotal - Prescribed Expenses		<u>79,257</u>	<u>67,464</u>
<u>Other Materials, Contracts & Expenses</u>			
Contractors		840,001	842,483
Registration and Insurance		121,390	80,773
Electricity		32,405	34,342
Telephone		16,246	15,666
Legal Expenses		39,712	44,073
Levies paid to government - NRM levy		57,360	68,652
- Other Levies		9,266	12,826
Material		243,864	259,317
Water		7,633	8,193
Travel Expense		8,707	-
Advertising		19,267	13,010
Sundry		110,815	199,942
Less: Capitalised and Distributed Costs		<u>(239,704)</u>	<u>(110,396)</u>
Subtotal - Other Materials, Contracts & Expenses		<u>1,266,962</u>	<u>1,468,881</u>
		<u>1,346,219</u>	<u>1,536,345</u>

DISTRICT COUNCIL OF ELLISTON

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2010

Note 3 - EXPENSES (cont)

	Notes	2010 \$	2009 \$
FINANCE COSTS			
Interest on Loans & Finance Charge		<u>9,886</u>	<u>10,185</u>
		<u>9,886</u>	<u>10,185</u>
DEPRECIATION, AMORTISATION & IMPAIRMENT			
Depreciation			
Building & Other Structures		99,685	99,512
Infrastructure		696,653	960,708
Plant & Equipment		117,413	125,375
Furniture & Fittings		7,954	8,012
Other Asset		<u>24,108</u>	<u>16,852</u>
		<u>945,813</u>	1,210,459
Less: Capitalised and distributed costs		<u>(60,000)</u>	<u>(55,185)</u>
		<u>885,813</u>	<u>1,155,274</u>

DISTRICT COUNCIL OF ELLISTON

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2010

Note 4 - ASSET DISPOSAL & FAIR VALUE ADJUSTMENTS

	2010	2009
Notes	\$	\$
INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT		
<i>Assets renewed or directly replaced</i>		
Proceeds from disposal	17,339	36,290
Less: Carrying amount of assets sold	<u>16,606</u>	<u>53,108</u>
Gain (Loss) on disposal	<u>733</u>	<u>(16,818)</u>
 <i>Assets surplus to requirements</i>		
Proceeds from disposal	-	20,421
Less: Carrying amount of assets sold	<u>-</u>	<u>20,000</u>
Gain (Loss) on disposal	<u>-</u>	<u>421</u>
 NET GAIN (LOSS) ON DISPOSAL OR REVALUATION OF ASSETS		
	<u>733</u>	<u>(16,397)</u>

DISTRICT COUNCIL OF ELLISTON

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2010

Note 5 - CURRENT ASSETS

	Notes	2010 \$	2009 \$
CASH & EQUIVALENT ASSETS			
Cash on Hand and at Bank		50,098	225,832
Deposits at Call		2,172,632	1,899,053
		2,222,730	2,124,885
 TRADE & OTHER RECEIVABLES			
Rates - General & Other		83,372	58,201
Accrued Revenues		21,114	13,977
Debtors - general		18,656	11,286
GST Recoupment		15,288	55,988
Prepayments		1,026	-
		139,456	139,452
 INVENTORIES			
Stores & Materials		29,149	55,829
Trading Stock		3,337	3,756
		32,486	59,585

