

# Annual Financial Statements 2013/14 (Appendix A)



# CITY OF MARION

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

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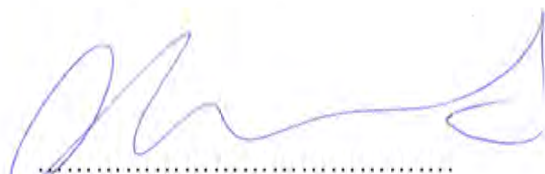
# CITY OF MARION

## ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014


### CERTIFICATION OF FINANCIAL STATEMENTS

We have been authorised by the Council to certify the financial statements in their final form. In our opinion:

- the accompanying financial statements comply with the *Local Government Act 1999, Local Government (Financial Management) Regulations 2011* and Australian Accounting Standards.
- the financial statements present a true and fair view of the Council's financial position at 30 June 2014 and the results of its operations and cash flows for the financial year.
- internal controls implemented by the Council provide a reasonable assurance that the Council's financial records are complete, accurate and reliable and were effective throughout the financial year.
- the financial statements accurately reflect the Council's accounting and other records.



.....  
Mark Searle  
**CHIEF EXECUTIVE OFFICER**



.....  
Felicity-ann Lewis  
**MAYOR**

Date: 28 OCTOBER 2014

**CITY OF MARION**  
**STATEMENT OF COMPREHENSIVE INCOME**  
for the year ended 30 June 2014

	Notes	2014 \$'000	2013 \$'000
<b>INCOME</b>			
Rates	2	63,765	59,979
Statutory charges	2	1,715	1,737
User charges	2	1,571	1,906
Grants, subsidies and contributions	2	5,391	6,589
Investment income	2	793	1,144
Reimbursements	2	898	812
Other income	2	315	420
Net gain - equity accounted Council businesses	19	446	1,019
<b>Total Income</b>		<u>74,894</u>	<u>73,606</u>
<b>EXPENSES</b>			
Employee costs	3	31,532	30,239
Materials, contracts & other expenses	3	26,981	26,010
Depreciation, amortisation & impairment	3	12,556	11,700
Finance costs	3	358	402
<b>Total Expenses</b>		<u>71,427</u>	<u>68,351</u>
<b>OPERATING SURPLUS / (DEFICIT)</b>		<b>3,467</b>	5,255
Asset disposal & fair value adjustments	4	(527)	(42)
Amounts received specifically for new or upgraded assets	2	438	5,226
Physical resources received free of charge	2	1,490	3,569
<b>NET SURPLUS / (DEFICIT)</b>		<u>4,868</u>	<u>14,008</u>
transferred to Equity Statement			14,008
Other Comprehensive Income			
<i>Amounts which will not be reclassified subsequently to operating result</i>			
Changes in revaluation surplus - infrastructure, property, plant & equipment	9	30,242	47,954
Share of other comprehensive income - equity accounted Council businesses	19	(890)	-
<b>Total Other Comprehensive Income</b>		<u>29,352</u>	<u>47,954</u>
<b>TOTAL COMPREHENSIVE INCOME</b>		<u>34,220</u>	<u>61,962</u>

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

## CITY OF MARION

### STATEMENT OF FINANCIAL POSITION as at 30 June 2014

<b>ASSETS</b>	Notes	<b>2014</b> \$'000	2013 \$'000
<b>Current Assets</b>			
Cash and cash equivalents	5	28,065	22,444
Trade & other receivables	5	3,545	6,495
Inventories	5	<u>172</u>	<u>306</u>
<b>Total Current Assets</b>		<u><b>31,782</b></u>	<u><b>29,245</b></u>
<b>Non-current Assets</b>			
Equity accounted investments in Council businesses	6	4,363	4,882
Infrastructure, property, plant & equipment	7	1,077,371	1,035,473
Other non-current assets	6	<u>8,837</u>	<u>9,318</u>
<b>Total Non-current Assets</b>		<u><b>1,090,571</b></u>	<u><b>1,049,673</b></u>
<b>Total Assets</b>		<u><b>1,122,353</b></u>	<u><b>1,078,918</b></u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade & other payables	8	6,408	7,811
Borrowings	8	1,572	1,063
Provisions	8	<u>4,932</u>	<u>2,301</u>
		<u><b>12,912</b></u>	<u><b>11,175</b></u>
<b>Total Current Liabilities</b>		<u><b>12,912</b></u>	<u><b>11,175</b></u>
<b>Non-current Liabilities</b>			
Borrowings	8	11,900	4,472
Provisions	8	<u>527</u>	<u>477</u>
<b>Total Non-current Liabilities</b>		<u><b>12,427</b></u>	<u><b>4,949</b></u>
<b>Total Liabilities</b>		<u><b>25,339</b></u>	<u><b>16,124</b></u>
<b>NET ASSETS</b>		<u><b>1,097,014</b></u>	<u><b>1,062,794</b></u>
<b>EQUITY</b>			
Accumulated Surplus		340,053	333,847
Asset Revaluation Reserves	9	736,779	707,427
Other Reserves	9	<u>20,182</u>	<u>21,520</u>
<b>TOTAL EQUITY</b>		<u><b>1,097,014</b></u>	<u><b>1,062,794</b></u>

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

## CITY OF MARION

### STATEMENT OF CHANGES IN EQUITY for the year ended 30 June 2014

2014	Notes	Accumulated Surplus \$'000	Asset Revaluation Reserve \$'000	Available for sale Financial Assets \$'000	Other Reserves \$'000	TOTAL EQUITY \$'000
Balance at end of previous reporting period		333,847	707,427	-	21,520	1,062,794
<b>Net Surplus / (Deficit) for Year</b>		<b>4,868</b>				<b>4,868</b>
<b>Other Comprehensive Income</b>						
Gain on revaluation of infrastructure, property, plant & equipment			30,242			30,242
Share of other comprehensive income - equity accounted Council businesses			(890)			(890)
Transfers between reserves		1,338			(1,338)	-
<b>Balance at end of period</b>		<b>340,053</b>	<b>736,779</b>	<b>-</b>	<b>20,182</b>	<b>1,097,014</b>
2013						
Balance at end of previous reporting period		318,991	659,473	-	22,368	1,000,832
<b>Net Surplus / (Deficit) for Year</b>		<b>14,008</b>				<b>14,008</b>
<b>Other Comprehensive Income</b>						
Changes in revaluation surplus - infrastructure, property, plant & equipment			47,954			47,954
Transfers between reserves		848			(848)	-
<b>Balance at end of period</b>		<b>333,847</b>	<b>707,427</b>	<b>-</b>	<b>21,520</b>	<b>1,062,794</b>

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

**CITY OF MARION**  
**STATEMENT OF CASH FLOWS**  
for the year ended 30 June 2014

	Notes	2014 \$'000	2013 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<u>Receipts</u>			
Rates - general & other		64,020	59,857
Fees & other charges		1,851	1,875
User charges		4,595	3,645
Investment receipts		798	1,172
Grants utilised for operating purposes		5,795	6,733
Reimbursements		988	893
Other revenues		2,139	922
<u>Payments</u>			
Employee costs		(31,190)	(29,808)
Materials, contracts & other expenses		(28,642)	(26,626)
Finance payments		(346)	(411)
<b>Net Cash provided by (or used in) Operating Activities</b>		<b>20,008</b>	<b>18,252</b>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<u>Receipts</u>			
Amounts specifically for new or upgraded assets		168	1,559
Sale of replaced assets		532	735
Sale of surplus assets		69	1
Repayments of loans by community groups		-	5
Distributions received from equity accounted Council businesses		75	-
<u>Payments</u>			
Expenditure on renewal/replacement of assets		(6,982)	(7,458)
Expenditure on new/upgraded assets		(16,186)	(13,733)
<b>Net Cash provided by (or used in) Investing Activities</b>		<b>(22,324)</b>	<b>(18,891)</b>
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<u>Receipts</u>			
Proceeds from borrowings		9,000	-
<u>Payments</u>			
Repayments of borrowings		(1,063)	(998)
<b>Net Cash provided by (or used in) Financing Activities</b>		<b>7,937</b>	<b>(998)</b>
<b>Net Increase (Decrease) in cash held</b>		<b>5,621</b>	<b>(1,637)</b>
Cash & cash equivalents at beginning of period	11	<u>22,444</u>	<u>24,081</u>
<b>Cash &amp; cash equivalents at end of period</b>	11	<b><u>28,065</u></b>	<b><u>22,444</u></b>

