

# **The District Council of Yankalilla**



**FINANCIAL STATEMENTS  
FOR THE YEAR  
ENDED 30th JUNE 2011**



# DISTRICT COUNCIL OF YANKALILLA

## General Purpose Financial Reports for the year ended 30 June 2011

### TABLE OF CONTENTS

	<u>Page</u>
<b>Council Certificate</b>	1
<b>Principal Financial Statements</b>	
Statement of Comprehensive Income	2
Balance Sheet	3
Statement of Changes in Equity	4
Cash Flow Statement	5
<b>Notes to, and forming part of, the Principal Financial Statements</b>	
Note 1 - Significant Accounting Policies	N1
Note 2 - Income	N7
Note 3 - Expenses	N10
Note 4 - Gain or Loss on Disposal of Assets	N11
Note 5 - Current Assets	N12
Note 6 - Non-Current Assets	N12
Note 7 - Infrastructure, Property, Plant & Equipment & Investment Property	N13
Note 8 - Liabilities	N16
Note 9 - Reserves	N17
Note 10 - Assets Subject to Restrictions	N17
Note 11 - Reconciliation of Cash Flow Statement	N18
Note 12 - Functions	N19
Note 13 - Financial Instruments	N21
Note 14 - Expenditure Commitments	N23
Note 15 - Financial Indicators	N24
Note 16 - Uniform Presentation of Finances	N25
Note 17 - Operating Leases	N26
Note 18 - Superannuation	N27
Note 19 - Joint Ventures & Associated Entities	N28
Note 20 - Assets & Liabilities not Recognised	N29
Note 21 - Events Occurring after Reporting Date	N29
<b>Audit Report</b>	
<b>Council Certificate of Audit Independence</b>	
<b>Audit Certificate of Audit Independence</b>	
SHLGA Southern & Hills Local Government Association Financial Statements	
Fleurieu Regional Waste Authority Financial Statements	



# DISTRICT COUNCIL OF YANKALILLA

## ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2011

### 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 2011 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.



.....  
Roger Sweetman  
**CHIEF EXECUTIVE OFFICER**



.....  
Paul Newman  
**MAYOR/COUNCILLOR**

Date: 17. 11. 2011

**DISTRICT COUNCIL OF YANKALILLA**  
**STATEMENT OF COMPREHENSIVE INCOME**  
for the year ended 30 June 2011

	Notes	2011 \$	2010 \$
<b>INCOME</b>			
Rates	2	8,226,381	7,686,695
Statutory charges	2	165,954	175,330
User charges	2	313,102	166,616
Grants, subsidies and contributions	2	575,133	590,958
Investment income	2	281,380	361,793
Reimbursements	2	131,271	76,261
Other income	2	184,927	111,543
Net gain - joint ventures & associates	19	36,209	1,709
<b>Total Income</b>		<u>9,914,357</u>	<u>9,170,905</u>
<b>EXPENSES</b>			
Employee costs	3	3,025,430	3,127,904
Materials, contracts & other expenses	3	4,668,721	3,036,447
Depreciation, amortisation & impairment	3	3,252,613	3,197,266
Finance costs	3	748,476	531,265
<b>Total Expenses</b>		<u>11,695,240</u>	<u>9,892,882</u>
<b>OPERATING SURPLUS / (DEFICIT)</b>		(1,780,883)	(721,977)
Asset disposal & fair value adjustments	4	(342,184)	(787,745)
Amounts received specifically for new or upgraded assets	2	109,089	404,089
Physical resources received free of charge	2	525,728	255,840
<b>NET SURPLUS / (DEFICIT)</b>		<u>(1,488,250)</u>	<u>(849,793)</u>
transferred to Equity Statement			
Other Comprehensive Income			
Changes in revaluation surplus - infrastructure, property, plant & equipment	9	6,549,722	17,769,447
<b>Total Other Comprehensive Income</b>		<u>6,549,722</u>	<u>17,769,447</u>
<b>TOTAL COMPREHENSIVE INCOME</b>		<u>5,061,472</u>	<u>16,919,654</u>

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

**DISTRICT COUNCIL OF YANKALILLA**

**BALANCE SHEET**  
as at 30 June 2011

<b>ASSETS</b>	Notes	2011 \$	2010 \$
<b>Current Assets</b>			
Cash and cash equivalents	5	177,827	413,180
Trade & other receivables	5	1,635,699	1,200,740
Inventories	5	104,756	18,795
<b>Total Current Assets</b>		<u>1,918,282</u>	<u>1,632,715</u>
<b>Non-current Assets</b>			
Financial Assets	6	126,050	130,543
Equity accounted investments in Council businesses	6	41,683	5,474
Infrastructure, Property, Plant & Equipment	7	99,926,758	93,208,746
<b>Total Non-current Assets</b>		<u>100,094,491</u>	<u>93,344,763</u>
<b>Total Assets</b>		<u>102,012,773</u>	<u>94,977,478</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade & Other Payables	8	1,474,012	944,289
Borrowings	8	5,488,740	3,287,774
Provisions	8	332,539	478,299
<b>Total Current Liabilities</b>		<u>7,295,291</u>	<u>4,710,362</u>
<b>Non-current Liabilities</b>			
Borrowings	8	6,090,152	6,694,008
Provisions	8	59,712	66,962
<b>Total Non-current Liabilities</b>		<u>6,149,864</u>	<u>6,760,970</u>
<b>Total Liabilities</b>		<u>13,445,155</u>	<u>11,471,332</u>
<b>NET ASSETS</b>		<u>88,567,618</u>	<u>83,506,146</u>
<b>EQUITY</b>			
Accumulated Surplus		28,569,114	29,762,629
Asset Revaluation Reserves	9	59,431,991	52,882,269
Other Reserves	9	566,513	861,248
<b>TOTAL EQUITY</b>		<u>88,567,618</u>	<u>83,506,146</u>

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

# DISTRICT COUNCIL OF YANKALILLA

## STATEMENT OF CHANGES IN EQUITY for the year ended 30 June 2011

2011	Notes	Accumulated Surplus \$	Asset Revaluation Reserve \$	Other Reserves \$	TOTAL EQUITY \$
Balance at end of previous reporting period		29,762,629	52,882,269	861,248	83,506,146
<b>Net Surplus / (Deficit) for Year</b>		<b>(1,488,250)</b>	-	-	<b>(1,488,250)</b>
<b>Other Comprehensive Income</b>					
Gain on revaluation of infrastructure, property, plant & equipment		-	6,549,722	-	6,549,722
Transfers between reserves		294,735	-	(294,735)	-
<b>Balance at end of period</b>		<b>28,569,114</b>	<b>59,431,991</b>	<b>566,513</b>	<b>88,567,618</b>
<b>2010</b>					
Balance at end of previous reporting period		30,630,233	35,112,822	843,437	66,586,492
<b>Net Surplus / (Deficit) for Year</b>		<b>(849,793)</b>	-	-	<b>(849,793)</b>
<b>Other Comprehensive Income</b>					
Changes in revaluation surplus - infrastructure, property, plant & equipment		-	17,769,447	-	17,769,447
Transfers between reserves		(17,811)	-	17,811	-
<b>Balance at end of period</b>		<b>29,762,629</b>	<b>52,882,269</b>	<b>861,248</b>	<b>83,506,146</b>

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



# DISTRICT COUNCIL OF YANKALILLA

## CASH FLOW STATEMENT for the year ended 30 June 2011

		2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES	Notes	\$	\$
<u>Receipts</u>			
Operating receipts		9,899,190	8,598,917
Investment receipts		281,435	363,221
<u>Payments</u>			
Operating payments to suppliers & employees		(8,193,601)	(7,601,796)
Finance payments		(721,196)	(561,529)
<b>Net Cash provided by (or used in) Operating Activities</b>	11	<b>1,265,828</b>	798,813
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<u>Receipts</u>			
Amounts specifically for new or upgraded assets		109,089	404,089
Sale of replaced assets		466,910	358,180
Sale of surplus assets		-	318,200
Repayments of loans by community groups		27,603	25,287
<u>Payments</u>			
Expenditure on renewal/replacement of assets		(3,317,466)	(2,515,752)
Expenditure on new/upgraded assets		(386,804)	(2,603,579)
Loans made to community groups		(25,000)	(120,000)
<b>Net Cash provided by (or used in) Investing Activities</b>		<b>(3,125,668)</b>	(4,133,575)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<u>Receipts</u>			
Proceeds from Borrowings		2,327,376	3,843,000
<u>Payments</u>			
Repayments of Borrowings		(728,004)	(648,765)
<b>Net Cash provided by (or used in) Financing Activities</b>		<b>1,599,372</b>	3,194,235
<b>Net Increase (Decrease) in cash held</b>		<b>(260,468)</b>	(140,527)
Cash & cash equivalents at beginning of period	11	413,180	553,707
<b>Cash &amp; cash equivalents at end of period</b>	11	<b>152,712</b>	413,180

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

# DISTRICT COUNCIL OF YANKALILLA

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2011

### 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 (AASB), 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 7<sup>th</sup> November 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.

#### 2 The Local Government Reporting Entity

District Council of Yankalilla is incorporated under the SA Local Government Act 1999 and has its principal place of business at 1 Charles Street, Yankalilla. These financial statements include the consolidated fund and all entities through which Council controls resources to carry on its functions. In the process of reporting on the Council as a single unit, all transactions and balances between activity areas and controlled entities have been eliminated.

#### 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.

Revenue received in advance for the Commonwealth Financial Assistance Grant was treated as revenue in current financial year as per LGA recommendation.

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.

#### 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.

## District Council of Yankalilla

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2011

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

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 Initial Recognition

All assets are initially recognised at cost.

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.

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

##### 6.2 Materiality

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

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

##### 6.3 Subsequent Recognition

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

## District Council of Yankalilla

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2011

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

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

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

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

Plant	Vehicles and Road-making Equip	5 to 10 years
	Other Plant & Equipment	5 to 15 years
Furniture & Equipment	Office Equipment	3 to 10 years
	Office Furniture	10 to 20 years
Building	Buildings – masonry	50 to 100 years
	Buildings – other construction	20 to 40 years
Recreation	Park Structures – masonry	50 to 100 years
	Park Structures – other construction	20 to 40 years
	Playground equipment	5 to 15 years
	Benches, seats, etc	10 to 20 years
Infrastructure (Inc Transport & CWMS)	Sealed Roads – Surface	17 to 25 years
	Sealed Roads – Structure	40 to 80 years
	Unsealed Roads	5 to 12 years
	Bridges – Concrete	80 years
	Paving & Footpaths	5 to 15 years
	Kerb & Gutter	70 to 100 years
	Drains	70 years
	Culverts	50 to 75 years
	Flood Control Structures	80 to 100 years
	Dams and Reservoirs	80 to 100 years
	Bores	20 to 40 years
	Reticulation Pipes – PVC	70 to 80 years
	Reticulation Pipes – other	25 to 75 years
	Pumps & Telemetry	15 to 25 years
Other	TV Towers & Equipment	10 to 65 years

##### 6.5 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 Asset Revaluation Reserve, any excess being recognised as an expense.

## District Council of Yankalilla

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2011

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

##### 6.6 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.

##### 7 Payables

###### 7.1 Goods & Services

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

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

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

##### 8 Borrowings

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

##### 9 Employee Benefits

###### 9.1 Salaries, Wages & Compensated Absences

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

Council recognises a current liability for Long Service Leave benefits for all employees who have completed 7 or more years service as at reporting date with all other employees calculated Long Service Leave benefits classified as a non-current liability. All employee Annual Leave benefits have been disclosed as a current liability as they are all due and payable as at reporting date. All benefits have been measured as the present value of the estimated future cash outflows (including payroll based oncosts). Present values are calculated using government guaranteed securities rates with similar maturity terms.