DISTRICT COUNCIL OF ELLISTON

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2010

Note 6- INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

	2009 \$					2010 \$				
	AT FAIR VALUE	AT COST	ACCUM DEP'N	CARRYING AMOUNT	AT FAIR VALUE	AT COST	ACCUM DEP'N	CARRYING AMOUNT		
Land	8,167,219	3,765	-	8,170,984	8,167,219	3,765	-	8,170,984		
Building & Other Structure	3,646,702	82,455	(2,170,808)	1,558,349	3,646,702	91,730	(2,270,493)	1,467,939		
Infrastructure	27,154,686	1,590,843	(12,089,576)	16,655,953	27,154,687	2,902,568	(12,786,230)	17,271,025		
Plant & Equipment	77,902	1,495,733	(750,342)	823,293	77,902	1,530,316	(829,069)	779,149		
Furniture & Fittings	-	149,212	(78,413)	70,799	-	154,164	(86,367)	67,797		
Other Asset	202,028	582,088	(209,678)	574,438	202,028	619,534	(233,786)	587,776		
TOTAL PROPERTY, PLANT & EQUIPMENT	39,248,537	3,904,096	(15,298,817)	27,853,816	39,248,538	5,302,077	(16,205,945)	28,344,670		
2009 Totals	39,268,537	2,479,187	(14,119,680)	27,628,044	39,248,537	3,904,096	(15,298,817)	27,853,816		

This Note continues on the following pages

DISTRICT COUNCIL OF ELLISTON

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2010

Note 6 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

	CARRYING AMOUNT MOVEMENTS DURING YEAR					2010 \$ CARRYING AMOUNT
	2009 \$ CARRYING AMOUNT		\$			
	New/Upgrade	Additions		Disposals	Depreciation	
Renewals						
Land	8,170,984	-	-	-	-	8,170,984
Building & Other Structure	1,558,349	-	-	(99,685)	-	1,467,939
Infrastructure	16,655,953	49,062	1,262,663	-	(696,653)	17,271,025
Plant & Equipment	823,293	13,214	75,661	(16,606)	(117,413)	779,149
Furniture & Fittings	70,799	-	4,952	-	(7,954)	67,797
Other Asset	574,438	37,446	-	-	(24,108)	587,776
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT	27,853,816	99,722	1,353,551	(16,606)	(945,813)	28,344,670
2009 Totals	27,628,044	87,928	1,421,411	(73,108)	(1,210,459)	27,853,816

This Note continues on the following pages

DISTRICT COUNCIL OF ELLISTON

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2010

Note 6 (cont) – INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

Valuation of Assets

Plant, Furniture & Equipment

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

Land & Land Improvements

Pursuant to Council's election, freehold land and land over which Council has control, but does not have title, is recognized 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 1995 at current replacement cost. Additions are recognised at cost.

Buildings & Other Structures

Pursuant to Council's election, buildings and other structures are recognised on the cost basis and this class of asset was revalued by an independent valuer (John Morgan Consulting) on August 2005.

Infrastructure

Unsealed roads were re-valued by Council officers and sealed roads and footpaths were re-valued by independent contractors at fair value during the reporting period ended 30 June 2008.

Transportation assets were valued by Council officers at written down current replacement cost during the reporting period ended 30 June 1996. All acquisitions made after the respective dates of valuation are recorded at cost.

Other

Stormwater drainage infrastructure was valued by Council officers as at 30 June 1997 at written down current replacement cost, based on actual costs incurred during the reporting period ended 30 June 1997. All acquisitions made after the respective dates of valuation are recorded at cost.

Community wastewater management system infrastructure was valued by Council officers at written down current replacement cost during the reporting period ended 30 June 1995. All acquisitions made after the respective dates of valuation are recorded at cost.

All other assets

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

DISTRICT COUNCIL OF ELLISTON

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2010

Note 7 - LIABILITIES

	Notes	2010		2009	
		\$		\$	
TRADE & OTHER PAYABLES		Current	Non-current	Current	Non-current
Goods & Services		188,858		274,854	
Accrued expenses - employee entitlements		87,876		63,598	
Accrued expenses - other		788		1,513	
Other		6,043		7,903	
		<u>283,565</u>	-	<u>347,868</u>	-
 BORROWINGS					
Loans		33,739		31,757	33,740
		<u>33,739</u>	-	<u>31,757</u>	<u>33,740</u>
 PROVISIONS					
Employee entitlements (including oncosts)		17,630	64,521	13,007	54,768
		<u>17,630</u>	<u>64,521</u>	<u>13,007</u>	<u>54,768</u>

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

DISTRICT COUNCIL OF ELLISTON

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2010

Note 8 - RESERVES

ASSET REVALUATION RESERVE	1/7/2009	Net Increments (Decrements)	Transfers, Impairments	30/6/2010
Notes	\$	\$	\$	\$
Land	7,350,585			7,350,585
Building & Other Structure	1,401,885			1,401,885
Infrastructure	14,983,630			14,983,630
TOTAL	23,736,100			23,736,100
<i>2009 Totals</i>	<i>23,736,100</i>			<i>23,736,100</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).

