

District Council of

Grant



GENERAL PURPOSE FINANCIAL REPORTS

For the year ended 30 June 2015

OUR MISSION

**“To provide a range of services which meet
the environmental, social and economic
needs of our community.”**

DISTRICT COUNCIL OF GRANT

General Purpose Financial Reports for the year ended 30 June 2015

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DISTRICT COUNCIL OF GRANT

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2015

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 2015 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.



.....
Trevor Smart
CHIEF EXECUTIVE OFFICER



.....
Richard Sage
**PRESIDING MEMBER
AUDIT COMMITTEE**

Date: 29th September 2015

DISTRICT COUNCIL OF GRANT

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 June 2015

	Notes	2015 \$'000	2014 \$'000
INCOME			
Rates	2	7,864	7,503
Statutory charges	2	206	201
User charges	2	2,315	2,054
Grants, subsidies and contributions	2	2,653	1,809
Investment income	2	55	66
Reimbursements	2	228	102
Other income	2	353	343
Total Income		<u>13,674</u>	<u>12,078</u>
EXPENSES			
Employee costs	3	5,173	4,831
Materials, contracts & other expenses	3	3,882	4,051
Depreciation, amortisation & impairment	3	4,885	4,593
Finance costs	3	311	264
Total Expenses		<u>14,251</u>	<u>13,739</u>
OPERATING SURPLUS / (DEFICIT)		(577)	(1,661)
Asset disposal & fair value adjustments	4	(1,795)	(1,027)
Amounts received specifically for new or upgraded assets	2	1,621	1,149
Physical resources received free of charge	2	638	209
Operating result from discontinued operations	20	-	-
NET SURPLUS / (DEFICIT)		<u>(113)</u>	<u>(1,330)</u>
transferred to Equity Statement			
Other Comprehensive Income			
<i>Amounts which will not be reclassified subsequently to operating result</i>			
Changes in revaluation surplus - infrastructure, property, plant & equipment	9	(5,379)	22,138
Total Other Comprehensive Income		<u>(5,379)</u>	<u>22,138</u>
TOTAL COMPREHENSIVE INCOME		<u>(5,492)</u>	<u>20,808</u>

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

DISTRICT COUNCIL OF GRANT

STATEMENT OF FINANCIAL POSITION

as at 30 June 2015

	Notes	2015 \$'000	2014 \$'000
ASSETS			
Current Assets			
Cash and cash equivalents	5	3,122	1,140
Trade & other receivables	5	848	1,996
Other financial assets	5	89	89
Inventories	5	<u>281</u>	<u>161</u>
Total Current Assets		<u>4,340</u>	<u>3,386</u>
Non-current Assets			
Financial assets	6	179	207
Infrastructure, property, plant & equipment	7	<u>181,761</u>	<u>187,616</u>
Total Non-current Assets		<u>181,940</u>	<u>187,823</u>
Total Assets		<u>186,280</u>	<u>191,209</u>
LIABILITIES			
Current Liabilities			
Trade & other payables	8	1,046	1,118
Borrowings	8	433	389
Provisions	8	<u>976</u>	<u>955</u>
Total Current Liabilities		<u>2,455</u>	<u>2,462</u>
Non-current Liabilities			
Borrowings	8	5,456	4,842
Provisions	8	<u>56</u>	<u>100</u>
Total Non-current Liabilities		<u>5,512</u>	<u>4,942</u>
Total Liabilities		<u>7,967</u>	<u>7,404</u>
NET ASSETS		<u>178,313</u>	<u>183,805</u>
EQUITY			
Accumulated Surplus		36,262	36,574
Asset Revaluation Reserves	9	140,431	145,810
Other Reserves	9	<u>1,620</u>	<u>1,421</u>
TOTAL EQUITY		<u>178,313</u>	<u>183,805</u>

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

DISTRICT COUNCIL OF GRANT

STATEMENT OF CHANGES IN EQUITY for the year ended 30 June 2015

2015	Notes	Accumulated Surplus \$'000	Asset Revaluation Reserve \$'000	Other Reserves \$'000	TOTAL EQUITY \$'000
Balance at end of previous reporting period		36,574	145,810	1,421	183,805
Net Surplus / (Deficit) for Year		(113)			(113)
Other Comprehensive Income					
Gain on revaluation of infrastructure, property, plant & equipment			(5,379)		(5,379)
Transfers between reserves		(199)		199	-
Balance at end of period		36,262	140,431	1,620	178,313
2014					
Balance at end of previous reporting period		36,568	123,672	2,757	162,997
Net Surplus / (Deficit) for Year		(1,330)			(1,330)
Other Comprehensive Income					
Changes in revaluation surplus - infrastructure, property, plant & equipment			22,138		22,138
Transfers between reserves		1,336		(1,336)	-
Balance at end of period		36,574	145,810	1,421	183,805

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

DISTRICT COUNCIL OF GRANT

STATEMENT OF CASH FLOWS

for the year ended 30 June 2015

	Notes	2015 \$'000	2014 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
<u>Receipts</u>			
Rates - general & other		7,925	7,480
Fees & other charges		206	217
User charges		3,379	1,369
Investment receipts		41	72
Grants utilised for operating purposes		2,653	1,945
Reimbursements		228	112
Other revenues		368	682
<u>Payments</u>			
Employee costs		(5,348)	(4,772)
Materials, contracts & other expenses		(3,889)	(4,747)
Finance payments		(271)	(355)
Net Cash provided by (or used in) Operating Activities		5,292	2,003
 CASH FLOWS FROM INVESTING ACTIVITIES			
<u>Receipts</u>			
Amounts specifically for new or upgraded assets		1,621	1,149
Sale of replaced assets		593	696
Repayments of loans by community groups		31	25
<u>Payments</u>			
Expenditure on renewal/replacement of assets		(1,371)	(3,634)
Expenditure on new/upgraded assets		(4,788)	(1,648)
Net purchase of investment securities		-	(43)
Net Cash provided by (or used in) Investing Activities		(3,914)	(3,455)
 CASH FLOWS FROM FINANCING ACTIVITIES			
<u>Receipts</u>			
Proceeds from borrowings		1,029	1,450
<u>Payments</u>			
Repayments of borrowings		(371)	(334)
Repayment of aged care facility deposits		(54)	-
Net Cash provided by (or used in) Financing Activities		604	1,116
Net Increase (Decrease) in cash held		1,982	(336)
 Cash & cash equivalents at beginning of period	11	1,140	1,476
Cash & cash equivalents at end of period	11	3,122	1,140