Weighted average discount rate	4.73% (2010, 4.48%)
--------------------------------	---------------------

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

###### 9.2 Superannuation

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

## District Council of Yankalilla

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2011

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

##### 10 Construction Contracts

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

##### 11 Joint Ventures and Associated Entities

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

##### 12 Leases

Lease arrangements have been accounted for in accordance with AASB 117 Leases.

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 GST Implications

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

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

##### 14 Accumulated Surplus

Accumulated surplus reflects all of the Council's prior year's operating surpluses/deficits, contributed assets (either at minimal or no cost) and all income and expenditure of those funds presented in the statement of comprehensive income. This is accumulated as of the inception of the council in April 1854.

	2010	2011
<i>Accumulated Surplus</i>	396,023	(1,323,220)
<i>Retained Earnings (Contributed assets at minimal or no costs)</i>	29,366,606	29,892,334
<i>Other Reserves</i>	861,248	566,513
<b>TOTAL ACCUMULATED SURPLUS</b>	<b>30,623,877</b>	<b>29,135,627</b>

## District Council of Yankalilla

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2011

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

##### 15 Comparative Information

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

The 2011 amendments to these Model Statements recalculated the Interest Cover Ratio for previous years to be consistent with the current year's calculations.

##### 16 Pending Accounting Standards

Certain new accounting standards and UIG interpretations have been published that are not mandatory for the 30 June 2011 reporting period and have not been used in preparing these reports.

- AASB 1 *First-time Adoption of Australian Accounting Standards*
- AASB 3 *Business Combinations*
- AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*
- AASB 7 *Financial Instruments: Disclosures*
- AASB 8 *Operating Segments*
- AASB 9 *Financial Instruments*
- AASB 101 *Presentation of Financial Statements*
- AASB 107 *Statement of Cash Flows*
- AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*
- AASB 110 *Events after the Reporting Period*
- AASB 118 *Revenue*
- AASB 119 *Employee Benefits*
- AASB 132 *Financial Instruments: Presentation*
- AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*
- AASB 139 *Financial Instruments: Recognition and Measurement*
- AASB 140 *Investment Property*
- AASB 1031 *Materiality*
- AASB 2009-11 *Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12]*
- AASB 2009-12 *Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 1023 & 1032 and Interpretations 2, 4, 16, 1039 & 1052]*
- AASB 2010-4 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASBs 3, 7, 121, 128, 131, 132 & 139]*
- AASB 2010-5 *Amendments to Australian Accounting Standards [AASBs 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042]*
- AASB 2010-6 *Amendments to Australian Accounting Standards [AASBs 1 & 7]*
- AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 [AASBs 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023, & 1038 and Interpretations 2, 5, 10, 12, 19, & 127]*
- *Interpretation 14 AASB 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*

(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.

# DISTRICT COUNCIL OF YANKALILLA

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2011

### Note 2 - INCOME

	2011	2010
Notes	\$	\$
<b>RATES REVENUES</b>		
<u>General Rates</u>	7,078,141	6,624,463
Less: Mandatory rebates	(51,087)	(48,557)
Less: Discretionary rebates, remissions & write offs	(15,768)	(17,946)
	7,011,286	6,557,960
<u>Other Rates</u> (including service charges)		
Natural Resource Management levy	121,187	96,975
Community wastewater management systems	984,618	956,347
	1,105,805	1,053,322
<u>Other Charges</u>		
Penalties for late payment	109,290	75,413
	109,290	75,413
	8,226,381	7,686,695
 <b>STATUTORY CHARGES</b>		
Development Act fees	34,239	39,581
Town planning fees	65,229	64,934
Animal registration fees & fines	29,138	22,810
Other fines, penalties & expiations	750	3,114
Septic Tank Application	36,598	43,311
Sundry	-	1,580
	165,954	175,330
 <b>USER CHARGES</b>		
Caravan Park Hire Fees	203,940	-
Cemetery/crematoria fees	4,050	600
Block Clearing Fees	7,379	5,098
Rubbish Dump Fees	16,574	59,396
Hall & equipment hire	5,581	5,626
Mobile Garbage Bin Sales	1,170	7,212
Road Rental & Reserve Leases	15,424	30,340
Search Fees	15,401	21,298
Community Bus	1,146	1,466
HACC Contributions	19,456	19,826
Sundry	22,981	15,754
	313,102	166,616
 <b>INVESTMENT INCOME</b>		
Interest on investments		
Local Government Finance Authority	11,584	6,737
Banks & other	7,264	2,498
Loans to community groups	7,170	-
Investment property rental income	40,956	39,709
Caravan Park Property Lease	214,406	312,849
	281,380	361,793



# DISTRICT COUNCIL OF YANKALILLA

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2011

### NOTE 2 - INCOME (continued)

	Notes	2011 \$	2010 \$
<b>REIMBURSEMENTS</b>			
- for private works		-	6,980
- other		131,271	69,281
		131,271	76,261
 <b>OTHER INCOME</b>			
Insurance & other recoupments - infrastructure, property, plant & equipment		7,447	1,657
Rebates received		90,237	70,576
Sundry		87,243	39,310
		184,927	111,543
 <b>GRANTS, SUBSIDIES, CONTRIBUTIONS</b>			
Amounts received specifically for new or upgraded assets		109,089	404,089
Other grants, subsidies and contributions		506,301	527,505
Individually significant item - additional Grants Commission payment	see below	68,832	63,453
		684,222	995,047
 <i>The functions to which these grants relate are shown in Note 2.</i>			
<b>Sources of grants</b>			
<i>Commonwealth government</i>		139,089	404,089
<i>State government</i>		429,965	422,853
<i>Other</i>		115,168	168,105
		684,222	995,047

#### **Individually Significant Item**

On 28 June 2010, Council received payment of the first instalment of the 2010/11 Grant Commission (FAG) grant. Similarly, on 28 June 2011 Council received payment of the first instalment of the 2011/12 grant. It is not known when the timing of these grant payments will be restored to normal schedule, but this will materially adversely affect Council's operating results as these amounts are recognised as income upon receipt.

		68,832	63,453
--	--	--------	--------

# DISTRICT COUNCIL OF YANKALILLA

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2011

### NOTE 2 - INCOME (continued)

	Notes	2011 \$	2010 \$
<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>		111,617	400,595
<i>Less: expended during the current period from revenues recognised in previous reporting periods</i>			
<i>HACC Grant for Minor Capital</i>		(3,000)	(2,000)
<i>Community Waste Management Schemes</i>		-	(80,000)
<i>Natural Resources Grant</i>		-	(22,730)
<i>Regional &amp; Local Community Infrastructure Program</i>		-	(100,000)
<i>Envirofund Land End</i>		-	(8,490)
<i>Recreational Grant</i>		-	(165,000)
<i>Regional &amp; Local Community Infrastructure Program</i>		(30,000)	-
<i>VIC Tourism Grant</i>		(6,000)	-
<i>Cape Jervis Ferry Terminal Landscaping</i>		(44,810)	-
<i>Natural Resources Grant</i>		(22,375)	-
<i>Subtotal</i>		(106,185)	(378,220)
 <i>Plus: amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions</i>			
<i>HACC Grant for Minor Capital</i>		2,452	2,000
<i>Regional &amp; Local Community Infrastructure Program</i>		-	30,000
<i>VIC Tourism Grant</i>		-	6,000
<i>Cape Jervis Ferry Terminal Landscaping</i>		-	51,242
<i>Adelaide NRM - Stormwater Master Plan</i>		60,000	-
<i>Department Of Justice - Crime Prevention</i>		18,700	-
<i>Department Plan/Local Govt</i>		88,000	-
<i>Dept Further Education, Employment and Training</i>		23,875	-
<i>Community Neighbourhood</i>		3,000	-
<i>Subtotal</i>		196,027	89,242
 <i>Unexpended at the close of this reporting period</i>		201,459	111,617
 <i>Net increase (decrease) in assets subject to conditions in the current reporting period</i>		89,842	(288,978)
 <b>PHYSICAL RESOURCES RECEIVED FREE OF CHARGE</b>			
Land		-	44,000
Community Waste Management Scheme		-	211,840
Roads, Bridges & Footpaths		463,672	-
Stormwater Drainage		62,056	-
<b>TOTAL PHYSICAL RESOURCES RECEIVED</b>		<b>525,728</b>	<b>255,840</b>

# DISTRICT COUNCIL OF YANKALILLA

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2011

### Note 3 - EXPENSES

	Notes	2011 \$	2010 \$
<b>EMPLOYEE COSTS</b>			
Salaries and Wages		2,961,644	2,842,915
Employee leave expense		(29,716)	(33,166)
Superannuation - defined contribution plan contributions	18	172,576	153,170
Superannuation - defined benefit plan contributions	18	88,337	94,030
Workers' Compensation Insurance		137,527	129,993
Other		35,076	34,133
Less: Capitalised and distributed costs		(340,013)	(93,171)
<b>Total Operating Employee Costs</b>		<b>3,025,430</b>	<b>3,127,904</b>
<b>Total Number of Employees</b>		42.7	42.5
<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		10,420	9,850
- Other Auditors		2,600	3,300
Bad and Doubtful Debts		16,111	1,132
Elected members' expenses		153,673	192,612
Election expenses		21,209	1,845
Insurance		204,175	181,468
Operating Lease Rentals - cancellable leases		20,302	29,887
<b>Subtotal - Prescribed Expenses</b>		<b>428,490</b>	<b>420,094</b>
<u>Other Materials, Contracts &amp; Expenses</u>			
Contractors, Materials and Expenses		3,455,660	1,965,590
Legal Expenses		99,058	99,554
Levies paid to government - NRM levy		112,230	92,285
- Other Levies		8,432	7,201
Parts, accessories & consumables		513,099	429,442
Remediation - Quarry		27,375	-
Sundry		24,377	22,281
<b>Subtotal - Other Materials, Contracts &amp; Expenses</b>		<b>4,240,231</b>	<b>2,616,353</b>
		<b>4,668,721</b>	<b>3,036,447</b>

# DISTRICT COUNCIL OF YANKALILLA

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2011

### Note 3 - EXPENSES (cont)

	2011	2010
Notes	\$	\$
<b>DEPRECIATION, AMORTISATION &amp; IMPAIRMENT</b>		
<b>Depreciation</b>		
Buildings	360,150	292,551
Recreation	76,750	53,073
Transport Infrastructure	1,879,606	1,911,479
CWMS Infrastructure	191,516	161,892
Stormwater Infrastructure	156,950	156,584
Major Plant & Equipment	322,859	362,084
Minor Plant	120,962	110,309
Furniture & Fittings	126,604	133,959
Other	17,216	15,335
	<b>3,252,613</b>	<b>3,197,266</b>
 <b>FINANCE COSTS</b>		
Interest on Loans	748,476	531,265
	<b>748,476</b>	<b>531,265</b>

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

#### INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

##### *Assets renewed or directly replaced*

Proceeds from disposal	466,910	676,380
Less: Carrying amount of assets sold	809,094	1,464,125
 <b>NET GAIN (LOSS) ON DISPOSAL OR REVALUATION OF ASSETS</b>	<b>(342,184)</b>	<b>(787,745)</b>

# DISTRICT COUNCIL OF YANKALILLA

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2011

### Note 5 - CURRENT ASSETS

	Notes	2011 \$	2010 \$
<b>CASH &amp; EQUIVALENT ASSETS</b>			
Cash on Hand and at Bank		1,030	144,207
BankSA - 24 Hour Call		101,627	110,921
LGFA - 24 Hour Call		74,561	157,470
LGFA CWMS - 24 Hour Call		609	582
		<u>177,827</u>	<u>413,180</u>
<b>TRADE &amp; OTHER RECEIVABLES</b>			
Rates - General & Other		1,233,655	980,130
Accrued Revenues		2,275	2,330
Debtors - general		155,876	146,785
GST Recoupment		53,334	20,696
Prepayments		174,678	24,489
Loans to community organisations		31,993	30,103
Total		<u>1,651,811</u>	<u>1,204,533</u>
Less: Allowance for Doubtful Debts		16,112	3,793
		<u>1,635,699</u>	<u>1,200,740</u>
<b>INVENTORIES</b>			
Stores & Materials		104,756	18,795
		<u>104,756</u>	<u>18,795</u>

