

# Town of Gawler

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2014

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# Town of Gawler

## General Purpose Financial Statements for the year ended 30 June 2014

Contents	Page
<b>1. Council Certificate</b>	2
<b>2. Primary Financial Statements:</b>	
- Statement of Comprehensive Income	3
- Statement of Financial Position	4
- Statement of Changes in Equity	5
- Statement of Cash Flows	6
<b>3. Notes to the Financial Statements</b>	7
<b>4. Independent Auditor's Report - Financial Statements</b>	46
<b>5. Certificates of Audit Independence</b>	
- Council Certificate of Audit Independence	47
- Audit Certificate of Audit Independence	48

## Town of Gawler

### General Purpose Financial Statements for the year ended 30 June 2014

### 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 2014 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**

**Date:** 20 October 2014

# Town of Gawler

## Statement of Comprehensive Income

for the year ended 30 June 2014

\$ '000	Notes	2014	2013
<b>Income</b>			
Rates Revenues	2a	17,166	16,037
Statutory Charges	2b	648	651
User Charges	2c	1,396	1,587
Grants, Subsidies and Contributions	2g	2,061	2,390
Investment Income	2d	161	122
Reimbursements	2e	366	398
Other Income	2f	53	108
Net Gain - Equity Accounted Council Businesses	19	154	241
<b>Total Income</b>		<b>22,005</b>	<b>21,534</b>
<b>Expenses</b>			
Employee Costs	3a	8,211	8,393
Materials, Contracts & Other Expenses	3b	9,626	8,929
Depreciation, Amortisation & Impairment	3c	12,237	3,397
Finance Costs	3d	811	901
Net loss - Equity Accounted Council Businesses	19	34	33
<b>Total Expenses</b>		<b>30,919</b>	<b>21,653</b>
<b>Operating Surplus / (Deficit)</b>		<b>(8,914)</b>	<b>(119)</b>
Asset Disposal & Fair Value Adjustments	4	(1,839)	(98)
Amounts Received Specifically for New or Upgraded Assets	2g	1,219	981
Physical Resources Received Free of Charge	2i	12,343	13,034
<b>Net Surplus / (Deficit) <sup>1</sup></b>		<b>2,809</b>	<b>13,798</b>
<b>Other Comprehensive Income</b>			
<i>Amounts which will not be reclassified subsequently to operating result</i>			
Changes in Revaluation Surplus - I,PP&E	9a	(1,641)	(8,897)
Share of Other Comprehensive Income - Equity Accounted Council Businesses	19	401	-
<i>Amounts which will be reclassified subsequently to operating result</i>			
Nil			
<b>Total Other Comprehensive Income</b>		<b>(1,240)</b>	<b>(8,897)</b>
<b>Total Comprehensive Income</b>		<b>1,569</b>	<b>4,901</b>

<sup>1</sup> Transferred to Equity Statement

# Town of Gawler

## Statement of Financial Position

as at 30 June 2014

\$ '000	Notes	2014	2013
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	5a	4,506	4,454
Trade & Other Receivables	5b	1,287	1,678
Inventories	5c	17	23
<b>Total Current Assets</b>		<b>5,810</b>	<b>6,155</b>
<b>Non-Current Assets</b>			
Financial Assets	6a	87	78
Equity Accounted Investments in Council Businesses	6b	3,576	3,055
Investment Property	7a	-	-
Infrastructure, Property, Plant & Equipment	7a	196,461	196,199
Other Non-Current Assets	6c	2,046	1,851
<b>Total Non-Current Assets</b>		<b>202,170</b>	<b>201,183</b>
<b>TOTAL ASSETS</b>		<b>207,980</b>	<b>207,338</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade & Other Payables	8a	2,832	2,747
Borrowings	8b	1,078	995
Provisions	8c	1,699	1,741
<b>Total Current Liabilities</b>		<b>5,609</b>	<b>5,483</b>
<b>Non-Current Liabilities</b>			
Trade & Other Payables	8a	-	-
Borrowings	8b	10,821	11,899
Provisions	8c	147	122
<b>Total Non-Current Liabilities</b>		<b>10,968</b>	<b>12,021</b>
<b>TOTAL LIABILITIES</b>		<b>16,577</b>	<b>17,504</b>
<b>Net Assets</b>		<b>191,403</b>	<b>189,834</b>
<b>EQUITY</b>			
Accumulated Surplus		35,677	31,910
Asset Revaluation Reserves	9a	151,195	152,435
Other Reserves	9b	4,531	5,489
<b>Total Council Equity</b>		<b>191,403</b>	<b>189,834</b>

## Town of Gawler

### Statement of Changes in Equity for the year ended 30 June 2014

\$ '000	Notes	Asset			Total Equity
		Accumulated Surplus	Revaluation Reserve	Other Reserves	
2014					
Balance at the end of previous reporting period		31,910	152,435	5,489	189,834
a. Net Surplus / (Deficit) for Year		2,809	-	-	2,809
b. Other Comprehensive Income					
- Gain (Loss) on Revaluation of I,PP&E	7a	-	(1,641)	-	(1,641)
- Share of OCI - Equity Accounted Council Businesses	19	-	401	-	401
Other Comprehensive Income		-	(1,240)	-	(1,240)
Total Comprehensive Income		2,809	(1,240)	-	1,569
c. Transfers between Reserves		958	-	(958)	-
Balance at the end of period		35,677	151,195	4,531	191,403
2013					
Balance at the end of previous reporting period		19,788	161,332	3,809	184,929
a. Net Surplus / (Deficit) for Year		13,798	-	-	13,798
b. Other Comprehensive Income					
- Gain (Loss) on Revaluation of I,PP&E	7a	-	(8,897)	-	(8,897)
- Other Equity Adjustments - Equity Accounted Council Businesses	19	4	-	-	4
Other Comprehensive Income		4	(8,897)	-	(8,893)
Total Comprehensive Income		13,802	(8,897)	-	4,905
c. Transfers between Reserves		(1,680)	-	1,680	-
Balance at the end of period		31,910	152,435	5,489	189,834

# Town of Gawler

## Statement of Cash Flows

for the year ended 30 June 2014

\$ '000	Notes	2014	2013
<b>Cash Flows from Operating Activities</b>			
<u>Receipts</u>			
Operating Receipts		22,295	22,085
Investment Receipts		161	119
<u>Payments</u>			
Operating Payments to Suppliers and Employees		(17,982)	(18,110)
Finance Payments		(811)	(907)
<b>Net Cash provided by (or used in) Operating Activities</b>	11b	<b>3,663</b>	<b>3,187</b>
<b>Cash Flows from Investing Activities</b>			
<u>Receipts</u>			
Amounts Received Specifically for New/Upgraded Assets		1,219	981
Sale of Replaced Assets		44	22
Sale of Surplus Assets		471	-
Repayments of Loans by Community Groups		18	17
<u>Payments</u>			
Expenditure on Renewal/Replacement of Assets		(1,997)	(816)
Expenditure on New/Upgraded Assets		(2,349)	(1,195)
Loans Made to Community Groups		(29)	-
<b>Net Cash provided by (or used in) Investing Activities</b>		<b>(2,623)</b>	<b>(991)</b>
<b>Cash Flows from Financing Activities</b>			
<u>Receipts</u>			
Proceeds from Bonds & Deposits		7	-
<u>Payments</u>			
Repayments of Borrowings		(995)	(920)
<b>Net Cash provided by (or used in) Financing Activities</b>		<b>(988)</b>	<b>(920)</b>
<b>Net Increase (Decrease) in Cash Held</b>		<b>52</b>	<b>1,276</b>
plus: <b>Cash &amp; Cash Equivalents at beginning of period</b>	11	<b>4,454</b>	<b>3,178</b>
<b>Cash &amp; Cash Equivalents at end of period</b>	11	<b>4,506</b>	<b>4,454</b>