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

DISTRICT COUNCIL OF GRANT

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 1 - SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1 Basis of Preparation

1.1 Compliance with Australian Accounting Standards

This general purpose financial report has been prepared in accordance with Australian Accounting Standards as they apply to not-for-profit entities, other authoritative pronouncements of the Australian Accounting Standards Board, Interpretations and relevant South Australian legislation.

The financial report was authorised for issue by certificate under regulation 14 of the *Local Government (Financial Management) Regulations 2011* dated 29th September 2015.

1.2 Historical Cost Convention

Except as stated below, these financial statements have been prepared in accordance with the historical cost convention.

1.3 Critical Accounting Estimates

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates, and requires management to exercise its judgement in applying Council's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are specifically referred to in the relevant sections of this Note.

1.4 Rounding

All amounts in the financial statements have been rounded to the nearest thousand dollars (\$'000).

2 The Local Government Reporting Entity

District Council of Grant is incorporated under the SA Local Government Act 1999 and has its principal place of business at 324 Commercial Street West, Mount Gambier. These financial statements include the Council's direct operations and all entities through which Council controls resources to carry on its functions. In the process of reporting on the Council as a single unit, all transactions and balances between activity areas and controlled entities have been eliminated.

3 Income recognition

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

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

DISTRICT COUNCIL OF GRANT

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 1 - Significant Accounting Policies (cont)

In the month of June in recent years the Federal Government has paid amounts of untied financial assistance grants, which are recognised on receipt, in advance of the year of allocation. In June 2011, one quarter of the 2011/12 allocation amounting to \$289,000 was paid in advance; in June 2012, two quarters of the 2012/13 allocation: \$616,364; in June 2013, again two quarters of the 2013/14 allocation: \$647,208; and in June 2015, again two quarters of the 2015/16 allocation: \$672,774. Accordingly, the operating results of these periods were distorted compared to those that would have been reported had the grants been paid in a consistent manner.

The actual amounts of untied grants received during the reporting periods (including the advance allocations) are disclosed in Note 2.

3.1 Construction Contracts

Construction works undertaken by Council for third parties are generally on an agency basis where the third party reimburses Council for actual costs incurred, and usually do not extend beyond the reporting period. As there is no profit component, such works are treated as 100% completed. Reimbursements not received are recognised as receivables and reimbursements received in advance are recognised as "payments received in advance".

4 Cash, Cash Equivalents and other Financial Instruments

Cash Assets include all amounts readily convertible to cash on hand at Council's option with an insignificant risk of changes in value with a maturity of three months or less from the date of acquisition.

Receivables for rates and annual charges are secured over the subject land, and bear interest at rates determined in accordance with the Local Government Act 1999. Other receivables are generally unsecured and do not bear interest.

All receivables are reviewed as at the reporting date and adequate allowance made for amounts the receipt of which is considered doubtful.

All financial instruments are recognised at fair value at the date of recognition. A detailed statement of the accounting policies applied to financial instruments forms part of Note 13.

5 Inventories

Inventories held in respect of stores have been valued by using the weighted average cost on a continual basis, after adjustment for loss of service potential. Inventories held in respect of business undertakings have been valued at the lower of cost and net realisable value.

6 Infrastructure, Property, Plant & Equipment

6.1 Land under roads

Council has elected not to recognise land under roads acquired prior to 1 July 2008 as an asset in accordance with AASB 1051 Land under Roads. Land under roads acquired after 30 June 2008 has not been recognised as in the opinion of Council it is not possible to reliably attribute a fair value, and further that such value if determined would be immaterial.

6.2 Initial Recognition

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

DISTRICT COUNCIL OF GRANT

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 1 - Significant Accounting Policies (cont)

All non-current assets purchased or constructed are capitalised as the expenditure is incurred and depreciated as soon as the asset is held "ready for use". Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition, including architects' fees and engineering design fees and all other costs incurred. The cost of non-current assets constructed by the Council includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overhead.

Capital works still in progress at balance date are recognised as other non-current assets and transferred to *infrastructure, property, plant & equipment* when completed ready for use.

6.3 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 given in Note 7. No capitalisation threshold is applied to the acquisition of land or interests in land.

6.4 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.

6.5 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.

Depreciation methods, useful lives and residual values of classes of assets are reviewed annually.

Major depreciation periods for each class of asset are shown in Note 7. 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.

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 GRANT

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

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.

Weighted average discount rate	2.34% (2014, 3.35%)
Weighted average settlement period	1 year (2014, 1 year)

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 17.

10 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.

11 Pending Accounting Standards

Certain new accounting standards and UIG interpretations have been published that are not mandatory for the 30 June 2015 reporting period and have not been used in preparing these reports.

AASB 7	Financial Instruments – Disclosures
AASB 9	Financial Instruments
AASB 15	Revenue from Contracts with Customers
AASB 124	Related Party Disclosures

Standards containing consequential amendments to other Standards and Interpretations arising from the above - AASB 2010-7, AASB 2014-1, AASB 2014-3, AASB 2014-4, AASB 2014-5, AASB 2014-6, AASB 2014-7, AASB 2014-8, AASB 2014-9, AASB 14-10, AASB 15-1, AASB 15-2, AASB 15-3, AASB 15-4, AASB 15-5 and AASB 2015-6.