### Note 6 - NON-CURRENT ASSETS

<b>FINANCIAL ASSETS</b>			
<b>Receivables</b>			
Loans to community organisations		126,050	130,543
<b>TOTAL FINANCIAL ASSETS</b>		<u>126,050</u>	<u>130,543</u>
<b>EQUITY ACCOUNTED INVESTMENTS IN COUNCIL BUSINESSES</b>			
<i>Southern &amp; Hills Local Government Association</i>	19	5,833	5,474
<i>Fleurieu Regional Waste Authority</i>	19	35,850	-
		<u>41,683</u>	<u>5,474</u>

# DISTRICT COUNCIL OF YANKALILLA

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2011

	2010				2011			
	AT FAIR VALUE	AT COST	ACCUM DEPIN	CARRYING AMOUNT	AT FAIR VALUE	AT COST	ACCUM DEPIN	CARRYING AMOUNT
<b>Note 7 - INFRASTRUCTURE, PROPERTY, PLANT &amp; EQUIPMENT</b>								
Land	11,036,120	-	-	11,036,120	11,776,240	-	-	11,776,240
Buildings	11,156,179	321,499	(2,559,257)	8,918,421	11,477,679	97,239	(2,919,407)	8,655,511
Recreation	2,675,996	-	(764,322)	1,911,674	2,675,995	102,528	(841,071)	1,937,452
Transport Infrastructure	79,589,137	1,293,841	(32,683,137)	48,199,841	78,829,919	3,441,236	(33,214,262)	49,056,893
CWMS Infrastructure	8,524,524	1,592,287	(1,832,129)	8,284,682	17,351,810	-	(3,954,421)	13,397,389
Stormwater Infrastructure	14,043,399	9,800	(2,466,163)	11,587,036	14,223,352	62,056	(2,678,806)	11,606,602
Major Plant & Equipment	-	3,061,957	(1,300,396)	1,761,561	-	3,423,029	(1,363,093)	2,059,936
Minor Plant	-	628,448	(106,075)	522,373	-	653,582	(98,960)	554,622
Furniture & Fittings	-	1,163,608	(482,748)	680,860	-	1,197,577	(609,353)	588,224
Other	526,290	-	(220,112)	306,178	526,290	4,927	(237,328)	293,889
<b>TOTAL INFRASTRUCTURE, PROPERTY, PLANT &amp; EQUIPMENT</b>	<b>127,551,645</b>	<b>8,071,440</b>	<b>(42,414,339)</b>	<b>93,208,746</b>	<b>136,861,285</b>	<b>8,982,174</b>	<b>(45,916,701)</b>	<b>99,926,758</b>
<b>Comparatives</b>	<b>94,703,942</b>	<b>12,306,055</b>	<b>(32,467,977)</b>	<b>74,542,020</b>	<b>127,551,645</b>	<b>8,071,440</b>	<b>(42,414,339)</b>	<b>93,208,746</b>

This Note continues on the following pages.

# DISTRICT COUNCIL OF YANKALILLA

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2011

	CARRYING AMOUNT MOVEMENTS DURING YEAR							2011 \$
	2010 \$		\$				Net Revaluation	
	CARRYING AMOUNT	Additions		Disposals	Depreciation	Renewals		
		New/Upgrade	Renewals					
<b>Note 7 - INFRASTRUCTURE, PROPERTY, PLANT &amp; EQUIPMENT</b>								
Land	11,036,120	4,215	-	-	-	-	735,905	11,776,240
Buildings	8,918,421	97,240	-	-	(360,150)	-	-	8,655,511
Recreation	1,911,674	68,923	33,605	-	(76,750)	-	-	1,937,452
Transport Infrastructure	48,199,841	463,672	2,157,895	(405,818)	(1,879,606)	520,909	5,178,448	49,056,893
CWMS Infrastructure	8,284,682	125,775	-	-	(191,516)	114,460	-	13,397,389
Stormwater Infrastructure	11,587,036	62,056	-	-	(156,950)	-	-	11,606,602
Major Plant & Equipment	1,761,561	51,755	704,179	(134,700)	(322,859)	-	-	2,059,936
Minor Plant	522,373	-	421,787	(268,576)	(120,962)	-	-	554,622
Furniture & Fittings	680,860	33,969	-	(1)	(126,604)	-	-	588,224
Other	306,178	4,927	-	-	(17,216)	-	-	293,889
<b>TOTAL INFRASTRUCTURE, PROPERTY, PLANT &amp; EQUIPMENT</b>	<b>93,208,746</b>	<b>912,532</b>	<b>3,317,466</b>	<b>(809,095)</b>	<b>(3,252,613)</b>	<b>6,549,722</b>	<b>99,926,758</b>	
<b>Comparatives</b>	<b>74,542,020</b>	<b>2,815,419</b>	<b>2,515,752</b>	<b>(1,236,626)</b>	<b>(3,197,266)</b>	<b>17,769,447</b>	<b>93,208,746</b>	

This Note continues on the following pages.

# **DISTRICT COUNCIL OF YANKALILLA**

## **NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2011**

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

#### **Valuation of Assets**

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

#### **Land**

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

Land assets have all been revalued as at the 30th June 2011 internally by Council Staff using the South Australia Valuer General valuations. All additions after this date will be recognised at cost.

Estimated future costs of reinstatement of land, capitalised in accordance with AASB 116.16(c), are reviewed annually (see Note 1) and depreciated over the estimated remaining life of the relevant asset.

#### **Buildings & Recreation**

Buildings and Recreation was valued by Maloney Fields Services, Property Consultants and Valuer's at written down current replacement cost during the reporting period ended 30 June 2010.

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

#### **Infrastructure**

Transportation assets were valued by Tonkin Consulting at written down current replacement cost during the reporting period ending 30 June 2011 and pursuant to Council's election are disclosed at fair value. All acquisitions made after the respective dates of valuation will be recorded at cost.

Stormwater drainage infrastructure was valued by Tonkin Consulting at written down current replacement cost during the reporting period ending 30 June 2011 and pursuant to Council's election are disclosed at fair value.

Community Wastewater Management Scheme infrastructure was valued by Tonkin Consulting at written down current replacement cost during the reporting period will increase ending 30 June 2011 and pursuant to Council's election are disclosed at fair value. All acquisitions made after the respective dates of valuation will be recorded at cost.

As a result of revaluation of the Community Wastewater Management Scheme will increase depreciation expense for 2011/12 it is estimated that depreciation expense for 2011/12 will increase by \$95,481.

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

These assets are recognised on the cost basis.



# DISTRICT COUNCIL OF YANKALILLA

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2011

### Note 8 - LIABILITIES

	Notes	2011		2010	
		\$		\$	
<b>TRADE &amp; OTHER PAYABLES</b>		Current	Non-current	Current	Non-current
Goods & Services		647,502	-	283,632	-
Payments received in advance		240,085	-	21,475	-
Accrued expenses - employee entitlements		282,496	-	290,350	-
Accrued expenses - other		291,390	-	338,406	-
Other		12,539	-	10,426	-
		<b>1,474,012</b>	-	<b>944,289</b>	-
 <b>BORROWINGS</b>					
Bank Overdraft		25,115	-	-	-
Short term loan		4,834,769	-	2,559,769	-
Loans		628,856	6,090,152	728,005	6,694,008
		<b>5,488,740</b>	<b>6,090,152</b>	<b>3,287,774</b>	<b>6,694,008</b>

*All interest bearing liabilities are secured over the future revenues of the Council.*

### PROVISIONS

Employee entitlements (including oncosts)	305,164	59,712	313,299	66,962
Future reinstatement / restoration, etc	27,375	-	165,000	-
	<b>332,539</b>	<b>59,712</b>	<b>478,299</b>	<b>66,962</b>

#### *Movements in Provisions - 2011 year only (current & non-current)*

<i>Opening Balance</i>	<i>Future Reinstatement</i> 165,000
<i>Add Additional amounts recognised</i>	27,375
<i>(Less) Payments</i>	(165,000)
 <i>Closing Balance</i>	<b>27,375</b>

# DISTRICT COUNCIL OF YANKALILLA

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2011

### Note 9 - RESERVES

ASSET REVALUATION RESERVE	1/7/2010	Net Increments (Decrements)	Transfers, Impairments	30/6/2011
Notes	\$	\$	\$	\$
Land	7,226,972	735,905	-	7,962,877
Buildings	3,089,406	-	-	3,089,406
Recreation	1,501,313	-	-	1,501,313
Transport Infrastructure	31,454,859	520,909	-	31,975,768
CWMS Infrastructure	1,609,537	5,178,448	-	6,787,985
Stormwater Infrastructure	7,948,577	114,460	-	8,063,037
Other	51,605	-	-	51,605
<b>TOTAL</b>	<b>52,882,269</b>	<b>6,549,722</b>		<b>59,431,991</b>
<i>Comparatives</i>	<i>35,112,822</i>	<i>17,769,447</i>		<i>52,882,269</i>

OTHER RESERVES	1/7/2010	Transfers to Reserve	Transfers from Reserve	30/6/2011
TV Translator Reserve	20,000	-	-	20,000
Open Space Development	2,433	-	-	2,433
Community Waste Management Scheme	830,124	-	(294,735)	535,389
Caravan Park Reserve	8,691	-	-	8,691
<b>TOTAL OTHER RESERVES</b>	<b>861,248</b>		<b>(294,735)</b>	<b>566,513</b>
<i>Comparatives</i>	<i>843,437</i>	<i>17,811</i>	<i>-</i>	<i>861,248</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).

### 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.

CASH & FINANCIAL ASSETS	Notes	2011 \$	2010 \$
<b>Unexpended amounts received from Federal Government</b>			
Normanville Dunes (NRM) Grant		-	22,730
Regional & Local Community Infrastructure Program		-	30,000
Cape Jervis Ferry Terminal Landscaping		6,432	51,242
<b>TOTAL ASSETS SUBJECT TO EXTERNALLY IMPOSED RESTRICTIONS</b>		<b>6,432</b>	<b>103,972</b>

# DISTRICT COUNCIL OF YANKALILLA

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2011

### 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	2011 \$	2010 \$
Total cash & equivalent assets	5	177,827	413,180
Less: Overdraft	8	(25,115)	-
		<b>152,712</b>	<b>413,180</b>

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

Net Surplus (Deficit)		(1,488,250)	(849,793)
<b>Non-cash items in Income Statement</b>			
Depreciation, amortisation & impairment		3,252,613	3,197,266
Equity movements in equity accounted investments (increase) decrease		(36,209)	(1,709)
Net increase (decrease) in unpaid employee benefits		(23,239)	(83,270)
Change in allowances for under-recovery		12,319	3,793
Non-cash asset acquisitions		(525,728)	(255,840)
Grants for capital acquisitions treated as Investing Activity		(109,089)	(404,089)
Net (Gain) Loss on Disposals		342,184	787,745
		<b>1,424,601</b>	<b>2,394,103</b>
<b>Add (Less): Changes in Net Current Assets</b>			
Net (increase) decrease in receivables		(445,389)	(207,679)
Net (increase) decrease in inventories		(85,961)	1,103
Net increase (decrease) in trade & other payables		292,978	(1,763)
Net increase (decrease) in other provisions		(137,625)	(1,135,000)
Net increase (decrease) in other liabilities		217,224	(251,951)
		<b>1,265,828</b>	<b>798,813</b>

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

Acquisition of assets by means of:			
- Physical resources received free of charge	2	525,728	255,840
		<b>525,728</b>	<b>255,840</b>

**(d) Financing Arrangements**

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

Corporate Credit Cards		10,000	10,000
Cash Advance Debenture		6,500,000	6,500,000

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice. Council also has immediate access to a short-term draw-down facility, and variable interest rate borrowings under a cash advance facility from the Local Government Finance Authority of SA.

