

District Council of Cleve

General Purpose Financial Reports for the year ended 30 June 2009

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District Council of Cleve
INCOME STATEMENT
for the year ended 30 June 2009

	Notes	2009 \$	2008 \$
INCOME			
Rates	2	1,957,736	1,892,383
Statutory charges	2	31,934	24,147
User charges	2	66,139	60,661
Grants, subsidies and contributions	2	1,552,096	1,316,801
Investment income	2	83,813	98,620
Reimbursements	2	99,652	49,672
Other income	2	52,606	49,603
Total Income		<u>3,843,976</u>	<u>3,491,887</u>
EXPENSES			
Employee costs	3	1,091,577	869,075
Materials, contracts & other expenses	3	1,279,693	1,485,965
Finance costs	3	15,184	16,324
Depreciation, amortisation & impairment	3	825,846	739,307
Total Expenses		<u>3,212,300</u>	<u>3,110,671</u>
OPERATING SURPLUS / (DEFICIT)		631,676	381,216
Net gain (loss) on disposal or revaluation of assets	4	57,301	51,426
Amounts received specifically for new or upgraded assets	2	616,326	-
NET SURPLUS / (DEFICIT)		<u>1,305,303</u>	<u>432,642</u>

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

District Council of Cleve

BALANCE SHEET
as at 30 June 2009

ASSETS	Notes	2009 \$	2008 \$
Current Assets			
Cash and cash equivalents	5	2,321,812	1,422,676
Trade & other receivables	5	246,444	184,653
Inventories	5	18,963	132,130
Total Current Assets		<u>2,587,219</u>	<u>1,739,459</u>
Non-current Assets			
Infrastructure, Property, Plant & Equipment	7	24,569,151	23,827,896
Other Non-current Assets	6	148,532	19,500
Total Non-current Assets		<u>24,717,683</u>	<u>23,847,396</u>
Total Assets		<u>27,304,902</u>	<u>25,586,855</u>
LIABILITIES			
Current Liabilities			
Trade & Other Payables	8	442,505	307,908
Borrowings	8	33,044	31,643
Provisions	8	20,000	20,000
Total Current Liabilities		<u>495,549</u>	<u>359,551</u>
Non-current Liabilities			
Trade & Other Payables	8	-	1,570
Borrowings	8	456,466	219,511
Provisions	8	172,276	130,915
Total Non-current Liabilities		<u>628,742</u>	<u>351,996</u>
Total Liabilities		<u>1,124,291</u>	<u>711,547</u>
NET ASSETS		<u>26,180,611</u>	<u>24,875,308</u>
EQUITY			
Accumulated Surplus		7,548,269	6,242,966
	9	18,632,342	18,632,342
Other Reserves	9	-	-
TOTAL EQUITY		<u>26,180,611</u>	<u>24,875,308</u>

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

District Council of Cleve

STATEMENT OF CHANGES IN EQUITY for the year ended 30 June 2009

	2009 \$	2008 \$
Notes		
ACCUMULATED SURPLUS		
Balance at end of previous reporting period	6,242,966	5,810,324
Net Surplus / (Deficit) for Year	1,305,303	432,642
Transfers to Other Reserves	-	-
Transfers from Other Reserves	-	-
Balance at end of period	7,548,269	6,242,966
ASSET REVALUATION RESERVE		
9		
Balance at end of previous reporting period	18,632,342	18,632,342
Gain on revaluation of infrastructure, property, plant & equipment	-	-
Balance at end of period	18,632,342	18,632,342
OTHER RESERVES		
9		
Balance at end of previous reporting period	-	-
Transfers from Accumulated Surplus	-	-
Transfers to Accumulated Surplus	-	-
Balance at end of period	-	-
TOTAL EQUITY AT END OF REPORTING PERIOD	26,180,611	24,875,308
<i>Total of all revenues recognised directly in Equity</i>	-	-
<i>Total of all expenses recognised directly in Equity</i>	-	-
NET CHANGE IN EQUITY	-	-

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

District Council of Cleve

CASH FLOW STATEMENT for the year ended 30 June 2009

	Notes	2009 \$	2008 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
<u>Receipts</u>			
Operating receipts		3,955,239	3,608,416
Investment receipts		83,813	98,620
<u>Payments</u>			
Operating payments to suppliers & employees		(2,453,997)	(2,478,418)
Finance payments		(14,933)	(16,819)
Net Cash provided by (or used in) Operating Activities		1,570,122	1,211,799
CASH FLOWS FROM INVESTING ACTIVITIES			
<u>Receipts</u>			
Amounts specifically for new or upgraded assets		616,326	-
Sale of replaced assets		44,037	104,091
Sale of surplus assets		-	100
Sale of real estate developments		177,588	115,824
Repayments of loans by community groups		7,099	13,434
<u>Payments</u>			
Expenditure on renewal/replacement of assets		(322,500)	(889,645)
Expenditure on new/upgraded assets		(1,302,099)	(169,861)
Development of real estate for sale		(129,793)	(21,251)
Net Cash provided by (or used in) Investing Activities		(909,342)	(847,308)
CASH FLOWS FROM FINANCING ACTIVITIES			
<u>Receipts</u>			
Proceeds from Borrowings		270,000	-
<u>Payments</u>			
Repayments of Borrowings		(18,997)	(24,513)
Net Cash provided by (or used in) Financing Activities		251,003	(24,513)
Net Increase (Decrease) in cash held		911,783	339,978
Cash & cash equivalents at beginning of period	11	1,410,029	1,070,051
Cash & cash equivalents at end of period	11	2,321,812	1,410,029

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

District Council of Cleve

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2009

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 equivalents to International Financial Reporting Standards

This general purpose financial report has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS) as they apply to not-for-profit entities, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations (UIGs) and relevant South Australian legislation.