(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 GRANT

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

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 GRANT

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 2 - INCOME

	Notes	2015 \$'000	2014 \$'000
RATES REVENUES			
<u>General Rates</u>		7,131	6,715
Less: Mandatory rebates		(357)	(269)
Less: Discretionary rebates, remissions & write offs		(10)	(9)
		6,764	6,437
<u>Other Rates</u> (including service charges)			
Natural Resource Management levy		174	168
Waste collection		393	368
Community wastewater management systems		550	528
		1,117	1,064
<u>Other Charges</u>			
Penalties for late payment		48	53
		48	53
Less: Discretionary rebates, remissions & write offs		(65)	(51)
		7,864	7,503
STATUTORY CHARGES			
Development Act fees		71	83
Town planning fees		64	60
Animal registration fees & fines		69	58
Parking fines / expiation fees		2	-
		206	201
USER CHARGES			
Cemetery/crematoria fees		7	13
Airport		997	944
Saleyards		1,170	1,016
Sanitary & Garbage		104	41
Rural Transaction Centre		11	15
Sundry		26	25
		2,315	2,054
INVESTMENT INCOME			
Interest on investments			
Local Government Finance Authority		34	35
Banks & other		15	16
Loans to community groups		6	15
		55	66

DISTRICT COUNCIL OF GRANT

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

NOTE 2 - INCOME (continued)

	Notes	2015 \$'000	2014 \$'000
REIMBURSEMENTS			
- for roadworks		156	22
- other		72	80
		228	102
 OTHER INCOME			
Insurance & other recoupments - infrastructure, property, plant & equipment		191	187
Sundry		162	156
		353	343
 GRANTS, SUBSIDIES, CONTRIBUTIONS			
Amounts received specifically for new or upgraded assets		1,621	1,149
Other grants, subsidies and contributions		2,653	1,809
		4,274	2,958
 <i>The functions to which these grants relate are shown in Note 12.</i>			
 Sources of grants			
Commonwealth government		3,012	1,932
State government		1,182	794
Other		80	232
		4,274	2,958

DISTRICT COUNCIL OF GRANT

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

NOTE 2 - INCOME (continued)

	Notes	2015 \$'000	2014 \$'000
Conditions over grants & contributions			
<i>Grants and contributions which were obtained on the condition that they be expended for specified purposes or in a future period, but which are not yet expended in accordance with those conditions, are as follows:</i>			
<i>Unexpended at the close of the previous reporting period</i>		632	(76)
<i>Less: expended during the current period from revenues recognised in previous reporting periods</i>			
<i>Infrastructure</i>		<u>(632)</u>	<u>-</u>
<i>Subtotal</i>		<u>(632)</u>	
<i>Plus: amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions</i>			
<i>Infrastructure</i>		<u>-</u>	<u>708</u>
<i>Subtotal</i>		<u>-</u>	<u>708</u>
<i>Unexpended at the close of this reporting period</i>		<u>-</u>	<u>632</u>
 <i>Net increase (decrease) in assets subject to conditions in the current reporting period</i>		 <u>(632)</u>	 <u>708</u>
 PHYSICAL RESOURCES RECEIVED FREE OF CHARGE			
Roads, Bridges & Footpaths		<u>638</u>	<u>209</u>
TOTAL PHYSICAL RESOURCES RECEIVED		<u>638</u>	<u>209</u>

DISTRICT COUNCIL OF GRANT

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 3 - EXPENSES

	Notes	2015 \$'000	2014 \$'000
EMPLOYEE COSTS			
Salaries and Wages		4,390	4,061
Employee leave expense		542	480
Superannuation - defined contribution plan contributions	18	237	227
Superannuation - defined benefit plan contributions	18	199	191
Workers' Compensation Insurance		208	178
Less: Capitalised and distributed costs		<u>(403)</u>	<u>(306)</u>
Total Operating Employee Costs		<u>5,173</u>	<u>4,831</u>
 Total Number of Employees		 66	 67
<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		13	12
Bad and Doubtful Debts		15	13
Elected members' expenses		<u>163</u>	<u>152</u>
Subtotal - Prescribed Expenses		<u>191</u>	<u>177</u>
 <u>Other Materials, Contracts & Expenses</u>			
Contractors		1,248	1,314
Energy		242	243
Maintenance		1,427	1,434
Legal Expenses		69	69
Levies paid to government - NRM levy		173	169
Sundry		<u>532</u>	<u>645</u>
Subtotal - Other Materials, Contracts & Expenses		<u>3,691</u>	<u>3,874</u>
		<u>3,882</u>	<u>4,051</u>

DISTRICT COUNCIL OF GRANT

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 3 - EXPENSES (cont)

	Notes	2015 \$'000	2014 \$'000
DEPRECIATION, AMORTISATION & IMPAIRMENT			
Depreciation			
Land		-	-
Buildings		339	294
Other Structures		78	294
Playgrounds		36	36
Roads & Kerbs		2,937	3,210
Bridges		1	1
Footways		6	9
Stormwater Drainage		9	10
CWMS		207	206
Plant & Equipment		423	457
IT & Office Fittings		62	76
Airport		408	-
Saleyards		346	-
Marine & River		33	-
		<u>4,885</u>	<u>4,593</u>
FINANCE COSTS			
Interest on Loans		<u>311</u>	<u>264</u>
		<u>311</u>	<u>264</u>

DISTRICT COUNCIL OF GRANT

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 4 - ASSET DISPOSAL & FAIR VALUE ADJUSTMENTS

	Notes	2015 \$'000	2014 \$'000
INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT			
<i>Assets renewed or directly replaced</i>			
Proceeds from disposal		593	696
Less: Carrying amount of assets sold		<u>2,388</u>	<u>1,723</u>
Gain (Loss) on disposal		<u>(1,795)</u>	<u>(1,027)</u>
NET GAIN (LOSS) ON DISPOSAL OR REVALUATION OF ASSETS		<u>(1,795)</u>	<u>(1,027)</u>

