



The Barossa Council



FINANCIAL STATEMENTS

FOR THE YEAR ENDING

30TH JUNE 2009

THE BAROSSA COUNCIL

General Purpose Financial Reports for the year ended 30 June 2009

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THE BAROSSA COUNCIL
INCOME STATEMENT
for the year ended 30 June 2009

	Notes	2009 \$'000	2008 \$'000
INCOME			
Rates	2	17,734	16,367
Statutory charges	2	521	579
User charges	2	1,822	1,794
Grants, subsidies and contributions	2	2,769	2,506
Investment income	2	606	964
Reimbursements	2	338	275
Other income	2	427	169
Net gain - joint ventures & associates	19	14	598
Total Income		<u>24,231</u>	<u>23,252</u>
EXPENSES			
Employee costs	3	7,550	6,632
Materials, contracts & other expenses	3	10,384	10,003
Finance costs	3	1,141	1,246
Depreciation, amortisation & impairment	3	4,917	4,725
Net loss - joint ventures & associates	19	12	11
Total Expenses		<u>24,004</u>	<u>22,617</u>
OPERATING SURPLUS / (DEFICIT)		227	635
Net gain (loss) on disposal or revaluation of assets	4	(133)	(324)
Amounts received specifically for new or upgraded assets	2	2,237	1,656
Physical resources received free of charge	2	2,847	1,315
NET SURPLUS / (DEFICIT)		<u>5,178</u>	<u>3,282</u>

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

THE BAROSSA COUNCIL

BALANCE SHEET as at 30 June 2009

	Notes	2009 \$'000	2008 \$'000
ASSETS			
Current Assets			
Cash and cash equivalents	5	9,292	12,857
Trade & other receivables	5	2,276	2,430
Other financial assets	5	7	7
Inventories	5	33	26
		<u>11,608</u>	<u>15,320</u>
Non-current Assets held for Sale	5	2,235	-
Total Current Assets		<u>13,843</u>	<u>15,320</u>
Non-current Assets			
Financial Assets	6	158	178
Equity accounted investments in Council businesses	6	1,543	1,541
Infrastructure, Property, Plant & Equipment	7	187,921	183,264
Total Non-current Assets		<u>189,622</u>	<u>184,983</u>
Total Assets		<u>203,465</u>	<u>200,303</u>
LIABILITIES			
Current Liabilities			
Trade & Other Payables	8	2,903	3,579
Borrowings	8	1,622	1,641
Provisions	8	1,333	1,144
Total Current Liabilities		<u>5,858</u>	<u>6,364</u>
Non-current Liabilities			
Borrowings	8	14,972	16,507
Provisions	8	114	89
Total Non-current Liabilities		<u>15,086</u>	<u>16,596</u>
Total Liabilities		<u>20,944</u>	<u>22,960</u>
NET ASSETS		<u>182,521</u>	<u>177,343</u>
EQUITY			
Accumulated Surplus		42,061	34,672
Asset Revaluation Reserve	9	132,704	133,000
Other Reserves	9	7,756	9,671
TOTAL EQUITY		<u>182,521</u>	<u>177,343</u>

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

THE BAROSSA COUNCIL

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

	2009 \$'000	2008 \$'000
	Notes	
ACCUMULATED SURPLUS		
Balance at end of previous reporting period	34,672	28,753
Net Surplus / (Deficit) for Year	5,178	3,282
Transfers to Other Reserves	(5,705)	(5,226)
Transfers from Other Reserves	7,916	7,863
Balance at end of period	42,061	34,672
ASSET REVALUATION RESERVE		
	9	
Balance at end of previous reporting period	133,000	133,356
Transfer to Accumulated Surplus on sale of infrastructure, property, plant & equipment	(296)	(356)
Balance at end of period	132,704	133,000
OTHER RESERVES		
	9	
Balance at end of previous reporting period	9,671	11,952
Transfers from Accumulated Surplus	5,705	5,226
Transfers to Accumulated Surplus	(7,620)	(7,507)
Balance at end of period	7,756	9,671
TOTAL EQUITY AT END OF REPORTING PERIOD	182,521	177,343

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

THE BAROSSA COUNCIL

CASH FLOW STATEMENT for the year ended 30 June 2009

	Notes	2009 \$'000	2008 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
<u>Receipts</u>			
Operating receipts		25,021	24,006
Investment receipts		663	957
<u>Payments</u>			
Operating payments to suppliers & employees		(19,677)	(18,452)
Finance payments		(1,178)	(1,260)
Net Cash provided by (or used in) Operating Activities		4,829	5,251
 CASH FLOWS FROM INVESTING ACTIVITIES			
<u>Receipts</u>			
Amounts specifically for new or upgraded assets		2,237	1,656
Sale of replaced assets		749	950
Sale of surplus assets		234	1,286
Repayments of loans by community groups		18	18
<u>Payments</u>			
Expenditure on renewal/replacement of assets		(2,988)	(2,711)
Expenditure on new/upgraded assets		(7,053)	(5,582)
Net Cash provided by (or used in) Investing Activities		(6,803)	(4,383)
 CASH FLOWS FROM FINANCING ACTIVITIES			
<u>Payments</u>			
Repayments of Borrowings		(1,565)	(1,548)
Repayment of Finance Lease Liabilities		(26)	(22)
Net Cash provided by (or used in) Financing Activities		(1,591)	(1,570)
Net Increase (Decrease) in cash held		(3,565)	(702)
 Cash & cash equivalents at beginning of period	11	<u>12,857</u>	<u>13,559</u>
Cash & cash equivalents at end of period	11	<u>9,292</u>	<u>12,857</u>

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

THE BAROSSA COUNCIL

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.

