

District Council of Elliston

General Purpose Financial Reports for the year ended 30 June 2012

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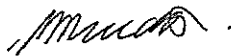
District Council of Elliston

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.



.....
Nikki Meredith
ACTING CHIEF EXECUTIVE OFFICER



.....
Patrick Clark
MAYOR/COUNCILLOR

Date: 28 November 2012

District Council of Elliston

STATEMENT OF COMPREHENSIVE INCOME for the year ended 30 June 2012

	Notes	2012 \$	2011 \$
INCOME			
Rates	2	1,817,967	1,767,661
Statutory charges	2	22,222	23,981
User charges	2	59,343	61,904
Grants, subsidies and contributions	2	1,656,450	1,541,727
Investment income	2	102,397	105,683
Reimbursements	2	51,225	120,092
Other income	2	39,722	85,218
Total Income		<u>3,749,325</u>	<u>3,706,266</u>
EXPENSES			
Employee costs	3	579,021	523,192
Materials, contracts & other expenses	3	1,776,735	1,511,187
Depreciation, amortisation & impairment	3	1,027,494	981,691
Finance costs	3	4,933	784
Total Expenses		<u>3,388,183</u>	<u>3,016,854</u>
OPERATING SURPLUS / (DEFICIT)		361,143	689,412
Asset disposal & fair value adjustments	4	(12,899)	(90,714)
Amounts received specifically for new or upgraded assets	2	109,874	408,927
Physical resources received free of charge	2	-	25,716
NET SURPLUS / (DEFICIT)		<u>458,118</u>	<u>1,033,341</u>
transferred to Equity Statement			
Other Comprehensive Income			
Changes in revaluation surplus - infrastructure, property, plant & equipment	9	-	5,072,619
Total Other Comprehensive Income		<u>-</u>	<u>5,072,619</u>
TOTAL COMPREHENSIVE INCOME		<u>458,118</u>	<u>6,105,960</u>

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

District Council of Elliston

BALANCE SHEET as at 30 June 2012

	Notes	2012 \$	2011 \$
ASSETS			
Current Assets			
Cash and cash equivalents	5	3,088,799	2,635,607
Trade & other receivables	5	266,675	167,761
Inventories	5	39,405	38,836
		<u>3,394,879</u>	<u>2,842,204</u>
Total Current Assets		<u>3,394,879</u>	<u>2,842,204</u>
Non-current Assets			
Infrastructure, Property, Plant & Equipment	7	33,987,278	34,226,495
Other Non-current Assets	6	54,733	-
		<u>34,042,011</u>	<u>34,226,495</u>
Total Non-current Assets		<u>34,042,011</u>	<u>34,226,495</u>
Total Assets		<u>37,436,890</u>	<u>37,068,699</u>
LIABILITIES			
Current Liabilities			
Trade & Other Payables	8	477,397	525,451
Provisions	8	33,669	94,259
		<u>511,066</u>	<u>619,710</u>
Liabilities relating to Non-current Assets held for Sale	20	-	-
		<u>511,066</u>	<u>619,710</u>
Total Current Liabilities		<u>511,066</u>	<u>619,710</u>
Non-current Liabilities			
Provisions	8	21,860	3,142
		<u>21,860</u>	<u>3,142</u>
Total Non-current Liabilities		<u>21,860</u>	<u>3,142</u>
Total Liabilities		<u>532,926</u>	<u>622,852</u>
NET ASSETS		<u>36,903,964</u>	<u>36,445,847</u>
EQUITY			
Accumulated Surplus		7,288,245	6,865,280
Asset Revaluation Reserves	9	28,808,719	28,808,719
Other Reserves	9	807,000	771,848
		<u>36,903,964</u>	<u>36,445,847</u>
TOTAL EQUITY		<u>36,903,964</u>	<u>36,445,847</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 2012