DISTRICT COUNCIL OF GRANT

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 5 - CURRENT ASSETS

	Notes	2015 \$'000	2014 \$'000
CASH & EQUIVALENT ASSETS			
Cash on Hand and at Bank		879	203
Deposits at Call		2,243	937
		<u>3,122</u>	<u>1,140</u>
TRADE & OTHER RECEIVABLES			
Rates - General & Other		503	564
Accrued Revenues		19	5
Debtors - general		253	1,323
GST Recoupment		50	65
Prepayments		17	15
Loans to community organisations		23	26
Total		865	1,998
Less: Allowance for Doubtful Debts		17	2
		<u>848</u>	<u>1,996</u>
OTHER FINANCIAL ASSETS			
Short Term Deposits > 90 days < 1 Year		89	89
		<u>89</u>	<u>89</u>
<i>Amounts included in other financial assets that are not expected to be received within 12 months of reporting date are disclosed in Note 13.</i>			
INVENTORIES			
Quarry Stock		228	93
Fuel & Lubricant		38	36
Other		15	32
		<u>281</u>	<u>161</u>

Aggregate write-downs and other losses recognised as an expense, and reversals of these, were not material in amount in either year. All such reversals occurred principally as a result of clerical inaccuracies during stores operations.

DISTRICT COUNCIL OF GRANT

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 6 - NON-CURRENT ASSETS

FINANCIAL ASSETS	Notes	2015 \$'000	2014 \$'000
Receivables			
Loans to community organisations		<u>136</u>	<u>164</u>
		136	164
Other Financial Assets			
Caveat		<u>43</u>	<u>43</u>
TOTAL FINANCIAL ASSETS		<u>179</u>	<u>207</u>

DISTRICT COUNCIL OF GRANT

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 7 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

	Fair Value Level	2014 \$'000				2015 \$'000			
		AT FAIR VALUE	AT COST	ACCUM DEP'N	CARRYING AMOUNT	AT FAIR VALUE	AT COST	ACCUM DEP'N	CARRYING AMOUNT
Land	3	10,019	-	-	10,019	8,339	794	-	9,133
Buildings - Level 2	2	686	-	(92)	594	1,635	25	(90)	1,570
Buildings - Level 3	3	23,944	15	(3,583)	20,376	12,035	138	(5,712)	6,461
Other Structures	3	12,071	482	(5,791)	6,762	2,269	192	(1,318)	1,143
Playgrounds	3	1,211	4	(723)	492	1,215	-	(759)	456
Roads & Kerbs	3	150,166	2,961	(19,449)	133,678	138,139	2,847	(20,319)	120,667
Bridges	3	97	-	(23)	74	97	-	(24)	73
Footways	3	489	21	(107)	403	211	77	(27)	261
Stormater Drainage	3	973	40	(298)	715	1,031	34	(316)	749
CWMS	3	12,296	15	(3,029)	9,282	12,267	15	(3,066)	9,216
Plant & Equipment	3	5,121	1,701	(2,086)	4,736	5,190	1,207	(2,144)	4,253
IT & Office Fittings	3	920	58	(687)	291	587	16	(509)	94
Airport	3	-	-	-	-	19,158	351	(3,628)	15,881
Saleyards	3	-	-	-	-	15,212	127	(6,138)	9,201
Marine & River	3	-	-	-	-	435	2,244	(230)	2,449
WIP		-	194	-	194	-	154	-	154
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT		217,993	5,491	(35,868)	187,616	217,820	8,221	(44,280)	181,761
<i>Comparatives</i>		201,557	-	(35,254)	166,303	217,993	5,491	(35,868)	187,616

This Note continues on the following pages.

DISTRICT COUNCIL OF GRANT

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 7 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

	2014 \$'000	CARRYING AMOUNT MOVEMENTS DURING YEAR \$'000								2015 \$'000
	CARRYING AMOUNT	Additions		Disposals	Depreciation	Impairment	Transfers		Net Revaluation	CARRYING AMOUNT
		New/Upgrade	Renewals				In	Out		
Land	10,019	-	-	(4)	-	-	-	(2,985)	2,103	9,133
Buildings - Level 2	594	6	-	-	(90)	-	3,784	(323)	(2,401)	1,570
Buildings - Level 3	20,376	92	-	(645)	(249)	-	15	(7,846)	(5,282)	6,461
Other Structures	6,762	169	-	(37)	(78)	-	-	(5,696)	23	1,143
Playgrounds	492	-	-	-	(36)	-	-	-	-	456
Roads & Kerbs	133,678	1,976	872	(920)	(2,937)	-	20	(12,168)	146	120,667
Bridges	74	-	-	-	(1)	-	-	-	-	73
Footways	403	77	-	(7)	(6)	-	-	(205)	(1)	261
Stormater Drainage	715	34	-	-	(9)	-	-	-	9	749
CWMS	9,282	15	-	(17)	(207)	-	7	-	136	9,216
Plant & Equipment	4,736	274	807	(591)	(423)	-	-	(550)	-	4,253
IT & Office Fittings	291	16	-	(13)	(62)	-	-	(138)	-	94
Airport	-	33	138	(144)	(408)	-	16,672	-	(410)	15,881
Saleyards	-	-	42	(10)	(346)	-	9,217	-	298	9,201
Marine & River	-	2,096	-	-	(33)	-	386	-	-	2,449
WIP	194	-	150	-	-	-	-	(190)	-	154
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT	187,616	4,788	2,009	(2,388)	(4,885)	-	30,101	(30,101)	(5,379)	181,761
<i>Comparatives</i>	166,303	1,648	3,843	(1,723)	(4,593)	-	-	-	22,138	187,616

This Note continues on the following pages.

DISTRICT COUNCIL OF GRANT

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

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

Valuation of Assets

General Valuation Principles

Accounting procedure: Upon revaluation, the current new replacement cost and accumulated depreciation are restated such that the difference represents the fair value of the asset determined in accordance with AASB 13 *Fair Value Measurement*: accumulated depreciation is taken to be the difference between current new replacement cost and fair value. In the case of land, fair value is taken to be the current replacement cost.