1.2 Historical Cost Convention

Except where 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 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.

1.4 Rounding

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

2 The Local Government Reporting Entity

The Barossa Council is incorporated under the SA Local Government Act 1999 and has its principal place of business at 43-51 Tanunda Rd Nuriootpa. 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.

THE BAROSSA COUNCIL

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.

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 effect 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".

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 a materiality threshold of \$5,000 established by council. No capitalisation threshold is applied to the acquisition of land or interests in land.

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.

THE BAROSSA COUNCIL

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

Note 1 - Significant Accounting Policies (cont)

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.

Buildings	20-100 years
Infrastructure	
Road Earthworks	indefinite
Road bridges	80 years
Road kerb	70 years
Footpaths	50 years
Road Pavement (sealed roads)	60 years
Drainage	100 years
CWMS Structures	50-80 years
Footbridges	25 years
Bores & Irrigation Structures	20-60 years
Road Seal	22 years
Road Pavement (unsealed roads)	22 years
Other Infrastructure	10-100 years
Equipment	4-10 years
Furniture & Fittings	10 years

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.

6.7 Borrowing Costs

Borrowing costs in relation to qualifying assets (net of offsetting investment revenue) have been capitalised in accordance with the allowed alternative treatment in AASB 1023 "Borrowing Costs". The amounts of borrowing costs recognised as an expense or as part of the carrying amount of qualifying assets are disclosed in Note 3, and the amount (if any) of interest revenue offset against borrowing costs in Note 2.

7 Payables

7.1 Goods & Services

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

THE BAROSSA COUNCIL

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

Note 1 - Significant Accounting Policies (cont)

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.

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

Weighted average discount rate	4.7% (2008, 6.7%)
Weighted average settlement period	0.28 years (2008, 0.27 years)

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".

THE BAROSSA COUNCIL

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

Note 1 - Significant Accounting Policies (cont)

11 Joint Ventures and Associated Entities

Council participates in cooperative arrangements with other Councils for the provision of services and facilities. At the reporting date these include;

- Gawler River Floodplain Management Authority
- Central Local Government Region of South Australia
- Southern and Hills Local Government Association

Details of the investment made by council are disclosed in Note 19.

12 Leases

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

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

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*

THE BAROSSA COUNCIL

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

Note 1 - Significant Accounting Policies (cont)

- 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.

THE BAROSSA COUNCIL

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

Note 2 - INCOME

	Notes	2009 \$'000	2008 \$'000
RATES REVENUES			
<u>General Rates</u>		14,476	13,304
Less: Mandatory rebates		<u>(210)</u>	<u>(203)</u>
		14,266	13,101
<u>Other Rates</u> (including service charges)			
Natural Resource Management levy		296	259
Waste collection		1,224	1,203
Community wastewater management systems		<u>2,069</u>	<u>1,948</u>
		3,589	3,410
<u>Other Charges</u>			
Penalties for late payment		86	84
Legal & other costs recovered		<u>32</u>	<u>-</u>
		118	84
Less: Discretionary rebates, remissions & write offs		<u>(239)</u>	<u>(228)</u>
		<u>17,734</u>	<u>16,367</u>
STATUTORY CHARGES			
Development Act fees		82	94
Town planning fees		209	266
Animal registration fees & fines		131	125
Septic Tank Application Fees		79	75
Sundry		<u>20</u>	<u>19</u>
		521	579
USER CHARGES			
Cemetery/crematoria fees		91	62
Caravan Park Fees		1,118	1,126
CWMS Water Sales		39	37
Lease Fees		44	43
Waste Disposal / Transfer Station Fees		29	75
Waste Collection Bins		12	11
Bushgardens seed / seedling sales		48	41
Swimming Pool Fees		25	32
Property Search Fees		27	28
Transport Scheme Fees		71	80
Recreation Park Fees		63	59
Hall and Equipment Fees		36	32
Tourism Souvenir Sales		36	-
Sundry		<u>183</u>	<u>168</u>
		1,822	1,794
INVESTMENT INCOME			
Interest on investments			
Local Government Finance Authority		564	897
Banks & other		<u>42</u>	<u>67</u>
		606	964

THE BAROSSA COUNCIL

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

NOTE 2 - INCOME (continued)

	Notes	2009 \$'000	2008 \$'000
REIMBURSEMENTS			
- for private works		14	36
- by joint undertakings		235	141
- other		89	98
		338	275
 OTHER INCOME			
Insurance & other recoupments - infrastructure, property, plant & equipment		2	7
Donations & Fundraising		192	76
Sundry		233	86
		427	169
 GRANTS, SUBSIDIES, CONTRIBUTIONS			
Amounts received specifically for new or upgraded assets		2,237	1,656
Financial Assist Grants 2009/10 received 2008/09		212	-
Other grants, subsidies and contributions		2,557	2,506
		5,006	4,162
<i>The functions to which these grants relate are shown in Note 12.</i>			
 Sources of grants			
Commonwealth government		314	224
State government		3,028	1,943
Other		1,664	1,995
		5,006	4,162
 PHYSICAL RESOURCES RECEIVED FREE OF CHARGE			
Land & Improvements		204	609
Infrastructure		2,643	706
		2,847	1,315
TOTAL PHYSICAL RESOURCES RECEIVED		2,847	1,315