2012	Notes	Accumulated Surplus \$	Asset Revaluation Reserve \$	Other Reserves \$	TOTAL EQUITY \$
Balance at end of previous reporting period		6,865,280	28,808,719	771,848	36,445,847
Restated opening balance		6,865,280	28,808,719	771,848	36,445,847
Net Surplus / (Deficit) for Year		458,118			458,118
Other Comprehensive Income					
Transfers between reserves		(35,152)	-	35,152	-
Balance at end of period		7,288,246	28,808,719	807,000	36,903,965
2011					
Balance at end of previous reporting period		6,603,787	23,736,100	-	30,339,887
Restated opening balance		6,603,787	23,736,100	-	30,339,887
Net Surplus / (Deficit) for Year		1,033,341			1,033,341
Other Comprehensive Income					
Changes in revaluation surplus - infrastructure, property, plant & equipment			5,072,619		5,072,619
Transfers between reserves		(771,848)		771,848	-
Balance at end of period		6,865,280	28,808,719	771,848	36,445,847

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 2012

CASH FLOWS FROM OPERATING ACTIVITIES	Notes	2012 \$	2011 \$
<u>Receipts</u>			
Rates - general & other		1,765,111	3,877,934
Fees & other charges		23,987	
User charges		165,312	
Investment receipts		109,308	97,786
Grants utilised for operating purposes		1,780,684	
Reimbursements		56,348	
Other revenues		231,942	
<u>Payments</u>			
Employee Costs		(666,034)	
Materials, contracts & other expenses		(2,262,497)	(2,186,183)
Finance payments		(4,933)	(784)
Net Cash provided by (or used in) Operating Activities		1,199,228	1,788,753
CASH FLOWS FROM INVESTING ACTIVITIES			
<u>Receipts</u>			
Amounts specifically for new or upgraded assets		109,874	516,074
Sale of replaced assets		34,103	193,335
Sale of surplus assets		-	24,545
<u>Payments</u>			
Expenditure on renewal/replacement of assets		(740,379)	(1,025,116)
Expenditure on new/upgraded assets		(149,633)	(1,050,975)
Net Cash provided by (or used in) Investing Activities		(746,035)	(1,342,137)
CASH FLOWS FROM FINANCING ACTIVITIES			
<u>Payments</u>			
Repayments of Borrowings		-	(33,739)
Net Cash provided by (or used in) Financing Activities		-	(33,739)
Net Increase (Decrease) in cash held		453,192	412,877
Cash & cash equivalents at beginning of period	11	2,635,607	2,222,730
Cash & cash equivalents at end of period	11	3,088,799	2,635,607

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 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 dollar.

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 Terrace, Elliston. 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.

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 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.

5.1 Real Estate Assets Developments

Real Estate Assets developments have been classified as Inventory in accordance with AASB 102 and are valued at the lower of cost or net realisable value. Cost includes the costs of acquisition, development, borrowing and other costs incurred on financing of that acquisition and up to the time of sale. Any amount by which cost exceeds the net realisable value has been recognised as an expense.

Revenues arising from the sale of property are recognised in the operating statement when settlement is completed.

5.2 Other Real Estate held for resale

Properties not acquired for development, but which Council has decided to sell as surplus to requirements, are recognised at the carrying value at the time of that decision.

Certain properties, auctioned for non-payment of rates in accordance with the Local Government Act but which failed to meet the reserve set by Council and are available for sale by private treaty, are recorded at the lower of the unpaid rates and charges at the time of auction or the reserve set by Council. Holding costs in relation to these properties are recognised as an expense when incurred.

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.

District Council of Elliston

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

Note 1 - Significant Accounting Policies (cont)

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

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

District Council of Elliston

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

Note 1 - Significant Accounting Policies (cont)

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.

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.

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".

District Council of Elliston

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

Note 1 - Significant Accounting Policies (cont)

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.

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.

District Council of Elliston

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

Note 1 - Significant Accounting Policies (cont)

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 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.)

District Council of Elliston

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

Note 1 - Significant Accounting Policies (cont)