The financial report was authorised for issue by certificate under clause 11 of the *Local Government (Financial Management) Regulations 1999*.

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

1.2 Critical Accounting Estimates

The preparation of financial statements in conformity with AIFRS 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.

1.3 Rounding

All amounts in the financial statements have been rounded to the nearest dollar (\$0).

2 The Local Government Reporting Entity

District Council of Cleve is incorporated under the SA Local Government Act 1999 and has its principal place of business at 10 Main Street, Cleve. These financial statements include the consolidated fund and all entities through which Council controls resources to carry on its functions. In the process of reporting on the Council as a single unit, all transactions and balances between activity areas and controlled entities have been eliminated.

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

3 Income recognition

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

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

District Council of Cleve

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2009

Note 1 - Significant Accounting Policies (cont)

4 Cash, Cash Equivalents and other Financial Instruments

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

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

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

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

5 Inventories

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

5.1 Real Estate Assets Developments

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

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

5.2 Other Real Estate held for resale

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

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

6 Infrastructure, Property, Plant & Equipment

6.1 Transitional Provisions

As at 1 July 2008, Council has elected not to recognise any values for land under roads acquired before the commencement of AASB 1051 *Land Under Roads*. Details of the effects of this election are given in Note 7.

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".

District Council of Cleve

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2009

Note 1 - Significant Accounting Policies (cont)

6.2 Initial Recognition

All assets are initially recognised at cost. 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. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the Council includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overhead.

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

6.3 Materiality

Assets with an economic life in excess of one year are only capitalised where the cost of acquisition exceeds materiality thresholds established by Council for each type of asset. In determining (and in annually reviewing) such thresholds, regard is had to the nature of the asset and its estimated service life. Examples of capitalisation thresholds applied during the year are as follows. No capitalisation threshold is applied to the acquisition of land or interests in land.

Office Furniture & Equipment	\$1,000
Other Plant & Equipment	\$1,000
Buildings - new construction/extensions	\$10,000
Park & Playground Furniture & Equipment	\$2,000
Road construction & reconstruction	\$10,000
Paving & footpaths, Kerb & Gutter	\$2,000
Drains & Culverts	\$5,000
Reticulation extensions	\$5,000
Sidelines & household connections	\$5,000
Artworks	\$5,000

6.4 Subsequent Recognition

Certain asset classes are revalued on a regular basis such that the carrying values are not materially different from fair value. For infrastructure and other asset classes where no active market exists, fair value is determined to be the current replacement cost of an asset less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset. Further detail of existing valuations, methods and valuers are provided at Note 7.

6.5 Depreciation of Non-Current Assets

Other than land, all infrastructure, property, plant and equipment assets recognised are systematically depreciated over their useful lives in a manner which reflects the consumption of the service potential embodied in those assets.

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

Plant, Furniture & Equipment	
Office Equipment	5 to 10 years
Office Furniture	10 to 20 years
Vehicles and Road-making Equip	5 to 8 years
Other Plant & Equipment	5 to 15 years
Building & Other Structures	
Buildings – masonry	50 to 100 years
Buildings – other construction	20 to 40 years
Park Structures – masonry	50 to 100 years
Park Structures – other construction	20 to 40 years
Playground equipment	5 to 15 years
Benches, seats, etc	10 to 20 years

District Council of Cleve

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2009

Note 1 - Significant Accounting Policies (cont)

Infrastructure		
	Sealed Roads – Surface	15 to 25 years
	Sealed Roads – Structure	20 to 50 years
	Unsealed Roads	10 to 20 years
	Bridges – Concrete	80 to 100 years
	Paving & Footpaths, Kerb & Gutter	80 to 100 years
	Drains	80 to 100 years
	Culverts	50 to 75 years
	Flood Control Structures	80 to 100 years
	Dams and Reservoirs	80 to 100 years
	Bores	20 to 40 years
	Reticulation Pipes – PVC	70 to 80 years
	Reticulation Pipes – other	25 to 75 years
	Pumps & Telemetry	15 to 25 years
Other Assets		
	Library Books	10 to 15 years
	Artworks	indefinite

6.6 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.

7 Payables

7.1 Goods & Services

Creditors are amounts due to external parties for the supply of goods and services and are recognised as liabilities when the goods and services are received. Creditors are normally paid 30 days after the month of invoice. No interest is payable on these amounts.

7.2 Payments Received in Advance & Deposits

Amounts received from external parties in advance of service delivery, and security deposits held against possible damage to Council assets, are recognised as liabilities until the service is delivered or damage reinstated, or the amount is refunded as the case may be.

8 Borrowings

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

9 Employee Benefits

9.1 Salaries, Wages & Compensated Absences

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

District Council of Cleve

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2009

Note 1 - Significant Accounting Policies (cont)

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

No accrual is made for sick leave as Council experience indicates that, on average, sick leave taken in each reporting period is less than the entitlement accruing in that period, and this experience is expected to recur in future reporting periods. Council does not make payment for untaken sick leave.