DISTRICT COUNCIL OF ELLISTON

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2010

Note 9 - 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.

		2010	2009
CASH & FINANCIAL ASSETS	Notes	\$	\$
CWMS		65,622	63,723
TV FUND		43,832	43,355
Pt Kenny Water Supply		1,697	1,511
		<u>246,552</u>	<u>108,589</u>

DISTRICT COUNCIL OF ELLISTON

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2010

Note 10 - 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	2010 \$	2009 \$
Total cash & equivalent assets	5	2,222,730	2,124,885
Balances per Cash Flow Statement		2,222,730	2,124,885

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

Net Surplus (Deficit)		643,289	357,585
Non-cash items in Income Statement			
Depreciation, amortisation & impairment		885,813	1,155,274
Net increase (decrease) in unpaid employee benefits		38,654	37,447
Net (Gain) Loss on Disposals		(733)	16,397
		1,567,023	1,566,703
Add (Less): Changes in Net Current Assets			
Net (increase) decrease in receivables		(4)	16,546
Net (increase) decrease in inventories		27,099	(170)
Net increase (decrease) in trade & other payables		(38,258)	(162,178)
Net Cash provided by (or used in) operations		1,555,860	1,420,901

DISTRICT COUNCIL OF ELLISTON

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2010

Note 11 - 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	2010	2009	2010	2009	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	
Business Undertakings	135,913	92,749	135,571	104,018	342	(11,269)	222,096	226,405			222,096	226,405	
Community Services	24,153	39,011	149,739	257,817	(125,586)	(218,806)	251,541	231,390	4,500	4,500	251,541	231,390	
Economic Development			12,711	15,448	(12,711)	(15,448)	12,005	12,237			12,005	12,237	
Environment	326,133	339,448	507,595	655,274	(181,462)	(315,826)	17,171	75,641		10,450	17,171	75,641	
Recreation & Culture	13,140	13,226	130,928	144,095	(117,788)	(130,869)	318,388	337,505		2,401	318,388	337,505	
Regulatory Services	33,000	26,750	172,676	122,178	(139,676)	(95,428)			702,398	856,765	18,424,125	17,641,846	
Transport & Communication	799,168	856,755	1,292,721	1,445,386	(493,553)	(588,621)				100,000	351,593	321,941	
Unclassified Activities	794,178	986,192	121,472	159,085	672,706	827,106			817,671	791,748	11,142,423	11,330,773	
Council Administration	1,261,794	1,212,285	221,510	289,142	1,040,284	923,143			1,524,569	1,765,864	30,739,342	30,177,738	
TOTALS	3,387,479	3,566,426	2,744,923	3,192,444	642,556	373,982							

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 Elliston

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2010

Note 11 (cont) - COMPONENTS OF FUNCTIONS

The activities relating to Council functions are as follows:

Business Undertakings

Caravan Parks, Development of Land for Resale, Private Works, Sewerage/CWMS, Water Supply – Domestic

Community Services

Public Order and Safety, Emergency Services, Other Fire Protection, Health Services - Immunisation, Doctor's Vehicle, Community Support, Home Assistance Scheme, Youth Services, Community Amenities, Cemeteries/Crematoria, public Conveniences, Telecommunications Networks, Community Bus, Lock Swimming Pool Assistance.