Highest and best use: For land which Council has an unfettered right to sell, the "highest and best use" recognises the possibility of the demolition or substantial modification of some or all of the existing buildings and structures affixed to the land.

Much of the land under Council's care and control is Crown land or has been declared as community land under the provisions of the Local Government Act 1999. Other types of restrictions also exist.

For land subject to these restrictions, the highest and best use is taken to be the "highest and best use" available to Council, with a rebuttable presumption that the current use is the "highest and best use". The reason for the current use of a large proportion of Council's assets being other than the "highest and best use" relates to Council's principal role as the provider of services to the community, rather than the use of those assets for the generation of revenue.

For buildings and other structures on and in the land, including infrastructure, "highest and best use" is determined in accordance with the land on and in which they are situated.

Fair value hierarchy level 2 valuations: Certain land, and the buildings and structures thereon, are shown above as being based on fair value hierarchy level 2 valuation inputs. They are based on prices for similar assets in an active market, with directly or indirectly observable adjustments for specific advantages or disadvantages attaching to the particular asset.

Fair value hierarchy level 3 valuations of land: Valuations of Crown land, community land and land subject to other restrictions on use or disposal, shown above as being based on fair value hierarchy level 3 valuation inputs, are based on prices for similar assets in an active market, but include adjustments for specific advantages or disadvantages attaching to the particular asset that are not directly or indirectly observable in that market, or the number and / or amount of observable adjustments of which are so great that the valuation is more fairly described as being based on level 3 valuation inputs.

Fair value hierarchy level 3 valuations of buildings, infrastructure and other assets: There is no known market for these assets and they are valued at depreciated current replacement cost. This method involves:

The determination of the cost to construct the asset (or its modern engineering equivalent) using current prices for materials and labour, the quantities of each being estimated based on recent experience of this or similar Councils, or on industry construction guides where these are more appropriate.

The calculation of the depreciation that would have accumulated since original construction using current estimates of residual value and useful life under the prime cost depreciation method adopted by Council.

This method has significant inherent uncertainties, relying on estimates of quantities of materials and labour, residual values and useful lives, and the possibility of changes in prices for materials and labour, and the potential for development of more efficient construction techniques.

Capitalisation thresholds used by Council for a representative range of assets are shown below. No capitalisation threshold is applied to the acquisition of land or interests in land.

Office Furniture & Equipment	\$1,000
Other Plant & Equipment	\$1,000
Buildings - new construction/extensions	\$10,000
Park & Playground Furniture & Equipment	\$2,000
Road construction & reconstruction	\$10,000
Paving & footpaths, Kerb & Gutter	\$2,000
Drains & Culverts	\$2,000

DISTRICT COUNCIL OF GRANT

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2014

Note 7 – Property, Plant & Equipment (cont)

Estimated Useful Lives: Useful lives are estimated for each individual asset. In estimating useful lives, regard is had to technical and commercial obsolescence, as well as legal and other limitations on continued use. The range of useful lives for a representative range of assets is shown below, although individual assets may have an estimated total useful life of greater or lesser amount:

Plant, Furniture & Equipment	
Office Equipment	3 to 10 years
Office Furniture	10 to 20 years
Vehicles and Road-making Equip	1 to 5 years
Other Plant & Equipment	5 to 50 years
Building & Other Structures	
Buildings (compoentised)	10 to 100 years
Playground equipment	5 to 25 years
Infrastructure	
Sealed Roads – Surface	15 to 25 years
Sealed Roads – Structure	20 to 60 years
Unsealed Roads	15 to 20 years
Bridges – Concrete	80 to 100 years
Paving & Footpaths, Kerb & Gutter	25 to 100 years
Stormwater	25 to 100 years
Pumps & Telemetry	15 to 25 years

Land & Land Improvements

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

Freehold land and land over which Council has control, but does not have title, is recognised on the cost basis. No capitalisation threshold is applied to the acquisition of land or interests in land.

Land improvements, including bulk earthworks with an assessed unlimited useful life, are recognised on the cost basis, originally deriving from a revaluation of Non Community Land at 1 July 2014 by Andrea Carolan, BAppSC PRM FAPI, of Maloney Field Services at fair value. Community Land was adjusted to VG valuations. Additions are recognised at cost.

Buildings & Other Structures

Building assets were independently revalued as at 1 July 2014 by Andrea Carolan, BAppSC PRM FAPI, of Maloney Field Services. The revaluations were to comply with AASB 116 – Financial Reporting for Property, Plant and Equipment and AASB13 – Fair Value Measurement.

Infrastructure

Sealed Roads, Unsealed Roads, Kerbing, Footways, Community Waste Water and subsequently Stormwater (2012/13) assets were valued at written down replacement cost by Council officers and verified by ACEAM Asset Management Practitioners at 30 June 2011. Condition ratings and unit rates were adjusted to reflect the actual cost of capital treatment in 2011-12, resulting in revaluation adjustments. Bridges added to Council's asset management database in 2012/13, to be independently valued at sometime in the near future. Roads & Kerbs and Footways were again assessed in 2014/15 (as similar to 2013/14) by an internal unit rate review.

Property Plant and Equipment

Plant and Equipment and Furniture and Fittings (including IT assets) were revalued as at 1 July 2004. Valuations were conducted by the Finance Manager in conjunction with the Works Manager. Property plant and equipment is assessed for appropriate residual and depreciation rate as each item added to Council's asset management database in 2014/15.

Other Community Assets

Other Community Assets were revalued as at 30 June 2011. Valuations were conducted by Mr Peter Lornie, B.Comm, (VFM) AAPI, Certified Practising Valuer and the Finance Manager and determined at written down replacement cost.