9.2 Superannuation

The Council makes employer superannuation contributions in respect of its employees to the Local Government Superannuation Scheme. The Scheme has two types of membership, each of which is funded differently. No changes in accounting policy have occurred during either the current or previous reporting periods. Details of the accounting policies applied and Council's involvement with the schemes are reported in Note 18.

10 Construction Contracts

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

11 Joint Ventures and Associated Entities

Council participates in cooperative arrangements with other Councils for the provision of services and facilities.

12 Leases

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

In respect of finance leases, where Council substantially carries all of the risks incident to ownership, the leased items are initially recognised as assets and liabilities equal in amount to the present value of the minimum lease payments. The assets are disclosed as assets under lease, 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.

13 GST Implications

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

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

District Council of Cleve

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2009

Note 1 - Significant Accounting Policies (cont)

14 Comparative Information

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

15 New Accounting Standards

Certain new accounting standards and UIG interpretations have been published that are not mandatory for the 30 June 2009 reporting period.

- AASB 3 *Business Combinations*
 - AASB 101 *Presentation of Financial Statements*
 - AASB 123 *Borrowing Costs*
 - AASB 127 *Consolidated and Separate Financial Statements*
 - AASB 2007-6 *Amendments to Australian Accounting Standards arising from AASB 123*
 - AASB 2007-8 & AASB 2007-10 *Amendments to Australian Accounting Standards arising from AASB 101*
 - AASB 2008-2 *Amendments to Australian Accounting Standards – Puttable Financial Instruments and Obligations arising on Liquidation*
 - AASB 2008-3 *Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127*
 - AASB 2008-5 & AASB 2008-6 *Amendments to Australian Accounting Standards arising from the Annual Improvements Project*
 - AASB 2008-7 *Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*
 - AASB 2008-8 *Amendments to Australian Accounting Standards - Eligible Hedged Items*
 - AASB 2008-9 *Amendments to AASB 1049 for Consistency with AASB 101*
 - AASB 2008-11 *Amendments to Australian Accounting Standard – Business Combinations Among Not-for-Profit Entities*
 - AASB 2008-12 *Amendments to Australian Accounting Standards – Reclassification of Financial Assets – Effective Date and Transition*
 - AASB 2008-13 *Amendments to Australian Accounting Standards arising from AASB Interpretation 17 – Distributions of Non-cash Assets to Owners*
 - *Interpretation 15* *Agreements for the Construction of Real Estate*
 - *Interpretation 16* *Hedges of a Net Investment in a Foreign Operation*
 - *Interpretation 17* *Distributions of Non-cash Assets to Owners*
 - *Interpretation 18* *Transfers of Assets from Customers*
- (Standards not affecting local government have been excluded from the above list.)

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

District Council of Cleve

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2009

Note 2 - INCOME

	Notes	2009 \$	2008 \$
RATES REVENUES			
<u>General Rates</u>			
Less: Mandatory rebates		1,717,377	1,642,064
Less: Discretionary rebates, remissions & write offs		(18,479)	-
		(10,784)	(26,927)
		1,688,114	1,615,137
<u>Other Rates</u> (including service charges)			
Natural Resource Management levy		81,179	81,093
Waste collection			
Other		32,449	56,765
Community wastewater management systems		140,770	127,660
		254,398	265,518
<u>Other Charges</u>			
Penalties for late payment		15,224	11,728
		15,224	11,728
		1,957,736	1,892,383
STATUTORY CHARGES			
Development Act fees		8,550	4,452
Town planning fees		18,187	13,247
Animal registration fees & fines		4,867	5,255
Other registration fees		330	1,193
		31,934	24,147
USER CHARGES			
Cemetery/crematoria fees		16,920	10,994
Arno Bay Harbour Fees		21,797	21,025
Sanitation & Garbage Fees		9,007	11,390
Hall & equipment hire		7,044	4,008
Sundry		11,371	13,244
		66,139	60,661
INVESTMENT INCOME			
Interest on investments			
Local Government Finance Authority		81,598	93,760
Banks & other		1,947	3,559
Loans to community groups		268	1,301
		83,813	98,620

District Council of Cleve

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2009

NOTE 2 - INCOME (continued)

	Notes	2009 \$	2008 \$
REIMBURSEMENTS			
- for private works		30,301	26,359
- other		69,351	23,313
		99,652	49,672
OTHER INCOME			
Rebates received		25,853	-
Sundry		26,753	49,603
		52,606	49,603
GRANTS, SUBSIDIES, CONTRIBUTIONS			
Amounts received specifically for new or upgraded assets		616,326	-
Other grants, subsidies and contributions		1,267,359	1,316,801
Individually significant item - Additional Grants Commission Payment	See below	284,737	-
		2,168,422	1,316,801
<i>The functions to which these grants relate are shown in Note 2.</i>			
Sources of grants			
Commonwealth government		2,104,960	1,282,456
State government		46,662	34,345
Other		16,800	0
		2,168,422	1,316,801
INDIVIDUALLY SIGNIFICANT ITEMS			
On 26 June 2009, Council received payment of the first quarter instalment of the 2010 Grants Commission (FAG). This represents a significant increase in income from this source for 2008/09, with an equivalent reduction in 2009/10.		284,737	-

District Council of Cleve

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2009

NOTE 2 - INCOME (continued)