Economic Development

Tourism, and Other Economic Development

Environment

Agricultural Services, Waste Management, Domestic Waste, Green Waste, Recycling, Transfer Stations, Waste Disposal Facility, Other Waste Management, Other Environment, Coastal Protection, Stormwater and Drainage, Street Cleaning, Street Lighting, Streetscaping, Natural Resource Management Levy, and Other Environment

Recreation and Culture

Jetties, Boat Ramps, Other Marine Facilities, Parks and Gardens, Sports Facilities – Indoor, Sports Facilities – Outdoor, Camping Grounds, Library Services, Halls, Cultural Services

Regulatory Services

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

Transport

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

Unclassified Activities

LGGC – General Purpose

Council Administration

Governance, Administration n.e.c., Elected Members, Organisational, Support Services, Accounting/Finance, Payroll, Housing for Council Employees, Human Resources, Information Technology, Communication, Rates Administration, Records, Occupancy, Contract Management, Customer Service, Other Support Services

DISTRICT COUNCIL OF ELLISTON

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2010

Note 12 - FINANCIAL INSTRUMENTS

Recognised Financial Instruments

<p>Bank, Deposits at Call, Short Term Deposits</p>	<p>Accounting Policy: Carried at lower of cost and net realisable value. Interest is recognised when earned.</p> <p>Terms & conditions: Deposits are returning fixed interest rates of 4.5% (2009: 4.5%)</p> <p>Carrying amount: approximates fair value due to the short term to maturity</p>
<p>Receivables - Rates & Associated Charges (including legals & penalties for late payment)</p>	<p>Accounting Policy: Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable.</p> <p>Terms & conditions: Secured over the subject land, arrears attract interest of 11.25% (2009: 11.25%). Although Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries in the State.</p> <p>Carrying amount: approximates fair value (after deduction of any allowance)</p>
<p>Receivables - Fees & other charges</p>	<p>Accounting Policy: Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable.</p> <p>Terms & conditions: Unsecured, and do not bear interest. Although Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries.</p> <p>Carrying amount: approximates fair value (after deduction of any allowance)</p>
<p>Receivables - other levels of government</p>	<p>Accounting Policy: Carried at nominal value.</p> <p>Terms & conditions: Amounts due have been calculated in accordance with the terms and conditions of the respective programs following advice of approvals, and do not bear interest. All amounts are due by Departments and Agencies of the Governments of the Commonwealth & State.</p> <p>Carrying amount: approximates fair value</p>
<p>Liabilities - Creditors and Accruals</p>	<p>Accounting Policy: Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Council.</p> <p>Terms & conditions: Liabilities are normally settled on 30 day terms.</p> <p>Carrying amount: approximates fair value</p>
<p>Liabilities - Retirement Home Contributions</p>	<p>Accounting Policy: 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>
<p>Liabilities - Interest Bearing Borrowings</p>	<p>Accounting Policy: Carried at the principal amounts. Interest is charged as an expense as it accrues.</p> <p>Terms & conditions: secured over future revenues, borrowings are repayable (describe basis), interest is charged at fixed rates: 6.15% (2009: 6.15%)</p> <p>Carrying amount: approximates fair value.</p>
<p>Liabilities - Finance Leases</p>	<p>Accounting Policy: accounted for in accordance with AASB 117</p>

DISTRICT COUNCIL OF ELLISTON

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2010

Note 12 (cont) - FINANCIAL INSTRUMENTS

Liquidity Analysis

2010	Due < 1 year	Due > 1 year, ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
	\$	\$	\$	\$	\$
Financial Liabilities					
Payables	194,901			194,901	194,901
Current Borrowings				-	-
Non-Current Borrowings	33,739			33,739	33,739
Total	228,640	-	-	228,640	228,640

2009	Due < 1 year	Due > 1 year, ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
	\$	\$	\$	\$	\$
Financial Liabilities					
Payables	282,757			282,757	282,757
Current Borrowings				-	-
Non-Current Borrowings	31,757	33,740		65,497	65,497
Total	314,514	33,740	-	348,254	348,254

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

	30 June 2010		30 June 2009	
	Weighted Average Interest Rate	Carrying Value	Weighted Average Interest Rate	Carrying Value
	%	\$	%	\$
Other Variable Rates	0	194,901	0	282,757
Fixed Interest Rates	6.15	33,739	6.15	65,497
		228,640		348,254

