

THE BAROSSA COUNCIL

General Purpose Financial Reports for the year ended 30 June 2013

TABLE OF CONTENTS

	<u>Page</u>
Council Certificate	1
Principal Financial Statements	
Statement of Comprehensive Income	2
Balance Sheet	3
Statement of Changes in Equity	4
Cash Flow Statement	5
Notes to, and forming part of, the Principal Financial Statements	
Note 1 - Significant Accounting Policies	N1
Note 2 - Income	N8
Note 3 - Expenses	N10
Note 4 - Asset Disposal and Fair Value Adjustments	N12
Note 5 - Current Assets	N13
Note 6 - Non-Current Assets	N14
Note 7 - Infrastructure, Property, Plant & Equipment	N15
Note 8 - Liabilities	N18
Note 9 - Reserves	N19
Note 10 - Reconciliation of Original Budget	N21
Note 11 - Reconciliation to Cash Flow Statement	N22
Note 12 - Functions	N23
Note 13 - Financial Instruments	N25
Note 14 - Commitments for Expenditure	N27
Note 15 - Financial Indicators	N28
Note 16 - Uniform Presentation of Finances	N29
Note 17 - Operating Leases	N30
Note 18 - Superannuation	N31
Note 19 - Equity Accounted Council Businesses	N32
Note 20 - Non-Current Assets Held for Sale	N33
Note 21 - Contingencies and Assets and Liabilities not Recognised	N34
Audit Report	
Council Certificate of Audit Independence	
Audit Certificate of Audit Independence	

THE BAROSSA COUNCIL

STATEMENT OF COMPREHENSIVE INCOME for the year ended 30 June 2013

	Notes	2013 \$'000	2012 \$'000
INCOME			
Rates	2	23,985	22,726
Statutory Charges	2	499	488
User Charges	2	2,281	2,024
Grants, Subsidies and Contributions	2	2,682	2,601
Investment Income	2	399	538
Reimbursements	2	576	340
Other Income	2	705	566
Net Gain - Equity Accounted Council Businesses	19	-	4
Total Income		31,127	29,287
EXPENSES			
Employee Costs	3	10,033	9,213
Materials, Contracts and Other Expenses	3	13,052	11,959
Depreciation, Amortisation and Impairment	3	6,529	6,186
Finance Costs	3	1,362	1,461
Net Loss - Equity Accounted Council Businesses	19	3	115
Total Expenses		30,979	28,934
OPERATING SURPLUS/(DEFICIT)		148	353
Asset Disposal and Fair Value Adjustments	4	(235)	(1,067)
Amounts Received specifically for New or Upgraded Assets	2	4,858	2,781
Physical Resources received Free of Charge	2	-	1,219
NET SURPLUS/(DEFICIT)		4,771	3,286
transferred to Equity Statement			
Other Comprehensive Income			
<i>Amounts which will not be reclassified subsequently to operating result</i>			
Changes in revaluation surplus - Infrastructure, Property, Plant and Equipment	9	2,900	-
Impairment (Expense)/Recoupments offset to Asset Revaluation Reserve	9	-	(242)
Total Other Comprehensive Income		2,900	(242)
TOTAL COMPREHENSIVE INCOME		7,671	3,044

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

THE BAROSSA COUNCIL

BALANCE SHEET as at 30 June 2013

ASSETS	Notes	2013 \$'000	2012 \$'000
Current Assets			
Cash and Cash Equivalents	5	10,473	7,599
Trade and Other Receivables	5	2,816	2,806
Other Financial Assets	5	7	107
Inventories	5	<u>152</u>	<u>32</u>
		13,448	10,544
Non-current Assets held for Sale	20	<u>574</u>	<u>2,133</u>
Total Current Assets		<u>14,022</u>	<u>12,677</u>
Non-current Assets			
Financial Assets	6	162	266
Equity Accounted Investments in Council Businesses	6	1,491	1,494
Infrastructure, Property, Plant and Equipment	7	282,774	281,119
Other Non-current Assets	6	<u>5,858</u>	<u>1,251</u>
Total Non-current Assets		<u>290,285</u>	<u>284,130</u>
Total Assets		<u>304,307</u>	<u>296,807</u>
LIABILITIES			
Current Liabilities			
Trade and Other Payables	8	5,179	4,047
Borrowings	8	1,629	1,505
Provisions	8	<u>1,739</u>	<u>1,618</u>
Total Current Liabilities		<u>8,547</u>	<u>7,170</u>
Non-current Liabilities			
Borrowings	8	17,881	19,370
Provisions	8	<u>173</u>	<u>232</u>
Total Non-current Liabilities		<u>18,054</u>	<u>19,602</u>
Total Liabilities		<u>26,601</u>	<u>26,772</u>
NET ASSETS		<u>277,706</u>	<u>270,035</u>
EQUITY			
Accumulated Surplus		59,109	53,554
Asset Revaluation Reserves	9	212,513	209,613
Other Reserves	9	<u>6,084</u>	<u>6,868</u>
TOTAL EQUITY		<u>277,706</u>	<u>270,035</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 2013

2013	Notes	Accumulated Surplus \$'000	Asset Revaluation Reserve \$'000	Other Reserves \$'000	TOTAL EQUITY \$'000
Balance at end of previous reporting period		53,554	209,613	6,868	270,035
Restated opening balance		53,554	209,613	6,868	270,035
Net Surplus/(Deficit) for Year		4,771	-	-	4,771
Other Comprehensive Income					
Gain on revaluation of Infrastructure, Property, Plant and Equipment		-	2,900	-	2,900
Transfers between Reserves		784	-	(784)	-
Balance at end of period		59,109	212,513	6,084	277,706
2012					
Balance at end of previous reporting period		48,375	209,855	8,761	266,991
Restated opening balance		48,375	209,855	8,761	266,991
Net Surplus/(Deficit) for Year		3,286	-	-	3,286
Other Comprehensive Income					
Impairment (expense) / recoupments offset to Asset Revaluation Reserve		-	(242)	-	(242)
Transfers between Reserves		1,893	-	(1,893)	-
Balance at end of period		53,554	209,613	6,868	270,035