## DISTRICT COUNCIL OF YANKALILLA

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2011

#### 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	2011	2010	2011	2010
	2011	2010	2011	2010	2011	2010	\$	\$	\$	\$
Business Undertakings	1,567,607	1,390,896	1,412,089	924,102	155,518	466,794	46,000	38,000	18,346,557	12,746,645
Community Services	123,944	101,926	1,090,823	1,033,557	(966,879)	(931,631)	85,080	69,860	3,544,335	3,431,789
Culture	8,550	6,542	66,594	65,910	(58,044)	(59,368)	6,575	6,542	486,776	474,751
Economic Development	35,853	21,641	356,736	213,616	(320,883)	(191,975)	-	6,000	756,111	756,963
Environment	226,930	351,648	1,566,847	1,078,181	(1,339,917)	(726,533)	94,534	-	13,569,086	13,517,907
Recreation	30,000	1,962	746,974	588,098	(716,974)	(586,136)	30,000	186,814	5,904,414	5,759,219
Regulatory Services	192,790	189,433	1,268,063	1,049,775	(1,075,273)	(860,342)	-	-	164,759	91,526
Transport	213,632	189,426	4,771,220	4,028,999	(4,557,588)	(3,839,573)	202,080	189,426	49,333,561	48,399,074
Plant Hire & Depot/Indirect	29,552	28,619	-	726,125	29,552	(697,506)	-	-	2,646,278	2,387,598
Unclassified Activities	6,534	136	415,894	184,519	(409,360)	(184,383)	-	-	854,312	1,122,463
Council Administration	7,442,756	6,886,967	-	-	7,442,756	6,886,967	110,864	94,316	6,364,901	6,284,069
<b>TOTALS</b>	<b>9,878,148</b>	<b>9,169,196</b>	<b>11,695,240</b>	<b>9,892,882</b>	<b>(1,817,092)</b>	<b>(723,686)</b>	<b>575,133</b>	<b>590,958</b>	<b>101,971,090</b>	<b>94,972,004</b>

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

# DISTRICT COUNCIL OF YANKALILLA

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2011

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

The activities relating to Council functions are as follows:

#### Business Undertakings

Caravan Parks, Gravel Pits/Quarries, Private Works, Property Portfolio, Sewerage/CWMS, Water Supply – Domestic.

#### Community Services

Public Order and Safety, Crime Prevention, Emergency Services, Other Public Order and Safety, Pest Control – Health, Immunisation, Preventive Health Services, Other Health Services, Community Support, Home Assistance Scheme, Children and Youth Services, Community Assistance, Community Transport, Family and Neighbourhood Support, Other Community Support, Community Amenities, Bus Shelters, Cemeteries / Crematoria, Public Conveniences, Car Parking – non-fee-paying, Telecommunications Networks and Other Community Amenities.

#### Culture

Static Libraries Service, Museums and Art Galleries and Other Cultural Services.

#### Economic Development

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

#### Environment

Waste Management, Domestic Waste, Green Waste, Recycling, Transfer Stations, Waste Disposal Facility, Other Waste Management, Other Environment, Coastal Protection, Stormwater and Drainage, Street Cleaning, Street Lighting, Street scaping, Natural Resource Management Levy and Other Environment.

#### Recreation

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

#### Regulatory Services

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

#### Transport

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

#### Plant Hire & Depot/Indirect

Plant Hire and Depot Costs

#### Unclassified Activities

Infrastructural Management, Technical Service and Building Management.

#### Council Administration

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

## DISTRICT COUNCIL OF YANKALILLA

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2011

#### Note 13 - FINANCIAL INSTRUMENTS

##### Recognised Financial Instruments

<p><b>Bank, Deposits at Call, Short Term Deposits</b></p>	<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> Deposits are returning fixed interest rates between 0.55% and 5.25% (2010: 0.55% and 4.5%).</p> <p><b>Carrying amount:</b> approximates fair value due to the short term to maturity.</p>
<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>	<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 monthly of 0.75%, and quarterly interest 2% (2010: interest monthly of 0.85%, and quarterly interest 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>
<p><b>Receivables - Fees &amp; other charges</b></p>	<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>
<p><b>Receivables - other levels of government</b></p>	<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</p> <p><b>Carrying amount:</b> approximates fair value.</p>
<p><b>Liabilities - Creditors and Accruals</b></p>	<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>
<p><b>Liabilities - Retirement Home Contributions</b></p>	<p><b>Accounting Policy:</b> To avoid inconvenience when complying with the separate audit requirements imposed by the relevant legislation, amounts are carried at nominal values.</p> <p><b>Terms &amp; conditions:</b> Pursuant to Commonwealth legislation certain intending residents are required to contribute amounts on an interest free basis. The amounts are subject to certain deductions as prescribed by the legislation, the balance being repaid on termination of tenancy.</p> <p><b>Carrying amount:</b> approximates fair value for short tenancies; may be non-materially over-stated for longer tenancies.</p>
<p><b>Liabilities - Interest Bearing Borrowings</b></p>	<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; interest is charged at fixed (or variable rates between 5.20% and 9.40% (2010: 4.25% and 9.4%))</p> <p><b>Carrying amount:</b> approximates fair value.</p>
<p><b>Liabilities - Finance Leases</b></p>	<p><b>Accounting Policy:</b> accounted for in accordance with AASB 117 Leases.</p>

## DISTRICT COUNCIL OF YANKALILLA

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2011

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

##### Liquidity Analysis

2011	Floating Interest Rate	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Non -Interest Bearing	Total Contractual Cash Flows	Carrying Values
	\$	\$	\$	\$		\$	\$
<b>Financial Assets</b>							
Cash & Equivalents	176,797	-	-	-	1,030	177,827	177,827
Receivables	-	-	-	-	190,144	190,144	190,144
Other Financial Assets	-	126,050	-	-	-	126,050	126,050
<b>Total</b>	<b>176,797</b>	<b>126,050</b>	<b>-</b>	<b>-</b>	<b>191,174</b>	<b>494,021</b>	<b>494,021</b>

##### Financial Liabilities

Payables	-	-	-	-	900,126	900,126	900,126
Current Borrowings	4,859,884	628,856	-	-	-	5,488,740	5,488,740
Non-Current Borrowings	-	-	2,534,649	3,555,503	-	6,090,152	6,090,152
<b>Total</b>	<b>4,859,884</b>	<b>628,856</b>	<b>2,534,649</b>	<b>3,555,503</b>	<b>900,126</b>	<b>12,479,018</b>	<b>12,479,018</b>

2010	Floating Interest Rate	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Non -Interest Bearing	Total Contractual Cash Flows	Carrying Values
	\$	\$	\$	\$		\$	\$
<b>Financial Assets</b>							
Cash & Equivalents	412,050	-	-	-	1,103	413,153	413,180
Receivables	-	-	-	-	179,218	179,218	179,218
Other Financial Assets	-	130,543	-	-	-	130,543	130,543
<b>Total</b>	<b>412,050</b>	<b>130,543</b>	<b>-</b>	<b>-</b>	<b>180,321</b>	<b>722,914</b>	<b>722,941</b>

##### Financial Liabilities

Payables	-	-	-	-	315,533	315,533	315,533
Current Borrowings	2,559,769	1,192,207	-	-	-	3,751,976	3,287,774
Non-Current Borrowings	-	-	4,060,908	5,583,184	-	9,644,092	6,694,008
<b>Total</b>	<b>2,559,769</b>	<b>1,192,207</b>	<b>4,060,908</b>	<b>5,583,184</b>	<b>315,533</b>	<b>13,711,601</b>	<b>10,297,315</b>

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

	30 June 2011		30 June 2010	
	Weighted Average Interest Rate	Carrying Value	Weighted Average Interest Rate	Carrying Value
	%	\$	%	\$
Other Variable Rates	6.25	5,760,010	5.25	2,875,302
Fixed Interest Rates	6.41	6,719,008	6.44	7,422,013
		<u>12,479,018</u>		<u>10,297,315</u>

##### Net Fair Value

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

##### Risk Exposures

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

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

**Liquidity Risk** is the risk that Council will encounter difficulty in meeting obligations with financial liabilities. In accordance with the model Treasury Policy (LGA Information Paper 15), liabilities have a range of maturity dates. 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.

# DISTRICT COUNCIL OF YANKALILLA

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2011

### Note 14 - COMMITMENTS FOR EXPENDITURE

	2011	2010
<u>Notes</u>	\$	\$
<b>Capital Commitments</b>		
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Buildings	58,575	50,638
Community Waste Management Scheme	-	146,428
Plant & Equipment	<u>58,034</u>	<u>174,000</u>
	<u>116,609</u>	<u>371,066</u>
These expenditures are payable:		
Not later than one year	116,609	371,066
	<u>116,609</u>	<u>371,066</u>
<b>Other Expenditure Commitments</b>		
Other expenditure committed for (excluding inventories) at the reporting date but not recognised in the financial statements as liabilities:		
Audit Services	10,000	20,000
Waste Management Services	564,885	570,528
Employee Remuneration Contracts	500,635	143,043
	<u>1,075,520</u>	<u>733,571</u>
These expenditures are payable:		
Not later than one year	737,912	723,571
Later than one year and not later than 5 years	337,608	10,000
	<u>1,075,520</u>	<u>733,571</u>



# DISTRICT COUNCIL OF YANKALILLA

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2011

### Note 15 - FINANCIAL INDICATORS

2011
2010
2009

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.

<b>Operating Surplus</b>	\$ (1,780,883)	(721,977)	(939,393)
--------------------------	----------------	-----------	-----------

*Being the operating surplus (deficit) before capital amounts .*

<b>Adjusted Operating Surplus</b>	(1,786,262)	(726,858)	(997,965)
-----------------------------------	-------------	-----------	-----------

*In each of June 2009, 2010 and 2010 the Commonwealth Government made an advance payment of one quarterly payment of the Financial Assistance Grant (see Note 3). Accordingly there were five "quarterly" payments in 2009, and four payments in each of 2010 and 2011. The Adjusted Operating Surplus and Adjusted Operating Surplus Ratio adjust for this distortion.*

<b>Operating Surplus Ratio</b>			
<u>Operating Surplus</u>	(22%)	(10%)	(13%)
Rates - general & other less NRM levy			

<b>Adjusted Operating Surplus Ratio</b>	(22%)	(10%)	(14%)
---	-------	-------	-------

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

<b>Net Financial Liabilities</b>	\$ 11,505,579	9,726,869	8,206,691
----------------------------------	---------------	-----------	-----------

*Net Financial Liabilities are defined as total liabilities less financial assets (excluding equity accounted investments in Council businesses).*

<b>Net Financial Liabilities Ratio</b>			
<u>Net Financial Liabilities</u>	117%	107%	94%
Total Operating Revenue less NRM levy			

<b>Interest Cover Ratio</b>			
<u>Net Interest Expense</u>	4.9%	2.0%	0.8%
Total Operating Revenue less NRM levy less Investment Income			

<b>Asset Sustainability Ratio</b>			
<u>Net Asset Renewals</u>	88%	67%	35%
Depreciation Expense			

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

<b>Asset Consumption Ratio</b>			
<u>Carrying value of depreciable assets</u>	66%	66%	67%
Gross value of depreciable assets			

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

# DISTRICT COUNCIL OF YANKALILLA

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2011

### 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

	2011 \$	2010 \$
Income	9,914,357	9,170,905
<i>less</i> Expenses	<u>11,695,240</u>	<u>9,892,882</u>
<b>Operating Surplus / (Deficit)</b>	<b>(1,780,883)</b>	<b>(721,977)</b>
 <b><i>less</i> Net Outlays on Existing Assets</b>		
Capital Expenditure on renewal and replacement of Existing Assets	3,317,466	2,515,752
<i>less</i> Depreciation, Amortisation and Impairment	3,252,613	3,197,266
<i>less</i> Proceeds from Sale of Replaced Assets	<u>466,910</u>	<u>358,180</u>
	<b>(402,057)</b>	<b>(1,039,694)</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>	386,804	2,603,579
<i>less</i> Amounts received specifically for New and Upgraded Assets	109,089	404,089
<i>less</i> Proceeds from Sale of Surplus Assets <i>(including investment property and real estate developments)</i>	-	318,200
	<u>277,715</u>	<u>1,881,290</u>
 <b>Net Lending / (Borrowing) for Financial Year</b>	 <b><u>(1,656,541)</u></b>	 <b><u>(1,563,573)</u></b>

# DISTRICT COUNCIL OF YANKALILLA

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2011

### Note 17 - OPERATING LEASES

#### *Leases providing revenue to the Council*

Council owns various buildings, plant and other facilities that are available for hire or lease (on a non-cancellable basis wherever practicable) in accordance with the published revenue policy. Rentals received from such leases are disclosed as rent and hire of non-investment property in Note 2.

