

The District Council of Yankalilla



**FINANCIAL STATEMENTS
FOR THE YEAR
ENDED 30th JUNE 2014**

DISTRICT COUNCIL OF YANKALILLA

General Purpose Financial Reports for the year ended 30 June 2014

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DISTRICT COUNCIL OF YANKALILLA

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2014


CERTIFICATION OF FINANCIAL STATEMENTS

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

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



.....
Adrian Skull
CHIEF EXECUTIVE OFFICER



.....
Malcolm Schlein
MAYOR/COUNCILLOR

Date: 23 October 2014

DISTRICT COUNCIL OF YANKALILLA

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 June 2014

	Notes	2014 \$	2013 \$
INCOME			
Rates	2	9,951,674	9,395,932
Statutory charges	2	168,094	142,974
User charges	2	1,062,680	966,821
Grants, subsidies and contributions	2	1,189,898	1,320,807
Investment income	2	83,694	57,329
Reimbursements	2	59,370	151,519
Other income	2	173,630	137,735
Net gain - equity accounted Council businesses	19	18,182	5,479
Total Income		<u>12,707,222</u>	<u>12,178,596</u>
EXPENSES			
Employee costs	3	3,715,299	3,530,217
Materials, contracts & other expenses	3	4,842,409	4,802,160
Depreciation, amortisation & impairment	3	3,647,982	3,624,182
Finance costs	3	524,539	601,940
Net loss - equity accounted Council businesses	19	-	1,744
Total Expenses		<u>12,730,229</u>	<u>12,560,242</u>
OPERATING SURPLUS / (DEFICIT)		(23,007)	(381,646)
Asset disposal & fair value adjustments	4	(112,512)	(430,323)
Amounts received specifically for new or upgraded assets	2	48,931	55,523
Physical resources received free of charge	2	273,934	2,601,056
NET SURPLUS / (DEFICIT)		<u>187,346</u>	<u>1,844,610</u>
transferred to Equity Statement			
Other Comprehensive Income			
<i>Amounts which will not be reclassified subsequently to operating result</i>			
Changes in revaluation surplus - infrastructure, property, plant & equipment	9	324,135	11,168,299
Total Other Comprehensive Income		<u>324,135</u>	<u>11,168,299</u>
TOTAL COMPREHENSIVE INCOME		<u>511,481</u>	<u>13,012,909</u>
Share of Net Surplus / (Deficit) Council		<u>187,346</u>	<u>1,844,610</u>
Share of Other Comprehensive Income Council		<u>324,135</u>	<u>11,168,299</u>
TOTAL COMPREHENSIVE INCOME		<u>511,481</u>	<u>13,012,909</u>

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

DISTRICT COUNCIL OF YANKALILLA

STATEMENT OF FINANCIAL POSITION
as at 30 June 2014

ASSETS	Notes	2014 \$	2013 \$
Current Assets			
Cash and cash equivalents	5	1,380,400	308,751
Trade & other receivables	5	1,524,664	1,375,515
Inventories	5	44,627	32,076
Total Current Assets		<u>2,949,691</u>	<u>1,716,342</u>
Non-current Assets			
Financial assets	6	30,997	59,584
Equity accounted investments in Council businesses	6	79,352	61,170
Infrastructure, property, plant & equipment	7	109,003,125	110,800,195
Total Non-current Assets		<u>109,113,474</u>	<u>110,920,949</u>
Total Assets		<u>112,063,165</u>	<u>112,637,291</u>
LIABILITIES			
Current Liabilities			
Trade & other payables	8	1,073,580	1,030,434
Borrowings	8	708,894	1,149,121
Provisions	8	262,567	221,861
Total Current Liabilities		<u>2,045,041</u>	<u>2,401,416</u>
Non-current Liabilities			
Borrowings	8	6,952,734	7,661,628
Provisions	8	108,687	129,025
Total Non-current Liabilities		<u>7,061,421</u>	<u>7,790,653</u>
Total Liabilities		<u>9,106,462</u>	<u>10,192,069</u>
NET ASSETS		<u>102,956,703</u>	<u>102,445,222</u>
EQUITY			
Accumulated Surplus		30,768,504	30,994,227
Asset Revaluation Reserves	9	71,465,353	71,141,218
Other Reserves	9	722,846	309,777
TOTAL EQUITY		<u>102,956,703</u>	<u>102,445,222</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 2014