THE BAROSSA COUNCIL

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

Note 3 - EXPENSES

	Notes	2009 \$'000	2008 \$'000
EMPLOYEE COSTS			
Salaries and Wages		6,668	6,055
Employee leave expense		235	50
Superannuation - defined contribution plan contributions	18	328	303
Superannuation - defined benefit plan contributions	18	219	219
Workers' Compensation Insurance		208	150
Less: Capitalised and distributed costs		(108)	(145)
Total Operating Employee Costs		7,550	6,632
Total Number of Employees		113	102
<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		11	11
Bad and Doubtful Debts		33	-
Elected members' expenses		266	236
Election expenses		5	5
Operating Lease Rentals - non-cancellable leases	17		
- minimum lease payments		148	156
Subtotal - Prescribed Expenses		463	408
<u>Other Materials, Contracts & Expenses</u>			
Contractors		4,269	4,717
Provision for Closure of Angaston Landfill Site		50	111
Energy		575	580
Maintenance		1,613	1,478
Legal Expenses		133	172
Levies paid to government - NRM levy		296	255
- Other Levies		42	157
Parts, accessories & consumables		137	135
Professional services		411	651
Communications		224	210
Insurance		433	368
Sundry		1,815	889
Less: Capitalised and Distributed Costs		(77)	(128)
Subtotal - Other Materials, Contracts & Expenses		9,921	9,595
		10,384	10,003

THE BAROSSA COUNCIL

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

Note 3 - EXPENSES (cont)

	Notes	2009 \$'000	2008 \$'000
FINANCE COSTS			
Interest on Loans		1,131	1,237
Charges on Finance Leases		10	9
		<u>1,141</u>	<u>1,246</u>
DEPRECIATION, AMORTISATION & IMPAIRMENT			
Depreciation			
Buildings & Other Structures		730	735
Infrastructure		3,135	3,152
Plant & Equipment		1,041	822
Furniture & Fittings		52	43
Less: Capitalised and distributed costs		(41)	(27)
		<u>4,917</u>	<u>4,725</u>

THE BAROSSA COUNCIL

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

Note 4 - ASSET DISPOSAL & FAIR VALUE ADJUSTMENTS

	Notes	2009 \$'000	2008 \$'000
INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT			
<i>Assets renewed or directly replaced</i>			
Proceeds from disposal		749	950
Less: Carrying amount of assets sold		806	1,011
Gain (Loss) on disposal		(57)	(61)
<i>Assets surplus to requirements</i>			
Proceeds from disposal		234	1,286
Less: Carrying amount of assets sold		310	1,549
Gain (Loss) on disposal		(76)	(263)
NET GAIN (LOSS) ON DISPOSAL OR REVALUATION OF ASSETS		(133)	(324)

THE BAROSSA COUNCIL

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

Note 5 - CURRENT ASSETS

	Notes	2009 \$'000	2008 \$'000
CASH & EQUIVALENT ASSETS			
Cash on Hand and at Bank		1,181	811
Deposits at Call		<u>8,111</u>	<u>12,046</u>
		<u>9,292</u>	<u>12,857</u>
 TRADE & OTHER RECEIVABLES			
Rates - General & Other		603	543
Accrued Revenues		204	261
Debtors - general		1,202	1,344
GST Recoupment		217	206
Prepayments		89	81
Loans to community organisations		20	18
Community Store Bonuses		5	8
Total		<u>2,340</u>	<u>2,461</u>
Less: Allowance for Doubtful Debts		<u>64</u>	<u>31</u>
		<u>2,276</u>	<u>2,430</u>
 OTHER FINANCIAL ASSETS			
Community Store Shares		<u>7</u>	<u>7</u>
		<u>7</u>	<u>7</u>
 INVENTORIES			
Stores & Materials		14	26
Trading Stock		<u>19</u>	<u>-</u>
		<u>33</u>	<u>26</u>
 NON-CURRENT ASSETS HELD FOR SALE			
Land		625	-
Building		<u>1,610</u>	<u>-</u>
		<u>2,235</u>	<u>-</u>

THE BAROSSA COUNCIL

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 \$'000	2008 \$'000
Receivables			
Loans to community organisations		<u>158</u>	<u>178</u>
TOTAL FINANCIAL ASSETS		<u>158</u>	<u>178</u>
EQUITY ACCOUNTED INVESTMENTS IN COUNCIL BUSINESSES			
<i>Gawler River Floodplain Management Authority</i>	19	1,500	1,509
<i>Central Local Government Association</i>	19	39	25
<i>Southern & Hills Local Government Association</i>	19	<u>4</u>	<u>7</u>
		<u>1,543</u>	<u>1,541</u>

THE BAROSSA COUNCIL

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

	2008 \$'000				2009 \$'000			
	AT FAIR VALUE	AT COST	ACCUM DEP'N	CARRYING AMOUNT	AT FAIR VALUE	AT COST	ACCUM DEP'N	CARRYING AMOUNT
Note 7 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT								
Land	52,774	874	-	53,648	51,839	1,145	-	52,984
Buildings & Other Structures	42,303	181	(20,657)	21,827	39,719	2,192	(20,441)	21,470
Infrastructure	144,003	25,704	(67,477)	102,230	144,003	34,057	(70,587)	107,473
Plant & Equipment	-	10,615	(5,417)	5,198	-	10,456	(4,818)	5,638
Furniture & Fittings	-	1,017	(656)	361	-	921	(565)	356
TOTAL PROPERTY, PLANT & EQUIPMENT	239,080	38,391	(94,207)	183,264	235,561	48,771	(96,411)	187,921
2008 Totals					239,080	38,391	(94,207)	183,264

This Note continues on the following pages.