#### Investment Property

Rentals received, and outgoings reimbursed, in relation to Investment Property are also disclosed in Note 2. These lease agreements, all of which are classified as operating leases, are made on a non-cancellable basis wherever practicable.

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

	2011	2010
	\$	\$
Not later than one year	30,264	144,640
	<u>30,264</u>	<u>144,640</u>

#### *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:

	2011	2010
	\$	\$
Not later than one year	4,244	16,244
	<u>4,244</u>	<u>16,244</u>

# DISTRICT COUNCIL OF YANKALILLA

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2011

### Note 18 – SUPERANNUATION

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

#### **Marketlink (Accumulation Fund) Members**

Marketlink receives both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of employee earnings in accordance with superannuation guarantee legislation (9% in 2009/10 for Marketlink members and 3% for Salarylink members; 9% and 3% respectively in 2008/09). No further liability accrues to the employer as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

#### **Salarylink (Defined Benefit) Members**

Salarylink is a defined benefit scheme where the benefit payable is based on a formula determined by the member's contribution rate, number of years of contribution and final average salary. Council makes employer contributions to Salarylink as determined by the Scheme's Trustee based on advice from the Scheme's Actuary. The rate is currently 6% (6% in 2008/2009) of "superannuation" salary. Given that Employer contributions are based on a fixed percentage of employee earnings in accordance with superannuation guarantee legislation, the remaining 3% for Salarylink members is allocated to their Marketlink account. Employees also make member contributions to the Fund. As such, assets accumulate in the Fund to meet the member's benefits, as defined in the Trust Deed, as they accrue.

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

The most recent full actuarial investigation conducted by the Scheme's actuary, L C Brett, BSc., FIA, FIAA, of Brett and Watson Pty Ltd as at 30 June 2008. Future financial and economic circumstances may require changes to Council's contribution rates at some future time.

# DISTRICT COUNCIL OF YANKALILLA

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2011

### Note 19 - JOINT VENTURES & ASSOCIATED ENTITIES

#### Southern & Hills Local Government Association

In conjunction with District Council of Yankalilla, other Constituents Councils are Adelaide Hills, Alexandrina Council, Barossa Council, Kangaroo Island Council, District Council of Mt Barker and District Council of Victor Harbor

	2011	2010
<b>Southern &amp; Hills Local Government Association</b>	<b>\$</b>	<b>\$</b>
Council's respective interests are:		
- interest in outputs of the joint operation	12.5%	12.5%
- ownership interest in the joint operation	12.5%	12.5%
- the proportion of voting power in the joint operation	12.5%	12.5%
<u>Movements in Investment in Joint Operation</u>	<u>\$</u>	<u>\$</u>
Opening Balance	5,474	3,765
Share in Operating Result	359	1,709
<b>Share in Equity of Joint Operation</b>	<b><u>5,833</u></b>	<b><u>5,474</u></b>

#### Fleurieu Regional Waste Authority

In conjunction with District Council of Yankalilla, other Constituent Councils are Alexandrina Council, Kangaroo Island Council and City of Vicor Harbor.

	2011	2010
<b>Fleurieu Regional Waste Authority</b>	<b>\$</b>	<b>\$</b>
Council's respective interests are:		
- interest in outputs of the joint operation	15.0%	0.0%
- ownership interest in the joint operation	15.0%	0.0%
- the proportion of voting power in the joint operation	15.0%	0.0%
<u>Movements in Investment in Joint Operation</u>	<u>\$</u>	<u>\$</u>
Opening Balance	-	-
Share in Operating Result	35,850	-
<b>Share in Equity of Joint Operation</b>	<b><u>35,850</u></b>	<b><u>-</u></b>

# **DISTRICT COUNCIL OF YANKALILLA**

## **NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2011**

### **Note 20 - CONTINGENCIES & ASSETS & LIABILITIES NOT RECOGNISED IN THE BALANCE SHEET**

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

#### **1. LAND UNDER ROADS**

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

#### **2. POTENTIAL INSURANCE LOSSES**

Council is a multi-purpose organisation providing a large range of building, parks infrastructure, playgrounds and other facilities accessible to the public. At any time, it is likely that claims will have been made against Council that remain unsettled.

Council insures against all known insurable risks using a range of insurance policies, each of which is subject to a deductible "insurance excess", the amount of which varies according to the class of insurance.

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

#### **3. LEGAL EXPENSES**

Council is the planning consent authority for its area under the Development Act 1993 (as amended). Pursuant to that Act, certain persons aggrieved by a planning decision of the Council may appeal. It is normal practice that parties bear their own legal costs. At the date of these reports, Council had notice of one appeals against planning decisions made prior to reporting date. All known costs have been recognised, but the amount of further costs cannot be known until the appeals are determined.

### **Note 21 - EVENTS OCCURRING AFTER REPORTING DATE**

There were no events subsequent to 30 June 2011 that need to be disclosed in the financial statements.



# Dean Newbery & Partners

CHARTERED ACCOUNTANTS ABN 30 164 612 890

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE DISTRICT COUNCIL OF YANKALILLA

We have audited the accompanying financial report of the District Council of Yankalilla, which comprises the balance sheet as at 30 June 2011 and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the Certification of Financial Statements statement.

### *The Responsibility of the Chief Executive Officer for the Financial Report*

The Chief Executive Officer of the District Council of Yankalilla is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the Local Government Act 1999 and Local Government (Financial Management) Regulations 2011. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud and error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Chief Executive Officer, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for an audit opinion.

### **Independence**

In conducting our audit, we have complied with the independence requirements of the Local Government Act 1999 and Local Government (Financial Management) Regulations 2011 and the Australian professional ethical pronouncements.

### **Auditor's Opinion**

In our opinion, the financial report presents fairly, in all material respects, the financial position of the District Council of Yankalilla as of 30 June 2011, and its financial performance and cash flows for the year then ended in accordance with the Local Government Act 1999, Local Government (Financial Management) Regulations 2011 and the Australian Accounting Standards (including Australian Accounting Interpretations).

**DEAN NEWBERY & PARTNERS**  
**CHARTERED ACCOUNTANTS**



**JIM KEOGH**  
**PARTNER**

Signed on the 18<sup>th</sup> day of November 2011,  
at 214 Melbourne Street, North Adelaide, South Australia 5006.

Office:  
214 Melbourne Street  
North Adelaide SA 5006

All Correspondence:  
PO Box 755  
North Adelaide SA 5006

T: (08) 8267 4777  
F: (08) 8239 0895  
E: admin@deannewbery.com.au


**DISTRICT COUNCIL OF YANKALILLA**

**ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 June 2011**

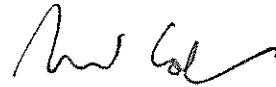
**CERTIFICATION OF AUDITOR INDEPENDENCE**

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of District Council of Yankalilla for the year ended 30 June 2011, the Council's Auditor, Dean Newbery & Partners Chartered Accountants, 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*.



.....  
Roger Sweetman  
**CHIEF EXECUTIVE OFFICER**



.....  
Mark Coleman  
**PRESIDING MEMBER  
AUDIT COMMITTEE**

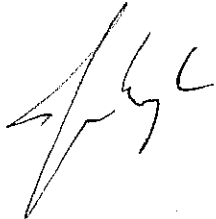
Date: 26 August 2011



**Auditor's Independence Declaration under Section 22 of the Local Government  
(Financial Management) Regulations 1999 to the 2011 District Council of  
Yankalilla.**

I confirm that, for the audit of the financial statements of the District Council of Yankalilla for the year ended 30 June 2011, I have maintained my independence in accordance with the requirements of APES 110 – Code of Ethics for Professional Accountants, Section 290, published by the Accounting Professional and Ethical Standards Board, in accordance with the *Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011* made under that Act.

This statement is prepared in accordance with the requirements of Regulation 22 (5) *Local Government (Financial Management) Regulations 2011*.



**JIM KEOGH**

**Partner**

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

Dated this 4 day of July 2011



# SOUTHERN & HILLS LOCAL GOVERNMENT ASSOCIATION

## FINANCIAL STATEMENTS

### Income Statement for the Year Ending 30<sup>th</sup> June 2011

	Notes	2011 \$	2010 \$
<b>Income</b>			
Subscriptions	1(f)	61,803	60,000
Operating Grants		34,537	33,661
Investment Income	1(e)	4,209	2,522
Other		0	0
Total Income		<u>100,549</u>	<u>96,183</u>
<b>Expenditure</b>			
Contractual Services	3	87,946	76,640
Finance Charges		1,225	1,016
Other		8,507	4,858
Total Expenditure		<u>97,678</u>	<u>82,514</u>
<b>Surplus (Deficit) from Operations</b>		<u><b>2,871</b></u>	<u><b>13,669</b></u>

The above Income Statement should be read in conjunction with the accompanying notes

## SOUTHERN & HILLS LOCAL GOVERNMENT ASSOCIATION

### Balance Sheet as at 30<sup>th</sup> June 2011

		2011	2010
	Notes	\$	\$
<b>Current Assets</b>			
Investments	1(e)	51,982	44,310
Debtors		2,312	3,527
Total Current Assets		54,294	47,837
<b>Current Liabilities</b>			
Accounts Payable	1(g)	7,637	4,051
Total Current Liabilities		7,637	4,051
<b>Net Current Assets</b>		46,657	43,786
<b>Net Assets</b>		46,657	43,786
<b>Equity</b>			
Accumulated Surplus		46,657	43,786
<b>Total Equity</b>		46,657	43,786

The above Balance Sheet should be read in conjunction with the accompanying notes

**SOUTHERN & HILLS LOCAL GOVERNMENT ASSOCIATION**  
**Statement of Changes in Equity for the Year Ended 30<sup>th</sup> June 2011**

	Notes	2011	2010
		\$	\$
<b>Accumulated Surplus</b>			
Balance at beginning of period		43,786	30,117
Net Surplus / (Deficit)		2,871	13,669
Balance at end of period		46,657	43,786
<b>Total Equity</b>		<b>46,657</b>	<b>43,786</b>

The above Statement of Change in Equity should be read in conjunction with the accompanying notes

# SOUTHERN & HILLS LOCAL GOVERNMENT ASSOCIATION

## Statement of Cash Flows for the Year Ended 30<sup>th</sup> June 2011

	2011	2010
Notes	\$	\$
<b>Cash Flows from Operating Activities</b>		
Receipts	107,320	103,536
Payments	(99,806)	(90,764)
Interest Receipts	4,209	2,522
	<hr/>	<hr/>
Net Cash Provided by (Used in) Operating Activities	11,723	15,294
	<hr/>	<hr/>
<b>Net Increase in Cash Held</b>	<b>11,723</b>	<b>15,294</b>
	<hr/>	<hr/>
<b>Cash at the beginning of the reporting period</b>	<b>40,259</b>	<b>24,965</b>
	<hr/>	<hr/>
<b>Cash at the end of the reporting period</b>	<b>51,982</b>	<b>40,259</b>
	<hr/>	<hr/>

The above Statement of cash Flows should be read in conjunction with the accompanying notes

## Southern & Hills Local Government Association – Financial Statements Year Ended 30<sup>th</sup> June 2011

### 1 Significant Accounting Policies

- a This financial report is a special purpose financial report prepared for use by the Association. The Board has determined that the association is not a reporting entity.