	Notes	2009 \$	2008 \$
<i>Conditions over grants & contributions</i>			
<i>Grants and contributions which were obtained on the condition that they be expended for specified purposes or in a future period, but which are not yet expended in accordance with those conditions, are as follows:</i>			
<i>Unexpended at the close of the previous reporting period</i>		310,628	281,637
<i>Less: expended during the current period from revenues recognised in previous reporting periods</i>			
<i>Roads Infrastructure</i>		(310,628)	(133,009)
<i>Heritage & Cultural Services</i>			(20,000)
<i>Subtotal</i>		(310,628)	(153,009)
<i>Plus: amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions</i>			
<i>Roads Infrastructure</i>		108,727	182,000
<i>Subtotal</i>		108,727	182,000
<i>Unexpended at the close of this reporting period</i>		108,727	310,628
<i>Net increase (decrease) in assets subject to conditions in the current reporting period</i>		(201,901)	28,991

District Council of Cleve

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2009

Note 3 - EXPENSES

	Notes	2009 \$	2008 \$
EMPLOYEE COSTS			
Salaries and Wages		924,113	821,370
Employee leave expense		182,488	139,633
Superannuation - defined contribution plan contributions	18	48,729	40,458
Superannuation - defined benefit plan contributions	18	43,674	43,605
Workers' Compensation Insurance		46,052	23,206
Other		18,110	-
Less: Capitalised and distributed costs		(171,589)	(199,197)
Total Operating Employee Costs		<u>1,091,577</u>	<u>869,075</u>
 Total Number of Employees		22	21
<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		5,800	5,800
- Other Auditors		50	-
Elected members' expenses		38,185	39,377
Election expenses		455	442
Subtotal - Prescribed Expenses		<u>44,490</u>	<u>45,619</u>
 <u>Other Materials, Contracts & Expenses</u>			
Contractors		381,073	419,588
Energy		76,828	152,583
Individually Significant Items		-	38,800
Materials		212,179	507,489
Legal Expenses		6,527	5,800
Levies paid to government - NRM levy		80,616	80,615
- Other Levies		11,391	-
Recycling		47,904	74,415
Professional services		43,598	-
		<u>375,087</u>	<u>161,056</u>
Subtotal - Other Materials, Contracts & Expenses		<u>1,235,203</u>	<u>1,440,346</u>
		<u>1,279,693</u>	<u>1,485,965</u>
 INDIVIDUALLY SIGNIFICANT ITEMS			
Arno Bay Master Plan		<u>-</u>	<u>38,800</u>

District Council of Cleve

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2009

Note 3 - EXPENSES (cont)

	Notes	2009 \$	2008 \$
FINANCE COSTS			
Interest on Loans		<u>15,184</u>	<u>16,324</u>
		<u>15,184</u>	<u>16,324</u>
DEPRECIATION, AMORTISATION & IMPAIRMENT			
Depreciation			
Buildings & Other Structures		50,267	49,845
Infrastructure		504,115	485,039
Plant & Equipment		152,223	121,302
Furniture & Fittings		15,277	14,003
Common Effluent		10,843	10,565
Other Assets		93,121	93,100
Less: Capitalised and distributed costs		-	(34,547)
		<u>825,846</u>	<u>739,307</u>

District Council of Cleve

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2009

Note 4 - ASSET DISPOSAL & FAIR VALUE ADJUSTMENTS

	2009	2008
Notes	\$	\$
INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT		
<i>Assets renewed or directly replaced</i>		
Proceeds from disposal	44,037	104,091
Less: Carrying amount of assets sold	57,498	94,409
Gain (Loss) on disposal	(13,461)	9,682
<i>Assets surplus to requirements</i>		
Proceeds from disposal	-	100
Less: Carrying amount of assets sold	-	48
Gain (Loss) on disposal	-	52
REAL ESTATE DEVELOPMENT ASSETS		
Proceeds from disposal	177,588	115,824
Less: Carrying amount of assets sold	106,826	74,132
Gain (Loss) on disposal	70,762	41,692
NET GAIN (LOSS) ON DISPOSAL OR REVALUATION OF ASSETS	57,301	51,426

District Council of Cleve

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2009

Note 5 - CURRENT ASSETS

	Notes	2009 \$	2008 \$
CASH & EQUIVALENT ASSETS			
Cash on Hand and at Bank		370	370
Short Term Deposits & Bills, etc		<u>2,321,442</u>	<u>1,422,306</u>
		<u>2,321,812</u>	<u>1,422,676</u>
 TRADE & OTHER RECEIVABLES			
Rates - General & Other		146,087	113,272
Debtors - general		31,573	14,994
GST Recoupment		60,679	49,288
Loans to community organisations		-	7,099
Sundry		<u>8,105</u>	<u>-</u>
Total		<u>246,444</u>	<u>184,653</u>
 INVENTORIES			
Stores & Materials		18,963	26,065
Real Estate Developments		<u>-</u>	<u>106,065</u>
		<u>18,963</u>	<u>132,130</u>
 <i>(Valued at the lower of cost and net realisable value)</i>			
<i>Residential</i>		<u>-</u>	<u>106,065</u>
Total Real Estate for Resale		<u>-</u>	<u>106,065</u>
 <i>Represented by:</i>			
<i>Development Costs</i>		<u>-</u>	<u>106,065</u>
		<u>-</u>	<u>106,065</u>
 <i>Less: Allowance for Under-Recovery</i>		<u>-</u>	<u>-</u>
Total Real Estate for Resale		<u>-</u>	<u>106,065</u>