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

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

District Council of Elliston

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

Note 2 - INCOME

	Notes	2012 \$	2011 \$
RATES REVENUES			
<u>General Rates</u>		1,449,458	1,394,836
Less: All rebates, remissions & write offs		<u>(18,729)</u>	<u>(18,335)</u>
		1,430,729	1,376,501
<u>Other Rates</u> (including service charges)			
Natural Resource Management levy		56,820	57,000
Television		(2)	14,392
Waste collection		290,920	280,584
Community wastewater management systems		<u>31,232</u>	<u>30,576</u>
		378,970	382,552
<u>Other Charges</u>			
Penalties for late payment		8,268	8,608
		<u>8,268</u>	<u>8,608</u>
		<u>1,817,967</u>	<u>1,767,661</u>
 STATUTORY CHARGES			
Development Act fees		8,378	9,421
Search fees		1,727	1,040
Town planning fees		4,124	5,216
Animal registration fees & fines		4,557	5,385
Sundry		<u>3,436</u>	<u>2,919</u>
		<u>22,222</u>	<u>23,981</u>
 USER CHARGES			
Cemetery/crematoria fees		1,986	1,827
House rental		5,650	1,600
Caravan park income		27,120	28,551
Camping fees		11,724	8,419
Water		6,608	13,714
Waste		2,312	4,381
License income		1,051	1,709
Sundry		<u>2,892</u>	<u>1,703</u>
		<u>59,343</u>	<u>61,904</u>
 INVESTMENT INCOME			
Interest on investments			
Local Government Finance Authority		100,624	104,463
Banks & other		<u>1,773</u>	<u>1,220</u>
		<u>102,397</u>	<u>105,683</u>

District Council of Elliston

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

NOTE 2 - INCOME (continued)

	Notes	2012 \$	2011 \$
REIMBURSEMENTS			
- for private works		26,339	44,942
- other		<u>24,887</u>	<u>75,150</u>
		<u>51,225</u>	<u>120,092</u>
 OTHER INCOME			
Rebates received		24,106	33,655
Sundry		<u>15,616</u>	<u>51,563</u>
		<u>39,722</u>	<u>85,218</u>
 GRANTS, SUBSIDIES, CONTRIBUTIONS			
Amounts received specifically for new or upgraded assets		109,874	408,927
Other grants, subsidies and contributions		1,349,547	1,541,727
Individually significant item - additional Grants Commission payment	see below	306,903	-
		<u>1,766,324</u>	<u>1,950,654</u>
<i>The functions to which these grants relate are shown in Note 2.</i>			
 Sources of grants			
Commonwealth government		-	471,625
State government		1,766,324	1,470,029
Other		-	9,000
		<u>1,766,324</u>	<u>1,950,654</u>

Individually Significant Item

On 28 June 2009, Council received payment of the first installment of the 2010/11 Grant Commission (FAG) grant. Similarly, on 28 June 2012 Council received payment of the first two installments of the 2012/13 grant.

	306,903		-
--	---------	--	---

The additional early installment received on the 28 June 2012 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. This is expected to occur in the financial year ending 30 June 2013.

District Council of Elliston

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

NOTE 2 - INCOME (continued)

	Notes	2012 \$	2011 \$
Conditions over grants & contributions			
<i>Grants and contributions which were obtained on the condition that they be expended for specified purposes or in a future period, but which are not yet expended in accordance with those conditions, are as follows:</i>			
<i>Unexpended at the close of the previous reporting period</i>		141,374	17,444
<i>Less: expended during the current period from revenues recognised in previous reporting periods</i>			
<i>Roads Infrastructure</i>		<i>(111,374)</i>	-
<i>Heritage & Cultural Services</i>		<i>(30,000)</i>	<i>(17,444)</i>
<i>Subtotal</i>		<u><i>(141,374)</i></u>	<u><i>(17,444)</i></u>
<i>Plus: amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions</i>			
<i>Roads Infrastructure</i>		-	111,374
<i>Heritage & Cultural Services</i>		-	30,000
<i>Subtotal</i>		<u>-</u>	<u>141,374</u>
<i>Unexpended at the close of this reporting period</i>		<u>-</u>	<u>141,374</u>
 <i>Net increase (decrease) in assets subject to conditions in the current reporting period</i>		 <u><i>(141,374)</i></u>	 <u>123,930</u>
 PHYSICAL RESOURCES RECEIVED FREE OF CHARGE			
Playgrounds		-	25,716
TOTAL PHYSICAL RESOURCES RECEIVED		<u>-</u>	<u>25,716</u>