## Notes to and forming part of the Financial Statements for the year ended 30 June 2014

### Contents of the Notes accompanying the Financial Statements

Note	Details	Page
<b>1</b>	Significant Accounting Policies	8
<b>2</b>	Income	14
<b>3</b>	Expenses	16
<b>4</b>	Asset Disposal & Fair Value Adjustments	18
	<b>Current Assets</b>	
<b>5a</b>	Cash & Cash Equivalents	19
<b>5b</b>	Trade & Other Receivables	19
<b>5c</b>	Inventories	19
	<b>Non-Current Assets</b>	
<b>6a</b>	Financial Assets	20
<b>6b</b>	Equity Accounted Investments in Council's Businesses	20
<b>6c</b>	Other Non-Current Assets	20
	<b>Fixed Assets</b>	
<b>7a (i)</b>	Infrastructure, Property, Plant & Equipment	21
<b>7a (ii)</b>	Investment Property	21 n/a
<b>7b</b>	Valuation of Infrastructure, Property, Plant & Equipment	22
	<b>Liabilities</b>	
<b>8a</b>	Trade & Other Payables	25
<b>8b</b>	Borrowings	25
<b>8c</b>	Provisions	25
	<b>Reserves</b>	
<b>9a</b>	Asset Revaluation Reserve	26
<b>9b</b>	Other Reserves	26
<b>10</b>	Assets Subject to Restrictions	28
<b>11</b>	Reconciliation to Statement of Cashflows	29
<b>12a</b>	Functions	31
<b>12b</b>	Components of Functions	32
<b>13</b>	Financial Instruments	33
<b>14</b>	Commitments for Expenditure	37
<b>15</b>	Financial Indicators	38
<b>16</b>	Uniform Presentation of Finances	40
<b>17</b>	Operating Leases	41
<b>18</b>	Superannuation	42
<b>19</b>	Equity Accounted Council Businesses	43
<b>20</b>	Contingencies & Assets/Liabilities Not Recognised in the Balance Sheet	44
	<b>Additional Council Disclosures</b>	
<b>21</b>	Council Information & Contact Details	45
	<b>n/a</b> - not applicable	

## Notes to and forming part of the Financial Statements for the year ended 30 June 2014

### Note 1. Summary of Significant Accounting Policies

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The principal accounting policies adopted by Council in the preparation of these consolidated financial statements 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.

##### 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 South Australian *Local Government Act 1999* and has its principal place of business at 89 Murray Street, 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 2013 \$731K was received in relation to the 2013/14 year, however, in June 2014, the Federal Government announced that the payment of these grants would return to their normal cycle and no early payment was received in June 2014.

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

#### 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.

## Notes to and forming part of the Financial Statements for the year ended 30 June 2014

### Note 1. Summary of Significant Accounting Policies (continued)

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 business undertakings have been valued at the lower of cost and net realisable value.

#### 6 Infrastructure, Property, Plant & Equipment

##### 6.1 Initial Recognition

All assets are initially recognised at cost. 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.

##### 6.2 Materiality

Assets with an economic life in excess of one year are only capitalised where the cost of acquisition exceeds materiality thresholds established by Council for each type of asset. In determining (and in annually reviewing) such thresholds, regard is had to the nature of the asset and its estimated service life. Examples of capitalisation thresholds applied during the year are given 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

##### 6.3 Subsequent Recognition

All material asset classes are revalued on a regular basis such that the carrying values are not materially different from fair value. Significant uncertainties exist in the estimation of fair value of a number of asset classes including land, buildings and associated structures and infrastructure. Further detail of these uncertainties, and of existing valuations, methods and valuers are provided at Note 7.

##### 6.4 Depreciation of Non-Current Assets

Other than land, all infrastructure, property, plant and equipment assets recognised are systematically depreciated over their useful lives on a straight-line basis which, in the opinion of Council, best reflects the consumption of the service potential embodied in those assets.

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

Major depreciation periods for each class of asset are listed below. Depreciation periods for infrastructure assets have been estimated based on the best information available to Council, but appropriate records covering the entire life cycle of these assets are not available, and extreme care should be used in interpreting financial information based on these estimates.

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

Office Equipment	5 to 10 years
Office Furniture	10 to 20 years
Vehicles and Road-making Equip	5 to 8 years
Other Plant & Equipment	5 to 15 years

##### *Building & Other Structures*

Buildings – masonry	50 to 100 years
Buildings – other construction	20 to 40 years
Park Structures – masonry	50 to 100 years
Park Structures – other construction	20 to 40 years

##### *Infrastructure*

Sealed Roads – Surface (Asphalt Seal)	25 to 40 years
Sealed Roads – Structure (Spray Seal)	15 to 25 years

## Notes to and forming part of the Financial Statements for the year ended 30 June 2014

### Note 1. Summary of Significant Accounting Policies (continued)

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

#### 6.5 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 inflows 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.

## 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 other than grants 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

Borrowings are initially recognised at fair value, net of transaction costs incurred and are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are carried at their principal amounts which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period to which it relates, and is recorded as part of "Payables".

## 9 Employee Benefits

### 9.1 Salaries, Wages & Compensated Absences

Liabilities for employees' entitlements to salaries, wages and compensated absences expected to be paid or settled within 12 months of reporting date are accrued at nominal amounts (including payroll based oncosts) measured in accordance with AASB 119.

Liabilities for employee benefits not expected to be paid or settled within 12 months are measured as the present value of the estimated future cash outflows (including payroll based oncosts) to be made in respect of services provided by employees up to the reporting date. Present values are calculated using government guaranteed securities rates with similar maturity terms.

## Notes to and forming part of the Financial Statements for the year ended 30 June 2014

### Note 1. Summary of Significant Accounting Policies (continued)

Weighted avg. discount rate 2.89% (2013, 3.5%)  
Weighted avg. settlement period 5.2 yrs (2013, 5.2 yrs)

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 a number of superannuation schemes. The Scheme has two types of membership, each of which is funded differently. No changes in accounting policy have occurred during either the current or previous reporting periods. Details of the accounting policies applied and Council's involvement with the schemes are reported in Note 18.

#### 10 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.

#### 11 Joint Ventures and Associated Entities

Council participates in cooperative arrangements with other Councils for the provision of services and facilities. Council's interests in cooperative arrangements, which are only recognised if material,

are accounted for in accordance with AASB 128 and set out in detail in Note 19.

#### 12 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.

#### 13 New accounting standards and UIG interpretations

Certain new (or amended) accounting standards and interpretations have been published that are not mandatory for reporting periods ending 30 June 2014.

**Council has not adopted any of these standards early.**

Council's assessment of the impact of these new standards and interpretations is set out below.

**Applicable to Local Government with implications:**

***AASB 9 Financial Instruments, associated standards, AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and transitional disclosures and AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments (effective from 1 January 2017)***

AASB 9 Financial Instruments addresses the classification, measurement and de-recognition of financial assets and financial liabilities.

## Notes to and forming part of the Financial Statements for the year ended 30 June 2014

### Note 1. Summary of Significant Accounting Policies (continued)

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The standard is not applicable until 1 January 2015 but is available for early adoption.

When adopted, the standard will affect in particular Council's accounting for its available-for-sale financial assets, since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading.

Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss although there is currently a proposal by the IASB to introduce a Fair value through Other Comprehensive Income category for debt instruments.

There will be no impact on Council's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and Council does not have any such liabilities.

The de-recognition rules have been transferred from AASB 139 Financial Instruments: Recognition and Measurement and have not been changed.

The Council has not yet fully assessed the impact on the reporting financial position and performance on adoption of AASB 9.

**Applicable to Local Government but no implications for Council;**

**AASB 2013-3 Amendments to AASB 136 Recoverable Amount Disclosures for Non-Financial Assets** (effective for 30 June 2015 Financial Statements)

There are no changes to reported financial position or performance from AASB 2013 – 3, however additional disclosures may be required.