District Council of Cleve

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2009

Note 6 - NON-CURRENT ASSETS

FINANCIAL ASSETS	Notes	2009 \$	2008 \$
OTHER NON-CURRENT ASSETS			
Inventories			
Real Estate Developments		<u>148,532</u>	<u>19,500</u>
		<u>148,532</u>	<u>19,500</u>
 <i>Real Estate Developments</i>			
<i>(Valued at the lower of cost and net realisable value)</i>			
<i>Residential</i>			
<i>Total Real Estate for Resale</i>		<u>148,532</u>	<u>19,500</u>
		<u>148,532</u>	<u>19,500</u>
 <i>Development Costs</i>			
<i>Total Real Estate for Resale</i>		<u>148,532</u>	<u>19,500</u>
		<u>148,532</u>	<u>19,500</u>

District Council of Cleve

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2009

Note 7 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

	2008						2009					
	AT FAIR VALUE	AT COST	ACCUM DEPN	CARRYING AMOUNT	AT FAIR VALUE	AT COST	ACCUM DEPN	CARRYING AMOUNT	AT FAIR VALUE	AT COST	ACCUM DEPN	CARRYING AMOUNT
Land	1,812,000	150,000	-	1,962,000	1,812,000	228,555	-	2,040,555				
Land Improvements	-	-	-	-	-	-	-	-				
Buildings & Other Structures	2,413,225	409,271	(180,710)	2,641,786	2,413,225	905,931	(230,977)	3,088,179				
Infrastructure	14,538,650	2,361,796	(1,855,320)	15,045,126	14,538,650	3,287,631	(2,359,434)	15,466,847				
Plant & Equipment	881,010	757,278	(386,515)	1,251,773	881,010	774,935	(520,781)	1,135,164				
Furniture & Fittings	64,924	67,202	(21,897)	110,229	64,924	72,265	(37,174)	100,015				
Community Wastewater Management												
Schemes	527,391	10,430	(42,505)	495,316	527,391	35,803	(53,348)	509,846				
Other	1,690,665	961,383	(330,382)	2,321,666	1,690,665	961,380	(423,500)	2,228,545				
Other assets	-	-	-	-	-	-	-	-				
TOTAL PROPERTY, PLANT & EQUIPMENT	21,927,865	4,717,360	(2,817,329)	23,827,896	21,927,865	6,266,500	(3,625,214)	24,569,151				
2008 Totals	21,844,640	3,749,972	(1,992,458)	23,602,154	21,927,865	4,717,360	(2,817,329)	23,827,896				

This Note continues on the following pages.

District Council of Cleve

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2009

Note 7 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

	CARRYING AMOUNT MOVEMENTS DURING YEAR										2009 \$
	2008 \$										
	CARRYING AMOUNT	Additions		Disposals	Depreciation	Impairment	Blank	Net Revaluation	CARRYING AMOUNT		
	New/Upgrade	Renewals									
Land	1,962,000	78,555	-	-	-	-	-	-	2,040,555		
Land Improvements	-	-	-	-	-	-	-	-	-		
Buildings & Other Structures	2,641,786	444,766	51,894	(50,267)	-	-	-	3,088,179			
Infrastructure	15,045,126	655,777	270,059	(504,115)	-	-	-	15,466,847			
Plant & Equipment	1,251,773	93,112	(57,498)	(152,223)	-	-	-	1,135,164			
Furniture & Fittings	110,229	5,063	-	(15,277)	-	-	-	100,015			
Community Wastewater Management Schemes	495,316	25,373	-	(10,843)	-	-	-	509,846			
Other	2,321,666	-	-	(93,121)	-	-	-	2,228,545			
Other assets	-	-	-	-	-	-	-	-			
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT	23,827,896	1,302,646	321,953	(825,846)	-	-	-	24,569,151			
2008 Totals	23,602,154	169,861	924,204	(773,854)	-	-	(12)	23,827,896			

This Note continues on the following pages.

District Council of Cleve

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2009

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 for the purposes of AIFRS.

Plant, Furniture & Equipment

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

Land

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

Land is recognised on the cost basis, originally deriving from a valuation at 30th June 1994 at current replacement cost. Additions are recognised at cost.

Estimated future costs of reinstatement of land, capitalised in accordance with AASB 116.16(c), are reviewed annually (see Note 1) and depreciated over the estimated remaining life of the relevant asset. Land is generally not depreciated.

Buildings & Other Structures

Pursuant to Council's election, buildings and other structures are recognised on the costs basis.

Infrastructure

Transportation assets were valued by Council officers at written down current replacement cost during the reporting period ended 30th June 2004. All acquisitions made after the respective dates of valuation are recorded at cost.

Stormwater drainage infrastructure was valued by Council officers as at 30 June 2004 at written down current replacement cost, based on actual costs incurred during the reporting period ended 30 June. All acquisitions made after the respective dates of valuation are recorded at cost.

Community Wastewater Management Schemes

Community wastewater management scheme infrastructure was valued by Council officers at written down current replacement cost during the reporting period ended 30 June 2004. All acquisitions made after the respective dates of valuation are recorded at cost.