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 Policy (LGA Information Paper 15), liabilities have a range of maturity dates based on cash inflows. Council also has available a range of bank overdraft and short-term draw down 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 ELLISTON

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2010

Note 13 - COMMITMENTS FOR EXPENDITURE

	2010	2009
<u>Notes</u>	\$	\$
Other Expenditure Commitments		
Other expenditure committed for (excluding inventories) at the reporting date but not recognised in the financial statements as liabilities:		
Waste Management Services	386,100	514,800
Employee Remuneration Contracts	1,304,492	
	<u>1,690,592</u>	<u>514,800</u>
These expenditures are payable:		
Not later than one year	650,497	128,700
Later than one year and not later than 5 years	1,040,095	386,100
	<u>1,690,592</u>	<u>514,800</u>



DISTRICT COUNCIL OF ELLISTON

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2010

Note 14 - FINANCIAL INDICATORS

	2010	2009	2008
<p>These Financial Indicators have been calculated in accordance with <i>Information Paper 9 - Local Government Financial Indicators</i> 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.</p>			
Operating Surplus	642,556	373,982	(30,435)
<i>Being the operating surplus (deficit) before capital amounts.</i>			
Adjusted Operating Surplus	642,556	116,098	(30,435)
<p><i>In June 2009 the Commonwealth Government made an advance payment approximately equal to one quarter of the 2009/10 Financial Assistance Grant (see Note 3). This income has materially distorted the amount of the Operating Result for the 2008/09 reporting period. The Adjusted Operating Surplus and Adjusted Operating Surplus Ratio adjust for this distortion.</i></p>			
Operating Surplus Ratio			
<u>Operating Surplus</u>	41%	26%	(2%)
Rates - general & other less NRM levy			
Adjusted Operating Surplus Ratio	41%	8%	(2%)
<i>This ratio expresses the operating surplus as a percentage of general and other rates, net of NRM levy.</i>			
Net Financial Liabilities			
	(1,962,731)	(1,783,197)	(1,651,554)
<i>Net Financial Liabilities are defined as total liabilities less financial assets (excluding equity accounted investments in Council businesses).</i>			
Net Financial Liabilities Ratio			
<u>Net Financial Liabilities</u>	-59%	-51%	-56%
Total Operating Revenue less NRM levy			
Interest Cover Ratio			
<u>Net Interest Expense</u>	(1.8%)	(2.1%)	(0.8%)
Total Operating Revenue less NRM levy less Investment Income			
Asset Sustainability Ratio			
<u>Net Asset Renewals</u>	150%	103%	93%
Depreciation Expense			
<i>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.</i>			
Asset Consumption Ratio			
<u>Carrying value of depreciable assets</u>	55%	56%	58%
Gross value of depreciable assets			
<i>Total carrying value of depreciable assets divided by total reported value of depreciable assets before accumulated depreciation.</i>			

DISTRICT COUNCIL OF ELLISTON

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2010

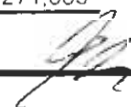
Note 15 - UNIFORM PRESENTATION OF FINANCES

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

	2010 \$	2009 \$
Income	3,387,479	3,566,426
less Expenses	<u>2,744,923</u>	<u>3,192,444</u>
	642,556	373,982
less Net Outlays on Existing Assets		
Capital Expenditure on renewal and replacement of Existing Assets	1,343,874	1,226,376
less Depreciation, Amortisation and Impairment	885,813	1,155,274
less Proceeds from Sale of Replaced Assets	<u>17,339</u>	<u>36,290</u>
	440,722	34,812
less Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets <i>(including investment property & real estate developments)</i>	99,722	87,928
less Amounts received specifically for New and Upgraded Assets	-	-
less Proceeds from Sale of Surplus Assets <i>(including investment property and real estate developments)</i>	-	20,421
	<u>99,722</u>	<u>67,507</u>
Net Lending / (Borrowing) for Financial Year	<u>102,112</u>	<u>271,663</u>