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

# CITY OF MARION

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2014

### 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* dated 1 July 2013.

##### **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 City of Marion is incorporated under the SA Local Government Act 1999 and has its principal place of business at 245 Sturt Road, STURT. These financial statements include the Council's direct operations and all entities through which Council controls resources to carry on its functions. In the process of reporting on the Council as a single unit, all transactions and balances between activity areas and controlled entities have been eliminated.

#### **3 Income recognition**

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

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



## CITY OF MARION

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2014

#### Note 1 - Significant Accounting Policies (cont)

##### 3.1 Construction Contracts

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

##### 4 Cash, Cash Equivalents and other Financial Instruments

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

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

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

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

##### 5 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 Land under roads

Council has elected not to recognise land under roads acquired prior to 1 July 2008 as an asset in accordance with AASB 1051 Land under Roads. Land under roads acquired after 30 June 2008 has not been recognised as in the opinion of Council it is not possible to reliably attribute a fair value, and further that such value if determined would be immaterial.

###### 6.2 Initial Recognition

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

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

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

###### 6.3 Materiality

Assets with an economic life in excess of one year are only capitalised where the cost of acquisition exceeds materiality thresholds established by Council for each type of asset. In determining (and in annually reviewing) such thresholds, regard is had to the nature of the asset and its estimated service life. Examples of capitalisation thresholds applied during the year are given in Note 7. No capitalisation threshold is applied to the acquisition of land or interests in land.

## CITY OF MARION

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2014

#### Note 1 - Significant Accounting Policies (cont)

##### 6.4 Subsequent Recognition

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

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

Major depreciation periods for each class of asset are shown in Note 7. Depreciation periods for infrastructure assets have been estimated based on the best information available to Council, but appropriate records covering the entire life cycle of these assets are not available, and extreme care should be used in interpreting financial information based on these estimates.

##### 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.

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

##### 6.7 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.

#### 7 Payables

##### 7.1 Goods & Services

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

##### 7.2 Payments Received in Advance & Deposits

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

## CITY OF MARION

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2014

#### Note 1 - Significant Accounting Policies (cont)

#### 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".

#### 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.

##### 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 Leases

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

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

#### 11 Joint Ventures and Associated Entities

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

#### 12 GST Implications

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

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

#### 13 Pending Accounting Standards

Certain new accounting standards and Interpretations have been published that are not mandatory for the 30 June 2014 reporting period and have not been used in preparing these reports.

AASB 9 Financial Instruments

Standards containing consequential amendments to other Standards and Interpretations arising from the above - AASB 2012-3, AASB 2013-3, AASB 2013-8 and AASB 2013-9.

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

## CITY OF MARION

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2014

#### **Note 1 - Significant Accounting Policies (cont)**

*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.

# CITY OF MARION

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2014

### Note 2 - INCOME

	Notes	2014 \$'000	2013 \$'000
<b>RATES REVENUES</b>			
<u>General Rates</u>		63,000	59,230
Less: Mandatory rebates		(915)	(837)
Less: Discretionary rebates, remissions & write offs		(26)	(46)
		62,059	58,347
<u>Other Rates</u> (including service charges)			
Natural Resource Management levy		1,496	1,426
		1,496	1,426
<u>Other Charges</u>			
Penalties for late payment		210	206
		210	206
		63,765	59,979
<b>STATUTORY CHARGES</b>			
Development Act fees		724	699
Town planning fees		109	68
Animal registration fees & fines		432	431
Parking fines / expiation fees		450	539
		1,715	1,737
<b>USER CHARGES</b>			
Admission Fees		314	380
Rental Income		190	210
Hall & equipment hire		188	210
Sales - general		282	495
Sundry		597	611
		1,571	1,906
<b>INVESTMENT INCOME</b>			
Interest on investments			
Local Government Finance Authority		783	1,129
Banks & other		10	15
		793	1,144

# CITY OF MARION

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2014

### NOTE 2 - INCOME (continued)

	2014	2013
Notes	\$'000	\$'000
<b>REIMBURSEMENTS</b>		
- for private works	230	223
- other	668	589
	898	812
<b>OTHER INCOME</b>		
Insurance & other recoupments - infrastructure, property, plant & equipment	43	67
Donations & Contributions income	240	307
Sundry	32	46
	315	420
<b>GRANTS, SUBSIDIES, CONTRIBUTIONS</b>		
Amounts received specifically for new or upgraded assets	438	5,226
Individually significant item - additional Grants Commission payment	-	1,429
Other grants, subsidies and contributions	5,391	5,160
	5,829	11,815
<i>The functions to which these grants relate are shown in Note 2.</i>		
<b>Sources of grants</b>		
Commonwealth government	3,790	4,264
State government	1,801	7,353
Other	238	198
	5,829	11,815

#### **Individually Significant Item**

On 12 June 2013, Council received payment of the first two instalments of the 2013/14 Grant Commission (FAG) grant. The timing of these grant payments has now been restored to the normal schedule, with payment to occur in the period to which the grant relates. This has had a material effect Council's operating result this year.

-	1,429
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# CITY OF MARION

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2014

<b>NOTE 2 - INCOME (continued)</b>	<b>2014</b>	2013	2013
		(RESTATED)	
Notes	<b>\$'000</b>	\$'000	\$'000
<b>Conditions over grants &amp; contributions</b>			
<i>Grants and contributions which were obtained on the condition that they be expended for specified purposes or in a future period, but which are not yet expended in accordance with those conditions, are as follows:</i>			
<i>Unexpended at the close of the previous reporting period</i>	<b>8,348</b>	11,417	11,986
<i>Less: expended during the current period from revenues recognised in previous reporting periods</i>			
<i>Other</i>	<u>(7,335)</u>	<u>(6,956)</u>	<u>(7,245)</u>
<i>Subtotal</i>	<u>(7,335)</u>	<u>(6,956)</u>	<u>(7,245)</u>
<i>Plus: amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions</i>			
<i>Other</i>	<u>859</u>	<u>3,887</u>	<u>4,210</u>
<i>Subtotal</i>	<u>859</u>	<u>3,887</u>	<u>4,210</u>
<i>Unexpended at the close of this reporting period</i>	<u><u>1,872</u></u>	<u><u>8,348</u></u>	<u><u>8,951</u></u>
 <i>Net increase (decrease) in assets subject to conditions in the current reporting period</i>	 <u><u>(6,476)</u></u>	 <u><u>(3,069)</u></u>	 <u><u>(3,035)</u></u>

*Figures for 2013 were restated for Conditions over grants & contributions so that only grant funding is included - previously Council contributions to works were also included.*

