

TOWN OF GAWLER



FINANCIAL STATEMENTS

2012/2013

TOWN OF GAWLER

General Purpose Financial Reports for the year ended 30 June 2013

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TOWN OF GAWLER


ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2013

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 2013 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.


Henry Inat
CHIEF EXECUTIVE OFFICER


Brian Sambell
MAYOR/COUNCILLOR

Date:

TOWN OF GAWLER

STATEMENT OF COMPREHENSIVE INCOME for the year ended 30 June 2013

	Notes	2013 \$'000	2012 \$'000
INCOME			
Rates	2	16,037	14,952
Statutory charges	2	651	553
User charges	2	1,587	1,555
Grants, subsidies and contributions	2	2,390	2,816
Investment income	2	122	140
Reimbursements	2	398	335
Other income	2	108	63
Net gain - equity accounted Council businesses	19	241	91
Total Income		21,534	20,505
EXPENSES			
Employee costs	3	8,393	7,824
Materials, contracts & other expenses	3	8,929	8,311
Depreciation, amortisation & impairment	3	3,397	4,106
Finance costs	3	901	971
Net loss - equity accounted Council businesses	19	33	245
Total Expenses		21,653	21,457
OPERATING SURPLUS / (DEFICIT)		(119)	(952)
Asset disposal & fair value adjustments	4	(98)	21
Amounts received specifically for new or upgraded assets	2	981	4,663
Physical resources received free of charge	2	13,034	708
NET SURPLUS / (DEFICIT)		13,798	4,440
transferred to Equity Statement			
Other Comprehensive Income			
Changes in revaluation surplus - infrastructure, property, plant & equipment	9	(8,897)	6,404
Total Other Comprehensive Income		(8,897)	6,404
TOTAL COMPREHENSIVE INCOME		4,901	10,844

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

TOWN OF GAWLER

BALANCE SHEET as at 30 June 2013

ASSETS	Notes	2013 \$'000	2012 \$'000
Current Assets			
Cash and cash equivalents	5	4,454	3,178
Trade & other receivables	5	1,678	1,748
Inventories	5	23	-
Total Current Assets		<u>6,155</u>	<u>4,926</u>
Non-current Assets			
Financial assets	6	78	96
Equity accounted investments in Council businesses	6	3,055	2,843
Infrastructure, property, plant & equipment	7	196,199	194,666
Other non-current assets	6	1,851	769
Total Non-current Assets		<u>201,183</u>	<u>198,374</u>
Total Assets		<u>207,338</u>	<u>203,300</u>
LIABILITIES			
Current Liabilities			
Trade & other payables	8	3,593	3,602
Borrowings	8	995	920
Provisions	8	895	730
Total Current Liabilities		<u>5,483</u>	<u>5,252</u>
Non-current Liabilities			
Borrowings	8	11,899	12,894
Provisions	8	122	225
Total Non-current Liabilities		<u>12,021</u>	<u>13,119</u>
Total Liabilities		<u>17,504</u>	<u>18,371</u>
NET ASSETS		<u>189,834</u>	<u>184,929</u>
EQUITY			
Accumulated Surplus		31,910	19,788
Asset Revaluation Reserves	9	152,435	161,332
Other Reserves	9	5,489	3,809
Total Council Equity		<u>189,834</u>	<u>184,929</u>

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

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STATEMENT OF CHANGES IN EQUITY for the year ended 30 June 2013

	Notes	Accumulated Surplus \$'000	Asset Revaluation Reserve \$'000	Other Reserves \$'000	TOTAL EQUITY \$'000
2013					
Balance at end of previous reporting period		19,788	161,332	3,809	184,929
Restated opening balance		19,788	161,332	3,809	184,929
Net Surplus / (Deficit) for Year		13,798			13,798
Other Comprehensive Income					
Gain on revaluation of infrastructure, property, plant & equipment		-	(8,897)	-	(8,897)
Other equity adjustments - equity accounted Council businesses		4	-	-	4
Transfers between reserves		(1,680)		1,680	-
Balance at end of period		31,910	152,435	5,489	189,834
2012					
Balance at end of previous reporting period		15,776	154,928	3,381	174,085
Restated opening balance		15,776	154,928	3,381	174,085
Net Surplus / (Deficit) for Year		4,440	-	-	4,440
Other Comprehensive Income					
Changes in revaluation surplus - infrastructure, property, plant & equipment		-	6,404	-	6,404
Transfers between reserves		(428)	-	428	-
Balance at end of period		19,788	161,332	3,809	184,929