DISTRICT COUNCIL OF ELLISTON

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2010

Note 16 - OPERATING LEASES

Lease payment commitments of Council

Council has entered into non-cancellable operating leases for a Motor Vehicle.
Commitments under non-cancellable operating leases that have not been recognised in the financial statements are as follows:

	2010	2009
	\$	\$
Not later than one year	2,360	7,092
Later than one year and not later than 5 years	-	2,360
	<u>2,360</u>	<u>9,452</u>

DISTRICT COUNCIL OF ELLISTON

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2010

Note 17 – 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 2009/10 for Marketlink members and 3% for Salarylink members; 9% and 3% respectively in 2008/09). No further liability accrues to the employer as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

Salarylink (Defined Benefit) 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 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% (6% in 2008/2009) of "superannuation" salary. Given that Employer contributions are based on a fixed percentage of employee earnings in accordance with superannuation guarantee legislation, the remaining 3% for Salarylink members is allocated 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 Plan is a multi-employer sponsored plan. As the Fund's assets and liabilities are pooled and are not allocated by 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 full actuarial investigation conducted by the Scheme's actuary, L C Brett, BSc., FIA, FIAA, of Brett and Watson Pty Ltd as at 30 June 2009. The Trustee has determined that the current funding arrangements are in-adequate for the expected Defined Benefit Plan liabilities. As from 1st July 2010 the contribution rate has been increased to 6.3%. However, future financial and economic circumstances may require further changes to Council's contribution rates.

DISTRICT COUNCIL OF ELLISTON

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2010

Note 18 - CONTINGENCIES & ASSETS & LIABILITIES NOT RECOGNISED IN THE STATEMENT OF FINANCIAL POSITION

The following assets and liabilities do not qualify for recognition in the Statement of Financial Position 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.

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. 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 1,148 km of road reserves of average width 20 metres.

DISTRICT COUNCIL OF ELLISTON

ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2010

STATEMENT BY CHIEF EXECUTIVE OFFICER

I, **ROB GREGOR**, the person for the time being occupying the position of Chief Executive Officer of (insert Council name), do hereby state that the Financial Statements of the Council for the year ended 30 June 2010 are to the best of my knowledge presented fairly, and in accordance with accounting procedures which have been maintained in accordance with the *Local Government Act 1999 and the Local Government (Financial Management) Regulations 1999* made under that Act.



(ROB GREGOR)

CHIEF EXECUTIVE OFFICER

Dated this 23 day of Sept 2010

ADOPTION STATEMENT

Laid before the (District Council of Elliston) and adopted on the 8th day of NOVEMBER 2010.



(Cr Michael R Wandel)

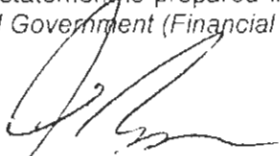
MAYOR

DISTRICT COUNCIL OF ELLISTON
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2010

STATEMENT BY AUDITOR

I confirm that, for the audit of the financial statements of SA Model Council for the year ended 30 June 2010, 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 1999* made under that Act.

This statement is prepared in accordance with the requirements of Regulation 16A (4) *Local Government (Financial Management) Regulations 1999*.



(JOHN D EWEN)

(JOHN D EWEN & ASSOCIATES)

Dated this 30th day of September 2010

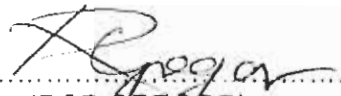
DISTRICT COUNCIL OF ELLISTON

ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2010


CERTIFICATION OF AUDITOR INDEPENDENCE

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of SA Model Council for the year ended 30 June 2010, the Council's Auditor, **JOHN D EWEN & ASSOCIATES**, has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 1999* made under that Act.

This statement is prepared in accordance with the requirements of Regulation 16A(2) *Local Government (Financial Management) Regulations 1999*.



(ROB GREGOR)
CHIEF EXECUTIVE OFFICER



(CR MICHAEL R WANDEL)
CHAIRMAN

Date: 8/11/10.