2014	Notes	Accumulated Surplus \$	Asset Revaluation Reserve \$	Available for sale Financial Assets \$	Other Reserves \$	TOTAL EQUITY \$
Balance at end of previous reporting period		30,994,227	71,141,218	-	309,777	102,445,222
Net Surplus / (Deficit) for Year		187,346				187,346
Other Comprehensive Income						
Gain on revaluation of infrastructure, property, plant & equipment			324,135			324,135
Transfers between reserves		(413,069)			413,069	-
Balance at end of period		30,768,504	71,465,353	-	722,846	102,956,703
2013						
Balance at end of previous reporting period		29,180,162	59,972,919		279,232	89,432,313
Net Surplus / (Deficit) for Year		1,844,610				1,844,610
Other Comprehensive Income						
Changes in revaluation surplus - infrastructure, property, plant & equipment			11,168,299			11,168,299
Transfers between reserves		(30,545)			30,545	-
Balance at end of period		30,994,227	71,141,218	-	309,777	102,445,222

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

DISTRICT COUNCIL OF YANKALILLA

STATEMENT OF CASH FLOWS for the year ended 30 June 2014

CASH FLOWS FROM OPERATING ACTIVITIES	Notes	2014 \$	2013 \$
<u>Receipts</u>			
Operating Receipts		13,245,414	12,658,846
Investment receipts		76,715	57,552
<u>Payments</u>			
Operating Payments to Suppliers & Employers		(9,221,488)	(8,203,484)
Finance payments		(601,101)	(652,086)
Net Cash provided by (or used in) Operating Activities	11b	3,499,540	3,860,828
CASH FLOWS FROM INVESTING ACTIVITIES			
<u>Receipts</u>			
Amounts specifically for new or upgraded assets		48,931	55,523
Sale of replaced assets		202,879	
Sale of surplus assets		1,860	27,127
Repayments of loans by community groups		39,746	39,400
<u>Payments</u>			
Expenditure on renewal/replacement of assets		(1,454,138)	(1,441,330)
Expenditure on new/upgraded assets		(118,048)	(29,929)
Net Cash provided by (or used in) Investing Activities		(1,278,770)	(1,349,209)
CASH FLOWS FROM FINANCING ACTIVITIES			
<u>Receipts</u>			
Proceeds from borrowings		-	
<u>Payments</u>			
Repayments of borrowings		(1,149,121)	(2,496,851)
Net Cash provided by (or used in) Financing Activities		(1,149,121)	(2,496,851)
Net Increase (Decrease) in cash held		1,071,649	14,768
Cash & cash equivalents at beginning of period	11(a)	308,751	293,983
Cash & cash equivalents at end of period	11(a)	1,380,400	308,751

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 2014

Note 1 - SIGNIFICANT ACCOUNTING POLICIES

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

1 Basis of Preparation

1.1 Compliance with Australian Accounting Standards

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

The financial report was authorised for issue by certificate under regulation 14 of the *Local Government (Financial Management) Regulations 2011* dated 23 October 2014.

1.2 Historical Cost Convention

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

1.3 Critical Accounting Estimates

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

1.4 Rounding

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

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 Council's direct operations and all entities through which Council controls resources to carry on its functions. In the process of reporting on the Council as a single unit, all transactions and balances between activity areas and controlled entities have been eliminated.

3 Income recognition

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

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

In the month of June in recent years the Federal Government has paid amounts of untied financial assistance grants, which are recognised on receipt, in advance of the year of allocation. In June 2011, one quarter of the 2011/12 allocation, amounting to \$68,832, was paid in advance; in June 2012, two

District Council of Yankalilla

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

Note 1 - Significant Accounting Policies (cont)

quarters of the 2012/13 allocation: \$140,298; and in June 2013, again two quarters of the 2013/14 allocation: \$145,008. Accordingly, in the reporting period ended 30 June 2013, Council's operating deficit was effectively understated by \$145,008.

In 2013/14 the Federal Government ceased advanced payments for financial assistance grants.

The actual amounts of untied grants received during the reporting periods (including the advance allocations) are disclosed in Note 2.