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

TOWN OF GAWLER

CASH FLOW STATEMENT for the year ended 30 June 2013

		2013 \$'000	2012 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES	Notes		
<u>Receipts</u>			
Operating receipts		22,085	21,641
Investment receipts		119	124
<u>Payments</u>			
Operating payments to suppliers and employees		(18,110)	(17,576)
Finance payments		(907)	(989)
Net Cash provided by (or used in) Operating Activities	11	3,187	3,200
 CASH FLOWS FROM INVESTING ACTIVITIES			
<u>Receipts</u>			
Amounts specifically for new or upgraded assets		981	3,740
Sale of replaced assets		22	78
Sale of surplus assets		-	179
Repayments of loans by community groups		17	11
<u>Payments</u>			
Expenditure on renewal/replacement of assets		(816)	(2,735)
Expenditure on new/upgraded assets		(1,195)	(3,197)
Net Cash provided by (or used in) Investing Activities		(991)	(1,924)
 CASH FLOWS FROM FINANCING ACTIVITIES			
<u>Receipts</u>			
Proceeds from borrowings		-	-
<u>Payments</u>			
Repayments of borrowings		(920)	(855)
Net Cash provided by (or used in) Financing Activities		(920)	(855)
Net Increase (Decrease) in cash held		1,276	421
 Cash & cash equivalents at beginning of period	11	3,178	2,757
Cash & cash equivalents at end of period	11	4,454	3,178

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

TOWN OF GAWLER

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2013

Note 1 - SIGNIFICANT ACCOUNTING POLICIES

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

1 Basis of Preparation

1.1 Compliance with Australian Accounting Standards

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

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

1.2 Historical Cost Convention

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

1.3 Critical Accounting Estimates

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

1.4 Rounding

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

2 The Local Government Reporting Entity

Town of Gawler is incorporated under the SA Local Government Act 1999 and has its principal place of business at 89 Murray St, Gawler SA 5118. 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.

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 \$321K was paid in advance; in June 2012, two quarters of the 2012/13 allocation: \$691K; and in June 2013, again two quarters of the 2013/14 allocation: \$731K.

TOWN OF GAWLER

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2013

Note 1 - Significant Accounting Policies (cont)

It is anticipated that these amounts in advance will be adjusted at some future time, but details of the timing of this are not currently available. The total amounts to be adjusted at 30 June 2013 is \$731K (2012, \$691K).

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 Infrastructure, Property, Plant & Equipment

5.1 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.

5.2 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.

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.

TOWN OF GAWLER

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2013

Note 1 - Significant Accounting Policies (cont)

5.3 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.

5.4 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.

5.5 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.

5.6 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 Payables

6.1 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.

6.2 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.

TOWN OF GAWLER

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2013

Note 1 - Significant Accounting Policies (cont)

7 Borrowings

Loans are carried at their principal amounts which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period to which it relates, and is recorded as part of "Payables". Interest free loans are carried at their nominal amounts; interest revenues foregone by the lender effectively being a reduction of interest expense in the period to which it relates.

8 Employee Benefits

8.1 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	3.5% (2012, 5.3%)
Weighted average settlement period	5.2 year (2012, 5.4 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.

8.2 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.

9 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.

10 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.

TOWN OF GAWLER

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2013

Note 1 - Significant Accounting Policies (cont)

11 GST Implications

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

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

12 Pending Accounting Standards

Certain new accounting standards and UIG interpretations have been published that are not mandatory for the 30 June 2013 reporting period and have not been used in preparing these reports.

AASB 7	Financial Instruments – Disclosures
AASB 9	Financial Instruments
AASB 10	Consolidated Financial Statements
AASB 11	Joint Arrangements
AASB 12	Disclosure of Interests in Other Entities
AASB 13	Fair Value Measurement
AASB 119	Employee Benefits
AASB 127	Separate Financial Statements
AASB 128	Investments in Associates and Joint Ventures
AASB 132	Financial Instruments: Presentation

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

(Standards not affecting local government have been excluded from the above list.)

As at reporting date, Council was not in a position to determine if any of the new Standards or Interpretations will affect any of the amounts recognised in the financial statements.

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.

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2013

Note 2 - INCOME

	Notes	2013 \$'000	2012 \$'000
RATES REVENUES			
<u>General Rates</u>		15,069	12,927
Less: Mandatory rebates		(275)	(236)
Less: Discretionary rebates, remissions & write offs		(845)	(28)
		<u>13,949</u>	<u>12,663</u>
<u>Other Rates</u> (including service charges)			
Natural Resource Management levy		267	264
Waste collection		1,548	1,352
Gawler Business Development Group			
Separate Rate		146	137
Carpark Separate Rate		-	411
		<u>1,961</u>	<u>2,164</u>
<u>Other Charges</u>			
Penalties for late payment		127	125
		<u>127</u>	<u>125</u>
		<u>16,037</u>	<u>14,952</u>
STATUTORY CHARGES			
Development Act fees		278	225
Health & Septic Tank Inspection fees		44	36
Animal registration fees & fines		162	171
Parking fines / expiation fees		113	82
Environment control fines		3	4
Sundry		51	35
		<u>651</u>	<u>553</u>
USER CHARGES			
Cemetery fees		104	107
Visitors Information Centre		82	107
Lease and Property Rents		257	263
Recreation Fees and Charges		417	410
Waste Disposal Fees and Charges		147	211
Swimming Pool Fees and Charges		256	209
OSHC		160	142
Sundry		164	106
		<u>1,587</u>	<u>1,555</u>
INVESTMENT INCOME			
Interest on investments			
Local Government Finance Authority		63	97
Banks & other		2	3
Loans to community groups		6	6
Developer Contributions		51	34
		<u>122</u>	<u>140</u>