District Council of Elliston

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

Note 3 - EXPENSES

	Notes	2012 \$	2011 \$
EMPLOYEE COSTS			
Salaries and Wages		481,928	599,737
Employee leave expense		40,508	40,173
Superannuation - defined contribution plan contributions	18	46,043	37,364
Superannuation - defined benefit plan contributions	18	2,097	21,071
Workers' Compensation Insurance		20,186	17,492
Less: Capitalised and distributed costs		<u>(11,741)</u>	<u>(192,645)</u>
Total Operating Employee Costs		<u>579,021</u>	<u>523,192</u>
 Total Number of Employees		 11	 11
<i>(Full time equivalent at end of reporting period)</i>			
 MATERIALS, CONTRACTS & OTHER EXPENSES			
<u>Prescribed Expenses</u>			
Auditor's Remuneration			
- Auditing the financial reports		8,000	14,000
Elected members' expenses		66,139	76,471
Election expenses		1,579	17,471
Subtotal - Prescribed Expenses		<u>75,718</u>	<u>107,942</u>
 <u>Other Materials, Contracts & Expenses</u>			
Contractors		1,620,756	964,358
Registration & Insurance		141,477	146,775
Electricity		44,460	33,317
Telephone		17,957	17,110
Legal Expenses		53,729	54,406
Levies paid to government - NRM levy		58,800	54,312
- Other Levies		2,623	3,964
Material		350,421	208,269
Water		12,424	8,062
Travel Expenses		9,649	10,785
Advertising		21,756	19,921
Sundry		255,128	151,630
Less capitalised and distributed costs		<u>(888,161)</u>	<u>(269,664)</u>
Subtotal - Other Materials, Contracts & Expenses		<u>1,701,017</u>	<u>1,403,245</u>
		<u>1,776,735</u>	<u>1,511,187</u>

District Council of Elliston

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

Note 3 - EXPENSES con't

	Notes	2012 \$	2011 \$
DEPRECIATION, AMORTISATION & IMPAIRMENT			
Depreciation			
Buildings & Other Structures		119,716	85,968
Infrastructure			
- Roads		697,201	698,016
- Other		26,468	7,459
Plant & Equipment		147,617	164,560
Furniture & Fittings		16,182	8,273
Other Asset		20,310	19,731
		1,027,494	984,007
Less: Capitalised and distributed costs		-	(2,316)
		1,027,494	981,691
 FINANCE COSTS			
Interest on Loans		4,933	784
		4,933	784

Note 4 - ASSET DISPOSAL & FAIR VALUE ADJUSTMENTS

	Notes	2012 \$	2011 \$
INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT			
<i>Assets renewed or directly replaced</i>			
Proceeds from disposal		34,103	193,335
Less: Carrying amount of assets sold		47,002	178,224
Gain (Loss) on disposal		(12,899)	15,111
 <i>Assets surplus to requirements</i>			
Proceeds from disposal		-	24,545
Less: Carrying amount of assets sold		-	130,370
Gain (Loss) on disposal		-	(105,825)
 NET GAIN (LOSS) ON DISPOSAL OR REVALUATION OF ASSETS		(12,899)	(90,714)

District Council of Elliston

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

Note 5 - CURRENT ASSETS

		2012	2011
CASH & EQUIVALENT ASSETS	Notes	\$	\$
Cash on Hand and at Bank		460,150	23,898
Deposits at Call		<u>2,628,649</u>	<u>2,611,709</u>
		<u>3,088,799</u>	<u>2,635,607</u>
 TRADE & OTHER RECEIVABLES			
Rates - General & Other		147,940	95,084
Accrued Revenues		22,100	29,011
Debtors - general		86,747	43,528
GST Recoupment		9,888	-
Prepayments		-	138
Total		<u>266,675</u>	<u>167,761</u>
 INVENTORIES			
Stores & Materials		36,237	35,668
Trading Stock		<u>3,168</u>	<u>3,168</u>
		<u>39,405</u>	<u>38,836</u>

Note 6 - NON-CURRENT ASSETS

		2012	2011
FINANCIAL ASSETS	Notes	\$	\$
OTHER NON-CURRENT ASSETS			
Inventories			
Capital Works-in-Progress		<u>54,733</u>	-
		<u>54,733</u>	<u>-</u>