4 Cash, Cash Equivalents and other Financial Instruments

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

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

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

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

5 Inventories

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

6 Infrastructure, Property, Plant & Equipment

6.1 Land under roads

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

6.2 Initial Recognition

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

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

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

District Council of Yankalilla

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

Note 1 - Significant Accounting Policies (cont)

6.3 Materiality

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

6.4 Subsequent Recognition

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

6.5 Depreciation of Non-Current Assets

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

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

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

6.6 Impairment

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

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

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

6.7 Borrowing Costs

Borrowing costs in relation to qualifying assets (net of offsetting investment revenue) have been capitalised in accordance with AASB 123 "Borrowing Costs". The amounts of borrowing costs recognised as an expense or as part of the carrying amount of qualifying assets are disclosed in Note 3, and the amount (if any) of interest revenue offset against borrowing costs in Note 2.

7 Payables

7.1 Goods & Services

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

District Council of Yankalilla

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

Note 1 - Significant Accounting Policies (cont)

7.2 Payments Received in Advance & Deposits

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

8 Borrowings

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

9 Employee Benefits

9.1 Salaries, Wages & Compensated Absences

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

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

Weighted average discount rate	2.52% (2013, 2.73%)
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No accrual is made for sick leave as Council experience indicates that, on average, sick leave taken in each reporting period is less than the entitlement accruing in that period, and this experience is expected to recur in future reporting periods. Council does not make payment for untaken sick leave.

9.2 Superannuation

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

10 Leases

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

In respect of finance leases, where Council substantially carries all of the risks incident to ownership, the leased items are initially recognised as assets and liabilities equal in amount to the present value of the minimum lease payments. The assets are disclosed within the appropriate asset class, and are amortised to expense over the period during which the Council is expected to benefit from the use of the leased assets. Lease payments are allocated between interest expense and reduction of the lease liability, according to the interest rate implicit in the lease.

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

District Council of Yankalilla

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

Note 1 - Significant Accounting Policies (cont)

11 Joint Ventures and Associated Entities

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

12 GST Implications

In accordance with 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.

13 Pending Accounting Standards

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

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

Standards containing consequential amendments to other Standards and Interpretations arising from the above - AASB 2010-7, AASB 2011-7, AASB 2012-2, AASB 2012-3, AASB 2012-5, AASB 2012-6, AASB 2012-10, AASB 2013-3, AASB 2013-8 and AASB 2013-9.

(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 2014

Note 2 - INCOME

	2014	2013
Notes	\$	\$
RATES REVENUES		
<u>General Rates</u>	8,433,573	8,044,775
Less: Mandatory rebates	(36,760)	(36,033)
Less: Discretionary rebates, remissions & write offs	(68,227)	(19,537)
	8,328,586	7,989,205
<u>Other Rates</u> (including service charges)		
Natural Resource Management levy	171,838	157,860
Waste collection		
Wirrina CWMS & Water Service	210,000	6,482
Community wastewater management systems	1,135,000	1,088,383
	1,516,838	1,252,725
<u>Other Charges</u>		
Penalties for late payment	106,250	154,002
	106,250	154,002
	9,951,674	9,395,932
STATUTORY CHARGES		
Development Act fees	28,474	26,537
Town planning fees	65,947	52,990
Health & Septic Tank Inspection fees	35,774	27,038
Animal registration fees & fines	35,193	35,089
Parking fines / expiation fees	1,339	
Environment control fines		
Other licences, fees, & fines	1,367	1,320
	168,094	142,974
USER CHARGES		
Caravan Park Hire Fees	834,696	816,760
Cemetery/crematoria fees	4,746	5,889
Block Clearing Fees	21,169	6,625
Hall & equipment hire	4,924	4,316
Search Fees	21,945	25,944
Community Transport Fees		1,583
HACC Contributions	12,186	15,422
Sales - general	61,212	11,465
Water Consumption	69,994	
Sundry	31,808	78,817
	1,062,680	966,821

DISTRICT COUNCIL OF YANKALILLA

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

NOTE 2 - INCOME (continued)

	Notes	2014 \$	2013 \$
INVESTMENT INCOME			
Interest on investments			
Local Government Finance Authority		22,773	5,442
Banks & other		7,332	8,033
Loans to community groups		4,981	6,828
Investment property rental income		48,608	37,026
		83,694	57,329
REIMBURSEMENTS			
- for private works			1,466
- other		59,370	150,053
		59,370	151,519
OTHER INCOME			
Rebates received		96,339	113,183
Sundry		77,291	24,552
		173,630	137,735
GRANTS, SUBSIDIES, CONTRIBUTIONS			
Amounts received specifically for new or upgraded assets		48,931	55,523
Other grants, subsidies and contributions		1,189,898	1,115,818
Individually Significant item - additional Grants Commission payment			149,466
		1,238,829	1,320,807
<i>The functions to which these grants relate are shown in Note 2.</i>			
Sources of grants			
Commonwealth government		930,977	610,667
State government		204,821	500,361
Other		103,031	209,779
		1,238,829	1,320,807

Individually Significant Item

Although it is possible to have an *individually significant item* in relation to revenue, the wording previously included in relation to FAGs grants is superfluous if disclosure is made in Note 1.