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2013

NOTE 2 - INCOME (continued)

	Notes	2013 \$'000	2012 \$'000
REIMBURSEMENTS			
- for Vehicle Use Reimbursements		53	59
- for Insurance Claims/Rebates		147	148
- for Legal Costs		70	71
- other Councils		10	7
- other		118	50
		<u>398</u>	<u>335</u>
OTHER INCOME			
Donations		8	8
Commissions		4	6
Sundry		96	49
		<u>108</u>	<u>63</u>
GRANTS, SUBSIDIES, CONTRIBUTIONS			
Amounts received specifically for new or upgraded assets		981	1,014
Amounts received specifically for new or upgraded assets - Better Regions - River Master Plan		-	1,383
Amounts received specifically for new or upgraded assets - Community Infrastructure Funding Evanston Gardens		-	2,266
Financial Assistance Grant		576	772
Roads To Recovery		267	242
Library Operating Grant		70	70
Home Assistance Scheme Grant		526	491
Local Roads Grant		196	322
Other grants, subsidies and contributions		24	228
Individually significant item - additional Grants Commission payment	see below	731	691
		<u>3,371</u>	<u>7,479</u>
<i>The functions to which these grants relate are shown in Note 2.</i>			
Sources of grants			
Commonwealth government		267	2,361
State government		2,277	2,445
Other		827	2,673
		<u>3,371</u>	<u>7,479</u>
PHYSICAL RESOURCES RECEIVED FREE OF CHARGE			
Land & Improvements		209	335
Kerb & Gutter		2,005	180
Roads & Footpaths		5,869	193
Stormwater		4,951	-
TOTAL PHYSICAL RESOURCES RECEIVED		<u>13,034</u>	<u>708</u>

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2013

Note 3 - EXPENSES

	Notes	2013 \$'000	2012 \$'000
EMPLOYEE COSTS			
Salaries and Wages		6,979	6,469
Employee leave expense		483	491
Superannuation - defined contribution plan contributions	18	440	388
Superannuation - defined benefit plan contributions	18	220	208
Workers' Compensation Insurance		352	344
Income Protection Insurance		95	89
Less: Capitalised and distributed costs		(176)	(165)
Total Operating Employee Costs		8,393	7,824
 Total Number of Employees		 107	 106
<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		17	16
Elected members' expenses		273	238
Election expenses		6	35
Operating Lease Rentals - non-cancellable leases	17		
- minimum lease payments		163	183
Subtotal - Prescribed Expenses		459	472
<u>Other Materials, Contracts & Expenses</u>			
Consultants & Agency Staff		808	804
Waste Collection & Disposal Charges		1,600	1,554
Contractors		1,192	1,049
Energy (Fuel, Gas, Electricity)		773	677
Minor Asset Purchases		67	52
Water Supply & Consumption Charges		398	329
Advertising, Printing, Postage & Freight		130	138
Insurance		277	275
Computer Software/Hardware		322	219
Bank Charges & Payment Collection Agencies		62	64
Corporate Memberships		64	62
Legal Fees (including debt recovery)		338	222
Staff Training		113	172
Property Rent		101	104
Cleaning & Hygiene		201	190
Contribution - State Government NRM Levy		267	262
Contribution - Gawler Business Development Group		145	193
Contribution - Other		137	101
Fringe Benefit Tax		66	49
Security		50	53
Plumbing, Electrical, Pest, Air-conditioning Expenses		93	121
Canteen Supplies (Cost of Goods Sold)		75	78
Gawler Synergy Project		49	48
Rubble, Bitumen, Concrete & Roller Hire		116	99
Communications		99	105
Vehicle/Machine Parts & Registrations		124	83
Sundry		803	736
Subtotal - Other Materials, Contracts & Expenses		8,470	7,839
		8,929	8,311

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2013

Note 3 - EXPENSES (cont.)

	Notes	2013 \$'000	2012 \$'000
DEPRECIATION, AMORTISATION & IMPAIRMENT			
Depreciation			
Buildings		512	517
Infrastructure: Roads, Bridges & Footpaths		1,736	2,599
Infrastructure: Stormwater Drainage		622	479
Infrastructure: Roundabouts		27	26
Infrastructure: Urban Elements		114	102
Equipment		227	234
Other Assets		159	149
		<u>3,397</u>	<u>4,106</u>
FINANCE COSTS			
Interest on Loans		901	971
		<u>901</u>	<u>971</u>

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2013

Note 4 - ASSET DISPOSAL & FAIR VALUE ADJUSTMENTS

	Notes	2013 \$'000	2012 \$'000
INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT			
<i>Assets renewed or directly replaced</i>			
Proceeds from disposal		22	78
Less: Carrying amount of assets sold		120	69
Gain (Loss) on disposal		(98)	9
<i>Assets surplus to requirements</i>			
Proceeds from disposal		-	179
Less: Carrying amount of assets sold		-	167
Gain (Loss) on disposal		-	12
 NET GAIN (LOSS) ON DISPOSAL OR REVALUATION OF ASSETS		 (98)	 21