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

THE BAROSSA COUNCIL

CASH FLOW STATEMENT for the year ended 30 June 2013

	Notes	2013 \$'000	2012 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
<u>Receipts</u>			
Rates - General and Other		23,773	22,406
Fees and Other Charges		539	527
User Charges		2,956	2,433
Investment Receipts		362	531
Grants utilised for Operating Purposes		2,883	2,796
Reimbursements		634	382
Other Revenues		3,538	3,258
<u>Payments</u>			
Employee Costs		(10,166)	(9,282)
Materials, Contracts and Other Expenses		(15,822)	(15,286)
Finance Payments		(1,138)	(1,495)
Net Cash provided by (or used in) Operating Activities		7,559	6,270
CASH FLOWS FROM INVESTING ACTIVITIES			
<u>Receipts</u>			
Amounts specifically for New or Upgraded Assets		4,858	2,781
Sale of Replaced Assets		336	421
Sale of Surplus Assets		1,467	691
Net Disposal of Investment Securities		100	200
Repayments of Loans by Community Groups		402	38
<u>Payments</u>			
Expenditure on Renewal/Replacement of Assets		(2,605)	(2,985)
Expenditure on New/Upgraded Assets		(7,733)	(9,203)
Loans made to Community Groups		(113)	(510)
Net Cash provided by (or used in) Investing Activities		(3,288)	(8,567)
CASH FLOWS FROM FINANCING ACTIVITIES			
<u>Receipts</u>			
Proceeds from Borrowings		113	-
<u>Payments</u>			
Repayments of Borrowings		(1,480)	(1,575)
Repayment of Finance Lease Liabilities		(30)	(67)
Net Cash provided by (or used in) Financing Activities		(1,397)	(1,642)
Net Increase (Decrease) in Cash held		2,874	(3,939)
Cash & Cash Equivalents at beginning of period	11	7,599	11,538
Cash & Cash Equivalents at end of period	11	10,473	7,599

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 2013

Note 1 - SIGNIFICANT ACCOUNTING POLICIES

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

1 Basis of Preparation

1.1 Compliance with Australian Accounting Standards

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

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

1.2 Historical Cost Convention

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

1.3 Critical Accounting Estimates

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

1.4 Rounding

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

2 The Local Government Reporting Entity

The Barossa Council is incorporated under the SA Local Government Act 1999 and has its principal place of business at 43-51 Tanunda Road, Nuriootpa. These financial statements include the Council's direct operations and all entities through which Council controls resources to carry on its functions. In the process of reporting on the Council as a single unit, all transactions and balances between activity areas and controlled entities have been eliminated.

3 Subsidiary Operation

Pursuant to the Local Government Act 1999, Section 42, The Barossa Council oversees the Nuriootpa Centennial Park Authority which is a subsidiary that operates and maintains both the Barossa Valley Tourist Park and its surrounding parklands. The Authority's information as at the reporting date has been consolidated in the accounts within this report.

4 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 occurs first.

THE BAROSSA COUNCIL

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

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (cont)

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 included in these notes.

In the month of June in recent years the Federal Government has paid amounts of untied financial assistance grants, which are recognised on receipt, in advance of the year of allocation. In June 2011, one quarter of the 2011/12 allocation amounting to \$237,046 was paid in advance; in June 2012, two quarters of the 2012/13 allocation: \$494,551; and in June 2013, again two quarters of the 2013/14 allocation: \$515,678. Accordingly, in the reporting period ended 30 June 2013, Council's operating result is effectively improved by \$21,127. It is anticipated that these payments in advance will be adjusted at some future time, but details of the timing of this are not currently available.

4.1 Construction Contracts

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

5 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.

6 Inventories

Inventories held in respect of stores have been valued by using the weighted average cost on a continual basis or at cost for the Barossa Visitor Centre, 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.

6.1 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. Further details are shown in Note 20.

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.

THE BAROSSA COUNCIL

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

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (cont)

7 Infrastructure, Property, Plant & Equipment

7.1 Initial Recognition

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

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

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

7.2 Materiality

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

Buildings	
- Buildings	\$20,000
- Sheds, Pergolas, Cabins and Carports	\$10,000
- Buildings at Componentisation	\$100,000
Sealed Roads	
- Reconstruction and Renewal Work	\$5,000
Sheeted Roads	
- Resheeting, Major Patch Repair and Road Shoulders	\$5,000
Community Wastewater Management Systems (CWMS)	\$5,000
Footpaths, Kerbs, Stormwater and Drainage	\$5,000
Bridges, Floodways and Major Culverts	\$15,000
Parks and Reserves Development	\$5,000
Streetscaping	\$5,000
Plant and Equipment	\$5,000
Furniture and Fittings	\$5,000
Core Software Programs	\$15,000
All Other Assets	\$5,000

7.3 Subsequent Recognition

All material asset classes are revalued on a regular basis such that the carrying values are not materially different from fair value. 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 2013

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (cont)

7.4 Depreciation of Non-Current Assets

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

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	Complete	20 to 100 years
	Car Parking	20 to 30 years
	Substructure	40 to 300 years
	Superstructure	20 to 200 years
	Roof Structure	40 to 60 years
	Internal Fit Out	20 to 25 years
	Services	20 to 100 years
Transport	Unformed Roads	100 years
	Sheeted Roads	12 to 28 years
	Sealed Roads - Pavement	45 to 84 years
	Sealed Roads - Surface	15 to 28 years
	Footpaths	20 to 100 years
	Kerb	70 years
	Car Park Surfaces	20 to 40 years
	Footbridges	50 to 80 years
Bridges	Bridges	100 years
	Major Culverts	120 years
	Floodways	100 years
	Footbridges	100 years
CWMS	Pump Stations - Components	10 to 60 years
	Lagoons - Components	5 to 100 years
	Waste Water Treatment Plant - Components	5 to 50 years
	Pipes - PVC/UPVC	60 to 80 years
	Pipes - Earthenware	55 to 65 years
Recreation/ Community Infrastructure	Fences	30 to 80 years
	Monuments	60 to 100 years
	Other	12 to 120 years
Stormwater & Drainage	Drainage Channels	25 to 100 years
	Other	100 years
Equipment	Plant and Machines	4 to 10 years
	Vehicles (eg Sedans, Utes, Vans and Trucks)	5 to 33 years
	Computer Equipment	5 to 33 years
Furniture & Fittings		10 years

THE BAROSSA COUNCIL

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

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (cont)

7.5 Impairment

Assets that have an indefinite useful life are not subject to depreciation and are reviewed annually for impairment. Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount (which is the higher of the present value of future cash outflows or value in use).

For assets whose future economic benefits are not dependent on the ability to generate cash flows, and where the future economic benefits would be replaced if Council were deprived thereof, the value in use is the depreciated replacement cost. In assessing impairment for these assets, a rebuttable assumption is made that the current replacement cost exceeds the original cost of acquisition.

Where an asset that has been revalued is subsequently impaired, the impairment is first offset against such amount as stands to the credit of that class of assets in the Asset Revaluation Reserve, any excess being recognised as an expense.

7.6 Borrowing Costs

Borrowing costs in relation to qualifying assets (net of offsetting investment revenue) have been capitalised in accordance with AASB 123 - 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.

8 Payables

8.1 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.

8.2 Payments Received in Advance and 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.

9 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.

10 Employee Benefits

10.1 Salaries, Wages and 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.

THE BAROSSA COUNCIL

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

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.

Weighted average discount rate	2.99% (2012: 2.63%)
Weighted average settlement period	0.33 years (2012: 0.36 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.