Any other *individually significant item* in relation to revenue must be fully described.

	0	145,298
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DISTRICT COUNCIL OF YANKALILLA

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

NOTE 2 - INCOME (continued)

	2014	2013
Notes	\$	\$
Conditions over grants & contributions		
<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>	15,553	58,954
<i>Less: expended during the current period from revenues recognised in previous reporting periods</i>		
<i>Department of Justice - Crime Prevention</i>	(9,477)	(9,477)
<i>Department Plan/Local Govt</i>	(1,139)	(9,000)
<i>Dept Further Educaiton, Employment & Training</i>		(1,000)
<i>Department, Planning, Transport & Infrastructute (Planning Division)</i>		(24,779)
<i>ANZ Seeds</i>	(855)	
<i>Subtotal</i>	(11,471)	(44,256)
<i>Plus: amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions</i>		
<i>ANZ Seeds</i>		855
<i>Department, Planning, Transport & Infrastructute (Planning Division)</i>	191,000	
<i>HACC</i>	17,225	
<i>Library Board</i>	8,528	
<i>Department Social Security/Youth Advisory</i>	3,000	
<i>Subtotal</i>	219,753	855
<i>Unexpended at the close of this reporting period</i>	223,835	15,553
<i>Net increase (decrease) in assets subject to conditions in the current reporting period</i>	208,282	(43,401)
PHYSICAL RESOURCES RECEIVED FREE OF CHARGE		
Land & Improvements		35,000
Roads, Bridges & Footpaths	212,750	42,000
Stormwater Drainage	59,094	
Furniture & Fittings	2,090	
Wirrina CWMS & Water Supply Infrastructure		2,524,056
TOTAL PHYSICAL RESOURCES RECEIVED	273,934	2,601,056

DISTRICT COUNCIL OF YANKALILLA

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

Note 3 - EXPENSES

	Notes	2014 \$	2013 \$
EMPLOYEE COSTS			
Salaries and Wages		3,248,101	3,136,807
Employee leave expense		42,416	80,992
Superannuation - defined contribution plan contributions	18	217,817	204,253
Superannuation - defined benefit plan contributions	18	71,464	70,141
Workers' Compensation Insurance		161,840	158,313
Other		43,174	36,550
Less: Capitalised and distributed costs		(69,513)	(156,838)
Total Operating Employee Costs		3,715,299	3,530,217
Total Number of Employees		44.0	43.4
<i>(Full time equivalent at end of reporting period)</i>			
MATERIALS, CONTRACTS & OTHER EXPENSES			
<u>Prescribed Expenses</u>			
Auditor's Remuneration			
- Auditing the financial reports		12,500	12,500
- Other Auditors		5,000	6,000
Bad and Doubtful Debts		3,420	2,623
Elected members' expenses		123,704	142,313
Election expenses		15,555	
Insurance		236,080	225,443
Operating Lease Rentals - cancellable leases			6,351
Subtotal - Prescribed Expenses		396,259	395,230
<u>Other Materials, Contracts & Expenses</u>			
Contractors		3,903,035	3,639,976
Legal Expenses		60,879	78,624
Levies paid to government - NRM levy		171,838	157,860
- Other Levies		7,413	12,660
Parts, accessories & consumables		302,985	473,915
Sundry			43,895
Subtotal - Other Materials, Contracts & Expenses		4,446,150	4,406,930
		4,842,409	4,802,160

DISTRICT COUNCIL OF YANKALILLA

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

Note 3 - EXPENSES (cont)