District Council of Cleve

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2009

Note 8 - LIABILITIES

	Notes	2009		2008	
		\$		\$	
		Current	Non-current	Current	Non-current
TRADE & OTHER PAYABLES					
Goods & Services		236,172	-	116,277	-
Payments received in advance		3,140	-	19,895	1,570
Accrued expenses - employee entitlements		201,835	-	145,037	-
Accrued expenses - other		1,358	-	1,107	-
Other		-	-	25,592	-
		<u>442,505</u>	<u>-</u>	<u>307,908</u>	<u>1,570</u>
BORROWINGS					
Bank Overdraft		-	-	12,647	-
Loans		33,044	456,466	18,996	219,511
		<u>33,044</u>	<u>456,466</u>	<u>31,643</u>	<u>219,511</u>
<i>All interest bearing liabilities are secured over the future revenues of the Council.</i>					
PROVISIONS					
Employee entitlements (including oncosts)		20,000	172,276	20,000	130,915
		<u>20,000</u>	<u>172,276</u>	<u>20,000</u>	<u>130,915</u>

District Council of Cleve

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2009

Note 9 - RESERVES

ASSET REVALUATION RESERVE	1/07/2008	Net Increments (Decrements)	Transfers on Sale	30/06/2009
	Notes	\$	\$	\$
Land		18,632,342		18,632,342
Total Infrastructure, Property, Plant & Equipment		<u>18,632,342</u>		<u>18,632,342</u>
TOTAL		<u>18,632,342</u>		<u>18,632,342</u>
2008 Totals		<u>18,632,342</u>		<u>18,632,342</u>

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 and available-for-sale financial assets.

District Council of Cleve

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2009

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.

	2009	2008
	\$	\$
CASH & FINANCIAL ASSETS		
Notes		
Common Television Antenna (CATV) Re-transmission Service	25,541	16,249
Community Wastewater Management System (CWMS) Maint	503,064	417,870
CWMS Arno Bay Feasibility Grant	76,355	100,000
Regional Communities Drought Funding	-	18,325
	<u>604,960</u>	<u>552,444</u>
TOTAL ASSETS SUBJECT TO EXTERNALLY IMPOSED RESTRICTIONS	<u>604,960</u>	<u>552,444</u>

District Council of Cleve

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2009

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	2009 \$	2008 \$
Total cash & equivalent assets	5	2,321,812	1,422,676
Less: Short-term borrowings	8	-	(12,647)
Balances per Cash Flow Statement		2,321,812	1,410,029

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

Net Surplus (Deficit)		1,305,303	432,642
Non-cash items in Income Statement			
Depreciation, amortisation & impairment		825,846	739,307
Net increase (decrease) in unpaid employee benefits		98,159	8,536
Grants for capital acquisitions treated as Investing Activity		(616,326)	-
Net (Gain) Loss on Disposals		(57,301)	(51,426)
		1,555,681	1,129,059
Add (Less): Changes in Net Current Assets			
Net (increase) decrease in receivables		(68,890)	(36,235)
Net (increase) decrease in inventories		7,102	(4,152)
Net increase (decrease) in trade & other payables		76,229	123,127
Net Cash provided by (or used in) operations		1,570,122	1,211,799

(d) Financing Arrangements

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

Bank Overdrafts	150,000	150,000
Corporate Credit Cards	9,000	9,000

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.

District Council of Cleve

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2009

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	ACTUAL	2009	2008	2009	2008	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Administration	3,041,246	2,714,590	-	264,897	3,041,246	2,449,693	1,494,763	699,978	5,212,321	4,376,009		
Public Order & Safety	7,096	5,637	103,145	105,283	(96,049)	(99,646)	-	-	-	-		
Health	330	824	7,336	3,048	(7,006)	(2,224)	-	-	-	-		
Social Security & Welfare	-	(88)	16,519	181	(16,519)	(269)	-	-	-	-		
Housing & Community Services	114,829	6,277	554,205	507,219	(439,376)	(500,942)	104,448	18,527	2,120,795	1,544,072		
Protection of the Environment	12	(122)	7,187	7,787	(7,175)	(7,909)	-	-	-	-		
Sport Recreation & Culture	34,407	(36,162)	376,348	299,633	(341,941)	(335,795)	67,611	15,818	977,532	1,000,386		
Mining & Manufacture	12,174	8,075	36,050	41,774	(23,876)	(33,699)	-	-	-	-		
Transport & Communications	526,066	277,620	1,176,127	903,305	(650,061)	(625,685)	484,800	582,478	16,812,653	16,474,056		
Economic Affairs	24,208	64,410	172,984	148,035	(148,776)	(83,625)	-	-	219,077	110,545		
Other Purposes	69,391	450,826	400,341	829,509	(330,950)	(378,683)	-	-	1,962,524	2,081,787		
Governance	2,156	-	367,852	-	(365,696)	-	-	-	-	-		
Support Services	12,061	-	(5,794)	-	17,855	-	-	-	-	-		
TOTALS	3,843,976	3,491,887	3,212,300	3,110,671	631,676	381,216	2,151,622	1,316,801	27,304,902	25,586,855		

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

District Council of Cleve

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2009

Note 12 (cont) - COMPONENTS OF FUNCTIONS

The activities relating to Council functions are as follows:

Administration

Revenues, Local Government Grants Commission – General Purpose, and Separate and Special Rates.

Public Order & Safety

Public Order and Safety, Crime Prevention, Emergency Services, Fire Protection, Telecommunications Networks, and Other Community Amenities. Dog and Cat Control.

Health

Hospital and Health Centre, Pest Animal and Insect Control, Immunisations, Preventive Health Services, Health Inspections, Other Health Services.

Social Security and Welfare

Aged Homes, Childcare, Senior Citizens, Other Social Security and Welfare.