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2013

Note 5 - CURRENT ASSETS

	Notes	2013 \$'000	2012 \$'000
CASH & EQUIVALENT ASSETS			
Cash on Hand and at Bank		33	582
Deposits at Call		4,421	2,596
		<u>4,454</u>	<u>3,178</u>
TRADE & OTHER RECEIVABLES			
Rates - General & Other		809	962
Accrued Revenues		110	50
Debtors - general		678	687
Prepayments		63	32
Loans to community organisations		18	17
		<u>1,678</u>	<u>1,748</u>
INVENTORIES			
Stores & Materials		23	-
		<u>23</u>	<u>-</u>

TOWN OF GAWLER

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2013

Note 6 - NON-CURRENT ASSETS

	Notes	2013 \$'000	2012 \$'000
FINANCIAL ASSETS			
Receivables			
Loans to community organisations		<u>78</u>	<u>96</u>
		78	96
EQUITY ACCOUNTED INVESTMENTS IN COUNCIL BUSINESSES			
<i>Gawler River Flood Management</i>	19	2,702	2,736
<i>NAWMA</i>	19	<u>353</u>	<u>107</u>
		3,055	2,843
OTHER NON-CURRENT ASSETS			
Capital Works-in-Progress		<u>1,851</u>	<u>769</u>
		1,851	769

TOWN OF GAWLER

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2013

	2012 \$'000	CARRYING AMOUNT MOVEMENTS DURING YEAR \$'000							2013 \$'000
	CARRYING AMOUNT	Additions		Disposals	Depreciation	Impairment	Transfers	Net Revaluation	CARRYING AMOUNT
		New/Upgrade	Renewals						
Note 7 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT									
Buildings	22,308	61	-	-	(512)	-	-	(3,923)	17,934
Infrastructure: Road, Bridges & Footpaths	101,336	7,873	319	(84)	(1,737)	-	-	(4,300)	103,407
Infrastructure: Stormwater	33,846	5,120	-	-	(622)	-	-	(2,117)	36,227
Infrastructure: Roundabouts	1,117	-	-	-	(27)	-	-	14	1,104
Infrastructure: Urban Elements	3,784	2	-	-	(114)	-	-	-	3,672
Equipment	2,056	174	-	(29)	(227)	-	-	-	1,974
Land	28,143	276	-	-	-	-	-	1,429	29,848
Other Assets	2,076	31	92	(7)	(159)	-	-	-	2,033
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT	194,666	13,537	411	(120)	(3,398)	-	-	(8,897)	196,199
Comparatives	186,473	3,585	2,545	(235)	(4,106)	-	-	6,404	194,666

This Note continues on the following pages.

TOWN OF GAWLER

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2013

	2012 \$'000				2013 \$'000			
	AT FAIR VALUE	AT COST	ACCUM DEP'N	CARRYING AMOUNT	AT FAIR VALUE	AT COST	ACCUM DEP'N	CARRYING AMOUNT
Note 7 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT								
Buildings	26,970	6,200	(10,862)	22,308	30,293	-	(12,359)	17,934
Infrastructure: Road, Bridges & Footpaths	162,046	-	(60,710)	101,336	161,895	-	(58,488)	103,407
Infrastructure: Stormwater	47,486	-	(13,640)	33,846	50,109	-	(13,882)	36,227
Infrastructure: Roundabouts	1,326	-	(209)	1,117	1,344	-	(240)	1,104
Infrastructure: Urban Elements	1,802	2,715	(733)	3,784	1,802	2,716	(846)	3,672
Equipment	-	4,509	(2,453)	2,056	-	4,632	(2,658)	1,974
Land	27,464	679	-	28,143	29,848	-	-	29,848
Other Assets	3,202	637	(1,763)	2,076	3,158	760	(1,885)	2,033
TOTAL INFRASTRUCTURE PROPERTY, PLANT & EQUIPMENT	270,296	14,740	(90,370)	194,666	278,449	8,108	(90,358)	196,199
<i>Comparatives</i>	259,953	13,165	(86,645)	186,473	270,296	14,740	(90,370)	194,666

This Note continues on the following pages.

TOWN OF GAWLER

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2013

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

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, are recognised on the cost basis. No capitalisation threshold is applied to the acquisition of land or interests in land.

Land assets were independently valued using property valuations provided by the Valuer-General as at 30 June 2013.

Buildings

Buildings were independently valued to their written down replacement cost, and apportioned into their various component elements, by Chris Chaney, Asset Valuation & Consulting Pty Ltd as at 30 June 2013.

Infrastructure

Infrastructure assets (excluding Urban Elements) are based on related unit rates of construction, determined by the Council which have been independently reviewed by Asset Engineering as at 30 June 2013.

Urban Element assets are recorded at either written down value or historical costs.

Depreciation relating to road infrastructure assets reduced as a result of a review of useful lives and the application of residual values for road pavement assets (50% for sealed roads and 33% for unsealed roads).