**Applicable to Local Government but not relevant to Council at this stage;**

**AASB 10 Consolidated Financial Statements, AASB 11 Joint Arrangements, AASB 12 Disclosure of Interests in Other Entities, revised AASB 127 Separate Financial Statements and AASB 128 Investments in Associates and Joint Ventures and AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements**

**Standards** (effective for 30 June 2015 Financial Statements for not-for-profit entities)

This suite of five new and amended standards address the accounting for joint arrangements, consolidated financial statements and associated disclosures.

AASB 10 replaces all of the guidance on control and consolidation in AASB 127 Consolidated and Separate Financial Statements, and Interpretation 12 Consolidation – Special Purpose Entities.

The core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the mechanics of consolidation. However, the standard introduces a single definition of control that applies to all entities.

It focuses on the need to have both power and rights or exposure to variable returns.

Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both.

Control exists when the investor can use its power to affect the amount of its returns.

There is also new guidance on participating and protective rights and on agent/principal relationships. Council does not expect the new standard to have a significant impact on its composition.

AASB 11 introduces a principles based approach to accounting for joint arrangements.

The focus is no longer on the legal structure of joint arrangements, but rather on how rights and obligations are shared by the parties to the joint arrangement.

Based on the assessment of rights and obligations, a joint arrangement will be classified as either a joint operation or a joint venture.

Joint ventures are accounted for using the equity method, and the choice to proportionately consolidate will no longer be permitted.

Parties to a joint operation will account their share of revenues, expenses, assets and liabilities in much the same way as under the previous standard.

## Notes to and forming part of the Financial Statements for the year ended 30 June 2014

### Note 1. Summary of Significant Accounting Policies (continued)

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AASB 11 also provides guidance for parties that participate in joint arrangements but do not share joint control.

Council's investment in the joint venture partnership will be classified as a joint venture under the new rules.

As Council already applies the equity method in accounting for this investment, AASB 11 will not have any impact on the amounts recognised in its financial statements.

AASB 12 sets out the required disclosures for entities reporting under the two new standards, AASB 10 and AASB 11, and replaces the disclosure requirements currently found in AASB 127 and AASB 128.

Application of this standard by Council will not affect any of the amounts recognised in the financial statements, but will impact the type of information disclosed in relation to Council's investments.

Amendments to AASB 128 provide clarification that an entity continues to apply the equity method and does not remeasure its retained interest as part of ownership changes where a joint venture becomes an associate, and vice versa.

The amendments also introduce a "partial disposal" concept.

Council is still assessing the impact of these amendments.

Council does not expect to adopt the new standards before their operative date.

They would therefore be first applied in the financial statements for the annual reporting period ending 30 June 2015.

#### **Not applicable to Local Government per se;**

There are no other standards that are "not yet effective" and expected to have a material impact on Council in the current or future reporting periods and on foreseeable future transactions.

#### **14 Comparative Figures**

Comparative information has been reclassified to be consistent with the current year disclosure of equivalent information in accordance with AIFRS.

Annual Leave has this year been disclosed under Provisions for the first time due to the new requirements under AASB 119. In previous year, Annual Leave has been disclosed under Trade & Other Payables. Comparative information has been amended for comparability purposes and this has resulted in no change in the comparative financial position or performance of the Council.

#### **15 Disclaimer**

Nothing contained within these statements may be taken to be an admission of any liability to any person under any circumstance.

# Town of Gawler

## Notes to and forming part of the Financial Statements for the year ended 30 June 2014

### Note 2. Income

\$ '000	Notes	2014	2013
<b>(a). Rates Revenues</b>			
<b>General Rates</b>			
General Rates		16,214	15,069
Less: Mandatory Rebates		(293)	(275)
Less: Discretionary Rebates, Remissions & Write Offs		(806)	(845)
<b>Total General Rates</b>		<b>15,115</b>	<b>13,949</b>
<b>Other Rates (Including Service Charges)</b>			
Natural Resource Management Levy		289	267
Waste Collection		1,527	1,548
Separate Rate		148	146
<b>Total Other Rates</b>		<b>1,964</b>	<b>1,961</b>
<b>Other Charges</b>			
Penalties for Late Payment		87	127
<b>Total Other Charges</b>		<b>87</b>	<b>127</b>
<b>Total Rates Revenues</b>		<b>17,166</b>	<b>16,037</b>
<b>(b). Statutory Charges</b>			
Development Act Fees		243	278
Health & Septic Tank Inspection Fees		27	44
Animal Registration Fees & Fines		252	162
Parking Fines / Expiation Fees		84	113
Sundry		42	54
<b>Total Statutory Charges</b>		<b>648</b>	<b>651</b>
<b>(c). User Charges</b>			
Cemetery Fees		98	104
Lease and Property Rents		261	257
OSHC		183	160
Recreation Fees and Charges		404	417
Sundry		97	164
Swimming Pool Fees and Charges		244	256
Visitors Information Centre		82	82
Waste Disposal Fees and Charges		27	147
<b>Total User Charges</b>		<b>1,396</b>	<b>1,587</b>

# Town of Gawler

## Notes to and forming part of the Financial Statements for the year ended 30 June 2014

### Note 2. Income (continued)

\$ '000	Notes	2014	2013
<b>(d). Investment Income</b>			
Interest on Investments			
- Local Government Finance Authority		105	63
- Banks & Other		2	2
- Loans to Community Groups		6	6
Developer Contributions		48	51
<b>Total Investment Income</b>		<b>161</b>	<b>122</b>
<b>(e). Reimbursements</b>			
Vehicle Use Reimbursements		44	53
Insurance Claims / Rebates		184	147
Legal Costs		17	70
Other Councils		9	10
Other		112	118
<b>Total Reimbursements</b>		<b>366</b>	<b>398</b>
<b>(f). Other Income</b>			
Commissions		4	4
Donations		2	8
Sundry		47	96
<b>Total Other Income</b>		<b>53</b>	<b>108</b>
<b>(g). Grants, Subsidies, Contributions</b>			
Amounts Received Specifically for New or Upgraded Assets		369	981
Amounts Received Specifically for New or Upgraded Assets - Pathway Linkage Program		850	-
<b>Total Amounts Received Specifically for New or Upgraded Assets</b>		<b>1,219</b>	<b>981</b>
Financial Assistance Grant		620	576
Roads to Recovery		153	267
Library Operating Grant		67	70
Home Assistance Scheme Grant		530	526
Local Roads Grant		236	196
Youth Development		82	-
Other Grants, Subsidies and Contributions		373	24
Individually Significant Item - Additional Grants Commission Payment (refer below)		-	731
<b>Total Grants, Subsidies, Contributions</b>		<b>3,280</b>	<b>3,371</b>

The functions to which these grants relate are shown in Note 12.