10.2 Superannuation

The Council makes employer superannuation contributions in respect of its employees to Statewide Super (formerly Local Government Superannuation Scheme). The Scheme has two types of membership, each of which is funded differently. Council's subsidiary, Nuriootpa Centennial Park Authority makes contributions to other superannuation schemes. 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.

11 Provision for Carbon Taxation

Council previously operated landfill facilities and considers that it has no current or likely future liability for this tax.

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 within the appropriate asset class, and are amortised to expense over the period during which the Council is expected to benefit from the use of the leased assets. Lease payments are allocated between interest expense and reduction of the lease liability, according to the interest rate implicit in the lease.

In respect of operating leases, where the lessor substantially retains all of the risks and benefits incident to ownership of the leased items, lease payments are charged to expense over the lease term.

13 Joint Ventures and Associated Entities

Council participates in cooperative arrangements with other Councils for the provision of services and facilities. Council's interests in cooperative arrangements, which are only recognised if material, are accounted for in accordance with AASB 128 and set out in detail in Note 19.

THE BAROSSA COUNCIL

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

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (cont)

14 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.

15 Pending Accounting Standards

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

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

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

(Standards not affecting Local Government have been excluded from the above list.)

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 Australian Accounting Standards Board is currently reviewing AASB 1004 - Contributions. It is anticipated that the changes resulting from this review may have a material effect on the timing of the recognition of grants and contributions, but the financial consequences cannot be estimated until a revised accounting standard is issued.

THE BAROSSA COUNCIL

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

Note 2 - INCOME

	2013 \$'000	2012 \$'000
RATES REVENUES		
<u>General Rates</u>	19,469	18,359
Less: Mandatory Rebates	(336)	(303)
Less: Discretionary Rebates, Remissions and Write Offs	(258)	(364)
	18,875	17,692
<u>Other Rates</u> (including service charges)		
Natural Resource Management Levy	387	381
Waste Collection	1,539	1,514
Community Wastewater Management Systems	2,221	2,182
Aquatic and Fitness Centre Levy	812	812
	4,959	4,889
<u>Other Charges</u>		
Penalties for Late Payment	141	107
Legal & Other Costs Recovered	10	38
	151	145
	23,985	22,726
 STATUTORY CHARGES		
Development Act fees	101	77
Town Planning Fees	171	194
Septic Tank Inspection Fees	64	65
Animal Registration Fees and Fines	150	140
Parking Fines/Expiation Fees	-	1
Other Licences, Fees and Fines	13	11
	499	488
 USER CHARGES		
Cemetery Fees	82	96
Caravan Park Fees	1,525	1,337
CWMS Reuse Water Sales	119	112
Lease Fees	31	29
Waste Disposal/Transfer Station Fees	9	10
Waste Collection Bins	11	14
Bushgarden Seed/Seedling Sales	26	45
Swimming Pool Fees	9	4
Property Search Fees	45	28
Transport Scheme Fees	88	95
Recreation Park Fees	58	55
Hall & Equipment Hire	39	48
Community Information Directory	-	8
Immunisation Fees	17	14
Photocopying Fees	18	17
Tourism - Souvenir and Other Sales	83	65
Sundry	121	47
	2,281	2,024

THE BAROSSA COUNCIL

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

NOTE 2 - INCOME (cont)

	2013 \$'000	2012 \$'000
INVESTMENT INCOME		
Interest on Investments		
Local Government Finance Authority	367	481
Banks and Other	22	50
Loans to Community Groups	10	7
	399	538

Interest on community loans, previously reported in 'Reimbursement Income' is now included in 'Loans to Community Groups' above. 2011/12 Comparatives have also been adjusted.

REIMBURSEMENTS

- for Roadworks		
- for Private Works	7	2
- for Employee Costs	294	205
- for Green Waste	29	41
- by Joint Undertakings	-	10
- Other	246	82
	576	340

Refer comment noted at 'Investment Income'.

OTHER INCOME

Insurance & Other Recoupments - Infrastructure, Property, Plant & Equipment	173	74
Workers Compensation Rebate	141	105
Donations Received	118	108
Contributions	96	120
Sundry	177	159
	705	566

For 2012/13, Workers Compensation Rebate has been separated from 'Insurance & Other Recoupments'. The 2011/12 comparative has also been adjusted.

GRANTS, SUBSIDIES, CONTRIBUTIONS

Amounts received specifically for New or Upgraded Assets	4,858	2,781
Additional Grants Commission Payment	516	495
Other Grants, Subsidies and Contributions	2,166	2,601
	7,540	5,877

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

Sources of grants

Commonwealth Government	4,782	293
State Government	1,996	1,914
Other	762	3,670
	7,540	5,877

PHYSICAL RESOURCES RECEIVED FREE OF CHARGE

Land & Improvements	-	56
Community Wastewater Management	-	322
Stormwater Drainage	-	237
Transport	-	604
TOTAL PHYSICAL RESOURCES RECEIVED	-	1,219

THE BAROSSA COUNCIL

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

Note 3 - EXPENSES

	Notes	2013 \$'000	2012 \$'000
EMPLOYEE COSTS			
Salaries and Wages		8,870	8,182
Employee Leave Expense		235	210
Superannuation - Defined Contribution Plan Contributions	18	449	381
Superannuation - Defined Benefit Plan Contributions	18	295	293
Workers Compensation Insurance		364	373
Less: Capitalised and Distributed Costs		<u>(180)</u>	<u>(226)</u>
Total Operating Employee Costs		<u>10,033</u>	<u>9,213</u>
Total Number of Employees		124	117
<i>(Full time equivalent at end of reporting period)</i>			
MATERIALS, CONTRACTS AND OTHER EXPENSES			
<u>Prescribed Expenses</u>			
Auditor's Remuneration			
- Auditing the Financial Reports		14	14
Bad and Doubtful Debts		8	-
Elected Member Expenses		230	260
Operating Lease Rentals - Non-cancellable Leases	18		
- Minimum Lease Payments		66	140
Subtotal - Prescribed Expenses		<u>318</u>	<u>414</u>
<u>Other Materials, Contracts & Expenses</u>			
Contractors		4,720	5,843
Provision for Closure of Angaston Landfill Site		-	51
Bank Charges		103	101
Energy		1,534	878
Maintenance		1,454	1,322
Legal Expenses		116	182
Levies paid to Government - NRM levy		386	381
- Other Levies		66	48
Parts, Accessories and Consumables		907	167
Professional Services		603	393
Communications and Information Technology		681	752
Contributions and Donations		302	352
Water		476	276
Advertising and Printing		165	159
Insurance		663	533
Sundry		619	391
Less: Capitalised and Distributed Costs		<u>(61)</u>	<u>(284)</u>
Subtotal - Other Materials, Contracts and Expenses		<u>12,734</u>	<u>11,545</u>
		<u>13,052</u>	<u>11,959</u>

THE BAROSSA COUNCIL

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

Note 3 - EXPENSES (cont)