It is estimated that annual depreciation expense for infrastructure assets will increase for future years, as a result of new depreciation expense incurred resulting from the acquisition of new infrastructure assets received from property developers as part of residential land developments.

Plant, Furniture & Equipment

These assets are recognised on a historical cost basis. Library books and other lending materials are capitalised in bulk, and written out when fully depreciated.

All other assets

These assets are recognised on a historical cost basis. Other assets includes items such as swimming pools, shade structures and playgrounds.

Town of Gawler

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2013

Note 7 – Property, Plant & Equipment (cont)

Capitalisation Thresholds

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

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	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
Infrastructure	
Sealed Roads – Surface (Asphalt Seal)	25 to 40 years
Sealed Roads – Surface (Spray Seal)	15 to 25 years
Sealed Roads – Pavement (Local Roads)	90 to 120 years
Sealed Roads – Pavement (Collector Roads)	40 to 70 years
Unsealed Roads	10 to 20 years
Bridges – Concrete	75 to 120 years
Bridges (Pedestrian – Steel)	50 to 60 years
Bridges (Pedestrian – Timber)	20 years
Footpaths (Asphalt)	20 to 35 years
Footpaths (Concrete)	70 to 80 years
Footpaths (Paved)	50 to 60 years
Footpaths (Rubble)	10 years
Kerb & Gutter	80 to 110 years
Stormwater Pipes / Pits	70 to 100 years
Culverts	50 to 75 years
Flood Control Structures	80 to 100 years
Reticulation Pipes – PVC	70 to 80 years
Reticulation Pipes – other	25 to 75 years
Pumps & Telemetry	15 to 25 years
Other Assets	
Artworks	indefinite
Playground Equipment	15 to 20 years
Swimming Pools	40 to 50 years
Shade Structures	10 to 30 years
Bores	20 to 40 years
Court Surfaces	14 to 25 years
Other Assets	7 to 100 years

TOWN OF GAWLER

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2013

Note 8 - LIABILITIES

		2013 \$'000		2012 \$'000	
	Notes	Current	Non-current	Current	Non-current
TRADE & OTHER PAYABLES					
Goods & Services		1,305	-	1,362	-
Payments received in advance		632	-	678	-
Accrued expenses - employee entitlements		1,071	-	966	-
Accrued expenses - other		471	-	477	-
Deposits, Retentions & Bonds		114	-	119	-
		<u>3,593</u>	<u>-</u>	<u>3,602</u>	<u>-</u>
 BORROWINGS					
Loans		995	11,899	920	12,894
		<u>995</u>	<u>11,899</u>	<u>920</u>	<u>12,894</u>
 <i>All interest bearing liabilities are secured over the future revenues of the Council.</i>					
 PROVISIONS					
Employee entitlements (including oncosts)		895	122	730	225
		<u>895</u>	<u>122</u>	<u>730</u>	<u>225</u>

TOWN OF GAWLER

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2013

Note 9 - RESERVES

ASSET REVALUATION RESERVE	1/7/2012	Net Increments (Decrements)	Transfers, Impairments	30/6/2013
Notes	\$'000	\$'000	\$'000	\$'000
Buildings	4,142	(3,923)	-	219
Infrastructure	130,292	(6,403)	-	123,889
Land	26,633	1,429	-	28,062
Joint Ventures - Other	265	-	-	265
Comprehensive Income				
TOTAL	161,332	(8,897)		152,435
<i>Comparatives</i>	<i>154,928</i>	<i>6,404</i>		<i>161,332</i>

OTHER RESERVES	1/7/2012	Transfers to Reserve	Transfers from Reserve	30/6/2013
Carparking	331	19	(4)	346
Open Space	52	-	(5)	47
Stormwater Drainage	17	36	(53)	-
Plant & Machinery Replacement	394	160	(55)	499
Willaston Cemetery	10	5	-	15
Willaston Cemetery - Babies Memorial	3	-	-	3
Waste Management Service Charge	13	75	-	88
Infrastructure & Community Assets	385	-	(65)	320
Property	1,371	51	-	1,422
Carried Forward Budget Reserve	1,233	2,749	(1,233)	2,749
TOTAL OTHER RESERVES	3,809	3,095	(1,415)	5,489
<i>Comparatives</i>	<i>3,381</i>	<i>2,843</i>	<i>(2,415)</i>	<i>3,809</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).

Carparking Reserve

This reserve is used for the retention of developer contributions towards the provision of carpark facilities and repayment of associated loans.

Footpath Reserve

This reserve is used for the retention of developer contributions towards the construction of new footpaths.

Open Space Reserve

This reserve is used for the retention of developer contributions received towards the provision of facilities within Council's Community Parks, Gardens and Open Spaces.

Plant & Machinery Replacement Reserve

This reserve is used for the provision of funding towards the programmed replacement of Council's Plant & Machinery.

Cemetery Reserve

This reserve is used for the development and enhancement of facilities at the Willaston Cemetery.

Waste Management Service Charge

Council applies an annual charge for the provision of waste management services, pursuant to the section 155 of the Local Government Act 1999. In instances where surplus funds are generated (i.e. where the funds generated from the service charge exceed the cost providing the service) this reserve is credited with the surplus. The balance of the funds in the Reserve will be transferred from the Reserve and rebated to the customers during 2013/2014.