## Town of Gawler

### Notes to and forming part of the Financial Statements for the year ended 30 June 2014

#### Note 2. Income (continued)

\$ '000	Notes	2014	2013
<b>(g). Grants, Subsidies, Contributions (continued)</b>			
<b>(i) Sources of grants</b>			
Commonwealth Government		1,449	267
State Government		1,018	2,277
Other		813	827
<b>Total</b>		<b>3,280</b>	<b>3,371</b>
<b>(ii) Individually Significant Items</b>			
Grant Commission (FAG) Grant Recognised as Income		-	731
<b>(h). Physical Resources Received Free of Charge</b>			
Land & Improvements		166	209
Kerb & Gutter		588	2,005
Roads & Footpaths		1,411	5,869
Stormwater Drainage		10,177	4,951
Equipment		1	-
<b>Total Physical Resources Received Free of Charge</b>		<b>12,343</b>	<b>13,034</b>

#### Note 3. Expenses

<b>(a). Employee Costs</b>			
Salaries and Wages		6,957	6,979
Employee Leave Expense		545	483
Superannuation - Defined Contribution Plan Contributions	18	621	440
Superannuation - Defined Benefit Plan Contributions	18	30	220
Workers' Compensation Insurance		341	352
Income Protection Insurance		80	95
Less: Capitalised and Distributed Costs		(363)	(176)
<b>Total Operating Employee Costs</b>		<b>8,211</b>	<b>8,393</b>
<b>Total Number of Employees (full time equivalent at end of reporting period)</b>			
		104	107

# Town of Gawler

## Notes to and forming part of the Financial Statements for the year ended 30 June 2014

### Note 3. Expenses (continued)

\$ '000	Notes	2014	2013
<b>(b). Materials, Contracts and Other Expenses</b>			
<b>(i) Prescribed Expenses</b>			
Auditor's Remuneration			
- Auditing the Financial Reports		17	17
Bad and Doubtful Debts		75	-
Elected Members' Expenses		219	273
Election Expenses		6	6
Operating Lease Rentals - Non-Cancellable Leases	17		
- Minimum Lease Payments		164	163
<b>Subtotal - Prescribed Expenses</b>		<b>481</b>	<b>459</b>
<b>(ii) Other Materials, Contracts and Expenses</b>			
Advertising, Printing, Postage & Freight		139	130
Bank Charges & Payment Collection Agencies		66	62
Canteen Supplies (Cost of Goods Sold)		80	75
Cleaning & Hygiene		216	201
Communications		103	99
Computer Software / Hardware		354	322
Consultants & Agency Staff		1,078	808
Contractors		1,372	1,192
Contribution - Other		166	137
Contribution - Gawler Business Development Group		148	145
Contribution - State Government NRM Levy		288	267
Corporate Memberships		68	64
Energy (Fuel, Gas, Electricity)		811	773
Fringe Benefit Tax		57	66
Gawler Synergy Project		50	49
Insurance		246	277
Legal Expenses		13	-
Legal Fees (including Debt Recovery)		268	338
Levies - Emergency Services		11	-
Maintenance		135	93
Materials - Depot Store		18	-
Minor Asset Purchases		68	67
Property Rent		102	101
Property Valuations (Valuer General Expenses)		43	-
Rubble, Bitumen, Concrete & Roller Hire		173	116
Security		56	50
Staff Training		120	113
Sundry		763	803
Vehicle / Machine Parts & Registrations		90	124
Waste Collection & Disposal Charges		1,634	1,600
Water Supply & Consumption Charges		409	398
<b>Subtotal - Other Material, Contracts &amp; Expenses</b>		<b>9,145</b>	<b>8,470</b>
<b>Total Materials, Contracts and Other Expenses</b>		<b>9,626</b>	<b>8,929</b>

# Town of Gawler

## Notes to and forming part of the Financial Statements for the year ended 30 June 2014

### Note 3. Expenses (continued)

\$ '000	Notes	2014	2013
<b>(c). Depreciation, Amortisation and Impairment</b>			
<b>(i) Depreciation and Amortisation</b>			
Buildings		301	512
Infrastructure: Roads, Bridges & Footpaths		1,669	1,736
Infrastructure: Stormwater Drainage		656	622
Infrastructure: Roundabouts		23	27
Infrastructure: Urban Elements		120	114
Equipment		226	227
Other Assets		159	159
<b>Subtotal</b>		<b>3,154</b>	<b>3,397</b>
<b>(ii) Impairment</b>			
Buildings		9,083	-
<b>Subtotal</b>		<b>9,083</b>	<b>-</b>
<b>Total Depreciation, Amortisation and Impairment</b>		<b>12,237</b>	<b>3,397</b>
<b>(d). Finance Costs</b>			
Interest on Loans		811	901
<b>Total Finance Costs</b>		<b>811</b>	<b>901</b>

### Note 4. Asset Disposal & Fair Value Adjustments

#### Infrastructure, Property, Plant & Equipment

<b>(i) Assets Renewed or Directly Replaced</b>			
Proceeds from Disposal		44	22
Less: Carrying Amount of Assets Sold		(1,916)	(120)
<b>Gain (Loss) on Disposal</b>		<b>(1,872)</b>	<b>(98)</b>
<b>(ii) Assets Surplus to Requirements</b>			
Proceeds from Disposal		471	-
Less: Carrying Amount of Assets Sold		(438)	-
<b>Gain (Loss) on Disposal</b>		<b>33</b>	<b>-</b>
<b>Net Gain (Loss) on Disposal or Revaluation of Assets</b>		<b>(1,839)</b>	<b>(98)</b>

## Town of Gawler

### Notes to and forming part of the Financial Statements for the year ended 30 June 2014

#### Note 5. Current Assets

\$ '000	Notes	2014	2013
<b>(a). Cash &amp; Cash Equivalents</b>			
Cash on Hand at Bank		88	33
Deposits at Call		4,418	4,421
<b>Total Cash &amp; Cash Equivalents</b>		<b>4,506</b>	<b>4,454</b>
<b>(b). Trade &amp; Other Receivables</b>			
Rates - General & Other		749	809
Accrued Revenues		153	110
Debtors - General		377	678
Prepayments		63	63
Loans to Community Organisations		20	18
<b>Subtotal</b>		<b>1,362</b>	<b>1,678</b>
Less: Allowance for Doubtful Debts		(75)	-
<b>Total Trade &amp; Other Receivables</b>		<b>1,287</b>	<b>1,678</b>
<b>(c). Inventories</b>			
Stores & Materials		17	23
<b>Total Inventories</b>		<b>17</b>	<b>23</b>

## Town of Gawler

### Notes to and forming part of the Financial Statements for the year ended 30 June 2014

#### Note 6. Non-Current Assets

\$ '000	Notes	2014	2013
<b>(a). Financial Assets</b>			
<b>Receivables</b>			
Loans to Community Organisations		87	78
<b>Total Receivables</b>		<b>87</b>	<b>78</b>
<b>Total Financial Assets</b>		<b>87</b>	<b>78</b>
<b>(b). Equity Accounted Investments in Council Businesses</b>			
Gawler River Flood Management	19	3,069	2,702
NAWMA	19	507	353
<b>Total Equity Accounted Investments in Council Businesses</b>		<b>3,576</b>	<b>3,055</b>
<b>(c). Other Non-Current Assets</b>			
<b>Other</b>			
Capital Works-in-Progress		2,046	1,851
<b>Total Other</b>		<b>2,046</b>	<b>1,851</b>
<b>Total Other Non-Current Assets</b>		<b>2,046</b>	<b>1,851</b>

Town of Gawler

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2014

Note 7a (i). Infrastructure, Property, Plant & Equipment

\$ '000	Fair Value Level	as at 30/6/2013					Asset Movements during the Reporting Period								as at 30/6/2014				
		At Fair Value	At Cost	Accumulated		Carrying Value	Asset Additions		WDV of Asset Disposals	Depreciation Expense (Note 3c)	Impairment Loss (recognised in P/L) (Note 3c)	Adjustments & Transfers	Revaluation Decrements to Equity (ARR) (Note 9)	Revaluation Increments to Equity (ARR) (Note 9)	At Fair Value	At Cost	Accumulated		Carrying Value
				Dep'n	Impairment		New / Upgrade	Renewals									Dep'n	Impairment	
Land - Community	2	29,848	-	-	-	29,848	191	-	(420)	-	-	-	(1,368)	318	28,569	-	-	-	28,569
Buildings	2	30,293	-	12,359	-	17,934	97	-	-	(301)	(9,083)	11	(219)	-	8,643	97	301	-	8,439
Infrastructure: Roads, Bridges & Footpath	3	161,895	-	58,488	-	103,407	3,569	1,164	(532)	(1,669)	-	-	(5,168)	2,619	162,292	-	58,902	-	103,390
Infrastructure: Stormwater	3	50,109	-	13,882	-	36,227	10,618	-	(1,326)	(656)	-	-	-	2,409	65,171	-	17,899	-	47,272
Infrastructure: Roundabouts	3	1,344	-	240	-	1,104	-	-	-	(23)	-	-	(232)	-	1,126	-	277	-	849
Infrastructure: Urban Elements	3	1,802	2,716	846	-	3,672	13	13	-	(120)	-	-	-	-	1,802	2,743	966	-	3,579
Equipment	3	-	4,632	2,658	-	1,974	-	455	(76)	(226)	-	(11)	-	-	-	4,389	2,274	-	2,115
Other Assets	3	-	3,918	1,885	-	2,033	374	-	-	(159)	-	-	-	-	-	4,292	2,044	-	2,248
Total Infrastructure, Property, Plant & Equipment		275,291	11,266	90,358	-	196,199	14,862	1,632	(2,354)	(3,154)	(9,083)	-	(6,987)	5,346	267,603	11,521	82,663	-	196,461
Comparatives		270,296	14,740	90,370	-	194,666	13,537	411	(120)	(3,398)	-	-	(8,897)	-	275,291	11,266	90,358	-	196,199
Note 7a (ii). Investment Property Nil																			