	Notes	2013 \$'000	2012 \$'000
DEPRECIATION, AMORTISATION AND IMPAIRMENT			
Depreciation			
Buildings & Other Structures		1,485	1,623
Transport		2,242	2,584
Bridges, Floodways & Major Culverts		367	-
CWMS		748	654
Stormwater & Drainage		279	270
Recreation		185	188
Community Infrastructure		22	18
Plant & Equipment		1,147	1,035
Furniture & Fittings		54	56
		<u>6,529</u>	<u>6,428</u>
Less: Impairment Expense Offset to Asset Revaluation Reserve	9	-	(242)
		<u>6,529</u>	<u>6,186</u>
 FINANCE COSTS			
Interest on Loans		1,354	1,453
Charges on Finance Leases		8	8
		<u>1,362</u>	<u>1,461</u>

THE BAROSSA COUNCIL

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

Note 4 - ASSET DISPOSAL AND FAIR VALUE ADJUSTMENTS

	2013	2012
Notes	\$'000	\$'000
INFRASTRUCTURE, PROPERTY, PLANT AND EQUIPMENT		
<i>Assets Renewed or Directly Replaced</i>		
Proceeds from Disposal	336	421
Less: Carrying Amount of Assets Sold	937	1,221
Gain (Loss) on Disposal	(601)	(800)
<i>Assets Surplus to Requirements</i>		
Proceeds from Disposal	1,467	691
Less: Carrying Amount of Assets Sold	1,101	958
Gain (Loss) on Disposal	366	(267)
NET GAIN (LOSS) ON DISPOSAL OF ASSETS	(235)	(1,067)

THE BAROSSA COUNCIL

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

Note 5 - CURRENT ASSETS

	Notes	2013 \$'000	2012 \$'000
CASH AND EQUIVALENT ASSETS			
Cash on Hand and at Bank		372	498
Deposits at Call		<u>10,101</u>	<u>7,101</u>
		<u>10,473</u>	<u>7,599</u>
 TRADE AND OTHER RECEIVABLES			
Rates - General & Other		1,339	1,142
Rates Postponement Scheme		28	13
Accrued Revenues		360	323
Debtors - General		661	725
GST Recoupment		300	280
Prepayments		-	4
Loans to Community Organisations		127	312
Community Store Bonuses		<u>1</u>	<u>7</u>
		<u>2,816</u>	<u>2,806</u>
 OTHER FINANCIAL ASSETS			
Community Store Shares		7	7
Term Deposits		<u>-</u>	<u>100</u>
		<u>7</u>	<u>107</u>
 INVENTORIES			
Stores and Materials		123	12
Trading Stock		<u>29</u>	<u>20</u>
		<u>152</u>	<u>32</u>

Amounts included in other financial assets that are not expected to be received within 12 months of reporting date are disclosed in Note 13.

THE BAROSSA COUNCIL

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

Note 6 - NON-CURRENT ASSETS

FINANCIAL ASSETS	Notes	2013 \$'000	2012 \$'000
Receivables			
Loans to Community Organisations		<u>162</u>	<u>266</u>
TOTAL FINANCIAL ASSETS		<u>162</u>	<u>266</u>
EQUITY ACCOUNTED INVESTMENTS IN COUNCIL BUSINESSES			
<i>Gawler River Floodplain Management Authority</i>	19	<u>1,444</u>	<u>1,446</u>
<i>Central Local Government Association</i>	19	<u>42</u>	<u>42</u>
<i>Southern & Hills Local Government Association</i>	19	<u>5</u>	<u>6</u>
		<u>1,491</u>	<u>1,494</u>
OTHER NON-CURRENT ASSETS			
Capital Works-in-Progress		<u>5,858</u>	<u>1,251</u>
		<u>5,858</u>	<u>1,251</u>

THE BAROSSA COUNCIL

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

Note 7 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

	2012 \$'000				2013 \$'000			
	AT FAIR VALUE	AT COST	ACCUM DEP'N	CARRYING AMOUNT	AT FAIR VALUE	AT COST	ACCUM DEP'N	CARRYING AMOUNT
Land	62,844	526	-	63,370	63,419	585	-	64,004
Buildings & Other Structures	47,949	17,258	(24,994)	40,213	48,636	16,923	(26,301)	39,258
Transport	173,170	5,211	(52,184)	126,197	143,462	1,961	(37,010)	108,413
Bridges, Floodways & Major Culverts	-	-	-	-	37,445	41	(17,829)	19,657
CWMS	29,523	3,822	(13,439)	19,906	29,523	5,492	(14,187)	20,828
Stormwater & Drainage	24,923	1,096	(6,761)	19,258	24,923	1,288	(7,041)	19,170
Recreation	9,270	71	(4,110)	5,231	8,376	172	(3,536)	5,012
Community Infrastructure	963	391	(351)	1,003	963	396	(373)	986
Plant & Equipment	-	11,355	(5,727)	5,628	-	11,596	(6,409)	5,187
Furniture & Fittings	-	929	(616)	313	-	929	(670)	259
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT	348,642	40,659	(108,182)	281,119	356,747	39,383	(113,356)	282,774
<i>Comparatives</i>	351,261	28,117	(103,819)	275,559	348,642	40,659	(108,182)	281,119

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 2013

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

	2012 \$'000	CARRYING AMOUNT MOVEMENTS DURING YEAR \$'000						2013 \$'000	
	CARRYING AMOUNT	Additions		Disposals	Depreciation	Impairment	Transfers	Net Revaluation	CARRYING AMOUNT
		New/Upgrade	Renewals						
Land	63,370	60	-	(858)	-	-	1,432	-	64,004
Buildings & Other Structures	40,213	632	-	(230)	(1,485)	-	128	-	39,258
Transport	126,197	348	1,720	(626)	(2,242)	-	(19,416)	2,432	108,413
Bridges, Floodways & Major Culverts	-	19	-	(8)	(367)	-	19,545	468	19,657
CWMS	19,906	1,480	190	-	(748)	-	-	-	20,828
Stormwater & Drainage	19,258	191	-	-	(279)	-	-	-	19,170
Recreation	5,231	99	-	(4)	(185)	-	(129)	-	5,012
Community Infrastructure	1,003	5	-	-	(22)	-	-	-	986
Plant & Equipment	5,628	161	856	(311)	(1,147)	-	-	-	5,187
Furniture & Fittings	313	-	-	-	(54)	-	-	-	259
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT	281,119	2,995	2,766	(2,037)	(6,529)	-	1,560	2,900	282,774
<i>Comparatives</i>	275,559	10,316	3,543	(2,178)	(6,186)	(242)	307	-	281,119

This Note continues on the following page.

THE BAROSSA COUNCIL

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

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

Valuation of Assets

At 1 July 2004 upon the transition to AIFRS, Council elected pursuant to AASB 1.19 to retain a previously established deemed cost under GAAP as its deemed cost. With subsequent additions at cost, this remains as the basis of recognition of non-material asset classes.