### PHYSICAL RESOURCES RECEIVED FREE OF CHARGE

	2014	2013
	\$'000	\$'000
Buildings	-	1,084
Roads, Bridges & Footpaths	853	-
Stormwater Drainage	637	-
Land	-	2,375
Other Infrastructure	-	110
<b>TOTAL PHYSICAL RESOURCES RECEIVED</b>	<u><u>1,490</u></u>	<u><u>3,569</u></u>

# CITY OF MARION

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2014

### Note 3 - EXPENSES

	Notes	2014 \$'000	2013 \$'000
<b>EMPLOYEE COSTS</b>			
Salaries and Wages		28,108	27,170
Employee leave expense		1,326	1,358
Superannuation - defined contribution plan contributions	18	2,452	2,215
Workers' Compensation Insurance		694	683
Less: Capitalised and distributed costs		<u>(1,048)</u>	<u>(1,187)</u>
<b>Total Operating Employee Costs</b>		<b><u>31,532</u></b>	<b><u>30,239</u></b>
<b>Total Number of Employees</b>		<b>351</b>	<b>359</b>
<i>(Full time equivalent at end of reporting period)</i>			
<b>MATERIALS, CONTRACTS &amp; OTHER EXPENSES</b>			
<u>Prescribed Expenses</u>			
Auditor's Remuneration			
- Auditing the financial reports		67	37
Bad and Doubtful Debts		1	-
Elected members' expenses		313	318
Operating Lease Rentals - cancellable leases		<u>445</u>	<u>378</u>
Subtotal - Prescribed Expenses		<b><u>826</u></b>	<b><u>733</u></b>
<u>Other Materials, Contracts &amp; Expenses</u>			
Contractors		11,575	10,745
Energy		1,828	1,850
Maintenance		1,456	1,365
Legal Expenses		424	308
Levies paid to government - NRM levy		1,495	1,447
- Other Levies		140	142
Parts, accessories & consumables		3,111	3,202
Professional services		1,320	1,391
Sundry		<u>4,806</u>	<u>4,827</u>
Subtotal - Other Materials, Contracts & Expenses		<b><u>26,155</u></b>	<b><u>25,277</u></b>
		<b><u>26,981</u></b>	<b><u>26,010</u></b>
<b>DEPRECIATION, AMORTISATION &amp; IMPAIRMENT</b>			
<b>Depreciation</b>			
Buildings & Other Structures		3,581	3,555
Infrastructure		6,751	6,011
Plant & Equipment		1,348	1,397
Furniture & Fittings		114	114
Other Assets		800	735
Intangible Assets		<u>75</u>	<u>64</u>
		<b>12,669</b>	<b>11,876</b>
Less: Capitalised and distributed costs		<u>(113)</u>	<u>(176)</u>
		<b><u>12,556</u></b>	<b><u>11,700</u></b>
<b>FINANCE COSTS</b>			
Interest on Loans		<u>358</u>	<u>402</u>
		<b><u>358</u></b>	<b><u>402</u></b>

# CITY OF MARION

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2014

### Note 4 - ASSET DISPOSAL & FAIR VALUE ADJUSTMENTS

	2014 Notes \$'000	2013 \$'000
<b>INFRASTRUCTURE, PROPERTY, PLANT &amp; EQUIPMENT</b>		
<i><b>Assets renewed or directly replaced</b></i>		
Proceeds from disposal	533	735
Less: Carrying amount of assets sold	<u>1,103</u>	<u>778</u>
<b>Gain (Loss) on disposal</b>	<u>(570)</u>	<u>(43)</u>
 <i><b>Assets surplus to requirements</b></i>		
Proceeds from disposal	69	1
Less: Carrying amount of assets sold	<u>26</u>	<u>-</u>
<b>Gain (Loss) on disposal</b>	<u>43</u>	<u>1</u>
 <b>NET GAIN (LOSS) ON DISPOSAL OR REVALUATION OF ASSETS</b>	 <u>(527)</u>	 <u>(42)</u>

# CITY OF MARION

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2014

### Note 5 - CURRENT ASSETS

	Notes	2014 \$'000	2013 \$'000
<b>CASH &amp; EQUIVALENT ASSETS</b>			
Cash on Hand and at Bank		365	644
Short Term Deposits & Bills, etc		<u>27,700</u>	<u>21,800</u>
		<u><b>28,065</b></u>	<u><b>22,444</b></u>
 <b>TRADE &amp; OTHER RECEIVABLES</b>			
Rates - General & Other		1,465	1,731
Rates postponed for State Seniors		39	28
Accrued Revenues		249	254
Debtors - general		567	3,828
GST Recoupment		657	233
Prepayments		<u>568</u>	<u>421</u>
		<u><b>3,545</b></u>	<u><b>6,495</b></u>
 <b>INVENTORIES</b>			
Stores & Materials		<u>172</u>	<u>306</u>
		<u><b>172</b></u>	<u><b>306</b></u>

*Aggregate write-downs and other losses recognised as an expense, and reversals of these, were not material in amount in either year. All such reversals occurred principally as a result of clerical inaccuracies during stores operations.*

# CITY OF MARION

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2014

### Note 6 - NON-CURRENT ASSETS

		2014	2013
		\$'000	\$'000
<b>EQUITY ACCOUNTED INVESTMENTS IN COUNCIL BUSINESSES</b>	Notes		
<i>Southern Region Waste Resource Authority</i>	19	4,241	4,821
<i>Council Solutions</i>	19	122	61
		<u>4,363</u>	<u>4,882</u>
<b>OTHER NON-CURRENT ASSETS</b>			
<b>Inventories</b>			
Capital Works-in-Progress		8,576	8,988
Other		-	-
		<u>8,576</u>	<u>8,988</u>
<b>Intangible Assets</b>			
Computer Software & Licences		1,146	1,140
Less Accumulated Amortisation		(885)	(810)
		<u>261</u>	<u>330</u>
		<u>8,837</u>	<u>9,318</u>

## CITY OF MARION

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2014

#### Note 7 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

		2013 \$'000				2014 \$'000			
		AT FAIR VALUE	AT COST	ACCUM DEP'N	CARRYING AMOUNT	AT FAIR VALUE	AT COST	ACCUM DEP'N	CARRYING AMOUNT
	Fair Value Level								
Land	2	327,983	2,365	-	330,348	<b>341,724</b>	<b>194</b>	-	<b>341,918</b>
Buildings & Other Structures	3	132,447	2,391	(54,909)	79,929	<b>143,444</b>	-	<b>(58,348)</b>	<b>85,096</b>
Infrastructure	3	676,478	442	(90,730)	586,190	<b>689,591</b>	<b>2,105</b>	<b>(91,745)</b>	<b>599,951</b>
Infrastructure (Other)	3	29,478	2,184	(8,816)	22,846	<b>44,008</b>	-	<b>(10,314)</b>	<b>33,694</b>
Plant & Equipment		-	13,277	(5,523)	7,754	-	<b>12,670</b>	<b>(5,595)</b>	<b>7,075</b>
Furniture & Fittings		-	1,239	(866)	373	-	<b>1,263</b>	<b>(980)</b>	<b>283</b>
Other	3	10,817	1,490	(4,274)	8,033	<b>13,445</b>	-	<b>(4,091)</b>	<b>9,354</b>
<b>TOTAL INFRASTRUCTURE, PROPERTY, PLANT &amp; EQUIPMENT</b>		<b>1,177,203</b>	<b>23,388</b>	<b>(165,118)</b>	<b>1,035,473</b>	<b>1,232,212</b>	<b>16,232</b>	<b>(171,073)</b>	<b>1,077,371</b>
		<b>1,123,467</b>	<b>16,959</b>	<b>(158,378)</b>	<b>982,048</b>	<b>1,177,203</b>	<b>23,388</b>	<b>(165,118)</b>	<b>1,035,473</b>