Infrastructure & Community

This reserve is used for the planning and design of infrastructure and community assets.

Property Reserve

This reserve is used for future infrastructure and property development.

Carried Forward Budget Reserve

This reserve is used to fund the completion of various projects from the previous financial year

TOWN OF GAWLER

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2013

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	2013 \$'000	2012 \$'000
CASH & FINANCIAL ASSETS			
Developer Contributions		393	382
Southern Urban Areas Developer Contributions		1,374	1,321
Pathway Linkage Project Grant		500	500
		<u>2,267</u>	<u>2,203</u>

TOWN OF GAWLER

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2013

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	2013 \$'000	2012 \$'000
Total cash & equivalent assets	5	4,454	3,178
Less: Short-term borrowings	8	-	-
Balances per Cash Flow Statement		<u>4,454</u>	<u>3,178</u>

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

Net Surplus (Deficit)	13,798	4,440
Non-cash items in Income Statement		
Depreciation, amortisation & impairment	3,398	4,106
Equity movements in equity accounted investments (increase) decrease	(208)	154
Net increase (decrease) in unpaid employee benefits	138	(105)
Premiums & discounts recognised & unwound	29	-
Expense of Capital Items	14	-
Non-cash asset acquisitions	(13,034)	(708)
Grants for capital acquisitions treated as Investing Activity	(981)	(3,740)
Net (Gain) Loss on Disposals	98	(21)
	<u>3,252</u>	<u>4,126</u>
Add (Less): Changes in Net Current Assets		
Net (increase) decrease in receivables	70	236
Net (increase) decrease in inventories	(23)	-
Net increase (decrease) in trade & other payables	(112)	(1,162)
Net Cash provided by (or used in) operations	<u>3,187</u>	<u>3,200</u>

(c) Non-Cash Financing and Investing Activities

Acquisition of assets by means of:

- Physical resources received free of charge	2	13,034	708
<i>Amounts recognised in Income Statement</i>		<u>13,034</u>	<u>708</u>

(d) Financing Arrangements

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

Corporate Credit Cards	25	22
LGFA Cash Advance Debenture facility	3,688	3,688

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

TOWN OF GAWLER

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2013

Note 12 - FUNCTIONS

	INCOMES, EXPENSES AND ASSETS HAVE BEEN DIRECTLY ATTRIBUTED TO THE FOLLOWING FUNCTIONS & ACTIVITIES									
	INCOME		EXPENSES		OPERATING SURPLUS (DEFICIT)		GRANTS INCLUDED IN INCOME		TOTAL ASSETS HELD (CURRENT & NON-CURRENT)	
	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL				
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Business Undertakings	248	242	56	63	192	179	-	-	3,111	3,011
Community Services	1,070	1,002	1,878	2,000	(808)	(998)	557	576	13,302	14,960
Culture	102	105	973	869	(871)	(764)	70	70	1,321	442
Economic Development	237	259	684	708	(447)	(449)	-	-	1,549	1,376
Environment	1,961	1,828	3,678	3,433	(1,717)	(1,605)	-	-	51,760	38,486
Recreation	778	684	3,091	3,145	(2,313)	(2,461)	289	15	30,102	28,919
Regulatory Services	489	625	426	1,600	63	(975)	920	765	37	15
Transport & Communication	654	774	2,974	3,880	(2,320)	(3,106)	-	-	13,896	103,417
Plant Hire & Depot/Indirect	21	12	(448)	(603)	469	615	-	-	2,410	2,539
Unclassified Activities	-	-	-	329	-	(329)	-	-	1,398	20
Council Administration	15,733	14,883	8,308	5,788	7,425	9,095	708	3,380	88,452	10,115
					-	-				
					-	-				
TOTALS	21,293	20,414	21,620	21,212	(327)	(798)	2,544	4,806	207,338	203,300

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.

TOWN OF GAWLER

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2013

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 2.75% and 3.5% (2012: 3.5% and 4.75%). Short term deposits have an average maturity of 30 days and an average interest rates of 3.25% (2012: 30 days, 5%).</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 2% (2012: 2%) 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>
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 - 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 4.7% and 8.4% (2012: 4.99% and 8.4%)</p> <p>Carrying amount: approximates fair value.</p>
Liabilities - Finance Leases	<p>Accounting Policy: accounted for in accordance with AASB 117.</p>

TOWN OF GAWLER

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2013

Note 13 (cont) - FINANCIAL INSTRUMENTS

Liquidity Analysis

2013	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets					
Cash & Equivalents	4,454	-	-	4,454	4,454
Receivables	746	87	-	833	819
Other Financial Assets	-	-	-	-	-
Total	5,200	87	-	5,287	5,273
Financial Liabilities					
Payables	2,237	-	-	2,237	2,051
Current Borrowings	1,845	-	-	1,845	995
Non-Current Borrowings	-	9,061	7,005	16,066	11,899
Total	4,082	9,061	7,005	20,148	14,945