The Southern & Hills Local Government Association is a Regional Subsidiary under Section 43 and Schedule 2 Of the Local Government Act 1999. The Constituent Councils are the Adelaide Hills Council, Alexandrina Council, The Barossa Council, Kangaroo Island Council, District Council of Mt Barker, City of Victor Harbor and District Council of Yankalilla.

All funds received and expended by the Association have been included in the financial statements forming part of this financial report.

### b Basis of Accounting

This financial report has been prepared in accordance with the following

AASB 110	Events after Balance Sheet Date
AASB 1031	Materiality

No other applicable Accounting Standards, Australian Accounting Interpretations or other authoritative pronouncements of the Australian Accounting Standards Board have been applied.

The financial report has been prepared on an accruals basis and is based on historic costs and does not take into account changing money values, or except where specifically stated, current valuations of non-current assets.

### c Non Current Assets and Non Current Liabilities

The Association has no non current assets or non current liabilities.

### d Employees

The Association has no employees.

### e Investments

Investments are valued at cost. Interest revenues are recognized as they accrue.

### f Subscriptions

Clause 7.2 of the Charter of the Association prescribes that subscriptions by Constituent Councils are equal.

Constituent Council Subscription 2011	\$8,829
Constituent Council Subscription 2010	\$7,500

### g Cash

For purposes of the statement of cash flows, cash includes cash deposits which are readily convertible to cash on hand and which are used in the cash management function on a day to day basis, net of outstanding bank overdraft.

### 2 Functions / Activities of the Association

- a Revenues and expenses have been attributed to the following functions / activities, descriptions of which are set out in Note 2b.

- b The activities of the Association are categorised into the following broad functions:

**Administration:** The operation of the Office of the Association and its decision making forums.

**Transport and Communication:** The review and implementation of the S&H 2010 Transport Plan

Southern & Hills Local Government Association – Financial Statements Year Ended 30<sup>th</sup> June 2011

Note 2b Functions / Activities of the Southern & Hills Local Government Association

Administration

Year	Revenue				Expenses		Surplus (Deficit)
	Grants	Other	Total Revenue	%	Expenses Total	%	
2011	34,537	66,012	100,549	100.0%	89,215	91.3%	11,334
2010	33,661	62,522	96,183	100.0%	63,959	77.5%	32,224

Natural Resource Management

2011	0	0	0	0%	1,713	1.75%	(1,713)
2010	0	0	0	0%	\$2,738	3.3%	(2,738)

Transport and Communication

2011	0	0	0	0%	6,750	6.9%	(6,750)
2010	0	0	0	0%	15,818	19.2%	(15,818)

Total

2011	34,537	66,012	100,549	100.0%	97,678	100.0%	2,871
2010	\$33,661	62,522	96,183	100.0%	82,514	100.0%	13,669

3. Contractual Services

Contractual Services involve payments or liabilities for the external provision of services and Include (net of GST):

		2011	2010
Consultants:	Fred Pedler & Associates	\$87,946	\$69,440
	HDS Australia Pty Ltd	\$0	\$7,200
	Totals	\$87,946	\$76,640

4. Comparison of Budget and Actual Results

	2011		2010	
	Budget \$	Actual \$	Budget \$	Actual \$
<b>Revenue</b>				
Administration	98,471	100,549	95,591	96,183
Protection of the Environment	0	0	0	0
Transport and Communication	6,000	0	6,000	0
<b>Total Revenue</b>	<b>104,471</b>	<b>100,549</b>	<b>101,591</b>	<b>96,183</b>
<b>Expenditure</b>				
Administration	103,725	89,215	98,275	63,959
Protection of the Environment	0	1,713	0	2,738
Transport and Communication	14,500	6,750	13,200	15,818
<b>Total Expenditure</b>	<b>118,225</b>	<b>97,678</b>	<b>111,475</b>	<b>82,515</b>
<b>Surplus (Deficit)</b>	<b>(13,754)</b>	<b>2,871</b>	<b>(9,884)</b>	<b>13,669</b>



## CERTIFICATION OF FINANCIAL STATEMENTS

We have been authorised by the Southern & Hills Local Government Association to certify the financial statements in their final form. In our opinion:

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

Dated 19<sup>th</sup> August 2011



**Fred Pedler**  
**EXECUTIVE OFFICER**



**Mayor Jane Bates**  
**DEPUTY PRESIDENT**

## CERTIFICATION OF AUDITOR INDEPENDENCE


To the best of our knowledge and belief, we confirm that, for the purpose of the audit of the Southern & Hills Local Government Association for the year ended 30 June 2011, the Association's Auditor, HLB Mann Judd, Dowie House, 82 Currie Street, Adelaide, 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*.

Dated 19<sup>th</sup> August 2011



**Fred Pedler**  
**EXECUTIVE OFFICER**



**Mayor Jane Bates**  
**DEPUTY PRESIDENT**



**Mann Judd**

Chartered Accountants

8<sup>th</sup> August 2011

The Board  
Southern & Hills Local Government Association  
C/- Mr F Pedler  
Executive Officer  
19 Charles Street  
NORWOOD SA 5067

Dear Board Members

**STATEMENT OF AUDITORS INDEPENDENCE  
ANNUAL FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 2011**

In accordance with Regulation 22(5) Local Government (Financial Management) Regulation 2011 and the Local Government Act 1999, we confirm that, for the audit of the financial statements of Southern and Hills Local Government Association for the year ended 30 June 2011 we have maintained our independence in accordance with the requirements of APES 110 – Code of Ethics for Professional Accountants, Section 290, published by the Accounting Professional and Ethical Standards Board, in accordance with the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011 made under that Act.

This statement is prepared in accordance with the requirements of Regulation 22(5) Local Government (Financial Management) Regulations 2011

**TREVOR D HIRTH  
HLB MANN JUDD**

Dated this *8<sup>th</sup>* day of *August* 2011

**HLB Mann Judd (SA Partnership) ABN: 22 640 925 071**

Norwood Office: B2 Fullarton Road, Norwood SA | Telephone +61 (0)8 8130 2000 | Facsimile +61 (0)8 8260 1900

City Office: Dawie House, 83-85 Curra Street, Adelaide SA | Telephone +61 (0)8 8231 4725

Postal: PO Box 377, Kent Town SA 5071

HLB Mann Judd (SA Partnership) is a member of international, A world-wide organisation of accountants for local business entities

HLB Mann Judd (SA Partnership) is a member of the International Federation of Accountants (IFAC)

# FLEURIEU REGIONAL WASTE AUTHORITY

## General Purpose Financial Reports for the year ended 30 June 2011

### TABLE OF CONTENTS

	<u>Page</u>
<b>Principal Financial Statements</b>	
Statement of Comprehensive Income	1
Balance Sheet	2
Statement of Changes in Equity	3
Cash Flow Statement	4
<b>Notes to, and forming part of, the Principal Financial Statements</b>	
Note 1 - Significant Accounting Policies	N1
Note 2 - Income	N6
Note 3 - Expenses	N7
Note 4 - Current Assets	N8
Note 5 - Infrastructure, Property, Plant & Equipment & Investment Property	N9
Note 6 - Liabilities	N12
Note 7 - Reconciliation of Cash Flow Statement	N13
Note 8 - Financial Instruments	N14
Note 9 - Expenditure Commitments	N16
Note 10 - Financial Indicators	N17
Note 11 - Uniform Presentation of Finances	N18
Note 12 - Operating Leases	N19
Note 13 - Superannuation	N20
Note 14 - Assets & Liabilities not Recognised	N21
Note 15 - Events Occurring After Reporting Date	N22
<b>Audit Report</b>	
<b>Authority Certificate of Audit Independence</b>	
<b>Audit Certificate of Audit Independence</b>	

+

+

**FLEURIEU REGIONAL WASTE AUTHORITY**

**STATEMENT OF COMPREHENSIVE INCOME**  
for the year ended 30 June 2011

	Notes	2011 \$
<b>INCOME</b>		
User charges	2	3,150,179
Grants, subsidies and contributions	2	6,845
Investment income	2	<u>23,729</u>
<b>Total Income</b>		<u><b>3,180,753</b></u>
<b>EXPENSES</b>		
Employee costs	3	927,868
Materials, contracts & other expenses	3	2,009,937
Depreciation, amortisation & impairment	3	3,074
Finance costs	3	<u>873</u>
<b>Total Expenses</b>		<u><b>2,941,752</b></u>
<b>NET SURPLUS / (DEFICIT)</b>		<u><b>239,001</b></u>
transferred to Equity Statement		
Other Comprehensive Income		-
<b>TOTAL COMPREHENSIVE INCOME</b>		<u><b>239,001</b></u>

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

**FLEURIEU REGIONAL WASTE AUTHORITY**

**BALANCE SHEET**  
as at 30 June 2011

<b>ASSETS</b>	Notes	2011 \$
<b>Current Assets</b>		
Cash and cash equivalents	4	765,583
Trade & other receivables	4	<u>120,134</u>
<b>Total Current Assets</b>		<u><b>885,717</b></u>
<b>Non-current Assets</b>		
Infrastructure, Property, Plant & Equipment	5	<u>51,289</u>
<b>Total Non-current Assets</b>		<u><b>51,289</b></u>
<b>Total Assets</b>		<u><b>937,006</b></u>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Trade & Other Payables	6	528,856
Borrowings	6	50,000
Provisions	6	<u>101,726</u>
<b>Total Current Liabilities</b>		<u><b>680,582</b></u>
<b>Non-current Liabilities</b>		
Provisions	6	<u>17,423</u>
<b>Total Non-current Liabilities</b>		<u><b>17,423</b></u>
<b>Total Liabilities</b>		<u><b>698,005</b></u>
<b>NET ASSETS</b>		<u><b>239,001</b></u>
<b>EQUITY</b>		
Accumulated Surplus		<u>239,001</u>
<b>TOTAL EQUITY</b>		<u><b>239,001</b></u>

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

## FLEURIEU REGIONAL WASTE AUTHORITY

### STATEMENT OF CHANGES IN EQUITY for the year ended 30 June 2011

		Accumulated Surplus	Asset Revaluation Reserve	TOTAL EQUITY
2011	Notes	\$	\$	\$
Balance at end of previous reporting period		-	-	-
Net Surplus / (Deficit) for Year		239,001	-	239,001
Other Comprehensive Income		-	-	-
Balance at end of period		239,001	-	239,001

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

# FLEURIEU REGIONAL WASTE AUTHORITY

## CASH FLOW STATEMENT for the year ended 30 June 2011

	Notes	2011 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<u>Receipts</u>		
Operating receipts		3,036,891
Investment receipts		23,729
<u>Payments</u>		
Operating payments to suppliers & employees		(2,289,801)
Finance payments		(873)
<b>Net Cash provided by (or used in) Operating Activities</b>		<b>769,946</b>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
<u>Payments</u>		
Expenditure on renewal/replacement of assets		-
Expenditure on new/upgraded assets		(54,363)
<b>Net Cash provided by (or used in) Investing Activities</b>		<b>(54,363)</b>
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<u>Receipts</u>		
Proceeds from Borrowings		50,000
<u>Payments</u>		
Repayments of Borrowings		-
Repayment of Finance Lease Liabilities		-
<b>Net Cash provided by (or used in) Financing Activities</b>		<b>50,000</b>
<b>Net Increase (Decrease) in cash held</b>		<b>765,583</b>
Cash & cash equivalents at beginning of period	7	-
<b>Cash &amp; cash equivalents at end of period</b>	7	<b>765,583</b>

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



**FLEURIEU REGIONAL WASTE AUTHORITY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2011**

**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 Authority is a Local Government Authority Section 43 Regional Subsidiary under the control of the City of Victor Harbor, Alexandrina Council, The District Council of Yankalilla and Kangaroo Island Council. The Authority commenced trading as from the 5<sup>th</sup> July 2010.