THE BAROSSA COUNCIL

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

	2008 \$'000	CARRYING AMOUNT MOVEMENTS DURING YEAR \$'000						2009 \$'000
	CARRYING AMOUNT	Additions		Disposals	Depreciation	Held for Sale	Rcvd Free	CARRYING AMOUNT
		New/Upgrade	Renewals					
Note 7 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT								
Land	53,648	67	-	(310)	-	(625)	204	52,984
Buildings & Other Structures	21,827	2,004	31	(52)	(730)	(1,610)	-	21,470
Infrastructure	102,230	4,371	1,377	(13)	(3,135)	-	2,643	107,473
Plant & Equipment	5,198	561	1,658	(738)	(1,041)	-	-	5,638
Furniture & Fittings	361	50	-	(3)	(52)	-	-	356
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT	183,264	7,053	3,066	(1,116)	(4,958)	(2,235)	2,847	187,921
2008 Totals	180,913	5,582	2,766	(2,559)	(4,752)	-	1,314	183,264

This Note continues on the following pages.

THE BAROSSA COUNCIL

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.

Property, Infrastructure, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Property

Freehold land and land improvements are shown at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on periodic, but at least five (5) yearly valuations by external independent valuation.

Revaluation was last undertaken as at 30 June 2006 by Asset Valuation & Consulting Pty Ltd.

Buildings are shown at written down replacement cost and are based on periodic, but at least five (5) yearly valuations by external independent valuation.

Any additions made during the periods between revaluations are carried at cost.

At the date of revaluation the replacement cost becomes the gross carrying amount of the asset and the adjusted accumulated depreciation shows the degree of consumption of the asset.

Increases in the carrying amount arising on revaluation of land, land improvements and buildings are credited to a revaluation reserve in equity. Decreases that offset previous increases of the same asset class are charged against fair value reserves directly in equity; all other decreases are charged to the income statement.

Revaluation was last undertaken as at 30 June 2007 by Asset Valuation & Consulting Pty Ltd.

Infrastructure

Infrastructure are measured based on periodic, but at least five (5) yearly, valuations by external independent valuer, less where applicable, any accumulated depreciation and impairment losses. Any additions made during the periods between revaluations are carried at cost. At the date of revaluation the replacement cost becomes the gross carrying amount of the asset and the adjusted accumulated depreciation shows the degree of consumption of the asset.

The cost of fixed assets constructed within the Council includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Council and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Roads & Stormwater Infrastructure were last revalued by council officers as at 30 June 2006 using depreciated replacement cost. CWMS lines were last revalued by council officers as at 30 June 2006 using depreciated replacement cost. Unit replacement costs for both were supplied by Asset Valuation & Consulting Pty Ltd.

Plant and equipment

Plant, machinery and motor vehicles are measured on the cost basis less depreciation.

The carrying amount of plant and equipment is reviewed annually by the Council to ensure it is not in excess of the recoverable amount from these assets.

Office equipment, furniture & fittings

Office equipment, furniture & fittings are measured on the cost basis.

Library books

Library books are measured on the cost basis.

THE BAROSSA COUNCIL

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

Note 8 - LIABILITIES

	Notes	2009		2008	
		\$'000		\$'000	
TRADE & OTHER PAYABLES		Current	Non-current	Current	Non-current
Goods & Services		1,607		1,679	
Payments received in advance		-	-	673	-
Accrued expenses - employee entitlements		900	-	848	-
Accrued expenses - other		342	-	379	-
Deposits, Retentions & Bonds		54	-	-	-
		<u>2,903</u>	-	<u>3,579</u>	-
BORROWINGS		Current	Non-current	Current	Non-current
Loans		1,535	14,972	1,565	16,507
Finance Leases	14	87	-	76	-
		<u>1,622</u>	<u>14,972</u>	<u>1,641</u>	<u>16,507</u>
<i>All interest bearing liabilities are secured over the future revenues of the Council.</i>					
PROVISIONS		Current	Non-current	Current	Non-current
Employee entitlements (including oncosts)		1,058	114	894	89
Other		275	-	250	-
		<u>1,333</u>	<u>114</u>	<u>1,144</u>	<u>89</u>

THE BAROSSA COUNCIL

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		36,595	-	(232)	36,363
Buildings & Other Structures		21,785	-	(64)	21,721
Infrastructure		74,620	-	-	74,620
Total Infrastructure, Property, Plant & Equipment		133,000	-	(296)	132,704
TOTAL		133,000	-	(296)	132,704
2008 Totals		133,356	-	(356)	133,000

OTHER RESERVES	1/07/2008	Transfers to Reserve	Transfers from Reserve	30/06/2009
Community Wastewater Management	4,715	4,805	(4,616)	4,904
Refuse & Recycling	-	10	-	10
Recreation Facilities	234	43	(120)	157
Cultural Facilities	504	176	(225)	455
Caravan Parks	95	48	(109)	34
Economic Development	164	11	(25)	150
Environmental Projects	684	156	(304)	536
Plant & Equipment Replacement	929	424	(578)	775
Infrastructure Replacement	1,604	-	(1,261)	343
Building Maintenance	82	-	(64)	18
Other Reserves	660	32	(318)	374
TOTAL OTHER RESERVES	9,671	5,705	(7,620)	7,756
2008 Totals	11,952	5,226	(7,507)	9,671

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.