Housing & Community Services

Sewerage/CWMS Systems, Waste Management, Domestic Waste, Green Waste, Recycling, Transfer Stations, Waste Disposal Facilities, Other Waste Management, Cemeteries/Crematoria, Public Conveniences, Town Planning, Street Cleaning, Street Lighting, Other Housing and Community Services.

Protection of the Environment

Flood Prevention, Foreshore and Coastal Protection, Other Protection of the Environment.

Sport Recreation and Culture

Library Services, Cultural Venues, Heritage, Museums, the Arts, Jetty, Boat Ramp, Other Marine Facilities, Parks and Gardens, Sports Centres, Swimming Pools, Skate Park, and Other Sport, Recreational or Cultural Facilities and Services.

Mining & Manufacturing

Administration of the Development Act (Building), Quarries and Drilling, Other Mining, Manufacturing and Construction.

Transport & Communications

Aerodrome, Bridges, Bus Service, Footpaths and Kerbing, Roads – sealed, Roads – formed, Roads – natural formed, Roads – unformed, Traffic Management, Storm Water Drainage, On Street Parking, Local Government Grants Commission – roads (formula funded), and Other Transport and Communications.

Economic Affairs

Employment Creation Programs, Regional Development, Support to Local Businesses, Tourism, and Other Economic Development, Development of Land for Resale, Private Works, Marinas/Boat Havens, Caravan Park, Parking Off Street, Sale Yards.

Other Purposes N.E.C.

Loans, Plant and Machinery, Depot and Overhead Expenses, Vandalism, Pest Plants, Other Property and Services, Other General Purposes N.E.C.

Governance

Governance, Administration N.E.C., Elected Members, Organisational/Corporate.

Support Services

Accounting/Finance, Payroll, Housing for Council Employees, Human Resources, Information Technology, Communication, Rates Administration, Records, Occupancy, Contract Management, Customer Service, Other Support Services.

District Council of Cleve

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2009

Note 13 - FINANCIAL INSTRUMENTS

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% and 7% (2008: 6% and 7%).</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)	<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 7% (2008: 8.5%) Although Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries in the</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 the Governments of the Commonwealth & State.</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 six monthly; interest is charged at fixed (or variable - describe) rates between 6% and 7% (2008: 7% and 8%)</p> <p>Carrying amount: approximates fair value.</p>
Liabilities - Finance Leases	<p>Accounting Policy: accounted for in accordance with AASB 117.</p>

District Council of Cleve

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2009

Note 13 (cont) - FINANCIAL INSTRUMENTS

Liquidity Analysis

2009	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
	\$	\$	\$	\$	\$
<u>Financial Liabilities</u>					
Payables	219,308			219,308	239,312
Current Borrowings	-			-	-
Non-Current Borrowings	59,492	274,794	155,224	489,510	489,510
Total	278,800	274,794	155,224	708,818	728,822
2008	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
	\$	\$	\$	\$	\$
<u>Financial Liabilities</u>					
Payables	163,334			163,334	163,334
Current Borrowings	12,647			12,647	12,647
Non-Current Borrowings	18,996	219,511		238,507	238,507
Total	194,977	219,511	-	414,488	414,488

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

	30 June 2009		30 June 2008	
	Weighted Average Interest Rate	Carrying Value	Weighted Average Interest Rate	Carrying Value
	%	\$	%	\$
Overdraft	12	-	15	12,647
Other Variable Rates	0	239,312	0	163,334
Fixed Interest Rates	6.30	489,510	6.46	238,507
		728,822		414,488

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

Risk Exposures

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

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

Liquidity Risk is the risk that Council will encounter difficulty in meeting obligations with financial liabilities. In accordance with the model Treasury Policy (LGA Information Paper 15), liabilities have a range of maturity dates based on cash inflows. Council also has available a range of bank overdraft and short-term draw down facilities that it can access.

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

District Council of Cleve

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2009

Note 14 - COMMITMENTS FOR EXPENDITURE

	2009	2008
	Notes	\$
Other Expenditure Commitments		
Other expenditure committed for (excluding inventories) at the reporting date but not recognised in the financial statements as liabilities:		
Audit Services	-	6,000
Waste Management Services	<u>85,000</u>	<u>6,000</u>
	<u>85,000</u>	<u>6,000</u>
These expenditures are payable:		
Not later than one year	<u>85,000</u>	<u>6,000</u>
	<u>85,000</u>	<u>6,000</u>