### Notes to and forming part of the Financial Statements for the year ended 30 June 2014

#### Note 7b. Valuation of Infrastructure, Property, Plant & Equipment & Investment Property

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\$ '000

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##### Valuation of Assets

The fair value of assets and liabilities must be estimated in accordance with various Accounting Standards for either recognition and measurement requirements or for disclosure purposes.

AASB 13: *Fair Value Measurement* requires the disclosure of fair value information according to the relevant level in the fair value hierarchy. This hierarchy categorises fair value measurements into one of three possible levels based on the lowest level that a significant input can be categorised into. The levels are outlined below:

**Level 1:** Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

**Level 2:** Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

**Level 3:** Measurements based on unobservable inputs for the asset or liability.

Refer to Note 7a for the disclosure of the Fair Value Levels of Infrastructure, Property, Plant and Equipment Assets.

##### Information on Valuations

The entity selects valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the entity are consistent with one or more of the following valuation approaches:

- *Market approach:* uses prices and other relevant information generated by market transactions involving identical or similar assets or liabilities.
- *Income approach:* converts estimated future cash flows or income and expenses into a single current (ie discounted) value.
- *Cost approach:* reflects the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the entity gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data are not available and therefore are developed using the best information available about such assumptions are considered unobservable.

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2014

Note 7b. Valuation of Infrastructure, Property, Plant & Equipment &  
Investment Property (continued)

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\$ '000

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Valuation of Assets (continued)

**Other Information**

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 addition at cost, this remains as the basis of recognition of non-material asset classes.

Upon revaluation, the current new replacement cost and accumulated depreciation are re-stated 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.

**Highest and best use**

All of Council's non financial assets are considered as being utilised for their highest and best use.

**Transition to AASB 13 - Fair Value Measurement**

The requirements of AASB 13 Fair Value Measurement have been applied to all valuations for land and buildings undertaken since 1 July 2013 as shown by the valuation dates by individual asset classes below. As a result of the introduction of AASB 13, depreciation on Building assets has decreased by \$280K compared to previous years. There has been no impact on depreciation expense for any other asset classes as a result of the introduction of AASB 13.

## Town of Gawler

### Notes to and forming part of the Financial Statements for the year ended 30 June 2014

#### Note 7b. Valuation of Infrastructure, Property, Plant & Equipment & Investment Property (continued)

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\$ '000

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##### Valuation of Assets (continued)

###### Land - Community

- Basis of valuation: Market Value
- Date of valuation: 30 June 2014
- Valuer: Valuer General, GPO Box 1354, Adelaide SA 5001

###### Buildings

- Basis of valuation: Market Value
- Date of valuation: 1 July 2013
- Valuer: Chris Chaney of Asset Valuation & Consulting Pty Ltd, 32 Fourth St, St Peters SA 5069

###### Infrastructure

###### *Roads, Bridges & Footpaths*

- Basis of valuation: Written down current replacement cost
- Date of valuation: 30 June 2014
- Valuer: Steve Walker of Asset Engineering, PO BOX 211, Plympton SA 5038

###### *Stormwater Drainage*

- Basis of valuation: Written down current replacement cost
- Date of valuation: 30 June 2014
- Valuer: Steve Walker of Asset Engineering, PO BOX 211, Plympton SA 5038

###### *Roundabouts*

- Basis of valuation: Written down current replacement cost
- Date of valuation: 30 June 2014
- Valuer: Steve Walker of Asset Engineering, PO BOX 211, Plympton SA 5038

###### *Urban Elements*

- Recognised at Cost

###### Plant & Equipment

- Recognised at Cost

###### Other Assets

- Recognised at Cost

## Town of Gawler

### Notes to and forming part of the Financial Statements for the year ended 30 June 2014

#### Note 8. Liabilities

\$ '000	Notes	2014 Current	2014 Non Current	2013 Current	2013 Non Current
<b>(a). Trade and Other Payables</b>					
Goods & Services		1,182	-	1,305	-
Payments Received in Advance		844	-	632	-
Accrued Expenses - Employee Entitlements		165	-	225	-
Accrued Expenses - Other		520	-	471	-
Deposits, Retentions & Bonds		121	-	114	-
<b>Total Trade and Other Payables</b>		<b>2,832</b>	<b>-</b>	<b>2,747</b>	<b>-</b>
<b>(b). Borrowings</b>					
Loans		1,078	10,821	995	11,899
<b>Total Borrowings</b>		<b>1,078</b>	<b>10,821</b>	<b>995</b>	<b>11,899</b>
All interest bearing liabilities are secured over the future revenues of the Council					
<b>(c). Provisions</b>					
Employee Entitlements for Long Service Leave (including oncosts)		913	147	895	122
Employee Entitlements for Annual Leave (including oncosts)		786	-	846	-
<b>Total Provisions</b>		<b>1,699</b>	<b>147</b>	<b>1,741</b>	<b>122</b>

## Town of Gawler

### Notes to and forming part of the Financial Statements for the year ended 30 June 2014

#### Note 9. Reserves

\$ '000	1/7/2013	Increments (Decrements)	Transfers	Impairments	30/6/2014
<b>(a). Asset Revaluation Reserve</b>					
Land - Community	28,062	(1,050)	-	-	27,012
Buildings	219	(219)	-	-	-
Infrastructure	123,889	(2,230)	-	-	121,659
- Roads, Bridges, Footpaths	-	2,230	(2,230)	-	-
Infrastructure	-	(2,549)	3,081	-	532
Stormwater	-	2,409	(1,083)	-	1,326
Roundabouts	-	(232)	232	-	-
JV's / Associates - Other Comprehensive Income	265	401	-	-	666
<b>Total Asset Revaluation Reserve</b>	<b>152,435</b>	<b>(1,240)</b>	<b>-</b>	<b>-</b>	<b>151,195</b>
<b>Comparatives</b>	<b>161,332</b>	<b>(8,897)</b>	<b>-</b>	<b>-</b>	<b>152,435</b>

\$ '000	1/7/2013	Tfrs to Reserve	Tfrs from Reserve	Other Movements	30/6/2014
<b>(b). Other Reserves</b>					
Carparking	346	79	-	-	425
Open Space	47	-	-	-	47
Stormwater Drainage	-	133	(55)	-	78
Plant & Machinery Replacement	499	44	(224)	-	319
Willaston Cemetery	15	3	-	-	18
Willaston Cemetery - Babies Memorial	3	-	-	-	3
Waste Management Service Charge	88	-	(64)	-	24
Infrastructure & Community Assets	320	-	(9)	-	311
Property	1,422	48	-	-	1,470
Carried Forward Budget Reserve	2,749	1,815	(2,749)	-	1,815
Dog & Cat Management	-	21	-	-	21
<b>Total Other Reserves</b>	<b>5,489</b>	<b>2,143</b>	<b>(3,101)</b>	<b>-</b>	<b>4,531</b>
<b>Comparatives</b>	<b>3,809</b>	<b>3,095</b>	<b>(1,415)</b>	<b>-</b>	<b>5,489</b>

#### PURPOSES OF RESERVES

##### Asset Revaluation Reserves

The asset revaluation reserve is used to record increments and decrements arising from changes in fair value of non current assets (less any subsequent impairment losses, where applicable).