	2014	2013
Notes	\$	\$
DEPRECIATION, AMORTISATION & IMPAIRMENT		
Depreciation		
Buildings	160,289	155,524
Recreation	83,743	83,743
Infrastructure		
- Transport Infrastructure	2,277,430	2,363,559
- CWMS	346,483	325,635
- Stormwater drainage	153,660	153,303
- Wirrina CWMS & Water Supply Infrastructure	118,385	-
Major Plant & Equipment	318,948	334,428
Fleet Plant	88,885	102,485
Furniture & Fittings	88,283	90,555
Other Assets	11,876	14,950
	3,647,982	3,624,182
FINANCE COSTS		
Interest on overdraft and short-term drawdown	7,752	89,303
Interest on Loans	516,787	512,637
	524,539	601,940

Note 4 - ASSET DISPOSAL & FAIR VALUE ADJUSTMENTS

	2014	2013
Notes	\$	\$
INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT		
<i>Assets renewed or directly replaced</i>		
Proceeds from disposal	203,554	
Less: Carrying amount of assets sold	317,251	437,504
Gain (Loss) on disposal	(113,697)	(437,504)
<i>Assets surplus to requirements</i>		
Proceeds from disposal	1,860	27,127
Less: Carrying amount of assets sold	675	19,946
Gain (Loss) on disposal	1,185	7,181
NET GAIN (LOSS) ON DISPOSAL OR REVALUATION OF ASSETS	(112,512)	(430,323)

DISTRICT COUNCIL OF YANKALILLA

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

Note 5 - CURRENT ASSETS

		2014	2013
CASH & EQUIVALENT ASSETS		\$	\$
Cash on Hand and at Bank	Notes	22,363	11,063
Bank SA at Call		80,772	81,110
LGFA - 24 hour Call		1,276,588	215,920
LGFA CWMS - 24 hour Call		677	658
		<u>1,380,400</u>	<u>308,751</u>
 TRADE & OTHER RECEIVABLES			
Rates - General & Other		1,188,199	1,137,242
Rates postponed for State Seniors		5,793	4,131
Accrued Revenues		8,419	1,440
Debtors - general		194,302	155,870
GST Recoupment		31,585	27,226
Prepayments		34,742	15,288
Loans to community organisations		28,587	39,746
Debtors -Wirrina Water Consumption		41,885	-
		<u>1,533,512</u>	<u>1,380,943</u>
Total			
Less: Allowance for Doubtful Debts		8,848	5,428
		<u>1,524,664</u>	<u>1,375,515</u>
 INVENTORIES			
Stores & Materials		44,627	32,076
		<u>44,627</u>	<u>32,076</u>

Note 6 - NON-CURRENT ASSETS

		2014	2013
FINANCIAL ASSETS		\$	\$
Receivables	Notes		
Loans to community organisations		30,997	59,584
		<u>30,997</u>	<u>59,584</u>
TOTAL FINANCIAL ASSETS			
 EQUITY ACCOUNTED INVESTMENTS IN COUNCIL BUSINESSES			
<i>Southern & Hills Local Government Association</i>	19	5,609	4,490
<i>Fleurieu Regional Waste Authority</i>	19	73,743	56,680
		<u>79,352</u>	<u>61,170</u>

DISTRICT COUNCIL OF YANKALILLA

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

Note 7 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

Fair Value Level	2013 \$				2014 \$			
	AT FAIR VALUE	AT COST	ACCUM DEP'N	CARRYING AMOUNT	AT FAIR VALUE	AT COST	ACCUM DEP'N	CARRYING AMOUNT
Land	11,579,940	48,078	-	11,628,018	11,900,863	35,000	-	11,935,863
Buildings	8,554,116	130,828	(2,157,299)	6,527,645	8,554,116	154,828	(2,317,588)	6,391,356
Recreation Infrastructure	2,709,600	189,913	(1,002,524)	1,896,989	2,709,600	191,913	(1,086,267)	1,815,246
- Transport Infrastructure	92,500,105	1,205,092	(33,673,704)	60,031,493	91,608,109	2,008,541	(34,941,985)	58,674,665
- CWMS	17,940,434	922,648	(4,616,256)	14,246,826	17,956,140	922,648	(4,964,449)	13,914,339
- Stormwater drainage	14,275,608	70,403	(2,985,355)	11,360,656	14,286,006	129,497	(3,138,340)	11,277,163
- Wirrina CWMS & Water Supply Infrastructure	-	2,524,056	-	2,524,056	-	2,599,571	(118,385)	2,481,186
Major Plant & Equipment	-	3,581,717	(1,919,918)	1,661,799	-	3,803,066	(2,163,926)	1,639,140
Fleet Plant	-	604,316	(291,777)	312,539	-	550,150	(259,028)	291,122
Furniture & Fittings	-	964,027	(620,350)	343,677	-	1,037,057	(708,633)	328,424
Other Assets	526,290	9,643	(269,436)	266,497	526,290	9,643	(281,312)	254,621
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT	148,086,093	10,250,721	(47,536,619)	110,800,195	147,541,124	11,441,914	(49,979,913)	109,003,125
Comparatives					148,086,093	10,250,721	(47,536,619)	110,800,195