District Council of Elliston

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

Note 7 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

	2011				2012			
	AT FAIR VALUE	AT COST	ACCUM DEPN	CARRYING AMOUNT	AT FAIR VALUE	AT COST	ACCUM DEPN	CARRYING AMOUNT
Land	-	-	10,402,209	10,402,209	10,402,209	-	-	10,402,209
Land Improvements	-	-	-	-	-	-	-	-
Buildings & Other Structures	5,629,123	33,593	(3,449,424)	2,213,292	5,828,878	-	(3,569,140)	2,259,738
Infrastructure	-	-	-	-	-	-	-	-
- Roads	28,730,706	-	(9,398,211)	19,332,495	28,587,330	417,834	(9,953,153)	19,052,011
- Other	-	841,666	(242,755)	598,911	-	969,579	(269,223)	700,356
Plant & Equipment	-	1,673,189	(760,647)	912,542	-	1,680,269	(889,838)	790,431
Furniture & Fittings	-	164,494	(94,640)	69,854	-	190,383	(105,862)	84,521
Other Asset	926,203	41,520	(270,531)	697,192	62,650	926,203	(290,841)	698,012
TOTAL PROPERTY, PLANT & EQUIPMENT	35,286,032	2,754,462	(3,813,999)	34,226,495	44,881,067	4,184,268	(15,078,057)	33,987,278
<i>Comparatives</i>	<i>39,248,538</i>	<i>5,302,077</i>	<i>(16,205,945)</i>	<i>28,344,670</i>	<i>35,286,032</i>	<i>2,754,462</i>	<i>(3,813,999)</i>	<i>34,226,495</i>

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 2012

Note 7 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

	2011 \$	CARRYING AMOUNT MOVEMENTS DURING YEAR \$								2012 \$
		CARRYING AMOUNT	Additions		Disposals	Depreciation	Impairment	Transfers	Net Revaluation	
			New/Upgrade	Renewals						
Land	10,402,209	-	-	-	-	-	-	-	10,402,209	
Buildings & Other Structures	2,213,292	-	166,162	-	(119,716)	-	-	-	2,259,738	
Infrastructure	19,332,495	21,720	396,114	(1,117)	(697,201)	-	-	-	19,052,011	
- Roads	598,911	127,913	-	-	(26,468)	-	-	-	700,356	
- Other	912,542	-	65,748	(40,242)	(147,617)	-	-	-	790,431	
Plant & Equipment	69,854	-	36,492	(5,643)	(16,182)	-	-	-	84,521	
Furniture & Fittings	697,192	-	21,130	-	(20,310)	-	-	-	698,012	
Other Asset	34,226,495	149,633	685,646	(47,002)	(1,027,494)	-	-	-	33,987,278	
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT	28,344,670	1,076,691	1,025,116	(308,594)	(984,007)	-	-	5,072,619	34,226,495	

Comparatives
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 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 at fair value, deriving from a valuation, undertaken by Liquid Pacific, as at 30 June 2011. Any additions are recognised at cost.

Buildings & Other Structures

Buildings and other structures are initially recognised at cost and have been subsequently re-valued by an independent valuer, Liquid Pacific as at 30 June 2011.

Infrastructure

Transportation assets are valued by Council at fair value based on a re-valuation of Council's sealed, unsealed, footpath and kerbs assets as at 30 June 2011 by an independent valuer, Tonkin Consulting. All acquisitions made after the respective dates of valuation are recorded at cost.

Stormwater drainage infrastructure was valued by an independent valuer, Liquid Pacific, as at 30 June 2011 at written down current replacement cost. All acquisitions made after the respective dates of valuation are recorded at cost.

Community wastewater management system infrastructure was valued by an independent valuer, Liquid Pacific, as at 30 June 2011 at written down current replacement cost. All acquisitions made after the respective dates of valuation are recorded at cost.