Community Wastewater Management Scheme

Waste Water Management Scheme service charges raise under Section 155

Refuse and Recycling

Collection of Refuse and Recycling service charges raised under Section 155

Recreation Facilities

Recreation facilities reserves are used to fund capital improvements to facilities at Council's Recreation Parks.

Cultural Facilities

Cultural facilities reserves are used to fund capital improvements to facilities at Council's Community Halls.

Caravan Parks

Caravan park reserves accumulate operating surpluses from Council's Caravan Parks in Williamstown, Mount Pleasant and Eden Valley. These funds are subsequently used towards the upgrade of Caravan Park facilities.

Economic Development

Economic development reserves are used to fund specific initiatives administered by Council's Main Street Management Committee's.

THE BAROSSA COUNCIL

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

NOTE 9 - RESERVES (continued)

Environmental Projects

Environmental Project Reserves are used towards funding specific environmental projects and programs.

Plant & Equipment Replacement

Plant & Equipment Replacement Reserves are used to fund the replacement of Council's plant & machinery and computer equipment.

Infrastructure Replacement

Infrastructure Replacement Reserves are used towards funding the programmed replacement and renewal of infrastructure assets such as road infrastructure.

Building Maintenance

Building Maintenance Reserves are used towards funding specific maintenance of Council's buildings.

Other Reserves

Other Reserves are used to account for developer contributions received towards future capital works, funds held in trust and other minor reserves not elsewhere allocated.

THE BAROSSA COUNCIL

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

Note 10 - RECONCILIATION OF BUDGET

Reconciliation of material differences between adopted budget and actual revenues and expenses for 2008/2009.

	Notes	Actual \$'000	Budget \$'000	%
INCOME				
Rates		17,734	17,738	100%
Statutory Charges		521	528	99%
User Charges	(1)	1,822	1,744	104%
Grants, Subsidies and contributions	(2)	2,769	2,360	117%
Investment Income	(3)	606	749	81%
Reimbursements	(4)	338	105	322%
Other Income	(5)	427	131	326%
Net Gain - Joint Ventures & Associates		14	-	-
TOTAL INCOME		24,231	23,355	
EXPENSES				
Employee Costs	(6)	7,550	7,393	102%
Materials, Contracts & Other Expenses		10,384	10,322	101%
Finance Costs	(7)	1,141	1,234	92%
Depreciation, amortisation & impairment		4,917	4,802	102%
Net Loss - Joint Ventures & Associates		12	-	-
TOTAL EXPENSES		24,004	23,751	
OPERATING SURPLUS / (DEFICIT)		227	(396)	
Net gain (loss) on disposal or revaluation of assets	(8)	(133)	678	-20%
Amounts Received specifically for new or upgraded assets		2,237	308	726%
Physical resources received free of charge		2,847	2,128	134%
NET SURPLUS / (DEFICIT)		5,178	2,718	

The major reasons for the variation to the 2008/2009 adopted budget are:

- (1) Income from Visitor Information Centre not Budgeted. Additional Cemetery Fees Received.
- (2) Financial Assistance Grants Scheme received in 2008/2009 as an early payment.
- (3) Reduced Interest Rates and Councils Treasury Management Policy of No Loans Drawn resulted in less investment held.
- (4) Tanunda Pedestrian Crossing 50% Reimbursed by the State Government. Angaston Landfill works (Rehabilitation) reimbursed by the State Government
- (5) Donations & Fundraising activities not budgeted.
- (6) Employees added for Visitor Information Centre and Planning not Budgeted for, while Information Technology was offset by a reduction in contractor payments.
- (7) Actual Loan Costs less than Budgeted.
- (8) Surplus Land Sold and Loss on Sale of Equipment and Vehicles.

THE BAROSSA COUNCIL

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 \$'000	2008 \$'000
Total cash & equivalent assets	5	<u>9,292</u>	<u>12,857</u>
Balances per Cash Flow Statement		<u>9,292</u>	<u>12,857</u>

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

Net Surplus (Deficit)		5,178	3,282
Non-cash items in Income Statement			
Depreciation, amortisation & impairment		4,917	4,725
Equity movements in equity accounted investments (increase) decrease		(2)	(587)
Net increase (decrease) in unpaid employee benefits		241	103
Change in allowances for Doubtful Debts		33	-
Non-cash asset acquisitions		(2,847)	(1,315)
Grants for capital acquisitions treated as Investing Activity		(2,237)	(1,656)
Net (Gain) Loss on Disposals		<u>133</u>	<u>324</u>
		<u>5,416</u>	<u>4,876</u>
Add (Less): Changes in Net Current Assets			
Net (increase) decrease in receivables		123	80
Net (increase) decrease in inventories		(7)	(5)
Net increase (decrease) in trade & other payables		(728)	300
Net increase (decrease) in other provisions		25	-
Net Cash provided by (or used in) operations		<u>4,829</u>	<u>5,251</u>

(c) Non-Cash Financing and Investing Activities

Acquisition of assets by means of:

- Physical resources received free of charge	2	<u>2,847</u>	<u>1,315</u>
<i>Amounts recognised in Income Statement</i>		2,847	1,315
- Finance Leases		<u>37</u>	<u>28</u>
		<u>2,884</u>	<u>1,343</u>

(d) Financing Arrangements

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

Bank Overdrafts	250	250
Cash Advance Facility	1,000	1,000
Corporate Credit Cards	18	14

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.