##### Available-for-sale Investments Reserve

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

### Notes to and forming part of the Financial Statements

for the year ended 30 June 2014

#### Note 9. Reserves (continued)

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\$ '000

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##### **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 Councils 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 2014/2015.

##### **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.

##### **Dog & Cat Management**

This reserve is used to fund future initiatives relating to dog and cat management.

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2014

Note 10. Assets Subject to Restrictions

\$ '000	Notes	2014	2013
<p>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.</p>			
<b>Cash &amp; Financial Assets</b>			
Developer Contributions		472	393
Southern Urban Areas Developer Contributions		1,423	1,374
Pathway Linkage Project Grant		-	500
<b>Total Cash &amp; Financial Assets</b>		<b>1,895</b>	<b>2,267</b>
<b>Total Assets Subject to Externally Imposed Restrictions</b>		<b>1,895</b>	<b>2,267</b>

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2014

Note 11. Reconciliation to Statement of Cash Flows

\$ '000	Notes	2014	2013
<b>(a). Reconciliation of Cash</b>			
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 Statement of Cash Flows is reconciled to the related items in the Balance Sheet as follows:			
Total Cash & Equivalent Assets	5	4,506	4,454
Less: Short-Term Borrowings	8	-	-
<b>Balances per Statement of Cash Flows</b>		<b>4,506</b>	<b>4,454</b>
<b>(b). Reconciliation of Change in Net Assets to Cash from Operating Activities</b>			
<b>Net Surplus/(Deficit)</b>		<b>2,809</b>	<b>13,798</b>
Non-Cash Items in Income Statements			
Depreciation, Amortisation & Impairment		12,237	3,398
Equity Movements in Equity Accounted Investments (Increase)/Decrease		(120)	(208)
Premiums & Discounts Recognised & Unwound		-	29
Non-Cash Asset Acquisitions		(12,343)	(13,034)
Grants for Capital Acquisitions (Treated as Investing Activity Receipts)		(1,219)	(981)
Net (Gain) Loss on Disposals		1,839	98
Expense of Capital Items		-	14
		<b>3,203</b>	<b>3,114</b>
<b>Add (Less): Changes in Net Current Assets</b>			
Net (Increase)/Decrease in Receivables		393	70
Net (Increase)/Decrease in Inventories		6	(23)
Net Increase/(Decrease) in Trade & Other Payables		78	(112)
Net Increase/(Decrease) in Unpaid Employee Benefits		-	138
<b>Net Cash provided by (or used in) operations</b>		<b>3,663</b>	<b>3,187</b>

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2014

Note 11. Reconciliation to Statement of Cash Flows

\$ '000	Notes	2014	2013
<b>(c). Non-Cash Financing and Investing Activities</b>			
<b>Acquisition of assets by means of:</b>			
- Physical Resources Received Free of Charge	2i	12,343	13,034
<b>Total Non-Cash Financing &amp; Investing Activities</b>		<b>12,343</b>	<b>13,034</b>

**(d). Financing Arrangements**

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

Bank Overdrafts			
Corporate Credit Cards		16	25
LGFA Cash Advance Debenture Facility		3,687	3,687

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 2014

#### Note 12a. Functions

Functions/Activities	Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 12(b).									
	INCOME		EXPENSES		OPERATING SURPLUS (DEFICIT)		GRANTS INCLUDED IN INCOME		TOTAL ASSETS HELD (CURRENT & NON-CURRENT)	
	Actual 2014	Actual 2013	Actual 2014	Actual 2013	Actual 2014	Actual 2013	Actual 2014	Actual 2013	Actual 2014	Actual 2013
<b>\$ '000</b>										
Business Undertakings	218	248	42	56	176	192	-	-	3,085	3,111
Community Services	1,155	1,070	1,890	1,878	(735)	(808)	760	557	8,197	13,302
Culture	88	102	872	973	(784)	(871)	69	70	873	1,321
Economic Development	235	237	615	684	(380)	(447)	-	-	1,168	1,549
Environment	1,843	1,961	2,055	3,678	(212)	(1,717)	27	-	66,735	51,760
Recreation	751	778	2,977	3,091	(2,226)	(2,313)	-	289	26,274	30,102
Regulatory Services	381	489	1,301	426	(920)	63	203	920	46	37
Transport & Communication	396	654	2,830	2,974	(2,434)	(2,320)	390	-	11,421	13,896
Plant Hire & Depot/Indirect	16	21	(234)	(448)	250	469	11	-	2,403	2,410
Unclassified Activities	-	-	-	-	-	-	-	-	38	1,398
Council Administration	16,805	15,732	18,573	8,307	(1,768)	7,425	1,820	708	87,740	88,452
<b>Total Functions/Activities</b>	<b>21,888</b>	<b>21,292</b>	<b>30,921</b>	<b>21,619</b>	<b>(9,033)</b>	<b>(327)</b>	<b>3,280</b>	<b>2,544</b>	<b>207,980</b>	<b>207,338</b>

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.

## Notes to and forming part of the Financial Statements for the year ended 30 June 2014

### Note 12b. Components of Functions

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\$ '000

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**The activities relating to Council functions are as follows:**

#### **BUSINESS UNDERTAKINGS**

Caravan Parks, Development of Land for Resale.

#### **COMMUNITY SERVICES**

Public Order and Safety, Crime Prevention, Emergency Services, Other Fire Protection, Other Public Order and Safety, Health Services, Pest Control – Health, Immunisation, Preventive Health Services, Other Health Services, Community Support, Elderly Citizens Facilities, Home Assistance Scheme, Children and Youth Services, Community Assistance, Family and Neighbourhood Support, Other Community Support, Community Amenities, Bus Shelters, Cemeteries, Public Conveniences, Car Parking – non-fee-paying and Other Community Amenities.

#### **CULTURE**

Library Services, Other Library Services, Cultural Services, Heritage and Other Cultural Services.

#### **ECONOMIC DEVELOPMENT**

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

#### **ENVIRONMENT**

Landcare, Other Agricultural Services, Waste Management, Domestic Waste, Green Waste, Recycling, Waste Disposal Facility, Other Waste Management, Other Environment, Stormwater and Drainage, Street Cleaning, Street Lighting, Streetscaping, Natural Resource Management Levy, and Other Environment.

#### **RECREATION**

Parks and Gardens, Sports Facilities – Indoor, Sports Facilities – Outdoor, Swimming Centres – Outdoor, and Other Recreation.

#### **REGULATORY SERVICES**

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

#### **TRANSPORT**

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

#### **PLANT HIRE & DEPOT**

Plant & Machinery maintenance & repairs, Depot maintenance expenses.

#### **UNCLASSIFIED ACTIVITIES**

Road reserve maintenance, 'Rapid Response' team service and other sundry activities.

#### **COUNCIL ADMINISTRATION**

Governance, Administration n.e.c., Elected Members, Organisational, Support Services, Accounting/Finance, Payroll, Human Resources, Information Technology, Communication, Rates Administration, Records, Occupancy, Contract Management, Customer Service, Other Support Services, Revenues, LGGC – General Purpose, and Separate and Special Rates.

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2014

Note 13. Financial Instruments

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\$ '000

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**Recognised Financial Instruments**

**Bank, Deposits at Call, Short Term Deposits**

**Accounting Policy:**

Carried at lower of cost and net realisable value; Interest is recognised when earned.