Land and Land Improvements

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

Freehold land is shown at Fair Value based on periodic revaluations. Land assets were assessed and revalued as at 30 June 2011 by Asset and Valuation Consulting Pty Ltd. No capitalisation threshold is applied to the acquisition of land or interests in land.

Land improvements - bulk earthworks with an assessed unlimited useful life, are not recognised.

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.

Buildings and Other Structures

Buildings and other structures were independently assessed and revalued as at 1 July 2010 by Asset and Valuation Consulting Pty Ltd. The value included the breakdown of assets over \$100,000 being assessed at a component basis.

Transport

Transport assets were revalued by Council Officers using unit rates provided by GHD Pty Ltd and sealed road surface assets were condition assessed by Downer Infrastructure, as at 1 July 2012. This has increased the replacement value of the class by \$2,432,013. The annual depreciation expense as at 30 June 2013 is \$2,241,568.

Bridges, Floodways and Major Culverts

Bridges, Floodways and Major Culverts assets have been transferred from Transport assets into a separate category as at 1 July 2012. These assets were condition assessed and revalued by Council Officers as at 1 July 2012. This has increased the replacement value of the class by \$468,349. The annual depreciation expense as at 30 June 2013 is \$367,054.

CWMS

CWMS Pipework Network was revalued as at 1 July 2010 using unit rates provided by GHD Pty Ltd. All other CWMS assets were valued by Tonkin Consulting.

Stormwater

Stormwater pipe network was revalued as at 1 July 2010 using unit rates provided by GHD Pty Ltd. All other Stormwater assets were valued by Tonkin Consulting.

Recreation Infrastructure

Recreation infrastructure was revalued as at 1 July 2010 by Asset and Valuation Consulting Pty Ltd.

Community Infrastructure

Community infrastructure was revalued as at 1 July 2010 by Asset and Valuation Consulting Pty Ltd.

Plant, Furniture and Equipment

These assets are recognised on a cost basis.

THE BAROSSA COUNCIL

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

Note 8 - LIABILITIES

		2013 \$'000		2012 \$'000	
	Notes	Current	Non-current	Current	Non-current
TRADE AND OTHER PAYABLES					
Goods & Services		2,325	-	1,567	-
Payments Received in Advance		810	-	399	-
Accrued Expenses - Employee Entitlements		894	-	1,089	-
Accrued Expenses - Other		987	-	763	-
Deposits, Retentions and Bonds *		163	-	229	-
		<u>5,179</u>	<u>-</u>	<u>4,047</u>	<u>-</u>
* For 2012/13, 'Other' has been removed and included in 'Deposits, Retentions and Bonds'. The 2011/12 comparative has also been adjusted.					
BORROWINGS					
Loans		1,573	17,858	1,475	19,323
Finance Leases	14	56	23	30	47
		<u>1,629</u>	<u>17,881</u>	<u>1,505</u>	<u>19,370</u>
<i>All interest bearing liabilities are secured over the future revenues of the Council.</i>					
PROVISIONS					
Employee Entitlements (including oncosts)		1,400	173	1,279	232
Future Reinstatement - Landfill		339	-	339	-
		<u>1,739</u>	<u>173</u>	<u>1,618</u>	<u>232</u>

THE BAROSSA COUNCIL

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

Note 9 - RESERVES

ASSET REVALUATION RESERVE	1/7/2012	Net Increments (Decrements)	Transfers, Impairments	30/6/2013
Notes	\$'000	\$'000	\$'000	\$'000
Land	51,866	-	-	51,866
Buildings & Other Structures	14,619	-	-	14,619
Transport	109,863	2,432	(7,255)	105,040
Bridges, Floodways & Major Culverts	-	468	7,384	7,852
CWMS	11,170	-	-	11,170
Stormwater & Drainage	16,132	-	-	16,132
Recreation	5,470	-	(129)	5,341
Community Infrastructure	493	-	-	493
TOTAL	209,613	2,900	-	212,513
<i>Comparatives</i>	<i>209,855</i>	<i>-</i>	<i>(242)</i>	<i>209,613</i>

OTHER RESERVES	1/7/2012	Transfers to Reserve	Transfers from Reserve	30/6/2013
Community Wastewater Management	4,359	1,855	(2,535)	3,679
Barossa Aquatic & Fitness Centre	590	812	(872)	530
Refuse & Recycling	415	25	(9)	431
Recreation Facilities	205	102	(100)	207
Cultural Services	324	38	(82)	280
Caravan Parks	126	39	(46)	119
Economic Development	226	30	(10)	246
Environmental Projects	98	-	(14)	84
Plant & Equipment Replacement	136	76	(65)	147
Building Maintenance	19	-	(5)	14
Other Reserves	370	9	(32)	347
TOTAL OTHER RESERVES	6,868	2,986	(3,770)	6,084
<i>Comparatives</i>	<i>8,761</i>	<i>3,177</i>	<i>(5,070)</i>	<i>6,868</i>

This Note continues on the following page.

THE BAROSSA COUNCIL

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

Note 9 - RESERVES (cont)

PURPOSES OF RESERVES

Asset Revaluation Reserve

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

Other Reserves

Community Wastewater Management Scheme

Wastewater Management Scheme services charges raised under Section 155.

Barossa Aquatic & Fitness Centre

Collection of Separate Rate raised under Section 154 used to fund repayments of borrowings.

Refuse & Recycling

Collection of Refuse and Recycling service charges raised under Section 155.

Recreation Facilities

Recreation Facilities reserves are used to fund Capital Improvements at Councils' Recreation Parks.

Cultural Facilities

Cultural Facilities reserves are used to fund Capital Improvements at Councils' Community Halls.

Caravan Parks

Caravan Park Reserves accumulate operating surpluses from Councils Caravan Parks in Williamstown, Mount Pleasant and Eden Valley. These funds are subsequently used towards the upgrade of Caravan Park and surrounding Recreation Park Facilities.

Economic Development

Economic Development Reserves are used to fund specific initiatives administered by Council's Main Street Management Committees.

Environmental Projects

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

Plant & Equipment Replacement

Plant and Equipment Replacement Reserves are used to fund the replacement of Council's Community Transport and Leisure Options cars and buses, funded by grants.