*Comparatives*

*This Note continues on the following pages.*



# CITY OF MARION

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2014

### Note 7 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

	2013	CARRYING AMOUNT MOVEMENTS DURING YEAR							2014
	\$'000	\$'000							\$'000
	CARRYING AMOUNT	Additions		Disposals	Depreciation	Impairment	Transfers	Net Revaluation	CARRYING AMOUNT
	New/Upgrade	Renewals							
Land	330,348	4,483	-	-	-	-	7,087	341,918	
Buildings & Other Structures	79,929	746	499	(262)	(3,581)	-	(1,554)	85,096	
Infrastructure	586,190	3,030	5,221	-	(5,836)	-	11,346	599,951	
Infrastructure (Other)	22,846	8,776	45	-	(915)	-	1,645	33,694	
Plant & Equipment	7,754	101	1,525	(866)	(1,348)	-	(91)	7,075	
Furniture & Fittings	373	24	-	-	(114)	-	-	283	
Other	8,033	516	412	-	(800)	-	1,193	9,354	
<b>TOTAL INFRASTRUCTURE, PROPERTY, PLANT &amp; EQUIPMENT</b>	<b>1,035,473</b>	<b>17,676</b>	<b>7,702</b>	<b>(1,128)</b>	<b>(12,594)</b>	<b>-</b>	<b>30,242</b>	<b>1,077,371</b>	
<b>Comparatives</b>	<b>982,048</b>	<b>8,655</b>	<b>9,405</b>	<b>(778)</b>	<b>(11,812)</b>	<b>-</b>	<b>47,954</b>	<b>1,035,473</b>	

*This Note continues on the following pages.*

## CITY OF MARION

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2014

#### Note 7 – Property, Plant & Equipment (cont)

## CITY OF MARION

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2014

#### Note 7 (cont) – INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

##### Valuation of Assets

##### **General Valuation Principles**

*Accounting procedure:* Upon revaluation, the current new replacement cost and accumulated depreciation are re-stated such that the difference represents the fair value of the asset determined in accordance with AASB 13 *Fair Value Measurement*: accumulated depreciation is taken to be the difference between current new replacement cost and fair value. In the case of land, fair value is taken to be the current replacement cost.

*Highest and best use:* For land which Council has an unfettered right to sell, the "highest and best use" recognises the possibility of the demolition or substantial modification of some or all of the existing buildings and structures affixed to the land.

Much of the land under Council's care and control is Crown land or has been declared as community land under the provisions of the Local Government Act 1999. Other types of restrictions also exist.

For land subject to these restrictions, the highest and best use is taken to be the "highest and best use" available to Council, with a rebuttable presumption that the current use is the "highest and best use". The reason for the current use of a large proportion of Council's assets being other than the "highest and best use" relates to Council's principal role as the provider of services to the community, rather than the use of those assets for the generation of revenue.

For buildings and other structures on and in the land, including infrastructure, "highest and best use" is determined in accordance with the land on and in which they are situated.

*Transition to AASB 13:* The requirements of AASB 13 *Fair Value Measurement* have been applied to all valuations undertaken since 1 July 2013 as shown by the valuation dates by individual asset classes below.

*Fair value hierarchy level 2 valuations:* Land is shown above as being based on fair value hierarchy level 2 valuation inputs. They are based on prices for similar assets in an active market, with directly or indirectly observable adjustments for specific advantages or disadvantages attaching to the particular asset.

*Fair value hierarchy level 3 valuations of valuations of buildings, infrastructure and other assets:* There is no known market for these assets and they are valued at depreciated current replacement cost. This method involves:

The determination of the cost to construct the asset (or its modern engineering equivalent) using current prices for materials and labour, the quantities of each being estimated based on recent experience of this or similar Councils, or on industry construction guides where these are more appropriate.

The calculation of the depreciation that would have accumulated since original construction using current estimates of residual value and useful life under the prime cost depreciation method adopted by Council.

This method has significant inherent uncertainties, relying on estimates of quantities of materials and labour, residual values and useful lives, and the possibility of changes in prices for materials and labour, and the potential for development of more efficient construction techniques.

*Capitalisation thresholds* used by Council for a representative range of assets are shown below. No capitalisation threshold is applied to the acquisition of land or interests in land.

Furniture & Fittings	\$3,000
Equipment	\$3,000
Other	\$3,000
Buildings	\$5,000
Land Improvements	\$5,000
Infrastructure	\$5,000

## CITY OF MARION

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2014

#### Note 7 – Property, Plant & Equipment (cont)

#### **Estimated Useful Lives**

Useful lives are estimated for each individual asset. In estimating useful lives, regard is had to technical and commercial obsolescence, as well as legal and other limitations on continued use. The range of useful lives for a representative range of assets is shown below, although individual assets may have an estimated total useful life of greater or lesser amount:

	2013/2014	2012/2013
Equipment & Furniture		
Office Equipment	3-15 years	3-15 years
Office Furniture	10-15 years	8-15 years
Vehicles and Road-making Equip	3-15 years	4-15 years
Other Plant & Equipment	7-25 years	5-50 years
Building & Other Structures		
Buildings	20-80 years	20-80 years
Infrastructure		
Sealed Roads – Surface	25 years	25 years
Road Base	50-80 years	50-80 years
Kerb	80 years	80 years
Footpath – Bitumen/Rubber	25 years	25 years
– Concrete	50 years	50 years
– Paved	50 years	50 years
Other Road Structures	15 years	15 years
Traffic Signs	15 years	15 years
Bridges	80 years	80 years
Stormwater Pipes	60-100 years	60-100 years
Junction Boxes	100 years	100 years
Pollutant Traps	100 years	100 years
Box Culverts	100 years	100 years
Headwalls	100 years	100 years
Drainage Pits	100 years	100 years
Other Infrastructure		
Wetland Assets	15-100 years	20-100 years
Car Parks	25-40 years	30-40 years
Irrigation	25 years	25 years
Lighting	20-25 years	20-25 years
Recreation Pathways	40 years	40 years
Sports Floodlights	25 years	25 years
Other Assets		
Library Books – Paperbacks	7 years	7 years
Library Books – Hardcover	7 years	7 years
Other Library Stock including CD's, DVD's, Toys	3-7 years	3-7 years
Play Equipment	22 years	22 years
Reserve Furniture	24 years	24 years
Band Instruments	60 years	60 years
Civic Art Structures	60-80 years	60-80 years

#### **Land & 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. A comprehensive revaluation was carried out by independent valuation for the reporting period, 30 June 2014.

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

Land improvements, including bulk earthworks with an assessed unlimited useful life, are recognised on the cost basis. Additions are recognised at cost.

# CITY OF MARION

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2014

### Note 7 – Property, Plant & Equipment (cont)

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. Currently there are no assets that require this treatment.

#### **Buildings & Other Structures**

A comprehensive revaluation was carried out by independent valuation for this reporting period, 30 June 2014.

#### **Infrastructure**

Infrastructure assets (roads, footpaths, kerbs, drains, bridges, traffic devices and traffic signs) were valued by independent valuation as at 30 June 2014.

A comprehensive revaluation was carried out by independent valuation for this reporting period, 30 June 2014 for other infrastructure assets such as car parks, lighting, walking trails and reserve pathways

All acquisitions made after the respective dates of valuation are recorded at cost.

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

These assets are recognised on the cost basis.