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 Elliston

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

Note 8 - LIABILITIES

		2012		2011	
		\$		\$	
TRADE & OTHER PAYABLES	Notes	Current	Non-current	Current	Non-current
Goods & Services		168,481		315,252	
Payments received in advance		251,143		107,147	
Accrued expenses - employee entitlements		31,278		81,465	
Accrued expenses - other		20,170		15,262	
Other		6,325		6,325	
		477,397	-	525,451	-
PROVISIONS					
Employee entitlements (including on costs)		33,669	21,860	94,259	3,142
		33,669	21,860	94,259	3,142

District Council of Elliston

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	\$	\$	\$	\$
Land	9,581,810			9,581,810
Buildings & Other Structures	2,305,170			2,305,170
Infrastructure				
- Roads	16,831,712			16,831,712
Other Assets	90,027			90,027
TOTAL	28,808,719			28,808,719
<i>Comparatives</i>	<i>23,736,100</i>	<i>5,072,619</i>		<i>28,808,719</i>

OTHER RESERVES	1/7/2011	Transfers to Reserve	Transfers from Reserve	30/6/2012
Plant & machinery replacement	318,105	14,822		332,927
Infrastructure replacement	60,306	2,810		63,116
Land development reserve	35,867	1,671		37,538
Waste management reserve	178,712	8,009		186,721
TV fund	66,766	2,972		69,738
CWMS reserve	110,316	4,786		115,102
Port Kenny water supply	1,776	82		1,858
TOTAL OTHER RESERVES	771,848	35,152		807,000
<i>Comparatives</i>		<i>771,848</i>		<i>771,848</i>

PURPOSES OF RESERVES

Waste management reserve

This reserve represents the unspent waste management service fee set aside for future waste management costs.

TV fund

This reserve represents the unspent TV levy.

CWMS reserve

This reserve represents unspent CWMS levy fee set aside for future costs.

Port Kenny water supply

This reserve represents unspent water supply charges set aside for future costs.

District Council of Elliston

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.

CASH & FINANCIAL ASSETS	Notes	2012 \$	2011 \$
Unexpended amounts received from Federal Government		0	141,374
Unexpended amounts received from State Government		251,143	107,147
CWMS		115,102	110,316
TV Fund		69,738	66,766
Port Kenny Water Supply		1,858	1,776
TOTAL ASSETS SUBJECT TO EXTERNALLY IMPOSED RESTRICTIONS		<u>437,841</u>	<u>427,379</u>

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 \$	2011 \$
Total cash & equivalent assets	5	3,088,799	2,635,607
Less: Short-term borrowings	8	-	-
Balances per Cash Flow Statement		<u>3,088,799</u>	<u>2,635,607</u>

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

Net Surplus (Deficit)		458,118	1,033,341
Non-cash items in Income Statement			
Depreciation, amortisation & impairment		1,027,494	984,007
Net increase (decrease) in unpaid employee benefits		(92,059)	8,839
Non-cash asset acquisitions		-	(25,716)
Grants for capital acquisitions treated as Investing Activity		(109,874)	(408,927)
Net (Gain) Loss on Disposals		12,899	90,714
		<u>1,296,578</u>	<u>1,682,258</u>
Add (Less): Changes in Net Current Assets			
Net (increase) decrease in receivables		(98,914)	(29,193)
Net (increase) decrease in inventories		(569)	(6,350)
Net (increase) decrease in other current assets		-	888
Net increase (decrease) in trade & other payables		2,133	141,150
Net Cash provided by (or used in) operations		<u>1,199,228</u>	<u>1,788,753</u>

(c) Non-Cash Financing and Investing Activities

Acquisition of assets by means of:			
- Physical resources received free of charge	3	-	25,716
<i>Amounts recognised in Income Statement</i>		<u>-</u>	<u>25,716</u>

District Council of Elliston

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	2012	2011	2012	2011
	2012	2011	2012	2011	2012	2011	\$	\$	\$	\$
Business Undertakings	155,825	154,035	208,949	186,049	(53,124)	(32,014)	-	-	311,742	308,348
Community Services	24,920	24,634	214,103	190,638	(189,182)	(166,004)	3,223	3,000	353,072	349,228
Economic Development	-	-	13,943	12,415	(13,943)	(12,415)	-	-	16,850	16,667
Environment	353,489	349,429	676,936	602,747	(323,447)	(253,318)	-	-	24,101	23,839
Recreation & Culture	38,749	38,304	212,826	189,501	(174,077)	(151,197)	2,366	2,202	446,902	442,036
Regulatory Services	23,208	22,941	177,866	158,373	(154,659)	(135,432)	-	-	-	-
Transport & Communication	764,479	755,699	1,435,982	1,278,605	(671,503)	(522,906)	811,915	755,683	20,150,793	19,931,406
Plant Hire & Depot/Indirect	-	-	-	-	-	-	-	-	-	-
Unclassified Activities	959,604	948,583	306,497	272,906	653,107	675,677	-	-	493,509	488,136
Council Administration	1,429,053	1,412,641	141,082	125,620	1,287,971	1,287,021	838,946	780,842	15,639,921	15,469,645
TOTALS	3,749,325	3,706,266	3,388,183	3,016,854	361,143	689,412	1,656,450	1,541,727	37,436,890	37,029,305