Building Maintenance

Building Maintenance Reserves are used towards funding specific disability access to Councils' 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 2013

Note 10 - RECONCILIATION OF ORIGINAL BUDGET

Reconciliation of variances between the adopted budget and actual revenue and expenditure for 2012/13 are shown below:

		Actual	Budget	Favourable/ (Unfavourable)
	Notes	\$'000	\$'000	%
INCOME				Variance
Rates		23,985	23,956	0.1%
Statutory Charges	(a)	499	559	-10.7%
User Charges		2,281	2,215	3.0%
Grants, Subsidies and Contributions	(b)	2,682	5,147	-47.9%
Investment Income		399	407	-2.0%
Reimbursements	(c)	576	531	8.5%
Other Income	(d)	705	344	104.9%
TOTAL INCOME		31,127	33,159	
EXPENSES				
Employee Costs	(e)	10,033	10,002	-0.3%
Materials, Contracts and Other Expenses	(f)	13,052	15,429	15.4%
Depreciation, Amortisation and Impairment	(g)	6,529	6,353	-2.8%
Finance Costs	(h)	1,362	1,523	10.6%
Net Loss - Equity Accounted Council Businesses		3	-	
TOTAL EXPENSES		30,979	33,307	
OPERATING SURPLUS/(DEFICIT)		148	(148)	
Asset Disposal and Fair Value Adjustments	(i)	(235)	(475)	50.5%
Amounts Received specifically for New or Upgraded Assets	(j)	4,858	297	1535.7%
Physical Resources received Free of Charge	(k)	-	256	-100.0%
NET SURPLUS/(DEFICIT)		4,771	(70)	

Major Variance Reasons:

- (a) Development activity less than expected.
- (b) Early receipt of two quarterly instalments of the 2013/14 Financial Assistance Grant.
Tanunda to Gawler Bike Path Funding shown in 'Amounts Received for New or Upgraded Assets' in actuals, but budgeted in operating income.
- (c) Extra environment programs not budgeted.
- (d) Workers Compensation/Income Protection/other insurance recoupments and rebates.
- (e) Extra staff for Community Services - grant funded and other Council environment reimbursed programs.
- (f) Tanunda to Gawler Bike Path operating actuals transferred to capital expenditure.
- (g) Additional depreciation due to revaluation of transport and bridge assets and additional assets: CWMS, Software and The Rex building asset.
- (h) Finance costs budget overestimated.
- (i) Better than expected result on disposal of assets.
- (j) Tanunda to Gawler Bike Path capital grant funding budgeted in operating income.
Stockwell CWMS grant funding not budgeted.
- (k) No assets received free of charge in 2012/13.

THE BAROSSA COUNCIL

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

Note 11 - RECONCILIATION TO CASH FLOW STATEMENT

(a) Reconciliation of Cash

Cash Assets comprise highly liquid investments with short periods to maturity subject to insignificant risk of changes of value. Cash at the end of the reporting period as shown in the Cash Flow Statement is reconciled to the related items in the Balance Sheet as follows:

	Notes	2013 \$'000	2012 \$'000
Total Cash & Equivalent Assets	5	<u>10,473</u>	<u>7,599</u>
Balances per Cash Flow Statement		<u>10,473</u>	<u>7,599</u>

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

Net Surplus/(Deficit)		4,771	3,286
Non-cash items in Income Statement			
Depreciation, Amortisation and Impairment		6,529	6,186
Equity Movements in Equity Accounted Investments (increase)/ decrease		3	111
Net increase (decrease) in unpaid Employee Benefits		(133)	(69)
Change in Allowances for Under-recovery		-	(5)
Non-cash Asset Acquisitions		-	(1,219)
Grants for Capital Acquisitions treated as Investing Activity		(4,858)	(2,781)
Net (Gain) Loss on Disposals		<u>235</u>	<u>1,067</u>
		6,547	6,576
Add (Less): Changes in Net Current Assets			
Net (increase) decrease in Receivables		(195)	(308)
Net (increase) decrease in Inventories		(120)	(3)
Net increase (decrease) in Trade and Other Payables		<u>1,327</u>	<u>5</u>
Net Cash provided by (or used in) Operations		<u>7,559</u>	<u>6,270</u>

(c) Non-Cash Financing and Investing Activities

Acquisition of Assets by means of:

- Physical Resources received Free of Charge	3	<u>-</u>	<u>1,219</u>
<i>Amounts recognised in Income Statement</i>		-	1,219
- Finance Leases		32	88
- Estimated Future Reinstatement etc. Costs		-	50
		<u>32</u>	<u>1,357</u>

(d) Financing Arrangements

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

Bank Overdrafts	250	250
Corporate Credit Cards	25	25
LGFA Cash Advance Debenture Facility	1,000	1,000

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice.

THE BAROSSA COUNCIL

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

Note 12 - FUNCTIONS

FUNCTION/ACTIVITY	INCOMES, EXPENSES AND ASSETS HAVE BEEN DIRECTLY ATTRIBUTED TO THE FOLLOWING FUNCTIONS & ACTIVITIES									
	INCOME		EXPENSES		OPERATING SURPLUS (DEFICIT)		GRANTS INCLUDED IN INCOME		TOTAL ASSETS HELD (CURRENT & NON-CURRENT)	
	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL				
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Business Undertakings	4,116	3,999	3,590	3,396	526	603	-	-	30,489	26,756
Community Services	1,119	1,077	2,218	2,285	(1,099)	(1,208)	769	716	8,564	11,138
Culture	239	240	2,196	1,949	(1,957)	(1,709)	112	91	5,749	5,957
Economic Development	242	194	909	902	(667)	(708)	15	9	67	39
Environment	2,601	2,449	4,399	4,125	(1,798)	(1,676)	233	157	35,600	28,136
Recreation	1,243	1,033	3,937	3,196	(2,694)	(2,163)	-	-	65,054	74,905
Regulatory Services	578	419	2,187	2,045	(1,609)	(1,626)	133	-	343	249
Transport	899	1,026	4,498	4,142	(3,599)	(3,116)	893	1,016	133,097	126,388
Plant Hire and Depot/Indirect	202	80	1,061	1,082	(859)	(1,002)	32	23	3,359	3,682
Unclassified Activities	-	19	-	146	-	(127)	-	-	-	-
Council Administration	19,888	18,747	5,984	5,551	13,904	13,196	495	589	20,494	18,063
Joint Ventures	-	4	-	115	-	(111)	-	-	1,491	1,494
TOTALS	31,127	29,287	30,979	28,934	148	353	2,682	2,601	304,307	296,807

Revenues and expenses exclude amounts received specifically for new or upgraded assets and physical resources received free of charge.

This Note continues on the following page.

THE BAROSSA COUNCIL

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

Note 12 - COMPONENTS OF FUNCTIONS (cont)

The activities relating to Council functions are as follows:

Business Undertakings

Caravan Parks, Gravel Pits/Quarries, Development of Land for Resale, Private Works and Sewerage/CWMS.

Community Services

Public Order and Safety, Emergency Services, Other Fire Protection, Other Public Order and Safety, Health Services, Pest Control – Health, Immunisation, Preventive Health Services, Other Health Services, Community Support, Elderly Citizens Facilities, Home Assistance Scheme, Other Services for the Aged and Disabled, Children and Youth Services, Community Assistance, Community Transport, Other Community Support, Community Amenities, Bus Shelters, Cemeteries, Public Conveniences, Car Parking – non-fee-paying 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

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

Environment

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

Recreation

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

Regulatory Services

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

Transport

Bridges, Footpaths and Kerbing, Roads – Sealed, Roads – Formed, Roads – Natural Formed, Roads – Unformed, Traffic Management, LGGC – roads (formula funded) and Other Transport.