**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 the Authority'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.

**2 The Local Government Reporting Entity**

Fleurieu Regional Waste Authority operates as a regional subsidiary pursuant to Section 43 of the SA Local Government Act 1999 and has its principal place of business at Lot 3, Kessel Road, Goolwa SA 5214. These financial statements have been prepared for use by the constituent Councils of the Authority.

**3 Income recognition**

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

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

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

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 8.

**FLEURIEU REGIONAL WASTE AUTHORITY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2011

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

**5 Infrastructure, Property, Plant & Equipment**

**5.1 Initial Recognition**

All assets are initially recognised at cost.

All non-current assets purchased 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.

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

**5.2 Materiality**

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

Office Furniture & Equipment	\$1,000
Plant & Equipment	\$1,000
Buildings	\$1,000

**5.3 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 5.

**5.4 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 the Authority, 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 the Authority, but appropriate records covering the entire life cycle of these assets are not available, and extreme care should be used in interpreting financial information based on these estimates.

Plant, Furniture & Equipment	3 to 20 years
Building & Other Structures	30 to 80 years

**5.5 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).

**FLEURIEU REGIONAL WASTE AUTHORITY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2011

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

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 the Authority were deprived thereof, the value in use is the depreciated replacement cost. In assessing impairment for these assets, a rebuttable assumption is made that the current replacement cost exceeds the original cost of acquisition.

**6 Payables**

**6.1 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 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".

**8 Employee Benefits**

**8.1 Salaries, Wages & Compensated Absences**

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

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

No accrual is made for sick leave as the Authority 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. The Authority does not make payment for untaken sick leave.

**8.2 Superannuation**

The Authority 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. Details of the accounting policies applied and the Authority's involvement with the schemes are reported in Note 13.

**9 Leases**

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

In respect of finance leases, where the Authority 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 Authority 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.

**FLEURIEU REGIONAL WASTE AUTHORITY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2011

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

**10 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.

**11 Pending Accounting Standards**

Certain new accounting standards and UIG interpretations have been published that are not mandatory for the 30 June 2011 reporting period and have not been used in preparing these reports.

- ✔ AASB 1 *First-time Adoption of Australian Accounting Standards*
- ✔ AASB 3 *Business Combinations*
- ✔ AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*
- ✔ AASB 7 *Financial Instruments: Disclosures*
- ✔ AASB 8 *Operating Segments*
- ✔ AASB 9 *Financial Instruments*
- ✔ AASB 101 *Presentation of Financial Statements*
- ✔ AASB 107 *Statement of Cash Flows*
- ✔ AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*
- ✔ AASB 110 *Events after the Reporting Period*
- ✔ AASB 118 *Revenue*
- ✔ AASB 119 *Employee Benefits*
- ✔ AASB 132 *Financial Instruments: Presentation*
- ✔ AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*
- ✔ AASB 139 *Financial Instruments: Recognition and Measurement*
- ✔ AASB 140 *Investment Property*
- ✔ AASB 1031 *Materiality*
- ✔ AASB 2009-11 *Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12]*
- ✔ AASB 2009-12 *Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 1023 & 1032 and Interpretations 2, 4, 16, 1039 & 1052]*
- ✔ AASB 2010-4 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASBs 3, 7, 121, 128, 131, 132 & 139]*
- ✔ AASB 2010-5 *Amendments to Australian Accounting Standards [AASBs 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042]*
- ✔ AASB 2010-6 *Amendments to Australian Accounting Standards [AASBs 1 & 7]*
- ✔ AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 [AASBs 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023, & 1038 and Interpretations 2, 5, 10, 12, 19, & 127]*
- ✔ *Interpretation 14* AASB 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction  
(Standards not affecting local government have been excluded from the above list.)

*The Authority 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.*

**FLEURIEU REGIONAL WASTE AUTHORITY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2011

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

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.

**11.1 Rounding**

All amounts in the financial statements have been rounded to the nearest dollar.

# FLEURIEU REGIONAL WASTE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
for the year ended 30 June 2011

## Note 2 - INCOME

	Notes	2011 \$
<b>USER CHARGES</b>		
Waste Disposal Operations		<u>3,150,179</u>
		<u>3,150,179</u>
<b>INVESTMENT INCOME</b>		
Interest on investments		
Banks & other		<u>23,729</u>
		<u>23,729</u>
<b>GRANTS, SUBSIDIES, CONTRIBUTIONS</b>		
Other grants, subsidies and contributions		<u>6,845</u>
		<u>6,845</u>
<b>Sources of grants</b>		
Commonwealth government		-
State government		-
Other		<u>6,845</u>
		<u>6,845</u>

# FLEURIEU REGIONAL WASTE AUTHORITY

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2011

### Note 3 - EXPENSES

	Notes	2011 \$
<b>EMPLOYEE COSTS</b>		
Salaries and Wages		721,280
Employee leave expense		68,894
Superannuation - defined contribution plan contributions	13	61,347
Superannuation - defined benefit plan contributions	13	5,213
Workers' Compensation Insurance		64,373
Other		6,761
<b>Total Operating Employee Costs</b>		<u>927,868</u>
 <b>Total Number of Employees</b>		 <b>20</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		8,000
- Other Services		-
- Other Auditors		-
Board members' expenses		32,616
Operating Lease Rentals - non-cancellable leases		
- minimum lease payments	12	<u>24,251</u>
Subtotal - Prescribed Expenses		<u>64,868</u>
<u>Other Materials, Contracts &amp; Expenses</u>		
Contractors		1,046,863
Fuel		106,121
Waste Disposal		364,660
Maintenance		93,086
Professional services		37,767
Sundry		296,573
Subtotal - Other Materials, Contracts & Expenses		<u>1,945,069</u>
		<u>2,009,937</u>
 <b>DEPRECIATION, AMORTISATION &amp; IMPAIRMENT</b>		
<b>Depreciation</b>		
Buildings & Other Structures		88
Plant & Equipment		2,986
		<u>3,074</u>
 <b>FINANCE COSTS</b>		
Interest on Loans		873
		<u>873</u>

# FLEURIEU REGIONAL WASTE AUTHORITY

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2011

### Note 4 - CURRENT ASSETS

	2011
<b>CASH &amp; EQUIVALENT ASSETS</b>	
	Notes
Cash on Hand and at Bank	\$
	<u>765,583</u>
	<u>765,583</u>
<b>TRADE &amp; OTHER RECEIVABLES</b>	
Debtors - general	120,134
Less: Allowance for Doubtful Debts	-
	<u>120,134</u>



## FLEURIEU REGIONAL WASTE AUTHORITY

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2011

	2011		
	AT FAIR VALUE	AT COST	\$
		ACCUM DEP'N	CARRYING AMOUNT
<b>Note 5 - INFRASTRUCTURE, PROPERTY, PLANT &amp; EQUIPMENT</b>			
Buildings & Other Structures	-	3,181	3,093
Plant & Equipment	-	51,182	48,196
		(2,986)	
<b>TOTAL PROPERTY, PLANT &amp; EQUIPMENT</b>	-	54,363	51,289
<i>Comparatives</i>	-	-	-

*This Note continues on the following pages.*

# FLEURIEU REGIONAL WASTE AUTHORITY

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2011

	CARRYING AMOUNT MOVEMENTS DURING YEAR								2011
	\$								\$
	2010 CARRYING AMOUNT	Additions		Disposals	Depreciation	Impairment	Transfers	Net Revaluation	CARRYING AMOUNT
	New/Upgrade	Renewals							
<b>Note 5 - INFRASTRUCTURE, PROPERTY, PLANT &amp; EQUIPMENT</b>									
Buildings & Other Structures Plant & Equipment	-	3,181	-	(88)	-	-	-	-	3,093
	-	51,182	-	(2,986)	-	-	-	-	48,196
<b>TOTAL INFRASTRUCTURE, PROPERTY, PLANT &amp; EQUIPMENT</b>	-	54,363	-	(3,074)	-	-	-	-	51,289
<i>Comparatives</i>	-	-	-	-	-	-	-	-	-

*This Note continues on the following pages.*

# FLEURIEU REGIONAL WASTE AUTHORITY

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2011

### Note 5 (cont) – INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

#### Valuation of Assets

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

Buildings and other structures are recognised on the cost basis.

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

These assets are recognised on the cost basis.

# FLEURIEU REGIONAL WASTE AUTHORITY

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2011

### Note 6 - LIABILITIES

		2011	
		\$	
TRADE & OTHER PAYABLES	Notes	Current	Non-current
Goods & Services		35,013	-
Accrued expenses - employee entitlements		113,508	-
Accrued expenses - other		25,785	-
Deposits, Retentions & Bonds		20,354	-
Other		334,196	-
		528,856	-

#### BORROWINGS

Short term draw down facility	50,000	-
	50,000	-

*All interest bearing liabilities are secured over the future revenues of the*

#### PROVISIONS

Employee entitlements (including oncosts)	101,726	17,423
	101,726	17,423

#### *Movements in Provisions - 2011 year only (current & non-current)*

		Provisions
<i>Opening Balance</i>		-
<i>Add</i>	<i>Unwinding of present value discounts</i>	-
	<i>Additional amounts recognised</i>	166,602
<i>(Less)</i>	<i>Payments</i>	(47,453)
	<i>Unused amounts reversed</i>	-
<i>Add (Less)</i>	<i>Remeasurement Adjustments</i>	-
<i>Closing Balance</i>		119,149

# FLEURIEU REGIONAL WASTE AUTHORITY

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2011

### Note 7 - 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

	Notes	2011 \$
Total cash & equivalent assets	4	765,583
Less: Short-term borrowings	6	-
Balances per Cash Flow Statement		<u>765,583</u>

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

Net Surplus (Deficit)	239,001
Non-cash items in Income Statement	
Depreciation, amortisation & impairment	<u>3,074</u>
	242,075
Add (Less): Changes in Net Current Assets	
Net (increase) decrease in receivables	(120,133)
Net increase (decrease) in trade & other payables	528,856
Net increase (decrease) in other provisions	<u>119,148</u>
<b>Net Cash provided by (or used in) operations</b>	<u><b>769,946</b></u>

**(c) Financing Arrangements**

Unrestricted access was available at balance date to the following lines of credit:	
Variable Loan Facility	500,000
Corporate Credit Cards	7,500

## FLEURIEU REGIONAL WASTE AUTHORITY

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2011

#### Note 8 - FINANCIAL INSTRUMENTS

**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> Deposits are returning fixed interest rates between 1% and 4.25%.</p> <p><b>Carrying amount:</b> approximates fair value due to the short term to maturity.</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 the Authority is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Authority's boundaries.</p> <p><b>Carrying amount:</b> approximates fair value (after deduction of any allowance).</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 Authority.</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 on a monthly basis; interest is charged at variable rates between 6% and 7%.</p> <p><b>Carrying amount:</b> approximates fair value.</p>
<b>Liabilities - Finance Leases</b>	<p><b>Accounting Policy:</b> accounted for in accordance with AASB 117.</p>

## FLEURIEU REGIONAL WASTE AUTHORITY

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2011

#### Note 8 (cont) - FINANCIAL INSTRUMENTS

##### Liquidity Analysis

2011	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
<b>Financial Assets</b>	\$	\$	\$	\$	\$
Cash & Equivalents	765,503	-	-	765,583	765,583
Receivables	120,134	-	-	120,134	120,134
<b>Total</b>	<b>885,717</b>	<b>-</b>	<b>-</b>	<b>885,717</b>	<b>885,717</b>
<b>Financial Liabilities</b>					
Payables	528,856	-	-	528,856	389,563
Current Borrowings	50,000	-	-	50,000	50,000
<b>Total</b>	<b>578,856</b>	<b>-</b>	<b>-</b>	<b>578,856</b>	<b>439,563</b>

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

30 June 2011		
	Weighted Average Interest Rate	Carrying Value
	%	\$
Payables	-	389,563
Other Variable Rates	6.25	50,000
		<u>439,563</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 Authority

#### 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 Authority is the carrying amount, net of any allowance for doubtful debts. All Authority investments are made with Bank SA or SA Local Government Finance Authority and are guaranteed by the SA Government. Except as detailed in Note 4 in relation to individual classes of receivables, exposure is concentrated within the Authority'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 the Authority'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 the Authority will encounter difficulty in meeting obligations with financial liabilities. In accordance with the model Treasury Policy (LGA Information Paper 15), liabilities have a range of maturity dates. The Authority 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. The Authority 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.