#### **All other assets**

A comprehensive revaluation was carried out by independent valuation for this reporting period, 30 June 2014, apart from Library Stock which is valued by Council Officers at written down replacement cost on an annual basis.

# CITY OF MARION

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2014

### Note 8 - LIABILITIES

	Notes	2014 \$'000		2013 \$'000	
		Current	Non-current	Current	Non-current
<b>TRADE &amp; OTHER PAYABLES</b>					
Goods & Services		5,254		3,953	
Payments received in advance		4		378	
Accrued expenses - employee entitlements		1,100		3,439	
Accrued expenses - other		50		38	
Deposits, Retentions & Bonds		-		3	
		<b>6,408</b>	-	<b>7,811</b>	-
 <b>BORROWINGS</b>					
Loans		1,572	11,900	1,063	4,472
		<b>1,572</b>	<b>11,900</b>	<b>1,063</b>	<b>4,472</b>
 <i>All interest bearing liabilities are secured over the future revenues of the Council.</i>					
 <b>PROVISIONS</b>					
Employee entitlements (including oncosts)		4,932	527	2,301	477
		<b>4,932</b>	<b>527</b>	<b>2,301</b>	<b>477</b>

# CITY OF MARION

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2014

### Note 9 - RESERVES

ASSET REVALUATION RESERVE	1/7/2013	Net Increments (Decrements)	Transfers, Impairments	30/6/2014
Notes	\$'000	\$'000	\$'000	\$'000
Land	235,443	7,087		242,530
Buildings & Other Structures	63,648	9,319		72,967
Infrastructure				
- Roads, bridges, footpaths	309,422	9,125		318,547
- Stormwater drainage	94,223	3,519		97,742
Other Assets	4,691	1,192		5,883
<b>TOTAL</b>	<b>707,427</b>	<b>29,352</b>		<b>736,779</b>
<i>Comparatives</i>	<i>659,473</i>	<i>47,954</i>		<i>707,427</i>

OTHER RESERVES	1/7/2013	Transfers to Reserve	Transfers from Reserve	30/6/2014
Open Space Reserve	3,960	112	(2,784 )	1,288
Grants/Carry Forward Projects Reserve	15,380	15,810	(15,325 )	15,865
Asset Sustainability Reserve	2,180	1,064	(215 )	3,029
<b>TOTAL OTHER RESERVES</b>	<b>21,520</b>	<b>16,986</b>	<b>(18,324 )</b>	<b>20,182</b>
<i>Comparatives</i>	<i>22,368</i>	<i>17,433</i>	<i>(18,281 )</i>	<i>21,520</i>

#### **PURPOSES OF RESERVES**

##### **Asset Revaluation Reserve**

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

##### **Open Space Reserve**

Purpose - this reserve has been established to account for the following:

- I. set aside open space contributions provided by developers in accordance with the Development Act (conditions may apply)
- II. separate net proceeds associated with Road Closures.
- III. net proceeds associated with disposal of minor land holdings
- IV. funds received from the 'Urban Trees Fund'

Use of Fund - monies can be applied to the development of Open Space facilities as approved by Council and in accordance with the Open Space Policy (pending). Interest revenues earned on contributions provided by developers are transferred to the Fund.



# CITY OF MARION

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2014

### Note 9 - RESERVES (continued)

#### **Grants/Carry Forward Projects Reserve**

Purpose - this reserve was created for:

*Grants received in advance* - occasionally a funding body has provided Grant funds relating to the following financial year in advance. When this has occurred, it has been necessary to transfer these funds to this reserve so that they can be matched against the expenditures planned to be incurred in the next financial year.

*Unexpended Grants* - when grant monies have not been fully acquitted in the financial year this reserve is used to transfer the unexpended balance to the following year.

*Carryovers* - typically represents unspent capital and service improvements budgets carried forward to the following financial year.

*Use of Fund* - monies are utilised in accordance with the original purpose.

#### **Asset Sustainability Reserve**

Purpose - this is a reserve fund established to:

I. Primary Purpose – Provide Council with the ability to access sufficient funds to enable it to respond to a major infrastructure failure or fund an infrastructure gap identified in periodic asset audits. A minimum balance of \$2 million will be retained in the Asset Sustainability Reserve for this purpose.

II. Assist Council fund its Long Term Asset Management objectives.

III. Provide a means by which to spread the cost of intergenerational assets thereby reducing the need for borrowings.

IV. Provide a means by which Council can strategically plan to maintain its asset base within a long term Financial framework.

The Asset Sustainability Reserve will be funded from planned surpluses identified in the Long Term Financial Plan.

Use of Fund - Reserve transfers will be controlled by specific Council resolutions or identified as part of the approved annual Strategic Plan and Budget.

# CITY OF MARION

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2014

### Note 10 - ASSETS SUBJECT TO RESTRICTIONS

The uses of the following assets are restricted, wholly or partially, by legislation or other externally imposed requirements. The assets are required to be utilised for the purposes for which control was transferred to Council, or for which the revenues were originally obtained.

	2014	2013
	\$'000	\$'000
<b>CASH &amp; FINANCIAL ASSETS</b>	Notes <u>1,872</u>	<u>7,522</u>

Cash held at the end of the 2012/13 Financial Year was money received by way of Federal and State Government grants to be used for specific purposes, including funding for the Oaklands Wetlands development and the Cove Civic Centre. This was fully spent in 2013/14

# CITY OF MARION

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2014

### 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	2014 \$'000	2013 \$'000
Total cash & equivalent assets	5	<u>28,065</u>	<u>22,444</u>
Balances per Cash Flow Statement		<u>28,065</u>	<u>22,444</u>

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

Net Surplus (Deficit)		4,868	14,008
Non-cash items in Income Statement			
Depreciation, amortisation & impairment		12,556	11,700
Equity movements in equity accounted investments (increase) decrease		(446)	(1,019)
Physical Resources received free of charge		(1,490)	(3,569)
Net increase (decrease) in unpaid employee benefits		342	431
Non-cash asset acquisitions		(270)	(291)
Grants for capital acquisitions treated as Investing Activity		(168)	(4,935)
Net (Gain) Loss on Disposals		<u>527</u>	<u>42</u>
		15,919	16,367
Add (Less): Changes in Net Current Assets			
Net (increase) decrease in receivables		2,950	1,112
Net (increase) decrease in inventories		134	(69)
Net (increase) decrease in other current assets		69	(12)
Net increase (decrease) in trade & other payables		<u>936</u>	<u>854</u>
<b>Net Cash provided by (or used in) operations</b>		<u>20,008</u>	<u>18,252</u>

**(c) Non-Cash Financing and Investing Activities**

Acquisition of assets by means of:

- Physical resources received free of charge	2	1,490	3,569
- Non-cash grants & contributions		<u>270</u>	<u>291</u>
		<u>1,760</u>	<u>3,860</u>

**(d) Financing Arrangements**

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

Corporate Credit Cards		75	75
LGFA Cash Advance Debenture facility		<u>11,000</u>	<u>11,000</u>

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.