THE BAROSSA COUNCIL

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					
2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Business Undertakings	3,631	3,610	1,947	1,950	1,684	1,660	-	-	27,585	20,760
Community Services	1,067	939	2,939	2,724	(1,872)	(1,785)	738	691	9,273	9,346
Culture	103	150	424	461	(321)	(311)	4	-	6,272	6,232
Economic Development	98	52	481	337	(383)	(285)	-	-	3	3
Environment	2,331	2,416	3,950	4,052	(1,619)	(1,636)	521	702	13,229	13,111
Recreation	261	219	2,349	2,099	(2,088)	(1,880)	-	8	45,896	41,183
Regulatory Services	429	498	1,632	1,424	(1,203)	(926)	5	-	230	165
Transport & Communication	1,117	923	4,326	4,061	(3,209)	(3,138)	969	707	75,896	75,511
Plant Hire & Depot/Indirect	24	25	684	706	(660)	(681)	19	15	3,774	3,316
Unclassified Activities	17	19	197	47	(180)	(28)	-	-	-	-
Council Administration	15,139	13,803	5,063	4,745	10,076	9,058	513	383	21,307	30,676
Joint Ventures & Associates	14	598	12	11	2	587	-	-	-	-
					-	-				
TOTALS	24,231	23,252	24,004	22,617	227	635	2,769	2,506	203,465	200,303

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

THE BAROSSA COUNCIL

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:

Business Undertakings

Abattoirs, Caravan Parks, Electricity Supply, Gravel Pits/Quarries, Development of Land for Resale, Marinas/Boat Havens, Markets/Saleyards, Off-street Car Parks – fee paying, Private Works, Property Portfolio, Sewerage/CWMS, Water Supply – Domestic, Town Bus Service, and Other – please specify.

Community Services

Public Order and Safety, Crime Prevention, Emergency Services, Other Fire Protection, Other Public Order and Safety, Health Services, Pest Control – Health, Immunisation, Nursing Homes, Preventive Health Services, Other Health Services, Community Support, Elderly Citizens Facilities, Home Assistance Scheme, Other Services for the Aged and Disabled, Child Care Centres, Children and youth Services, community Assistance, Community Transport, Family and Neighbourhood Support, Other Community Support, Community Amenities, Bus Shelters, Cemeteries/Crematoria, public Conveniences, Car Parking – non-fee-paying, Telecommunications Networks, and Other Community Amenities.

Culture

Library Services, Mobile Libraries and Housebound Services, Static Libraries, Other Library Services, Cultural Services, Cultural Venues, Heritage, Museums and Art Galleries, and Other Cultural Services.

Economic Development

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

Environment

Agricultural Services, Agricultural Water, Animal/Plant Boards, Landcare, Other Agricultural Services, Waste Management, Domestic Waste, Green Waste, Recycling, Transfer Stations, Waste Disposal Facility, Other Waste Management, Other Environment, Coastal Protection, Stormwater and Drainage, Street Cleaning, Street Lighting, Streetscaping, Natural Resource Management Levy, and Other Environment.

Recreation

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

Regulatory Services

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

Transport

Aerodrome, Bridges, Bus Service, 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, Depot.

Unclassified Activities

Activities not classified elsewhere.

Council Administration

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

Joint Ventures & Associates

Regional Local Government Assoc and Gawler River Floodplain Management

THE BAROSSA COUNCIL

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 Accounting Policy: Carried at lower of cost and net realisable value; Interest is recognised when earned.
Deposits Terms & conditions: Deposits are returning fixed interest rates between 2.75% and 3.0% (2008: 7.0% and 7.45%). Short term deposits have an average maturity of 17 days and an average interest rates of 3.0% (2008: 17 days, 7.33%). Carrying amount: approximates fair value due to the short term to maturity.
Receivables - Rates & Associated 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 11.75% (2008: 10.2%) Although 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. Although 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).
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 the Governments of the Commonwealth & State. Carrying amount: approximates fair value.
Receivables - Retirement Home Carrying amount: approximates fair value (after deduction of any allowance).
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 (describe basis); interest is charged at fixed (or variable - describe) rates between 5.65% and 7.85% (2008: 5.65% and 7.85%) Carrying amount: approximates fair value.
Liabilities - Finance Leases Accounting Policy: accounted for in accordance with AASB 117.

THE BAROSSA COUNCIL

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
	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Liabilities					
Payables	1,661			1,661	1,661
Non-Current Borrowings	1,622	5,101	9,871	16,594	16,594
Total	3,283	5,101	9,871	18,255	18,255

2008	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Liabilities					
Payables	2,352			2,352	2,352
Non-Current Borrowings	1,641	5,376	11,131	18,148	18,148
Total	3,993	5,376	11,131	20,500	20,500

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
	%	\$'000	%	\$'000
Fixed Interest Rates	5.89%	18,255	5.28	20,500
		<u>18,255</u>		<u>20,500</u>

Net Fair Value

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

Risk Exposures

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

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

Liquidity Risk is the risk that Council will encounter difficulty in meeting obligations with financial liabilities. In accordance with the model Treasury 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.