DISTRICT COUNCIL OF GRANT

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 8 - LIABILITIES

	Notes	2015 \$'000		2014 \$'000	
		Current	Non-current	Current	Non-current
TRADE & OTHER PAYABLES					
Goods & Services		731		631	
Payments received in advance		75		81	
Accrued expenses - employee entitlements		62		214	
Accrued expenses - other		171		131	
Aged Care Facility Deposits		-		54	
Deposits, Retentions & Bonds		7		7	
		<u>1,046</u>	-	<u>1,118</u>	-
BORROWINGS					
Loans		<u>433</u>	<u>5,456</u>	<u>389</u>	<u>4,842</u>
		<u>433</u>	<u>5,456</u>	<u>389</u>	<u>4,842</u>
<i>All interest bearing liabilities are secured over the future revenues of the Council.</i>					
PROVISIONS					
Employee entitlements (including oncosts)		<u>976</u>	<u>56</u>	<u>955</u>	<u>100</u>
		<u>976</u>	<u>56</u>	<u>955</u>	<u>100</u>

DISTRICT COUNCIL OF GRANT

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 9 - RESERVES

ASSET REVALUATION RESERVE	1/7/2014	Net Increments (Decrements)	Transfers, Impairments	30/6/2015
Notes	\$'000	\$'000	\$'000	\$'000
Land	7,829	2,103	-	9,932
Buuildings & Other Structures	29,187	(7,683)	-	21,504
Roads & Kerbs	105,617	66	-	105,683
Footways	377	(1)	-	376
CWMS	2,255	136	-	2,391
Other Non-Current Assets	545	-	-	545
TOTAL	145,810	(5,379)	-	140,431
<i>Comparatives</i>	<i>123,672</i>	<i>22,138</i>	<i>-</i>	<i>145,810</i>

OTHER RESERVES	1/7/2014	Transfers to Reserve	Transfers from Reserve	30/6/2015
Long Service Leave	661	-	(2)	659
Sutton Court	54	-	(54)	0
Saleyards	(1,036)	1,609	(1,244)	(671)
Disaster Relief	128	-	-	128
Airport	1,364	1,009	(1,138)	1,235
Advisory Committees	61	-	(61)	0
Grants Unexpended	-	9	-	9
Donovans CWMS Grant	-	65	-	65
Open Space Contributions	77	-	-	77
Community Development Reserve	96	-	-	96
Tarpeena Cancer Support Fundraising	16	6	-	22
TOTAL OTHER RESERVES	1,421	2,698	(2,499)	1,620
<i>Comparatives</i>	<i>2,757</i>	<i>52</i>	<i>(1,388)</i>	<i>1,421</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).

Long Service Leave Reserve

Provision for long service leave cost payable by Council.

Sutton Court - Aged Care Units

Self Funding Activity - Accumulated profits kept in separate account to fund cyclical type expenditures. This was closed in the year due to return of bond to last tenant under this arrangement.

Saleyards

Self funding activity - Currently an accumulated loss to measure activity performance over long term.

Disaster Relief

Holding account for profits received from sale of properties, which were donated by the Bond group for housing assistance - Ash Wednesday Fires. Monies to be kept in trust and used for the purpose of relief from the effects, or prevention, of bushfires or other disasters as per the Confirmatory Declaration of Trust Deed.

Airport

Self funding activity - accumulated profits kept in separate account to fund future large capital expenditures.

DISTRICT COUNCIL OF GRANT

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

NOTE 9 - RESERVES (continued)

Advisory Committees

Accounting for monies held for progress advisory committees of Council for funding future projects. These accounts were closed and either transferred to the group or committee rescinded due to changes in Council policy with in-house management of these groups.

Unspent Grants/Contributions

Holding Account for unspent grants and contributions relating to all functions of Council, excluding Road Infrastructure.

Donvans CWMS Grant

LGA funding for future CWMS works specific for Donovans that were recognised at acquittal of this initial project.

Open Space Contributions

Monies help from creation of sub-divisions to be used for future open space projects.

Community Development Reserve

Money received from Acciona for Allendale Windfarm development. Money held for Community Development Projects.

Tarpeena Cancer Support Fundraising

Accounting for monies held for community group with funds held for projects that will benefit this community.

DISTRICT COUNCIL OF GRANT

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 10 - ASSETS SUBJECT TO RESTRICTIONS

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

	Notes	2015 \$'000	2014 \$'000
CASH & FINANCIAL ASSETS			
Port MacDonnell Boat Ramp & Wharf Upgrade			632
TOTAL ASSETS SUBJECT TO EXTERNALLY IMPOSED RESTRICTIONS		0	632

DISTRICT COUNCIL OF GRANT

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

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	2015 \$'000	2014 \$'000
Total cash & equivalent assets	5	<u>3,122</u>	<u>1,140</u>
Balances per Cash Flow Statement		<u>3,122</u>	<u>1,140</u>

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

Net Surplus (Deficit)		(113)	(1,330)
Non-cash items in Income Statement			
Depreciation, amortisation & impairment		4,885	4,593
Net increase (decrease) in unpaid employee benefits		(175)	59
Change in allowances for under-recovery		15	(1)
Non-cash asset acquisitions		(638)	(209)
Grants for capital acquisitions treated as Investing Activity		(1,621)	(1,149)
Net (Gain) Loss on Disposals		<u>1,795</u>	<u>1,027</u>
		4,148	2,990
Add (Less): Changes in Net Current Assets			
Net (increase) decrease in receivables		1,130	(890)
Net (increase) decrease in inventories		(120)	11
Net increase (decrease) in trade & other payables		<u>134</u>	<u>(108)</u>
Net Cash provided by (or used in) operations		<u>5,292</u>	<u>2,003</u>

(c) Non-Cash Financing and Investing Activities

Acquisition of assets by means of:

- Physical resources received free of charge	3	<u>638</u>	<u>209</u>
		<u>638</u>	<u>209</u>

(d) Financing Arrangements

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

Corporate Credit Cards	19	19
LGFA Cash Advance Debenture facility	2,000	2,000

The LGFA Cash Advance facilities may be drawn at any time and covered during the year by undrawn loans. Arrangement allows flexibility and accuracy in loans drawn.