## CITY OF MARION

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2014

#### 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	2014	2013	2014	2013
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
<b>Leader in the Delivery of the Community Vision</b>										
Development Assessment	900	1,024	3,559	3,422	(2,659)	(2,398)	5	2	-	-
Crime Prevention	16	3	492	512	(476)	(509)	15	2	-	-
Community Support & Development	2,741	2,850	8,953	8,781	(6,212)	(5,931)	1,523	1,539	115,290	108,163
Public & Environment Health	274	290	1,420	1,221	(1,146)	(931)	238	241	-	-
General Inspection	894	991	1,468	1,425	(574)	(434)	1	1	-	-
Public Infrastructure	1,951	1,737	15,597	14,651	(13,646)	(12,914)	1,696	1,485	658,902	635,624
Open Space	543	350	11,508	10,745	(10,965)	(10,395)	275	209	258,302	245,421
Public Conveniences	3	6	428	406	(425)	(400)	-	1	2,711	2,392
Strategic Projects	15	43	1,710	1,212	(1,695)	(1,169)	8	33	4,761	6
Asset Management *	-	-	-	-	-	-	-	-	12,680	11,735
Neighbourhood Centres	404	411	2,069	2,028	(1,665)	(1,617)	155	149	7,305	6,743
Cultural Development	423	801	3,234	3,786	(2,811)	(2,985)	13	84	15,889	13,201
Libraries	620	680	6,727	6,332	(6,107)	(5,652)	531	581	9,707	10,012
Waste & Recycling	137	72	7,135	6,919	(6,998)	(6,847)	6	7	4,241	4,821
Trees **	-	-	-	-	-	-	-	-	5	23
Economic Development	121	157	560	517	(439)	(360)	-	-	-	-
<b>Total Leader in the Delivery of the Community Vision</b>	<b>9,042</b>	<b>9,415</b>	<b>64,860</b>	<b>61,957</b>	<b>(55,818)</b>	<b>(52,542)</b>	<b>4,466</b>	<b>4,334</b>	<b>1,089,793</b>	<b>1,038,141</b>
<b>Organisation of Excellence</b>										
Governance	94	28	4,278	4,178	(4,184)	(4,150)	-	7	46	53
Service Quality	25	29	130	128	(105)	(99)	25	29	610	645
<b>Total Organisation of Excellence</b>	<b>119</b>	<b>57</b>	<b>4,408</b>	<b>4,306</b>	<b>(4,289)</b>	<b>(4,249)</b>	<b>25</b>	<b>36</b>	<b>656</b>	<b>698</b>
<b>Treasury</b>	<b>65,733</b>	<b>64,134</b>	<b>2,159</b>	<b>2,088</b>	<b>63,574</b>	<b>62,046</b>	<b>900</b>	<b>2,219</b>	<b>31,904</b>	<b>40,079</b>
<b>TOTALS</b>	<b>74,894</b>	<b>73,606</b>	<b>71,427</b>	<b>68,351</b>	<b>3,467</b>	<b>5,255</b>	<b>5,391</b>	<b>6,589</b>	<b>1,122,353</b>	<b>1,078,918</b>

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

# CITY OF MARION

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2014

### Note 12 (cont) - COMPONENTS OF FUNCTIONS

#### Leader in the Delivery of the Community Vision – “Broad Horizons, Bright Future”

**Public Infrastructure**

Includes the design, development and maintenance of footpaths, streets, drainage and kerb and water table, as well as street signs, traffic control devices and line-marking ensuring that local neighbourhoods are safe and accessible with good amenity

**Waste & Recycling**

Services including domestic kerbside collection, hard rubbish collection, street sweeping and general litter collection to maintain cleanliness and amenity

**Open Space**

Parks, reserves, ovals and streetscape development and maintenance providing well maintained public spaces for use by all members of the community

**Libraries**

Providing opportunities for learning and social activities for all ages and interests

**Asset Management**

Management and maintenance of Council properties enabling them to be utilised by members of the community for various purposes such as meetings, social activities and programs

**Community Support & Development**

Services such as home and community care, youth services, support for volunteers and community transport providing direct support to groups within the community

**Community Development**

Recreation, sport and leisure facilities, services and activities that provide opportunities for community members to socialise and undertake physical activity

**Development Assessment**

Building and planning services which ensure that houses are safely constructed and designed and developed in a manner which is sympathetic to the local neighbourhood

**Cultural Development**

Supporting community involvement in arts and cultural activity and expression, celebrating diversity, indigenous people and those from culturally and linguistically diverse backgrounds. This includes the Marion Cultural Centre and Living Kurna Cultural Centre providing cultural and artistic experiences for the community

**Trees**

Provision of street trees and revegetation programs to improve amenity and promote, where possible, the use of indigenous plants

**Neighbourhood Centres**

Providing opportunities for learning and social activities for all ages and interests

**Public & Environmental Health**

Services such as food safety and public health inspections, immunisation and enforcement of certain environmental regulations as well as Planning, information, advice and demonstration to promote environmentally sensitive practices by both Council and the community

**Economic Development**

Planning and support for existing and potential businesses to assist businesses to adapt to changing circumstance and provide an employment base for the Marion community

**Strategic Projects**

Major projects such as the Marion South Plan and State Aquatic Centre aimed at providing improved services and facilities for the Community

**Crime Prevention**

Services such as graffiti removal and working with other agencies to improve the safety and amenity of the community

**General Inspection**

Services include dog and cat control, pest control, parking control and the enforcement of by-laws to ensure that the community is safe and orderly

**Public Conveniences**

Services such as provision and maintenance of public toilets in close proximity to highly frequented reserves and other open space areas

# CITY OF MARION

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2014

### Note 12 (cont) - COMPONENTS OF FUNCTIONS

#### Organisation of Excellence

To lead in the delivery of the Community Vision, the organisation must maintain its sustainability. This underpins our Corporate Vision of "An Organisation of Excellence". To achieve this, the following essential support services are funded in the budget.

#### Excellence in Governance

##### **Elected Member Support**

Provision of services which enable Elected Members to undertake their role in making decisions for the Council and community, including Council meetings, elections, council receptions and Sister City activities

##### **Strategic, corporate and sustainability planning and policy development**

To ensure that Council is progressing towards achieving the Community Vision 2020 and its strategic social, cultural, and economic and environmental sustainability goals in a transparent and accountable manner, working with our Local, State, and Federal Government partners

##### **Financial services**

Including budgeting, rating, accounts management and payroll, which ensure sound and transparent financial management which enables Council to provide adequate services and facilities and appropriately address community needs

##### **Risk management policy, development and internal audit**

Activities to ensure that Council is continuously improving its management systems

##### **External relations, communication and community engagement**

Enables the community to be appropriately and adequately informed about the activities and decisions of the Council

#### Service Quality

##### **Customer service**

In particular the Customer Service Centre, which enables Council staff to liaise with the community to address issues and concerns directly with Council, as well as provide the community with information and referral to other services provided in the region

##### **Information technology**

Provides support to Council staff for their technological needs to enable them to contribute towards delivery of the Community Vision as well as access by the community to Council information and services through the internet and email

##### **Information Management**

Enables Council to keep adequate and appropriate records of activities and decisions

#### Employer of Choice

##### **Human Resources**

Services that provide support for staff to undertake their roles to deliver the Community Vision

##### **Occupational Health & Safety**

Services to ensure that work is undertaken in a manner that is safe for the staff and community