THE BAROSSA COUNCIL

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

Note 14 - COMMITMENTS FOR EXPENDITURE

	<u>Notes</u>	2009 \$'000	2008 \$'000
Capital Commitments			
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
Buildings		103	741
Infrastructure		1,301	1,132
Plant & Equipment		73	330
		1,477	2,203
These expenditures are payable:			
Not later than one year		1,477	2,203
		1,477	2,203

Other Expenditure Commitments

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

Audit Services		12	10
Business Continuity Plan		2	14
Triple Bottom Line Program		-	13
Works Operating Projects		33	-
		47	37
These expenditures are payable:			
Not later than one year		47	37
		47	37

Finance Lease Commitments

Council leases various plant and equipment with a carrying amount of \$87,000 (2008 - \$76,000) under finance leases expiring within 1 year. At expiry, Council may re-lease, or return or acquire the leased assets.

Some leases provide for the payment of contingent rentals depending on actual use of the equipment. Contingent rental payments made are disclosed in Note 4.

Commitments under finance leases at the reporting date are as follows:

Not later than one year		61	76
Later than one year and not later than 5 years		26	-
Minimum lease payments		87	76
Net Lease Liability		87	76
Representing lease liabilities:			
Current	9	87	76
		87	76

THE BAROSSA COUNCIL

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 *Information Paper 9 - Local Government Financial Indicators* prepared as part of the LGA Financial Sustainability Program for the Local Government Association of South Australia. Detailed methods of calculation are set out in the SA Model Statements.

Operating Surplus (\$,000)	227	635	2,030
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Being the operating surplus (deficit) before capital amounts .

Operating Surplus Ratio

<u>Operating Surplus</u>	1%	4%	14%
Rates - general & other less NRM levy			

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

Net Financial Liabilities (\$,000)

	9,211	7,488	7,827
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Net Financial Liabilities are defined as total liabilities less financial assets (excluding equity accounted investments in Council businesses).

Net Financial Liabilities Ratio

<u>Net Financial Liabilities</u>	38%	33%	36%
Total Operating Revenue less NRM levy			

Interest Cover Ratio

<u>Net Interest Expense</u>	2.3%	1.3%	1.1%
Total Operating Revenue less NRM levy less Investment Income			

Asset Sustainability Ratio

<u>Net Asset Renewals</u>	46%	38%	136%
Depreciation Expense			

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.

Asset Consumption Ratio

<u>Carrying value of depreciable assets</u>	58%	58%	58%
Gross value of depreciable assets			

Total carrying value of depreciable assets divided by total reported value of depreciable assets before accumulated depreciation.

Council has elected to include the early receipt of their 2009/10 Financial Assistance Grants in the 2008/09 Financial Results. This will have a positive affect on the financial performance of Council in this year.

THE BAROSSA COUNCIL

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 \$'000	2008 \$'000
Income	24,231	23,252
less Expenses	<u>(24,004)</u>	<u>(22,617)</u>
	227	635
Net Outlays on Existing Assets		
Capital Expenditure on renewal and replacement of Existing Assets	(3,025)	(2,711)
less Depreciation, Amortisation and Impairment	4,917	4,725
less Proceeds from Sale of Replaced Assets	<u>749</u>	<u>950</u>
	2,641	2,964
Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets <i>(including investment property & real estate developments)</i>	(7,053)	(5,610)
less Amounts received specifically for New and Upgraded Assets	2,237	1,656
less Proceeds from Sale of Surplus Assets <i>(including investment property and real estate developments)</i>	234	1,286
	<u>(4,582)</u>	<u>(2,668)</u>
Net Lending / (Borrowing) for Financial Year	<u>(1,714)</u>	<u>931</u>

THE BAROSSA COUNCIL

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

Note 17 - OPERATING LEASES

Lease payment commitments of Council

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

Contingent rental payments exist in relation to the lease of one grader if utilisation exceeds 250 hours during any month. No contingent rentals were paid during the current or previous reporting periods.

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

Leases in relation to computer and office equipment permit Council, at expiry of the lease, to elect to re-lease, return or acquire the equipment leased.

No lease contains any escalation clause.

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

	2009	2008
	\$'000	\$'000
Not later than one year	83	128
Later than one year and not later than 5 years	57	124
	<u>140</u>	<u>252</u>

THE BAROSSA COUNCIL

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

Note 18 – 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.

THE BAROSSA COUNCIL

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

Note 19 - JOINT VENTURES & ASSOCIATED ENTITIES

Gawler River Floodplain Management Authority

Established in 2002, this organisation is responsible for the construction, operation and maintenance of flood mitigation infrastructure in the Gawler River area.

	2009 \$'000	2008 \$'000
Gawler River Flood Plain Management Authority		
<u>Movements in Investment in Joint Operation</u>		
Opening Balance	1,509	911
Share in Operating Result	(9)	598
Share in Equity of Joint Operation	1,500	1,509

Central Local Government Association

Established in 1998, this organisation is formed under Section 43 of the Local Government Act 1999 and operates as a regional subsidiary of councils included in the membership.

	2009 \$'000	2008 \$'000
Central Local Government Association		
<u>Movements in Investment in Joint Operation</u>		
Opening Balance	25	34
Share in Operating Result	14	(9)
Share in Equity of Joint Operation	39	25

Southern & Hills Local Government Association

Established in 1969, this organisation is formed under Section 43 of the Local Government Act 1999 and operates as a regional subsidiary of councils included in the membership.