DISTRICT COUNCIL OF GRANT

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

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	2015	2014	2015	2014
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Administration	8,389	7,256	2,452	2,071	5,937	5,185	1,479	635	18,542	12,282
Public Order & Safety	78	67	327	240	(249)	(173)	-	-	159	293
Health	3	2	120	89	(117)	(87)	-	-	23	23
Social Security & Welfare	14	13	91	73	(77)	(60)	2	6	412	503
Housing & Community Amenities	1,455	1,333	2,382	2,348	(927)	(1,015)	119	130	11,047	13,594
Protection of the Environment	-	20	20	16	(20)	4	-	20	650	379
Sport & Recreation	1,624	286	1,456	998	168	(712)	1,582	173	4,502	8,426
Agricultural Services	13	12	6	5	7	7	-	-	-	-
Mining, Manufacturing & Const.	77	56	106	165	(29)	(109)	-	-	228	24
Transport & Communication	435	1,765	4,967	5,542	(4,532)	(3,777)	1,012	799	135,484	136,403
Economic Affairs	1,241	1,089	1,617	1,451	(376)	(362)	-	-	11,623	14,755
Other Purposes	345	179	707	741	(362)	(562)	-	46	3,610	4,527
					-	-				
TOTALS	13,674	12,078	14,251	13,739	(577)	(1,661)	4,194	1,809	186,280	191,209

Revenues and expenses exclude net gain (loss) on disposal or revaluation of assets, net gain (loss) from joint ventures & associated entities, amounts received specifically for new or upgraded assets and physical resources received free of charge.

DISTRICT COUNCIL OF GRANT

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 12 (cont) - COMPONENTS OF FUNCTIONS

The activities relating to Council functions are as follows:

Administration

General and office operations not attributable to another specific activity, rates and elected members expenses.

Public Order and Safety

Supervision of various by-laws, fire prevention, CFS and animal control.

Health

Food control, operation of community health programs and health centre.

Social Security and Welfare

Operation of Senior Citizen's centre, aged hostel, other voluntary services.

Housing and Community Amenities

Rubbish collection services, operation of a tip, effluent drainage, public toilets, street cleaning and lighting, town planning, stormwater drainage, land development, maintenance of cemeteries and aged housing complex.

Protection of the Environment NEC

Foreshore protection, flood prevention.

Sport and Recreation

Maintenance of halls, library operations, national estates, parks and gardens, recreation and sporting venues, museum.

Agricultural Services

Pest plant services.

Mining, Manufacturing and Construction

Building Act requirements, quarry operations.

Transport and Communications

Construction and maintenance of roads, bridges, footpaths, parking & signs and airport operations.

Economic Affairs NEC

Land development activities, Caravan Park operations, off-street parking, tourism, boat haven and saleyard operations.

Other Purposes NEC

Public debt transactions, plant and machinery operations, depot expenses, vandalism costs and private works.

DISTRICT COUNCIL OF GRANT

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 13 - FINANCIAL INSTRUMENTS

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

Accounting Policies - Recognised Financial Instruments

Bank, Deposits at Call, Short Term Deposits	<p>Accounting Policy: Carried at lower of cost and net realisable value; Interest is recognised when earned.</p> <p>Terms & conditions: Deposits are returning fixed interest rates between 2.0% and 2.5% (2014: 2.5% and 2.75%).</p> <p>Carrying amount: approximates fair value due to the short term to maturity.</p>
Receivables - Rates & Associated Charges (including legals & penalties for late payment) Note: These receivables do not meet the definition of "financial instruments" and have been excluded from the following disclosures.	<p>Accounting Policy: Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable.</p> <p>Terms & conditions: Secured over the subject land, arrears attract interest of 0.77% (2014: 0.77%) Although Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries in the State.</p> <p>Carrying amount: approximates fair value (after deduction of any allowance).</p>
Receivables - Fees & other charges	<p>Accounting Policy: Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable.</p> <p>Terms & conditions: Unsecured, and do not bear interest. Although Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries.</p> <p>Carrying amount: approximates fair value (after deduction of any allowance).</p>
Receivables - other levels of government	<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 State and Federal Governments.</p> <p>Carrying amount: approximates fair value.</p>
Receivables - Retirement Home Contributions	<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: Amounts due have been calculated in accordance with the terms and conditions of the respective legislation.</p> <p>Carrying amount: approximates fair value (after deduction of any allowance).</p>
Liabilities - Creditors and Accruals	<p>Accounting Policy: Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Council.</p> <p>Terms & conditions: Liabilities are normally settled on 30 day terms.</p> <p>Carrying amount: approximates fair value.</p>
Liabilities - Retirement Home Contributions	<p>Accounting Policy: To avoid inconvenience when complying with the separate audit requirements imposed by the relevant legislation, amounts are carried at nominal values.</p> <p>Terms & conditions: Pursuant to Commonwealth legislation certain intending residents are required to contribute amounts on an interest free basis. The amounts are subject to certain deductions as prescribed by the legislation, the balance being repaid on termination of tenancy.</p> <p>Carrying amount: approximates fair value for short tenancies; may be non-materially overstated for longer tenancies.</p>
Liabilities - Interest Bearing Borrowings	<p>Accounting Policy: Carried at the principal amounts. Interest is charged as an expense as it accrues.</p> <p>Terms & conditions: secured over future revenues, borrowings are repayable (describe basis); interest is charged at fixed (or variable - describe) rates between 4.8% and 11.25% (2014: 4.8% and 11.25%)</p> <p>Carrying amount: approximates fair value.</p>
Liabilities - Finance Leases	<p>Accounting Policy: accounted for in accordance with AASB 117.</p>

DISTRICT COUNCIL OF GRANT

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 13 (cont) - FINANCIAL INSTRUMENTS