District Council of Cleve

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2009

Note 15 - FINANCIAL INDICATORS

	2009	2008	2007
These Financial Indicators have been calculated in accordance with <i>Information Paper 9 - Local Government Financial Indicators</i> prepared as part of the LGA Financial Sustainability Program for the Local Government Association of South Australia. Detailed methods of calculation are set out in the SA Model Statements.			
Operating Surplus	631,676	381,216	501,491
<i>Operating Surplus (without FAG prepayment)</i>	346,939		
<i>Being the operating surplus (deficit) before capital amounts .</i>			
Operating Surplus Ratio			
<u>Operating Surplus</u>	34%	21%	30%
Rates - general & other less NRM levy			
<i>Operating Surplus Ratio (without FAG prepayment)</i>	19%		
<i>This ratio expresses the operating surplus as a percentage of general and other rates, net of NRM levy.</i>			
Net Financial Liabilities			
	(1,443,965)	(895,782)	(737,066)
<i>Net Financial Liabilities (without FAG prepayment)</i>	(1,159,228)		
<i>Net Financial Liabilities are defined as total liabilities less financial assets (excluding equity accounted investments in Council businesses).</i>			
Net Financial Liabilities Ratio			
<u>Net Financial Liabilities</u>	(38.4%)	(26.3%)	(21.8%)
Total Operating Revenue less NRM levy			
<i>Net Financial Liabilities Ratio (without FAG prepayment)</i>	(31.5%)		
Interest Cover Ratio			
<u>Net Interest Expense</u>	(1.9%)	(2.5%)	(1.4%)
Total Operating Revenue less NRM levy less Investment Income			
Asset Sustainability Ratio			
<u>Net Asset Renewals</u>	34%	106%	76%
Depreciation Expense			
<i>Net asset renewals expenditure is defined as net capital expenditure on the renewal and replacement of existing assets, and excludes new capital expenditure on the acquisition of additional assets.</i>			
Asset Consumption Ratio			
<u>Carrying value of depreciable assets</u>	n/a	n/a	n/a
Gross value of depreciable assets			
<i>Total carrying value of depreciable assets divided by total reported value of depreciable assets before accumulated depreciation.</i>			

District Council of Cleve

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2009

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 uniform and consistent basis. The uniform presentation represents a simplified version of reporting under the Government Finance Statistics (GFS) framework of the Australian Bureau of Statistics.

All Councils in South Australia voluntarily 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

	2009 \$	2008 \$
Income	3,843,976	3,491,887
less Expenses	<u>(3,212,300)</u>	<u>(3,110,671)</u>
	631,676	381,216
Net Outlays on Existing Assets		
Capital Expenditure on renewal and replacement of Existing Assets	(322,500)	(889,645)
less Depreciation, Amortisation and Impairment	825,846	739,307
less Proceeds from Sale of Replaced Assets	44,037	104,091
	<u>547,383</u>	<u>(46,247)</u>
Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets <i>(including investment property & real estate developments)</i>	(1,431,892)	(191,112)
less Amounts received specifically for New and Upgraded Assets	616,326	-
less Proceeds from Sale of Surplus Assets <i>(including investment property and real estate developments)</i>	177,588	115,924
	<u>(637,978)</u>	<u>(75,188)</u>
Net Lending / (Borrowing) for Financial Year	<u>541,081</u>	<u>259,781</u>

District Council of Cleve

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2009

Note 17 – SUPERANNUATION

The Council makes employer superannuation contributions in respect of its employees to the Local Government Superannuation Scheme. The Scheme has two types of membership, each of which is funded differently. Permanent and contract employees of the South Australian Local Government sector have the option to contribute to Marketlink and/or Salarylink. All other employees (including casuals) have all contributions allocated to Marketlink.

Marketlink (Accumulation Fund) Members

Marketlink receives both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of employee earnings in accordance with superannuation guarantee legislation (9% in 2008/09 for Marketlink members and 3% for Salarylink members; 9% and 3% respectively in 2007/08). No further liability accrues to the employer as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

Salarylink (Defined Benefit) Members

Salarylink is a defined benefit scheme where the benefit payable is based on a formula determined by the member's contribution rate, number of years of contribution and final average salary. Council makes employer contributions to Salarylink as determined by the Scheme's Trustee based on advice from the Scheme's Actuary. The rate is currently 6% (6% in 2007/2008) of "superannuation" salary. Given that Employer contributions are based on a fixed percentage of employee earnings in accordance with superannuation guarantee legislation, the remaining 3% for Salarylink members is allocated to their Marketlink account. Employees also make member contributions to the Fund. As such, assets accumulate in the Fund to meet the member's benefits, as defined in the Trust Deed, as they accrue.

The Salarylink Plan is a multi-employer sponsored plan. As the Fund's assets and liabilities are pooled and are not allocated by employer, the Actuary is unable to allocate benefit liabilities, assets and costs between employers. As provided by AASB 119.32(b), Council does not use defined benefit accounting for these contributions.

The most recent full actuarial investigation conducted by the Scheme's actuary, L C Brett, BSc., FIA, FIAA, of Brett and Watson Pty Ltd as at 30 June 2008, the Trustee has determined that the current funding arrangements are adequate for the expected Defined Benefit Plan liabilities. However, future financial and economic circumstances may require changes to Council's contribution rates at some future time.

District Council of Cleve

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2009

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

The following assets and liabilities do not qualify for recognition in the Statement of Financial Position but knowledge of those items is considered relevant to user of the financial report in making and evaluating decisions about the allocation of scarce resources.

LAND UNDER ROADS

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


At reporting date, Council controlled 1,488 km of road reserves of average width 20 metres.



ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2009

STATEMENT BY CHIEF EXECUTIVE OFFICER

I, Tony Siviour, the person for the time being occupying the position of Chief Executive Officer of the District Council of Cleve, do hereby state that the financial statements of District Council of Cleve for the year ended 30 June 2009, are to the best of my knowledge presented fairly, and in accordance with accounting procedures which have been maintained in accordance with the *Local Government Act 1999 and the Local Government (Financial Management) Regulations 1999* made under that Act.



Tony Siviour

CHIEF EXECUTIVE OFFICER

Dated this 22 day of SEPTEMBER 2009

ADOPTION STATEMENT

Laid before the District Council of Cleve and adopted on the _____ day of _____
2009.

Alan Edwards
MAYOR



Alan Edwards