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 2012

Note 12 (cont) - COMPONENTS OF FUNCTIONS

The activities relating to Council functions are as follows:

Business Undertakings

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

Community Services

Public Order and Safety, Emergency Services, Other Fire Protection, Other Public Order and Safety, Health Services, Pest Control - Health, Immunisation, Community Support, Children and Youth Services, Home Assistance Scheme, Community Assistance, Community Transport, Community Bus, Doctors Vehicle, Community Amenities, Cemeteries, Public Conveniences, Car Parking – non-fee-paying, Telecommunications Networks.

Culture

Library Services, Cultural Venues - CWA Building, Museums

Economic Development

Employment Creation Programs, Regional Development, Support to Local Businesses, 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

Jetties, Boat Ramps, Other Marine Facilities, Parks and Gardens, Playgrounds, Sports Facilities – Indoor, Sports Facilities – Outdoor, Swimming Centres – Outdoor, Camping Grounds, Fish Cleaning Facilities, Halls and Other Recreation.

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, Roads – unformed, Traffic Management, LGGC – roads (formula funded), and Other Transport.

Plant Hire & Depot

Plant Operations and Maintenance, Depot Operations and Maintenance

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, Risk Management, Occupational Health and Safety, Customer Service, Other Support Services, Revenues, LGGC – General Purpose, and Separate and Special Rates.

District Council of Elliston

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

Note 13 - FINANCIAL INSTRUMENTS

Recognised Financial Instruments

<p>Recognised Financial Instruments - Bank, Deposits at Call, Short Term Deposits</p>	<p>Accounting Policy: Carried at lower of cost and net realisable value; Interest is recognised when earned.</p> <p>Terms & conditions: Deposits are returning fixed interest rates between 3.75% and 4.25% (2011: 4.25% and 4.75%).</p> <p>Carrying amount: approximates fair value due to the short term to maturity.</p>
<p>Receivables - Rates & Associated Charges (including legal's & penalties for late payment)</p> <p>Note: These receivables do not meet the definition of "financial instruments" and have been excluded from the following disclosures.</p>	<p>Accounting Policy: Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable.</p> <p>Terms & conditions: Secured over the subject land, arrears attract interest of 11.25% (2011: 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>

District Council of Elliston

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

Note 13 - FINANCIAL INSTRUMENTS con't

Liquidity Analysis

2012	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
<u>Financial Assets</u>					
Cash & Equivalents	\$ 3,088,799	\$ -	\$ -	\$ 3,088,799	\$ 3,088,799
Receivables	118,413	-	-	118,413	118,735
Other Financial Assets	-	-	-	-	-
Total	3,207,212	-	-	3,207,212	3,207,534
<u>Financial Liabilities</u>					
Payables	425,949	-	-	425,949	425,949
Current Borrowings	-	-	-	-	-
Non-Current Borrowings	-	-	-	-	-
Total	425,949	-	-	425,949	425,949
2011	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
<u>Financial Assets</u>					
Cash & Equivalents	\$ 2,635,607	\$ -	\$ -	\$ 2,635,607	\$ 2,635,607
Receivables	72,539	-	-	72,539	72,677
Other Financial Assets	-	-	-	-	-
Total	2,708,146	-	-	2,708,146	2,708,284
<u>Financial Liabilities</u>					
Payables	428,724	-	-	428,724	428,724
Current Borrowings	-	-	-	-	-
Non-Current Borrowings	-	-	-	-	-
Total	428,724	-	-	428,724	428,724