**Terms & Conditions:**

Deposits are returning fixed interest rates between 2.5% and 2.75% (2013: 2.75% and 3.5%). Short term deposits have an average maturity of 30 days and an average interest rate of 3.0%. (2013: 30 days and 3.25%)

**Carrying Amount:**

Approximates fair value due to the short term to maturity.

**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.

**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.

**Terms & Conditions:**

Secured over the subject land, arrears attract interest of 2% (2013: 2%). Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries in the State.

**Carrying Amount:**

Approximates fair value (after deduction of any allowance).

**Receivables**

**Fees & Other Charges**

**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.

**Terms & Conditions:**

Unsecured, and do not bear interest. Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries.

**Carrying Amount:**

Approximates fair value (after deduction of any allowance).

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2014

Note 13. Financial Instruments (continued)

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\$ '000

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**Recognised Financial Instruments**

**Receivables**

**Other Levels of Government**

**Accounting Policy:**

Carried at nominal value.

**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.

**Carrying Amount:**

Approximates fair value.

**Liabilities**

**Creditors and Accruals**

**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.

**Terms & Conditions:**

Liabilities are normally settled on 30 day terms.

**Carrying Amount:**

Approximates fair value.

**Liabilities**

**Interest Bearing Borrowings**

**Accounting Policy:**

Carried at the principal amounts. Interest is charged as an expense as it accrues.

**Terms & Conditions:**

Secured over future revenues, borrowings are repayable over the term of the loans or on an adhoc basis for variable loans; interest is charged at either fixed or variable rates between 4.7% and 8.4% (2013: 4.7% and 8.4%)

**Carrying Amount:**

Approximates fair value.

**Liabilities**

**Finance Leases**

**Accounting Policy:**

Accounted for in accordance with AASB 117.

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2014

Note 13. Financial Instruments (continued)

\$ '000	Due < 1 year	Due > 1 year & ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
<b>2014</b>					
<b>Financial Assets</b>					
Cash & Equivalents	4,506	-	-	4,506	4,506
Receivables	477	87	-	564	452
<b>Total Financial Assets</b>	<b>4,983</b>	<b>87</b>	<b>-</b>	<b>5,070</b>	<b>4,958</b>

<b>Financial Liabilities</b>					
Payables	2,916	-	-	2,916	2,147
Current Borrowings	1,873	-	-	1,873	1,078
Non-Current Borrowings	-	8,521	5,729	14,250	10,821
<b>Total Financial Liabilities</b>	<b>4,789</b>	<b>8,521</b>	<b>5,729</b>	<b>19,039</b>	<b>14,046</b>

\$ '000	Due < 1 year	Due > 1 year & ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
<b>2013</b>					
<b>Financial Assets</b>					
Cash & Equivalents	4,454	-	-	4,454	4,454
Receivables	746	87	-	833	819
<b>Total Financial Assets</b>	<b>5,200</b>	<b>87</b>	<b>-</b>	<b>5,287</b>	<b>5,273</b>

<b>Financial Liabilities</b>					
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
<b>Total Financial Liabilities</b>	<b>4,082</b>	<b>9,061</b>	<b>7,005</b>	<b>20,148</b>	<b>14,945</b>

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

	30 June 2014		30 June 2013	
	Weighted Avg Interest Rate	Carrying Value	Weighted Avg Interest Rate	Carrying Value
Fixed Interest Rates	6.75%	11,899	6.73%	12,894
		<b>11,899</b>		<b>12,894</b>

**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.

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2014

Note 13. Financial Instruments (continued)

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\$ '000

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**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.

## Town of Gawler

### Notes to and forming part of the Financial Statements for the year ended 30 June 2014

#### Note 14. Commitments for Expenditure

\$ '000	Notes	2014	2013
<b>(a). Capital Commitments</b>			
<b>Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:</b>			
Infrastructure		428	1,079
		<b>428</b>	<b>1,079</b>
<b>These expenditures are payable:</b>			
Not later than one year		428	1,079
Later than one year and not later than 5 years		-	-
Later than 5 years		-	-
		<b>428</b>	<b>1,079</b>
<b>(b). Other Expenditure Commitments</b>			
<b>Other expenditure committed for (excluding inventories) at the reporting date but not recognised in the financial statements as liabilities:</b>			
Audit Services		18	18
Employee Remuneration Contracts		1,597	2,027
Other		-	1,184
		<b>1,615</b>	<b>3,229</b>
<b>These expenditures are payable:</b>			
Not later than one year		662	1,030
Later than one year and not later than 5 years		953	2,199
Later than 5 years		-	-
		<b>1,615</b>	<b>3,229</b>

#### (c). Finance Lease Commitments

Council has no Finance Leases.

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2014

Note 15. Financial Indicators

	Amounts	Indicator	Prior Periods	
\$ '000	2014	2014	2013	2012

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.

**1. Operating Surplus Ratio**

Operating Surplus	(8,914)	(53%)	(1%)	(6%)
Rates - General & Other Less NRM levy	16,877			

*This ratio expresses the operating surplus as a percentage of general and other rates, net of NRM levy.*

**1a. Adjusted Operating Surplus Ratio**

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.

(8,183)	(48%)	(1%)	(9%)
16,877			

**2. Net Financial Liabilities Ratio**

Net Financial Liabilities	10,697	49%	53%	66%
Total Operating Revenue Less NRM Levy	21,716			

*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).*

**3. Asset Sustainability Ratio**

Net Asset Renewals	1,953	71%	23%	65%
Infrastructure & Asset Management Plan required expenditure	2,744			

*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.*

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2014

Note 15. Financial Indicators - Graphs (continued)

<div><div>1. Operating Surplus Ratio</div><div><div><div>201220132014</div><div><div><div>15.0% 5.0% -5.0% -15.0% -25.0% -35.0% -45.0% -55.0% -65.0%</div><div><div><div><div>-6%</div><div>-1%</div><div>-53%</div></div></div></div></div></div></div></div></div>	<div><div>Purpose of Operating Surplus Ratio</div><div>To assess the financial sustainability and performance of the organisation.</div></div>	<div><div>Commentary on 2013/14 Result</div><div><div>2013/14 Ratio-53%</div><div>The Operating Deficit of \$8.914M was significantly influenced by the adoption of Australian Accounting Standard AASB13 Fair Value measurement. Without this impairment of \$9.083M, the Operating Surplus would have been \$169K. Part of the equity adjustment for the GRFMA surplus related to the revaluation of assets. This amount of \$401K is separately disclosed as other comprehensive income.</div></div></div>
<div><div>1a. Adjusted Operating Surplus Ratio</div><div><div><div>201220132014</div><div><div><div>15.0% 5.0% -5.0% -15.0% -25.0% -35.0% -45.0% -55.0% -65.0%</div><div><div><div><div>-9%</div><div>-1%</div><div>-48%</div></div></div></div></div></div></div></div></div>	<div><div>Purpose of Adjusted Operating Surplus Ratio</div><div>As for the Operating Surplus Ratio but adjusted for the Financial Assistance Grants advance payments.</div></div>	<div><div>Commentary on 2013/14 Result</div><div><div>2013/14 Ratio-48%</div><div>The improvement in the Operating Deficit was due to the adjustment of \$731K for the first 2 quarters of 2013/2014 of the Financial Assistance Grant (which was previously included in 2012/2013). This advance Financial Assistance Grant payment procedure has now ceased.</div></div></div>
<div><div>2. Net Financial Liabilities Ratio</div><div><div><div>201220132014</div><div><div><div>80.0% 60.0% 40.0% 20.0% 0.0%</div><div><div><div><div>66%</div><div>53%</div><div>49%</div></div></div></div></div></div></div></div></div>	<div><div>Purpose of Net Financial Liabilities Ratio</div><div>To assess the net debt of the organisation and the capacity to meet its financial obligations.</div></div>	<div><div>Commentary on 2013/14 Result</div><div><div>2013/14 Ratio49%</div><div>No new loans were made in 2013/2014. This reduction is due to the scheduled payments in 2013/2014.</div></div></div>
<div><div>3. Asset Sustainability Ratio</div><div><div><div>201220132014</div><div><div><div>100.0% 80.0% 60.0% 40.0% 20.0% 0.0%</div><div><div><div><div>65%</div><div>23%</div><div>71%</div></div></div></div></div></div></div></div></div>	<div><div>Purpose of Asset Sustainability Ratio</div><div>To assess whether the organisation is renewing its non financial assets at the same rate as the usage of the assets.</div></div>	<div><div>Commentary on 2013/14 Result</div><div><div>2013/14 Ratio71%</div><div>The Asset Sustainability Ratio is now based on the capital expenditure in the Asset Management Plan/10 Year Long Term Financial Plan (rather than the actual depreciation amount used in previous years) The target range is 90% - 110%.</div></div></div>