# CITY OF MARION

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2014

### Note 13 - FINANCIAL INSTRUMENTS

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

#### Accounting Policies - Recognised Financial Instruments

<b>Bank, Deposits at Call, Short Term Deposits</b>	<p><b>Accounting Policy:</b> Carried at lower of cost and net realisable value; Interest is recognised when earned.</p> <p><b>Terms &amp; conditions:</b> As at 30 June 2014, deposits are returning fixed interest rates between 3.0% and 3.40% (2013: 3.0% and 4.60%). Short term deposits have an average maturity of 61 days and an average interest rates of 3.15% (2013: 59 days, 3.94%).</p> <p><b>Carrying amount:</b> approximates fair value due to the short term to maturity.</p>
<b>Receivables - Rates &amp; Associated Charges (including legals &amp; penalties for late payment)</b> Note: These receivables do not meet the definition of "financial instruments" and have been excluded from the following disclosures.	<p><b>Accounting Policy:</b> 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><b>Terms &amp; conditions:</b> Secured over the subject land, arrears attract interest of 2% (2013: 2%). Although Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries in the State.</p> <p><b>Carrying amount:</b> approximates fair value (after deduction of any allowance).</p>
<b>Receivables - Fees &amp; other charges</b>	<p><b>Accounting Policy:</b> 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><b>Terms &amp; conditions:</b> 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><b>Carrying amount:</b> approximates fair value (after deduction of any allowance).</p>
<b>Receivables - other levels of government</b>	<p><b>Accounting Policy:</b> Carried at nominal value.</p> <p><b>Terms &amp; conditions:</b> 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><b>Carrying amount:</b> approximates fair value.</p>
<b>Liabilities - Creditors and Accruals</b>	<p><b>Accounting Policy:</b> 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><b>Terms &amp; conditions:</b> Liabilities are normally settled on 30 day terms.</p> <p><b>Carrying amount:</b> approximates fair value.</p>
<b>Liabilities - Interest Bearing Borrowings</b>	<p><b>Accounting Policy:</b> Carried at the principal amounts. Interest is charged as an expense as it accrues.</p> <p><b>Terms &amp; conditions:</b> secured over future revenues, borrowings are repayable by equal bi annual instalments of principal and interest. Interest is charged at fixed rates between 5.80% and 6.85% (2013: 5.879% and 6.95%)</p> <p><b>Carrying amount:</b> approximates fair value.</p>

## CITY OF MARION

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2014

#### Note 13 (cont) - FINANCIAL INSTRUMENTS

##### Liquidity Analysis

2014	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial Assets</b>					
Cash & Equivalents	28,065			28,065	28,065
Receivables	816			816	816
<b>Total</b>	<b>28,881</b>	-	-	<b>28,881</b>	<b>28,881</b>
<b>Financial Liabilities</b>					
Payables	11,336	527		11,863	11,867
Current Borrowings	2,383			2,383	1,572
Non-Current Borrowings		7,438	8,456	15,894	11,900
<b>Total</b>	<b>13,719</b>	<b>7,965</b>	<b>8,456</b>	<b>30,140</b>	<b>25,339</b>
2013	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial Assets</b>					
Cash & Equivalents	22,444			22,444	22,444
Receivables	4,061			4,061	4,061
<b>Total</b>	<b>26,505</b>	-	-	<b>26,505</b>	<b>26,505</b>
<b>Financial Liabilities</b>					
Payables	9,734	477		10,211	10,589
Current Borrowings	1,409			1,409	1,063
Non-Current Borrowings		3,928	1,468	5,396	4,472
<b>Total</b>	<b>11,143</b>	<b>4,405</b>	<b>1,468</b>	<b>17,016</b>	<b>16,124</b>

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

	30 June 2014		30 June 2013	
	Weighted Average Interest Rate	Carrying Value	Weighted Average Interest Rate	Carrying Value
	%	\$'000	%	\$'000
Fixed Interest Rates	6.2	13,472	6.5	5,535
		<u>13,472</u>		<u>5,535</u>

##### Net Fair Value

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

##### Risk Exposures

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

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

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

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

# CITY OF MARION

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2014

### Note 14 - COMMITMENTS FOR EXPENDITURE

	2014	2013
	Notes	Notes
	\$'000	\$'000
<b>Capital Commitments</b>		
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Land	66	268
Buildings	909	342
Infrastructure	1,254	933
Other	38	278
	<u>2,267</u>	<u>1,821</u>
These expenditures are payable:		
Not later than one year	<u>2,267</u>	<u>1,821</u>
	<u>2,267</u>	<u>1,821</u>

# CITY OF MARION

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2014

### Note 15 - FINANCIAL INDICATORS

	2014	2013	2012
--	------	------	------

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

#### **Operating Surplus Ratio**

<u>Operating Surplus</u>	6%	9%	11%
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**

	8%	9%	10%
--	----	----	-----

*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>	-9%	-18%	-18%
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>	57%	80%	64%
Infrastructure & Asset Management Plan required expenditure	*	*	*

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

*Amounts shown above an asterisk (\*) indicate that depreciation expense has been used as a proxy, pending finalisation of the Infrastructure & Asset Management Plan.*

# CITY OF MARION

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2014

### 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

	2014 \$'000	2013 \$'000
Income	74,894	73,606
<i>less</i> Expenses	<u>71,427</u>	<u>68,351</u>
<b>Operating Surplus / (Deficit)</b>	<b>3,467</b>	<b>5,255</b>
<b><i>less</i> Net Outlays on Existing Assets</b>		
Capital Expenditure on renewal and replacement of Existing Assets	6,982	7,458
Depreciation, Amortisation and Impairment	(12,556)	(11,700)
Proceeds from Sale of Replaced Assets	<u>(532)</u>	<u>(735)</u>
	<b>(6,106)</b>	<b>(4,977)</b>
<b><i>less</i> Net Outlays on New and Upgraded Assets</b>		
Capital Expenditure on New and Upgraded Assets <i>(including investment property &amp; real estate developments)</i>	16,186	13,733
Amounts received specifically for New and Upgraded Assets	(168)	(1,559)
Proceeds from Sale of Surplus Assets <i>(including investment property and real estate developments)</i>	(69)	(1)
	<u>15,949</u>	<u>12,173</u>
<b>Net Lending / (Borrowing) for Financial Year</b>	<b><u>(6,376)</u></b>	<b><u>(1,941)</u></b>

# CITY OF MARION

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2014

### 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:

	2014 \$'000	2013 \$'000
Not later than one year	276	297
Later than one year and not later than 5 years	298	184
	<u>574</u>	<u>481</u>

# CITY OF MARION

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2014

### 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 (9.25% in 2013/14; 9% in 2012/13). No further liability accrues to the Council as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

#### Salarylink (Defined Benefit 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 2012/13) of "superannuation" salary.

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

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

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

#### Contributions to Other Superannuation Schemes

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

# CITY OF MARION

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2014

### 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.

#### **Southern Region Waste Resource Authority (SRWRA)**

The Southern Region Waste Resource Authority was established under Section 43 of the Local Government Act to provide and operate services for the management of waste and waste facilities under its control on behalf of its constituent councils.

The SRWRA owns and operates the Southern Region Waste Disposal Depot on behalf of the Cities of Holdfast Bay, Marion and Onkaparinga.

The City of Marion has an equal voting right and a 30% interest in the assets and liabilities of SRWRA. For the year ended 30 June 2014, the net assets of SRWRA total \$14,136,000. The City of Marion interest, totalling \$4,241,000 is disclosed below.

In 2006 the decision was taken to equity account for this investment due to a change in the operations of the business. Initial balances were brought to account through accumulated surplus.