	2009 \$'000	2008 \$'000
Southern & Hills Local Government Association		
<u>Movements in Investment in Joint Operation</u>		
Opening Balance	7	9
Share in Operating Result	(3)	(2)
Share in Equity of Joint Operation	4	7

THE BAROSSA COUNCIL

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

Note 20 - 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.

1. LAND UNDER ROADS

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

At reporting date, Council controlled 963 km of road reserves of average width 20 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 a deductible "insurance excess", the amount of which varies according to the class of insurance.

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

3. LEGAL EXPENSES

Council is the planning consent authority for its area under the Development Act 1993 (as amended). Pursuant to that Act, certain persons aggrieved by a planning decision of the Council may appeal. It is normal practice that parties bear their own legal costs. At the date of these reports, Council had notice of 3 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.

Note 21 - EVENTS OCCURRING AFTER REPORTING DATE

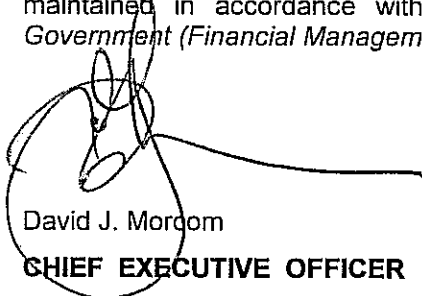
Council has no events occurring after the 30th June 2009 that would provide a material impact on the figures contained within this report.

THE BAROSSA COUNCIL

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2009

STATEMENT BY CHIEF EXECUTIVE OFFICER

I, David James Morcom, the person for the time being occupying the position of Chief Executive Officer of The Barossa Council, do hereby state that the Financial Statements of the Council 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.



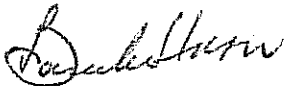
David J. Morcom

CHIEF EXECUTIVE OFFICER

Dated this 9 day of OCTOBER 2009

ADOPTION STATEMENT

Laid before The Barossa Council and adopted on the 20th day of October 2009.



Brian Hurn

MAYOR

DEAN NEWBERY & PARTNERS CHARTERED ACCOUNTANTS

ABN 30 164 612 890

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE BAROSSA COUNCIL

We have audited the accompanying financial report of the Barossa Council, which comprises the balance sheet as at 30 June 2009 and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the Chief Executive Officer's Statement.

The Responsibility of the Chief Executive Officer for the Financial Report

The Chief Executive Officer of the Barossa Council 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 1999. 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 1999. We confirm that the independence declaration required by the Local Government Act 1999 and Local Government (Financial Management) Regulations 1999, provided to the Chief Executive Officer on 18 June 2009, would be in the same terms if provided to the Chief Executive Officer as at the date of this auditor's report.

Auditor's Opinion

In our opinion, the financial report presents fairly, in all material respects, the financial position of Barossa Council as of 30 June 2009, 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 1999 and the Australian Accounting Standards (including Australian Accounting Interpretations).

DEAN NEWBERY & PARTNERS
CHARTERED ACCOUNTANTS



JIM KEOGH
PARTNER

Signed on the 9th day of October 2009,
at 214 Melbourne Street, North Adelaide, South Australia 5006.

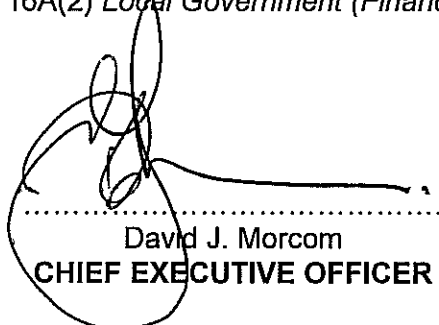
THE BAROSSA COUNCIL

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2009

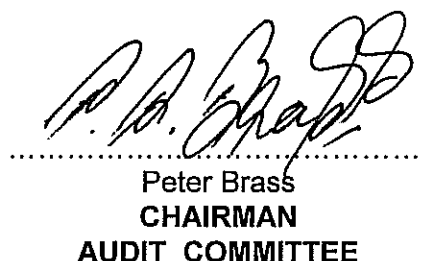
CERTIFICATION OF AUDITOR INDEPENDENCE

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of SA Model Council for the year ended 30 June 2009, the Council's Auditor, Dean Newbery & Associates, has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 1999* made under that Act.

This statement is prepared in accordance with the requirements of Regulation 16A(2) *Local Government (Financial Management) Regulations 1999*.



.....
David J. Morcom
CHIEF EXECUTIVE OFFICER



.....
Peter Brass
CHAIRMAN
AUDIT COMMITTEE

Date: 9 OCTOBER 2009

Auditor's Independence Declaration Under Section 16A of the Local Government (Financial Management) Regulations 1999 to the Barossa Council.

I confirm that, for the audit of the financial statements of the Barossa Council for the year ended 30 June 2009, 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 1999* made under that Act.

This statement is prepared in accordance with the requirements of Regulation 16A (4) *Local Government (Financial Management) Regulations 1999*.



JIM KEOGH

Partner

**DEAN NEWBERY & PARTNERS
CHARTERED ACCOUNTANTS
214 MELBOURNE STREET
NORTH ADELAIDE SA 5006**

NORTH ADELAIDE, this 18th day of June 2009