2012	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	3,178	-	-	3,178	3,178
Receivables	793	117	-	910	850
Other Financial Assets	-	-	-	-	-
Total	3,971	117	-	4,088	4,028
Financial Liabilities					
Payables	2,159	-	-	2,159	2,159
Current Borrowings	1,760	-	-	1,760	920
Non-Current Borrowings	-	8,353	8,282	16,635	12,894
Total	3,919	8,353	8,282	20,554	15,973

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

	30 June 2013		30 June 2012	
	Weighted Average Interest Rate	Carrying Value	Weighted Average Interest Rate	Carrying Value
	%	\$'000	%	\$'000
Fixed Interest Rates	6.73	12,894	6.81	13,814
		<u>12,894</u>		<u>13,814</u>

Net Fair Value

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

Risk Exposures

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

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

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

Interest Rate Risk is the risk that future cash flows will fluctuate because of changes in market interest rates. Council has a balance of both fixed and variable interest rate borrowings and investments. Cash flow fluctuations are

TOWN OF GAWLER

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2013

Note 14 - COMMITMENTS FOR EXPENDITURE

	2013 Notes \$'000	2012 \$'000
Capital Commitments		
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Infrastructure	1,079	346
	<u>1,079</u>	<u>346</u>
These expenditures are payable:		
Not later than one year	1,079	346
Later than one year and not later than 5 years	-	-
Later than 5 years	-	-
	<u>1,079</u>	<u>346</u>
Other Expenditure Commitments		
Other non-capital expenditure commitments in relation to investment properties:		
Audit Services	18	36
Employee Remuneration Contracts	2,027	1,207
Other	1,184	764
	<u>3,229</u>	<u>2,007</u>
These expenditures are payable:		
Not later than one year	1,030	750
Later than one year and not later than 5 years	2,199	1,257
Later than 5 years	-	-
	<u>3,229</u>	<u>2,007</u>

TOWN OF GAWLER

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2013

Note 15 - FINANCIAL INDICATORS

	2013	2012	2011
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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>	(1%)	(6%)	(23%)
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

	(1%)	(9%)	(24%)
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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>	53%	66%	86%
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>	23%	65%	28%
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.*

TOWN OF GAWLER

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2013

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

	2013 \$'000	2012 \$'000
Income	21,534	20,505
less Expenses	<u>21,653</u>	<u>21,457</u>
Operating Surplus / (Deficit)	(119)	(952)
less Net Outlays on Existing Assets		
Capital Expenditure on renewal and replacement of Existing Assets	816	2,735
less Depreciation, Amortisation and Impairment	3,397	4,106
less Proceeds from Sale of Replaced Assets	<u>22</u>	<u>78</u>
	(2,603)	(1,449)
less Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets (including investment property & real estate developments)	1,196	3,197
less Amounts received specifically for New and Upgraded Assets	981	3,740
less Proceeds from Sale of Surplus Assets (including investment property and real estate developments)	<u>-</u>	<u>179</u>
	215	(722)
Net Lending / (Borrowing) for Financial Year	<u>2,269</u>	<u>1,219</u>

TOWN OF GAWLER

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2013

Note 17 - OPERATING LEASES

Leases providing revenue to the Council

Council owns various buildings, plant and other facilities that are available for hire or lease (on a non-cancellable basis wherever practicable) in accordance with the published revenue policy. Rentals received from such leases are disclosed as rent and hire of non-investment property in Note 2.

	2013 \$'000	2012 \$'000
Not later than one year	254	275
Later than one year and not later than 5 years	-	-
Later than 5 years	-	-
	<u>254</u>	<u>275</u>

Lease payment commitments of Council

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

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

Leases in relation to computer and office equipment permit Council, at expiry of the lease, to elect to re-lease, return or acquire the equipment leased. No lease contains any escalation clause.

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

	2013 \$'000	2012 \$'000
Not later than one year	82	150
Later than one year and not later than 5 years	65	288
Later than 5 years	-	-
	<u>147</u>	<u>438</u>

TOWN OF GAWLER

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2013

Note 18 – 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 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 2012/13; 9% in 2011/12). 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 Trustee based on advice from the appointed Actuary. The rate is currently 6.3% (6.3% in 2011/12) 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 section is a multi-employer sponsored plan. As the Fund's assets and liabilities are pooled and are not allocated by each employer, the Actuary is unable to allocate benefit liabilities, assets and costs between employers. As provided by AASB 119.32(b), Council does not use defined benefit accounting for these contributions.

The most recent actuarial investigation was conducted by the Scheme's actuary, A C Miller, FIAA, of Russell Employee Benefits Pty Ltd as at 30 June 2011. The Trustee has determined that the current funding arrangements are adequate for the expected Salarylink liabilities. However, future financial and economic circumstances may require changes to Council's contribution rates at some future time.

Contributions to Other Superannuation Schemes

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

TOWN OF GAWLER

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2013

Note 19 - EQUITY ACCOUNTED COUNCIL BUSINESSES

All equity accounted Council businesses are required to prepare Annual Financial Statements that comply with the SA Local Government Model Financial Statements.