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2014

Note 16. Uniform Presentation of Finances

\$ '000	2014	2013
<p>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.</p> <p>All Councils in South Australia have agreed to summarise annual budgets and long-term financial plans on the same basis.</p> <p>The arrangements ensure that all Councils provide a common 'core' of financial information, which enables meaningful comparisons of each Council's finances.</p>		
Income	22,005	21,534
less Expenses	(30,919)	(21,653)
<b>Operating Surplus / (Deficit)</b>	<b>(8,914)</b>	<b>(119)</b>
less <b>Net Outlays on Existing Assets</b>		
Capital Expenditure on Renewal and Replacement of Existing Assets	1,997	816
less Depreciation, Amortisation and Impairment	(12,237)	(3,397)
less Proceeds from Sale of Replaced Assets	(44)	(22)
<b>Subtotal</b>	<b>(10,284)</b>	<b>(2,603)</b>
less <b>Net Outlays on New and Upgraded Assets</b>		
Capital Expenditure on New and Upgraded Assets (including Investment Property & Real Estate Developments)	2,349	1,196
less Amounts Received Specifically for New and Upgraded Assets	(1,219)	(981)
less Proceeds from Sale of Surplus Assets (including Investment Property & and Real Estate Developments)	(471)	-
<b>Subtotal</b>	<b>659</b>	<b>215</b>
<b>Net Lending / (Borrowing) for Financial Year</b>	<b>711</b>	<b>2,269</b>

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2014

Note 17. Operating Leases

\$ '000

2014

2013

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.

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

Not later than one year	239	254
Later than one year and not later than 5 years	-	-
Later than 5 years	-	-
	<b>239</b>	<b>254</b>

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

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

Not later than one year	114	82
Later than one year and not later than 5 years	98	65
Later than 5 years	-	-
	<b>212</b>	<b>147</b>

## Notes to and forming part of the Financial Statements for the year ended 30 June 2014

### Note 18. Superannuation

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\$ '000

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#### 18.1 Contributions to Statewide Super Scheme (94% of FTEs)

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 (9.25% in 2013/14; 9% in 2012/13). 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) 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 2012/13) 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, 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 full actuarial investigation 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.

#### 18.2 Contributions to Other Superannuation Schemes (6% of FTEs)

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 2014

### Note 19. Equity Accounted Council Businesses

\$ '000

**All joint ventures and associated entities are required to prepare Annual Financial Statements that comply with the SA Local Government Model Financial Statements.**

	Council's Share of Net Income		Council's Share of Net Assets	
	2014	2013	2014	2013
Joint Venture Entities	120	208	3,576	3,055
<b>Total</b>	<b>120</b>	<b>208</b>	<b>3,576</b>	<b>3,055</b>

#### (i) JOINT VENTURE ENTITIES

##### (a) Carrying Amounts

Name of Entity	Principal Activity	2014	2013
Northern Adelaide Waste Management Authority	Provision of waste management services	507	353
Gawler River Flood Management Authority	Management and co-ordination of flood mitigation projects	3,069	2,702
<b>Total Carrying Amounts - Joint Venture Entities</b>		<b>3,576</b>	<b>3,055</b>

#### 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.

#### Gawler River Flood Management Authority

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.

##### (b) Relevant Interests

Name of Entity	Interest in Outputs		Interest in Ownership		Proportion of Voting Power	
	2014	2013	2014	2013	2014	2013
Northern Adelaide Waste Management Authority	9%	9%	9%	9%	33%	33%
Gawler River Flood Management Authority	17%	17%	17%	17%	16%	16%

##### (c) Movement in Carrying Amounts

	Northern Adelaide Waste Management Authority		Gawler River Flood Management Authority	
	2014	2013	2014	2013
Opening Balance	353	108	2,702	2,735
Share in Operating Result	154	241	(34)	(33)
Share in Other Comprehensive Income	-	-	401	-
Adjustments to Equity	-	4	-	-
<b>Council's Equity Share in the Joint Venture Entity</b>	<b>507</b>	<b>353</b>	<b>3,069</b>	<b>2,702</b>

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2014

Note 19. Equity Accounted Council Businesses (continued)

\$ '000

**(d). Share of Joint Venture Entities Expenditure Commitments**

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

**(i) Capital Expenditures Payable**

Not later than one year	-	4,382
Later than one year and not later than 5 years	-	-
Later than 5 years	-	-
	<u>-</u>	<u>4,382</u>

**(ii) Operating Expenditures Payable**

Not later than one year	12,409	11,478
Later than one year and not later than 5 years	29,403	45,912
Later than 5 years	3,730	-
	<u>45,542</u>	<u>57,390</u>

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 & is considered relevant to the users of the financial report in making and evaluating decisions about the allocation of scarce resources.

**1. LAND UNDER ROADS**

As reported in the Financial 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 the 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 198 km of road reserves of average width 7.4 metres.

**2. POTENTIAL INSURANCE LOSSES**

Council is a multi-purpose organisation providing a large range of building, 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 deductible "insurance excesses", 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 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 MATTERS**

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 15 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

### Notes to and forming part of the Financial Statements for the year ended 30 June 2014

#### Note 21. Council Information & Contact Details

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##### **Principal Place of Business:**

89 Murray St  
Gawler SA 5118

##### **Contact Details**

##### **Mailing Address:**

PO Box 130  
Gawler SA 5118

##### **Opening Hours:**

Monday - Friday 9:00am - 5:00pm

**Telephone:** 08 8522 9211

**Facsimile:** 08 8522 9212

**Internet:** [www.gawler.sa.gov.au](http://www.gawler.sa.gov.au)

**Email:** [council@gawler.sa.gov.au](mailto:council@gawler.sa.gov.au)

##### **Officers**

##### **CHIEF EXECUTIVE OFFICER**

Henry Inat

##### **Elected Members**

##### **MAYOR**

Brian Sambell

##### **AUDITORS**

Dean Newbery & Partners  
214 Melbourne St  
GPO BOX 755  
North Adelaide SA 5006

##### **COUNCILLORS**

Brian Thom  
Kevin Fischer  
Diane Fraser  
Scott Fraser  
Dianne Hockley  
David Hughes  
Paul Koch  
Barry Neylon  
Karen Redman  
Adrian Shackley

##### **Other Information**

**ABN:** 29 861 749 581

## **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 statement of financial position as at 30 June 2014 and the statement of comprehensive income, statement of changes in equity and statement of cash flows 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 2014, 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 22<sup>nd</sup> day of October 2014,  
at 214 Melbourne Street, North Adelaide, South Australia 5006.

## Town of Gawler

### General Purpose Financial Statements

for the year ended 30 June 2014

### 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 2014, the Council's Auditor, Dean Newberry & 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*.



Henry Inat

**CHIEF EXECUTIVE OFFICER**



Peter Brass

**PRESIDING MEMBER, AUDIT COMMITTEE**

**Date:** 20 October 2014

### **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 2014, 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 22<sup>nd</sup> day of October 2014**