# FLEURIEU REGIONAL WASTE AUTHORITY

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2011

### Note 9 - COMMITMENTS FOR EXPENDITURE

	2011
	Notes
	\$
<b>Capital Commitments</b>	
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:	
Plant & Equipment	2,619,775
	<u>2,619,775</u>
These expenditures are payable:	
Not later than one year	237,087
Later than one year and not later than 5 years	1,896,696
Later than 5 years	485,992
	<u>2,619,775</u>
<b>Other Expenditure Commitments</b>	
Other expenditure committed for (excluding inventories) at the reporting date but not recognised in the financial statements as liabilities:	
Audit Services	-
Employee Remuneration Contracts	734,390
Rent	18,000
	<u>752,390</u>
These expenditures are payable:	
Not later than one year	255,389
Later than one year and not later than 5 years	497,001
	<u>752,390</u>



# FLEURIEU REGIONAL WASTE AUTHORITY

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2011

### Note 10 - FINANCIAL INDICATORS

2011

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** \$ 239,001

*Being the operating surplus (deficit) before capital amounts .*

#### **Operating Surplus Ratio**

Operating Surplus 8%

*This ratio expresses the operating surplus as a percentage of total operating revenues.*

**Net Financial Liabilities** \$ (187,712)

*Net Financial Liabilities are defined as total liabilities less financial assets (excluding equity accounted investments in the Authority's businesses).*

#### **Net Financial Liabilities Ratio**

Net Financial Liabilities (6%)

Total Operating Revenue less NRM levy

#### **Interest Cover Ratio**

Net Interest Expense na

Total Operating Revenue less NRM levy less  
Investment Income

#### **Asset Sustainability Ratio**

Net Asset Renewals na

Depreciation Expense

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

#### **Asset Consumption Ratio**

Carrying value of depreciable assets 94%

Gross value of depreciable assets

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

## FLEURIEU REGIONAL WASTE AUTHORITY

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2011

#### Note 11 - UNIFORM PRESENTATION OF FINANCES

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

	2011
	\$
Income	3,180,753
<i>less</i> Expenses	<u>2,941,752</u>
<b>Operating Surplus / (Deficit)</b>	<b>239,001</b>
<b><i>less</i> Net Outlays on Existing Assets</b>	
<i>less</i> Depreciation, Amortisation and Impairment	<u>3,074</u>
	<b>(3,074)</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>	<b>54,363</b>
	<u><b>(54,363)</b></u>
<b>Net Lending / (Borrowing) for Financial Year</b>	<u><b>181,564</b></u>

# FLEURIEU REGIONAL WASTE AUTHORITY

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2011

### Note 12 - OPERATING LEASES

#### *Lease payment commitments of the Authority*

The Authority has entered into non-cancellable operating leases for two motor vehicles.

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

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

	2011
	\$
Not later than one year	58,633
Later than one year and not later than 5 years	-
Later than 5 years	-
	<u>58,633</u>

# FLEURIEU REGIONAL WASTE AUTHORITY

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2011

### Note 13 – SUPERANNUATION

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

#### Marketlink (Accumulation Fund) Members

Marketlink receives both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of employee earnings in accordance with superannuation guarantee legislation (9% in 2010/11 for Marketlink members and 3% for Salarylink members; 9% and 3% respectively in 2009/10). No further liability accrues to the employer as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

#### Salarylink (Defined Benefit) Members

Salarylink is a defined benefit scheme where the benefit payable is based on a formula determined by the member's contribution rate, number of years of contribution and final average salary. The Authority makes employer contributions to Salarylink as determined by the Scheme's Trustee based on advice from the Scheme's Actuary. The rate is currently 6% (6% in 2009/10) of "superannuation" salary. Given that Employer contributions are based on a fixed percentage of employee earnings in accordance with superannuation guarantee legislation, the remaining 3% for Salarylink members is allocated to their Marketlink account. Employees also make member contributions to the Fund. As such, assets accumulate in the Fund to meet the member's benefits, as defined in the Trust Deed, as they accrue.

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

The most recent full actuarial investigation conducted by the Scheme's actuary, L C Brett, BSc., FIA, FIAA, of Brett and Watson Pty Ltd as at 30 June 2009, the Trustee has determined that the current funding arrangements are adequate for the expected Defined Benefit Plan liabilities. However, future financial and economic circumstances may require changes to the Authority's contribution rates at some future time.

# **FLEURIEU REGIONAL WASTE AUTHORITY**

## **NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS** for the year ended 30 June 2011

### **Note 14 - CONTINGENCIES & ASSETS & LIABILITIES NOT RECOGNISED IN THE BALANCE SHEET**

At times there are contingencies, assets or liabilities that 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. From our knowledge there are no known contingencies, assets or liabilities that should be disclosed that have not been included in the balance sheet.

**FLEURIEU REGIONAL WASTE AUTHORITY**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
for the year ended 30 June 2011**

**Note 15 - EVENTS OCCURRING AFTER REPORTING DATE  
IN THE BALANCE SHEET**

There were no events subsequent to 30 June 2011 that need to be disclosed in the financial statements

# FLEURIEU REGIONAL WASTE AUTHORITY

## ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2011

### CERTIFICATION OF FINANCIAL STATEMENTS

We have been authorised by the Authority 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 Authority's financial position at 30 June 2011 and the results of its operations and cash flows for the financial year.
- internal controls implemented by the Authority provide reasonable assurance that the Authority's financial records are complete, accurate and reliable and were effective throughout the financial year.
- the financial statements accurately reflect the Authority's accounting and other records.

  
.....  
FRWA BOARD MEMBER

  
.....  
FRWA BOARD MEMBER

Date: 12/9/11

12/9/2011



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE FLEURIEU REGIONAL WASTE AUTHORITY**

We have audited the accompanying financial report of the Fleurieu Regional Waste Authority, which comprises the balance sheet as at 30 June 2011 and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the Certification of Financial Statements statement.

***The Responsibility of the Executive Officer for the Financial Report***

The Executive Officer of the Fleurieu Regional Waste Authority is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

***Auditor's Responsibility***

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud and error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Executive Officer, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for an audit opinion.

***Independence***

In conducting our audit, we have complied with the independence requirements of the Local Government Act 1999 and Local Government (Financial Management) Regulations 2011 and the Australian professional ethical pronouncements.

***Auditor's Opinion***

In our opinion, the financial report presents fairly, in all material respects, the financial position of the Fleurieu Regional Waste Authority as of 30 June 2011, and its financial performance and cash flows for the year then ended in accordance with the Local Government Act 1999, Local Government (Financial Management) Regulations 2011 and the Australian Accounting Standards (including Australian Accounting Interpretations).

DEAN NEWBERY & PARTNERS  
CHARTERED ACCOUNTANTS



JIM KEOGH  
PARTNER

Signed on the 21<sup>st</sup> day of September 2011,  
at 214 Melbourne Street, North Adelaide, South Australia 5006.



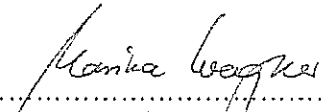
**FLEURIEU REGIONAL WASTE AUTHORITY**

**ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 June 2011**

**CERTIFICATION OF AUDITOR INDEPENDENCE**

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of Fleurieu Regional Waste Authority for the year ended 30 June 2011, the Authority's Auditor, Dean Newbery & Partners, has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

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

  
.....  
MARINA WAGNER  
EXECUTIVE OFFICER

Date: 8 September 2011

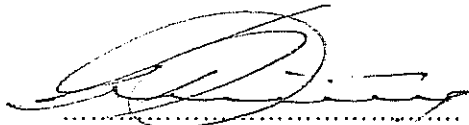
**FLEURIEU REGIONAL WASTE AUTHORITY**

**ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 June 2011**

**CERTIFICATION OF AUDITOR INDEPENDENCE**

To the best of my knowledge and belief, I Peter Dinning, the person for the time being occupying the position of Chief Executive Officer of the Alexandrina Council, being a constituent council of the Fleurieu Regional Waste Authority, confirm that, for the purpose of the audit of the subsidiary for the year ended 30 June 2011, the Authority's Auditor, Dean Newbery & Partners, has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

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



PETER DINNING  
CHIEF EXECUTIVE OFFICER

Date: 06/09/2011

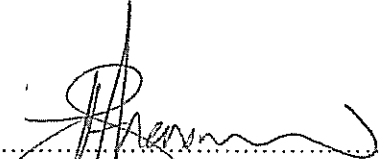
# FLEURIEU REGIONAL WASTE AUTHORITY

## ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2011

### CERTIFICATION OF AUDITOR INDEPENDENCE

To the best of my knowledge and belief, I Graeme Maxwell, the person for the time being occupying the position of City Manager for the City of Victor Harbor, being a constituent council of the Fleurieu Regional Waste Authority, confirm that, for the purpose of the audit of the subsidiary for the year ended 30 June 2011, the Authority's Auditor, Dean Newbery & Partners, has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

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



.....  
GRAEME MAXWELL  
CITY MANAGER

Date: 8-9-11

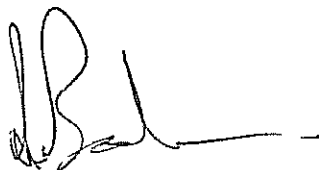
**FLEURIEU REGIONAL WASTE AUTHORITY**

**ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 June 2011**

**CERTIFICATION OF AUDITOR INDEPENDENCE**

To the best of my knowledge and belief, I Andrew Boardman, the person for the time being occupying the position of Chief Executive Office of the Kangaroo Island Council, being a constituent council of the Fleurieu Regional Waste Authority, confirm that, for the purpose of the audit of the subsidiary for the year ended 30 June 2011, the Authority's Auditor, Dean Newbery & Partners, has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

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



.....  
ANDREW BOARDMAN  
CHIEF EXECUTIVE OFFICER

Date: 6-9-11.

**FLEURIEU REGIONAL WASTE AUTHORITY**

**ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 June 2011**

**CERTIFICATION OF AUDITOR INDEPENDENCE**

To the best of my knowledge and belief, I Roger Sweetman, the person for the time being occupying the position of Chief Executive Officer of the District Council of Yankalilla, being a constituent council of the Fleurieu Regional Waste Authority, confirm that, for the purpose of the audit of the subsidiary for the year ended 30 June 2011, the Authority's Auditor, Dean Newbery & Partners, has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

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



.....  
ROGER SWEETMAN  
CHIEF EXECUTIVE OFFICER

Date: 6.9.2011

**Auditor's Independence Declaration under Section 22 of the Local Government  
(Financial Management) Regulations 2011 to the Fleurieu Regional Waste  
Authority.**

I confirm that, for the audit of the financial statements of the Fleurieu Regional Waste Authority for the year ended 30 June 2011, I have maintained my independence in accordance with the requirements of APES 110 – Code of Ethics for Professional Accountants, Section 290, published by the Accounting Professional and Ethical Standards Board, in accordance with the *Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011* made under that Act.

This statement is prepared in accordance with the requirements of Regulation 22 (5) *Local Government (Financial Management) Regulations 2011*.



**JIM KEOGH**  
PARTNER

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

Dated this 21st day of September 2011