Net Fair Value

District Council of Elliston

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

Note 14 - COMMITMENTS FOR EXPENDITURE

	2012	2011
<u>Notes</u>	\$	\$
Capital Commitments		
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Roads and Infrastructure	-	257,024
Plant & Equipment	-	77,392
	-	334,416
These expenditures are payable:		
Not later than one year	-	334,416
	-	334,416
Other Expenditure Commitments		
Other expenditure committed for (excluding inventories) at the reporting date but not recognised in the financial statements as liabilities:		
Audit Services	24,000	32,000
Waste Management Services	191,128	382,256
Employee Remuneration Contracts	150,000	171,879
	365,128	586,135
These expenditures are payable:		
Not later than one year	353,128	264,066
Later than one year and not later than 5 years	12,000	322,069
	365,128	586,135

District Council of Elliston

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

Note 15 - FINANCIAL INDICATORS

	2012	2011	2010
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These Financial Indicators have been calculated in accordance with *Information Paper 9 - Local Government Financial Indicators* prepared as part of the LGA Financial Sustainability Program for the Local Government Association of South Australia. Detailed methods of calculation are set out in the SA Model Statements.

Operating Surplus Ratio			
<u>Operating Surplus</u>	21%	40%	41%
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	3%	40%	41%
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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>	-76%	-60%	-59%
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>	69%	85%	150%
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 Elliston

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 \$	2011 \$
Income	3,749,325	3,706,266
<i>less</i> Expenses	<u>3,388,183</u>	<u>3,016,854</u>
Operating Surplus / (Deficit)	361,143	689,412
 <i>less</i> Net Outlays on Existing Assets		
Capital Expenditure on renewal and replacement of Existing Assets	740,379	1,025,116
<i>less</i> Depreciation, Amortisation and Impairment	1,027,494	981,691
<i>less</i> Proceeds from Sale of Replaced Assets	<u>34,103</u>	<u>193,335</u>
	(321,218)	(149,910)
 <i>less</i> Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets <i>(including investment property & real estate developments)</i>	149,633	1,050,975
<i>less</i> Amounts received specifically for New and Upgraded Assets	109,874	516,074
<i>less</i> Proceeds from Sale of Surplus Assets <i>(including investment property and real estate developments)</i>	-	24,545
	<u>39,759</u>	<u>510,356</u>
Net Lending / (Borrowing) for Financial Year	<u>642,601</u>	<u>328,966</u>

District Council of Elliston

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

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 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 Elliston

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

Note 18 - 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.

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.

2. LEGAL EXPENSES

Council is the employer of staff. From time to time, prior to the expiration of employment contracts, as a result of disputes or otherwise, Council may be subjected to separation payments associated with such contracts. When such instances occur it is difficult to quantify the amount and impact, if any, on Council's operating budget and result.

3. "CARBON" TAX

From 1 July 2012 a new tax on emissions of certain "greenhouse" gases commences operation. Council has a number of garbage landfill facilities which emit, and will continue for many years to emit, gases of this type. Information currently available provides assurances that "legacy emissions" from garbage placed in landfills prior to commencement of the tax will not subsequently become liable to the tax. However, details of the mechanisms for measuring such emissions, or of providing the exemption are not currently available.

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF THE DISTRICT COUNCIL OF ELLISTON

I have audited the accompanying financial report of the District Council of Elliston 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 Elliston 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 30 day of November 2012, at Eastwood, South Australia

1st Floor,
206 Greenhill Road,
Eastwood, SA, 5063

PO Box 75
Henley Beach
SA 5022

Mobile: 0419 620 906
Residence: 8356 0825
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District Council of Elliston

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 Elliston for the year ended 30 June 2012, the Council's Auditor, Ian Mc Donald 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*.


.....
Nikki Meredith
ACTING CHIEF EXECUTIVE OFFICER


.....
Peter Hitchcock
PRESIDING MEMBER
AUDIT COMMITTEE

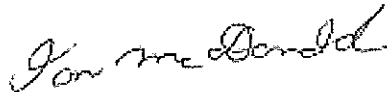
Date: 28 November 2012

District Council of Elliston
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

STATEMENT BY AUDITOR

I confirm that, for the audit of the financial statements of the District Council of Elliston 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*.



Ian G McDonald FCA

Dated this 8 day of November 2012