Liquidity Analysis

2015	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets					
Cash & Equivalents	3,211			3,211	3,122
Receivables	529			529	498
Other Financial Assets	89	43	-	132	132
Total	3,829	43	-	3,872	3,752
Financial Liabilities					
Payables	813			813	813
Current Borrowings	433			433	433
Non-Current Borrowings		2,369	3,520	5,889	5,456
Total	1,246	2,369	3,520	7,135	6,702

2014	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets					
Cash & Equivalents	1,140			1,140	1,140
Receivables	1,598			1,598	1,598
Other Financial Assets	115	130	77	322	132
Total	2,853	130	77	3,060	2,870
Financial Liabilities					
Payables	773			773	773
Current Borrowings	389			389	389
Non-Current Borrowings		2,123	3,547	5,670	4,842
Total	1,162	2,123	3,547	6,832	6,004

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

	30 June 2015		30 June 2014	
	Weighted Average Interest Rate	Carrying Value	Weighted Average Interest Rate	Carrying Value
	%	\$'000	%	\$'000
Fixed Interest Rates	5.943	5,889	6.13	5,231
		<u>5,889</u>		<u>5,231</u>

Net Fair Value

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

DISTRICT COUNCIL OF GRANT

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 13 (cont) - FINANCIAL INSTRUMENTS

Risk Exposures

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

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

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

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

DISTRICT COUNCIL OF GRANT

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 14 - COMMITMENTS FOR EXPENDITURE

	2015 Notes \$'000	2014 \$'000
Capital Commitments		
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Infrastructure	<u> </u> -	<u> </u> 632
These expenditures are payable:		
Not later than one year	<u> </u> -	<u> </u> 632

DISTRICT COUNCIL OF GRANT

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 15 - FINANCIAL INDICATORS

	2015	2014	2013
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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>	(8%)	(23%)	(15%)
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	(16%)	(14%)	(16%)
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*In recent years the Federal Government has made advance payments prior to 30th June from future year allocations of financial assistance grants, as explained in Note 1. The **Adjusted Operating Surplus Ratio** adjusts for the resulting distortion in the disclosed operating result for each year.*

Net Financial Liabilities Ratio

<u>Net Financial Liabilities</u>	27%	33%	28%
Total Operating Revenue			

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.

Asset Sustainability Ratio

<u>Net Asset Renewals</u>	16% *	68%	59%
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. The net figure is less assets received free of charge accounting for \$638K*

DISTRICT COUNCIL OF GRANT

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

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

	2015 \$'000	2014 \$'000
Income	13,674	12,078
<i>less</i> Expenses	<u>14,251</u>	<u>13,739</u>
Operating Surplus / (Deficit)	(577)	(1,661)
 <i>less</i> Net Outlays on Existing Assets		
Capital Expenditure on renewal and replacement of Existing Assets	1,371	3,634
Depreciation, Amortisation and Impairment	(4,885)	(4,593)
Proceeds from Sale of Replaced Assets	<u>(593)</u>	<u>(696)</u>
	(4,107)	(1,655)
 <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>	4,788	1,648
Amounts received specifically for New and Upgraded Assets	(1,621)	(1,149)
Proceeds from Sale of Surplus Assets <i>(including investment property and real estate developments)</i>	-	-
	<u>3,167</u>	<u>499</u>
 Net Lending / (Borrowing) for Financial Year	 <u>363</u>	 <u>(505)</u>

DISTRICT COUNCIL OF GRANT

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 17 – SUPERANNUATION

The Council makes employer superannuation contributions in respect of its employees to Statewide Super (formerly Local Government Superannuation Scheme). There are two types of membership, each of which is funded differently. Permanent and contract employees of the South Australian Local Government sector with Salarylink benefits prior to 24 November 2009 have the option to contribute to the Accumulation section and/or Salarylink. All other employees (including casuals) have all contributions allocated to the Accumulation section.

Accumulation only Members

Accumulation only members receive both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of ordinary time earnings in accordance with superannuation guarantee legislation (9.50% in 2014/15; 9.25% in 2013/14). 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 Fund's Trustee based on advice from the appointed Actuary. The rate is currently 6.3% (6.3% in 2013/14) of "superannuation" salary.

In addition, Council makes a separate contribution of 3% of ordinary time earnings for Salarylink members to their Accumulation account. Employees also make member contributions to the Salarylink section of the Fund. As such, assets accumulate in the Salarylink section of the Fund to meet the member's benefits, as defined in the Trust Deed, as they accrue.

The Salarylink section is a multi-employer sponsored plan. As the Salarylink section's assets and liabilities are pooled and are not allocated by each employer, and employees may transfer to another employer within the local government sector and retain membership of the Fund, 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 Fund's actuary, A C Miller, FIAA, of Russell Employee Benefits Pty Ltd as at 30 June 2014. The Trustee has determined that the current funding arrangements are adequate for the expected Salarylink liabilities. However, future financial and economic circumstances may require changes to Council's contribution rates at some future time.

Contributions to Other Superannuation Schemes

Council also makes contributions to other superannuation schemes selected by employees under the "choice of fund" legislation. All such schemes are of the accumulation type, where the superannuation benefits accruing to the employee are represented by their share of the net assets of the scheme, and no further liability attaches to the Council.

DISTRICT COUNCIL OF GRANT

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

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 Balance Sheet but knowledge of those items is considered relevant to user of the financial report in making and evaluating decisions about the allocation of scarce resources.

LAND UNDER ROADS

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

At reporting date, Council controlled 1,527 km of road reserves of average width 10 metres.

DISTRICT COUNCIL OF GRANT

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2015

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 Grant for the year ended 30 June 2015, the Council's Auditor, Dean Newbery and Partners, has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

This statement is prepared in accordance with the requirements of Regulation 22(3) *Local Government (Financial Management) Regulations 2011*.



.....
Trevor Smart
CHIEF EXECUTIVE OFFICER



.....
Richard Sage
**PRESIDING MEMBER
AUDIT COMMITTEE**

Date: 29th September 2015