Plant Hire and Depot/Indirect

Plant, Machinery and Depot.

Unclassified Activities

Activities not elsewhere classified.

Council Administration

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

Joint Ventures

Gawler River Floodplain Management Authority, Central Local Government Association and Southern and Hills Local Government Association.

THE BAROSSA COUNCIL

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

Note 13 - FINANCIAL INSTRUMENTS

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

Accounting Policies - Recognised Financial Instruments

Bank, Deposits at Call, Short Term Deposits	<p>Accounting Policy: Carried at lower of cost and net realisable value; Interest is recognised when earned.</p> <p>Terms & conditions: Deposits are returning fixed interest rates between 2.75% and 4.20% (2012: 3.50% and 3.75%). Short term deposits have average interest rates of 3.17% (2012: 3.70%).</p> <p>Carrying amount: approximates fair value due to the short term to maturity.</p>
<p>Receivables - Rates & Associated Charges (including legals & penalties for late payment) Note: These receivables do not meet the definition of "financial instruments" and have been excluded from the following disclosures.</p>	<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 8.50% (2012: 9.24%). Although Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries in the State.</p> <p>Carrying amount: Approximates fair value (after deduction of any allowance).</p>
Receivables - Fees & Other Charges	<p>Accounting Policy: Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable.</p> <p>Terms & conditions: Unsecured, and do not bear interest. Although Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries.</p> <p>Carrying amount: Approximates fair value (after deduction of any allowance).</p>
Receivables - Other Levels of Government	<p>Accounting Policy: Carried at nominal value.</p> <p>Terms & conditions: Amounts due have been calculated in accordance with the terms and conditions of the respective programs following advice of approvals, and do not bear interest. All amounts are due by Departments and Agencies of State and Federal Governments.</p> <p>Carrying amount: Approximates fair value.</p>
Liabilities - Creditors and Accruals	<p>Accounting Policy: Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Council.</p> <p>Terms & conditions: Liabilities are normally settled on 30 day terms.</p> <p>Carrying amount: Approximates fair value.</p>
Liabilities - Interest Bearing Borrowings	<p>Accounting Policy: Carried at the principal amounts. Interest is charged as an expense as it accrues.</p> <p>Terms & conditions: Secured over future revenues, borrowings are repayable by equal 6 monthly instalments of principal and interest; interest is charged at fixed rates between 4.75% and 7.02% (2012: 5.65% and 7.02%).</p> <p>Carrying amount: Approximates fair value.</p>
Liabilities - Finance Leases	<p>Accounting Policy: Accounted for in accordance with AASB 117.</p>

THE BAROSSA COUNCIL

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

Note 13 - FINANCIAL INSTRUMENTS (cont)

Liquidity Analysis

2013	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets					
Cash & Equivalents	10,473	-	-	10,473	10,473
Receivables	1,165	195	6	1,366	1,311
Other Financial Assets	7	-	-	7	7
Total	11,645	195	6	11,846	11,791
Financial Liabilities					
Payables	3,298	-	-	3,298	3,298
Current Borrowings	2,915	-	-	2,915	1,629
Non-Current Borrowings	-	11,358	13,334	24,692	17,881
Total	6,213	11,358	13,334	30,905	22,808
2012					
	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets					
Cash & Equivalents	7,599	-	-	7,599	7,599
Receivables	1,666	266	-	1,932	1,917
Other Financial Assets	107	-	-	107	107
Total	9,372	266	-	9,638	9,623
Financial Liabilities					
Payables	2,195	-	-	2,195	2,195
Current Borrowings	1,505	-	-	1,505	1,505
Non-Current Borrowings	-	6,694	12,676	19,370	19,370
Total	3,700	6,694	12,676	23,070	23,070

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

	30 June 2013		30 June 2012	
	Weighted Average Interest Rate	Carrying Value	Weighted Average Interest Rate	Carrying Value
	%	\$'000	%	\$'000
Fixed Interest Rates	6.58	19,510	6.72	20,875
		19,510		20,875

Net Fair Value

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

Risk Exposures

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

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

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

Interest Rate Risk is the risk that future cash flows will fluctuate because of changes in market interest rates. Council has a balance of both fixed and variable interest rate borrowings and investments. Cash flow fluctuations are 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 2013

Note 14 - COMMITMENTS FOR EXPENDITURE

	2013 \$'000	2012 \$'000
Capital Commitments		
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Buildings	28	-
Community Wastewater Management Scheme	626	694
Stormwater	246	52
Transport	1,298	4,665
	2,198	5,411
These expenditures are payable:		
Not later than one year	2,198	5,411
	2,198	5,411
Other Expenditure Commitments		
Other non-capital expenditure committed for (excluding inventories) at the reporting date but not recognised in the financial statements as liabilities:		
Audit Services	77	101
Waste Management Services	4,632	3,596
Septic Tank Desludging	1,154	154
Employee Remuneration Contracts	4,508	6,650
	10,371	10,501
These expenditures are payable:		
Not later than one year	3,430	3,968
Later than one year and not later than 5 years	6,739	6,517
Later than 5 years	202	16
	10,371	10,501
Individually Significant Item		
Council has increasingly engaged staff on a fixed term contract basis - as at 30 June 2013, there were 53 contracts (30 June 2012 - 36).		
Finance Lease Commitments		
Council leases various plant and equipment with a carrying amount of \$79,052 (2012: \$77,555) under finance leases expiring within 1 to 2 years. At expiry, Council may release, return or acquire the leased assets.		
Commitments under Finance Leases at the reporting date are as follows:		
Not later than one year	63	34
Later than one year and not later than 5 years	25	51
Minimum Lease Payments	88	85
Less: Future Finance Charges	(9)	(8)
Net Lease Liability	79	77
Representing Lease Liabilities:		
Current	8 56	30
Non-Current	8 23	47
	79	77

THE BAROSSA COUNCIL

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

Note 15 - FINANCIAL INDICATORS

	2013	2012	2011
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These Financial Indicators have been calculated in accordance with *Information Paper 9 - Local Government Financial Indicators* prepared as part of the LGA Financial Sustainability Program for the Local Government Association of South Australia. Detailed methods of calculation are set out in the SA Model Statements.

Operating Surplus Ratio

<u>Operating Surplus</u>	0.63%	1.60%	1.30%
Rates - General & Other less NRM Levy			

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

Adjusted Operating Surplus Ratio	0.54%	0.40%	1.24%
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*In recent years the Federal Government has made advance payments prior to 30th June from future year allocations of financial assistance grants, as explained in Note 1. The **Adjusted Operating Surplus Ratio** adjusts for the resulting distortion in the disclosed operating result for each year.*

Net Financial Liabilities Ratio

<u>Net Financial Liabilities</u>	43%	55%	51%
Total Operating Revenue less NRM Levy			

Net Financial Liabilities are defined as total liabilities less financial assets (excluding equity accounted investments in Council businesses). These are expressed as a percentage of total operating revenue (excluding NRM levy).