Northern Adelaide Waste Management Authority

Established by Town of Gawler, City of Playford and the City of Salisbury, NAWMA is responsible for the provision of Waste Management Services

	2013 \$'000	2012 \$'000
Northern Adelaide Waste Management Authority		
Council's respective interests are:		
- interest in the operating result	9.39%	9.00%
- ownership share of equity	9.39%	9.00%
- the proportion of voting power	33.00%	33.00%
<u>Movements in Investment in Joint Operation</u>	\$'000	\$'000
Opening Balance	108	17
Share in Operating Result	241	91
Adjustment to Equity Share	4	-
Share in Equity of Joint Operation	353	108

Expenditure Commitments

Expenditure committed for (excluding inventories) at the reporting date but not recognised in the financial statements as liabilities:

Operating Expenditures payable

Not later than one year	11,478	10,651
Later than one year and not later than 5 years	45,912	41,264
Later than 5 years	-	-
	57,390	51,915

Gawler River Flood Management Authority (GRFMA)

Established by Town of Gawler, City of Playford, Adelaide Hills Council, The Barossa Council, Light Regional Council and the District of Mallala. GRFMA is responsible for the co-ordination of construction and management of projects.

	2013 \$'000	2012 \$'000
Gawler River Flood Management		
Council's respective interests are:		
- interest in the operating result	17%	17%
- ownership share of equity	17%	17%
- the proportion of voting power	16%	16%
<u>Movements in Investment in Joint Operation</u>	\$'000	\$'000
Opening Balance	2,735	2,980
Share in Operating Result	(33)	(245)
Share in Equity of Joint Operation	2,702	2,735

Expenditure Commitments

Expenditure committed for (excluding inventories) at the reporting date but not recognised in the financial statements as liabilities:

Capital Expenditures payable

Not later than one year	4,382	4,382
Later than one year and not later than 5 years	-	-
Later than 5 years	-	-
	4,382	4,382

TOWN OF GAWLER

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2013

Note 20 - 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.

2. POTENTIAL INSURANCE LOSSES

Council is a multi-purpose organisation providing a large range of buildings, parks, infrastructure, playgrounds and other facilities accessible to the public. At any time, it is likely that claims will have been made against Council that remain unsettled.

Council insures against all known insurable risks using a range of insurance policies, each of which is subject to a deductible "insurance excess", the amount of which varies according to the class of insurance.

Council has recognised the potential losses arising from claims known at reporting date based on average historical net cost (including insurance excess) of similar types of claims. Other potential claims not reported to Council may have existed at reporting date.

3. LEGAL EXPENSES

Council is the planning consent authority for its area under the Development Act 1993 (as amended). Pursuant to that Act, certain persons aggrieved by a planning decision of the Council may appeal. It is normal practice that parties bear their own legal costs. At the date of these reports, Council had notice of 11 appeals against planning decisions made prior to reporting date. All known costs have been recognised, but the amount of further costs cannot be known until the appeals are determined.

TOWN OF GAWLER

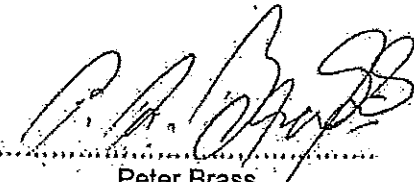
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2013

CERTIFICATION OF AUDITOR INDEPENDENCE

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of Town of Gawler for the year ended 30 June 2013, the Council's Auditor, Dean Newbery, 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*.


Henry Inat
CHIEF EXECUTIVE OFFICER


Peter Brass
PRESIDING MEMBER
AUDIT COMMITTEE

Date: 29 NOVEMBER 2013

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE TOWN OF GAWLER

We have audited the accompanying financial report of the Town of Gawler, which comprises the balance sheet as at 30 June 2013 and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the Certification of Financial Statements statement.

The Responsibility of the Chief Executive Officer for the Financial Report

The Chief Executive Officer of the Town of Gawler is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the Local Government Act 1999 and Local Government (Financial Management) Regulations 2011. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud and 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 Chief Executive Officer, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the Local Government Act 1999 and Local Government (Financial Management) Regulations 2011 and the Australian professional ethical pronouncements.

Auditor's Opinion

In our opinion, the financial report presents fairly, in all material respects, the financial position of the Town of Gawler as of 30 June 2013, and its financial performance and cash flows for the year then ended in accordance with the Local Government Act 1999, Local Government (Financial Management) Regulations 2011 and the Australian Accounting Standards (including Australian Accounting Interpretations).

DEAN NEWBERY & PARTNERS
CHARTERED ACCOUNTANTS



JIM KEOGH
PARTNER

Signed on the 29th day of November 2013,
at 214 Melbourne Street, North Adelaide, South Australia 5006.

Certification of Auditor's Independence

I confirm that, for the audit of the financial statements of Town of Gawler for the year ended 30 June 2013, 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*.



JIM KEOGH

Partner

DEAN NEWBERY & PARTNERS
CHARTERED ACCOUNTANTS

Dated this 18th day of November 2013