	2014 \$'000	2013 \$'000
<b>Southern Region Waste Resource Authority (SRWRA)</b>		
Council's respective interests are:		
- interest in the operating result	30%	30%
- ownership share of equity	30%	30%
- the proportion of voting power	33%	33%
<u>Movements in Investment in Joint Operation</u>	<u>\$'000</u>	<u>\$'000</u>
Opening Balance	4,821	3,863
Share in Operating Result	385	958
Share in other comprehensive income	(890)	-
Distributions Received	(75)	-
<b>Share in Equity of Joint Operation</b>	<b><u>4,241</u></b>	<b><u>4,821</u></b>

#### **Expenditure Commitments**

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

<u>Capital Expenditures payable</u>		
Not later than one year	<u>2,200</u>	<u>2,200</u>
	<u>2,200</u>	<u>2,200</u>
 <u>Operating Expenditures payable</u>		
Not later than one year	18	17
Later than one year and not later than 5 years	-	12
	<u>18</u>	<u>29</u>



# CITY OF MARION

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2014

### Note 19 (cont) - EQUITY ACCOUNTED COUNCIL BUSINESSES

#### Council Solutions

Established by the Cities of Adelaide, Charles Sturt, Marion, Onkaparinga, Salisbury and Tea Tree Gully in December 2012, this regional joint venture has been established for the purposes of providing a centre of excellence in procurement and to provide services to the Constituent Councils

The City of Marion's share of Council Solutions Operating Result is comprised of 16.67% of the joint venture Operating Surplus \$61k and 16.67% share of the joint venture's equity \$29k.

	2014 \$'000	2013 \$'000
<b>Council Solutions</b>		
Council's respective interests are:		
- interest in the operating result	16.67%	16.67%
- ownership share of equity	16.67%	16.67%
- the proportion of voting power	16.67%	16.67%
<u>Movements in Investment in Joint Operation</u>	\$'000	\$'000
Opening Balance	61	-
Share in Operating Result	61	61
<b>Share in Equity of Joint Operation</b>	<u>122</u>	<u>61</u>

# **CITY OF MARION**

## **NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2014**

### **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 Balance Sheet but knowledge of those items is considered relevant to user of the financial report in making and evaluating decisions about the allocation of scarce resources.

#### **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.

#### **BANK GUARANTEES**

Council has guaranteed certain loans and other banking facilities advanced to community organisations and sporting bodies, amounting to \$505,000 (2013: \$705,000) at reporting date.

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

## **Independent Auditor's Report to the Members of Corporation of the City of Marion**

We have audited the accompanying financial report of Corporation of the City of Marion, which comprises the statement of financial position as at 30 June 2014, the statement of comprehensive income, the statement of cash flow and the statement of changes in equity for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Certification of the Financial Statements as set out on pages 1 to N35.

### *The Chief Executive Officer's Responsibility for the Financial Report*

The Chief Executive Officer is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011, and for such internal control as the Chief Executive Officer determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

### *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. Those 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 or 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 Council, 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 our audit opinion.

*Opinion*

In our opinion, the financial report of Corporation of the City of Marion presents fairly, in all material respects, Corporation of the City of Marion's financial position as at 30 June 2014 and its financial performance for the year then ended in accordance with Australian Accounting Standards and the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

A handwritten signature in black ink, appearing to read "PJ Woods", enclosed within a hand-drawn oval.

PJ Woods  
Partner  
Chartered Accountants  
Adelaide, 28 October 2014

# Independent Assurance Report on the Internal Controls to the Members of the Corporation of the City of Marion

We have audited the compliance of the Corporation of the City of Marion (the Council) with the requirements of *Section 125 of the Local Government Act 1999* in relation to the design and implementation of internal controls established by the Council to ensure that the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities for the period 1 July 2013 to 30 June 2014 are in accordance with legislative provisions.

## *The Council's Responsibility for the Internal Controls*

The Council is responsible for implementation and maintaining an adequate system of internal controls, in accordance with *Section 125 of the Local Government Act 1999* in relation to internal controls, to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property, and incurring of liabilities are in accordance with legislative provisions.

## *Our Responsibility*

Our responsibility is to express an opinion on the Council's compliance with *Section 125 of the Local Government Act 1999* in relation to the design and implementation of internal controls, based on our procedures. Our engagement has been conducted in accordance with applicable Australian Standards on Assurance Engagements ASAE 3100 *Compliance Engagements*, issued by the Australian Auditing and Assurance Standards Board, in order to state whether, in all material respects, the Council has complied with *Section 125 of the Local Government Act 1999* in relation to the design and implementation of internal controls for the period 1 July 2013 to 30 June 2014. ASAE 3100 also requires us to comply with the relevant ethical requirements of the Australian professional accounting bodies.

Our procedures included obtaining an understanding of internal controls in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities, evaluating management's assessment of these internal controls, assessing the risk that a material weakness exists, and testing and evaluating the design and implementation of internal controls on a sample basis based on the assessed risks.

## *Limitation on Use*

This report has been prepared for the members of the Council in accordance with *Section 129 of the Local Government Act 1999* in relation to internal controls. We disclaim any assumption of responsibility for any reliance on this report to any persons or users other than the members of the Council, or for any purpose other than that for which it was prepared.



## *Inherent Limitations*

Because of the inherent limitations of any compliance procedure, it is possible that fraud, error or non-compliance may occur and not be detected. A reasonable assurance engagement is not designed to detect all instances of non-compliance with *Section 125 of the Local Government Act 1999* in relation to the design and implementation of internal controls, as the engagement is not performed continuously throughout the period and the procedures performed in respect of compliance with *Section 125 of the Local Government Act 1999* in relation to the design and implementation of internal controls are undertaken on a test basis.

The conclusion expressed in this report has been formed on the above basis.

## *Independence*

In conducting our engagement, we have complied with the independence requirements of the Australian professional accounting bodies.

## *Opinion*

In our opinion, the Council has complied, in all material respects, with *Section 125 of the Local Government Act 1999* in relation to the design and implementation of internal controls, established by the Council to ensure that the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities for the period 1 July 2013 to 30 June 2014 are in accordance with legislative provisions.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU



Penny Woods  
Partner  
Adelaide, 28 October 2014

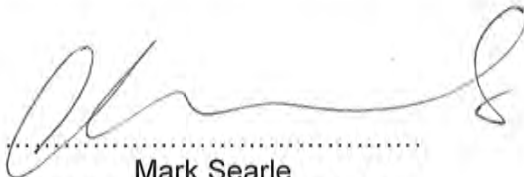
# CITY OF MARION

## ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

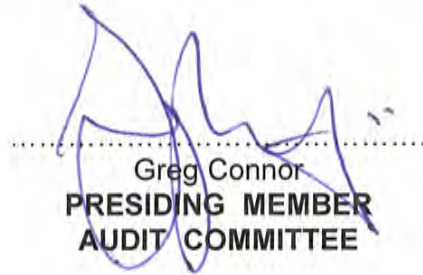
### CERTIFICATION OF AUDITOR INDEPENDENCE

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of City of Marion for the year ended 30 June 2014, the Council's Auditor, Deloitte Touche Tohmatsu has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

This statement is prepared in accordance with the requirements of Regulation 22(3) *Local Government (Financial Management) Regulations 2011*.



Mark Searle  
CHIEF EXECUTIVE OFFICER



Greg Connor  
PRESIDING MEMBER  
AUDIT COMMITTEE

Date: 14 October 2014

City of Marion  
245 Sturt Road  
STURT SA 5047

28 October 2014

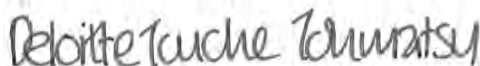
Dear Members

### City of Marion

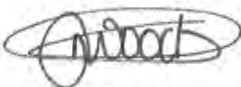
In accordance with the Local Government (Financial Management) Regulations 2011, I am pleased to provide the following declaration of independence to the councillors of the City of Marion.

I confirm that, for the audit of the financial statements of City of Marion for the 30 June 2014 financial year, 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, and in accordance with the requirements of the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011 made under that Act.

Yours faithfully



DELOITTE TOUCHE TOHMATSU



Penny Woods  
Partner  
Chartered Accountants