Asset Sustainability Ratio

<u>Net Asset Renewals</u>	73%	120%	110%
Infrastructure & Asset Management Plan required Expenditure			

Net asset renewals expenditure is defined as net capital expenditure on the renewal and replacement of existing assets, and excludes new capital expenditure on the acquisition of additional assets.

Infrastructure & Asset Management Plan required expenditure sourced from Council's adopted plan. Where information on planned expenditure is not available, then actual depreciation for that asset portfolio has been used to calculate this ratio.

THE BAROSSA COUNCIL

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

Note 16 - UNIFORM PRESENTATION OF FINANCES

The following is a high level summary of both operating and capital investment activities of the Council prepared on a simplified Uniform Presentation Framework basis.

All Councils in South Australia have agreed to summarise annual budgets and long-term financial plans on the same basis.

The arrangements ensure that all Councils provide a common 'core' of financial information, which enables meaningful comparisons of each Council's finances.

	2013 \$'000	2012 \$'000
Income	31,127	29,287
<i>less</i> Expenses	<u>30,979</u>	<u>28,934</u>
Operating Surplus / (Deficit)	148	353
<i>less</i> Net Outlays on Existing Assets		
Capital Expenditure on Renewal and Replacement of Existing Assets	2,637	2,985
<i>less</i> Depreciation, Amortisation and Impairment	6,529	6,186
<i>less</i> Proceeds from Sale of Replaced Assets	<u>336</u>	<u>421</u>
	(4,228)	(3,622)
<i>less</i> Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets <i>(including investment property & real estate developments)</i>	7,733	9,291
<i>less</i> Amounts received specifically for New and Upgraded Assets	4,858	2,781
<i>less</i> Proceeds from Sale of Surplus Assets <i>(including investment property and real estate developments)</i>	<u>1,467</u>	<u>691</u>
	1,408	5,819
Net Lending / (Borrowing) for Financial Year	<u>2,968</u>	<u>(1,844)</u>

THE BAROSSA COUNCIL

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

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.

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

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

No lease contains any escalation clause.

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

	2013 \$'000	2012 \$'000
Not later than one year	52	34
Later than one year and not later than 5 years	82	-
Later than 5 years	1	-
	<u>135</u>	<u>34</u>

THE BAROSSA COUNCIL

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

Note 18 - SUPERANNUATION

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

Marketlink (Accumulation Fund) Members

Marketlink receives both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of employee earnings in accordance with superannuation guarantee legislation (9% in 2012/13; 9% in 2011/12). No further liability accrues to the Council as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

Salarylink (Defined Benefit Fund) Members

Salarylink is a defined benefit scheme where the benefit payable is based on a formula determined by the member's contribution rate, number of years and level of contribution and final average salary. Council makes employer contributions to Salarylink as determined by the Trustee based on advice from the appointed Actuary. The rate is currently 6.3% (6.3% in 2011/12) of "superannuation" salary.

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

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

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

Contributions to Other Superannuation Schemes

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

THE BAROSSA COUNCIL

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

Note 19 - EQUITY ACCOUNTED COUNCIL BUSINESSES

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

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.

	2013 \$'000	2012 \$'000
Gawler River Floodplain Management Authority		
Council's respective interests are:		
- interest in the operating result	9.23%	9.15%
- ownership share of equity	9.23%	9.15%
- the proportion of voting power	15.38%	16.00%
<u>Movements in Investment in Joint Operation</u>	<u>\$'000</u>	<u>\$'000</u>
Opening Balance	1,446	1,561
Share in Operating Result	(16)	(115)
Adjustment to Equity Share	14	-
Share in Equity of Joint Operation	<u>1,444</u>	<u>1,446</u>

Central Local Government Association

Established in 1998, this organisation is formed under Section 43 of the Local Government Act to allow membership Councils to approach regional issues in a collaborative manner.

	2013 \$'000	2012 \$'000
Central Local Government Association		
Council's respective interests are:		
- interest in the operating result	6.67%	7.00%
- ownership share of equity	6.67%	7.00%
- the proportion of voting power	6.67%	7.00%
<u>Movements in Investment in Joint Operation</u>	<u>\$'000</u>	<u>\$'000</u>
Opening Balance	42	38
Share in Operating Result	-	4
Share in Equity of Joint Operation	<u>42</u>	<u>42</u>

Southern and Hills Local Government Association

Established in 1998, this organisation is formed under Section 43 of the Local Government Act to allow membership Councils to approach regional issues in a collaborative manner.

	2013 \$'000	2012 \$'000
Southern and Hills Local Government Association		
Council's respective interests are:		
- interest in the operating result	14.29%	13.00%
- ownership share of equity	14.29%	13.00%
- the proportion of voting power	14.29%	13.00%
<u>Movements in Investment in Joint Operation</u>	<u>\$'000</u>	<u>\$'000</u>
Opening Balance	6	6
Share in Operating Result	(1)	-
Share in Equity of Joint Operation	<u>5</u>	<u>6</u>

THE BAROSSA COUNCIL

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

Note 20 - NON-CURRENT ASSETS HELD FOR SALE

Land and Buildings

Council has resolved to sell a number of Land and Building Assets to reduce the burden on rate payers in relation to the construction of the new Barossa Aquatic and Fitness Centre (the Rex).

Additionally other land assets have been identified for sale for other purposes.

These include:

- Vacant Land, John Dallwitz Reserve, Angaston
- Vacant Land, Schaedel Street, Nuriootpa

Assets are currently either held under contract for sale or are available for sale on the open market.

Carrying Amount of Assets and Liabilities

Infrastructure, property, plant and equipment	<u>574</u>	<u>2,133</u>
Net Assets	<u>574</u>	<u>2,133</u>

As the consideration expected to be received exceeds the carrying amount, these assets have been recognised at the carrying amount.

THE BAROSSA COUNCIL

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

Note 21 - CONTINGENCIES & ASSETS & LIABILITIES NOT RECOGNISED IN THE BALANCE SHEET

The following assets and liabilities do not qualify for recognition in the Balance Sheet but knowledge of those items is considered relevant to users 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 970km 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 costs (including insurance excess) of similar types of claims. Other potential claims not reported to Council may have existed at reporting date.

3. BANK GUARANTEES

Council has guaranteed certain loans and other banking facilities advanced to community organisations and sporting bodies, up to \$70,000 (2012: \$70,000) at reporting date.

Council does not expect to incur any loss arising from these guarantees.

4. LEGAL EXPENSES

Council is the planning consent authority for its area under the Development Act 1993 (as amended). Pursuant to that Act, certain person 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 has not had any notice of appeals against planning decision made prior to reporting date.