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 2014

Note 7 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

	CARRYING AMOUNT MOVEMENTS DURING YEAR							2014 \$
	2013 \$							
	CARRYING AMOUNT	Additions		Disposals	Depreciation	Transfers	Net Revaluation	
	New/Upgrade	Renewals						
Land	11,628,018	-	-	-	-	(13,078)	320,923	11,935,863
Buildings	6,527,645	24,000	-	-	(160,289)	-	-	6,391,356
Recreation Infrastructure	1,896,989	-	2,000	-	(83,743)	-	-	1,815,246
- Transport Infrastructure	60,031,493	212,750	872,515	(141,572)	(2,277,430)	-	-	-
- CWMS	14,246,826	-	-	-	(346,483)	-	(23,091)	58,674,665
- Stormwater drainage	11,360,656	59,094	-	(1,232)	(153,660)	-	13,996	13,914,339
- Wirrina CWMS & Water Supply Infrastructure	2,524,056	62,437	-	-	(118,385)	13,078	-	2,481,186
Major Plant & Equipment	1,661,799	-	303,350	(7,061)	(318,948)	-	-	1,639,140
Fleet Plant	312,539	-	234,854	(167,386)	(88,885)	-	-	291,122
Furniture & Fittings	343,677	31,611	41,419	-	(88,283)	-	-	328,424
Other Assets	266,497	-	-	-	(11,876)	-	-	254,621
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT	110,800,195	389,892	1,454,138	(317,251)	(3,647,982)	-	324,133	109,003,125
Comparatives	99,641,213	2,630,985	1,441,330	(457,450)	(3,624,182)	-	11,168,299	110,800,195

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 2014

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

Valuation of Assets

General Valuation Principles

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

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

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

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

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

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

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

Fair value hierarchy level 3 valuations of land: Valuations of Crown land, community land and land subject to other restrictions on use or disposal, shown above as being based on fair value hierarchy level 3 valuation inputs, are based on prices for similar assets in an active market, but include adjustments for specific advantages or disadvantages attaching to the particular asset that are not directly or indirectly observable in that market, or the number and / or amount of observable adjustments of which are so great that the valuation is more fairly described as being based on level 3 valuation inputs.

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

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

District Council of Yankalilla

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

Note 7 – Property, Plant & Equipment (cont)

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

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

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

Office Furniture & Equipment	\$2,000
Other Plant & Equipment	\$3,000
Buildings - new construction/extensions	\$10,000
Park & Playground Furniture & Equipment	\$2,000
Road construction & reconstruction	\$10,000
Paving & footpaths, Kerb & Gutter	\$5,000
Drains & Culverts	\$5,000
Reticulation extensions	\$5,000

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

Plant, Furniture & Equipment	
Office Equipment	3 to 10 years
Office Furniture	10 to 20 years
Vehicles and Road-making Equipment	5 to 10 years
Other Plant & Equipment	5 to 15 years
Building, Recreation & Other Structures	
Buildings – masonry	50 to 100 years
Buildings – other construction	20 to 40 years
Park Structures – masonry	50 to 100 years
Park Structures – other construction	20 to 40 years
Playground equipment	5 to 15 years
Benches, seats, etc.	10 to 20 years
TV Towers & Equipment	10 to 65 years
Infrastructure (Inc. Transport, CWMS, Water & Stormwater)	
Sealed Roads – Surface	17 to 25 years
Sealed Roads – Structure	40 to 80 years
Unsealed Roads	8 to 20 years
Bridges – Concrete	80 years
Paving & Footpaths, Kerb & Gutter	15 to 70 years
Drains	100 years
Culverts	70 years
Flood Control Structures	80 to 100 years
Dams and Reservoirs	80 to 100 years
Bores	20 to 40 years
Reticulation Pipes – PVC	50 to 70 years
Reticulation Pipes – other	50 to 70 years
Pumps & Telemetry	20 years

District Council of Yankalilla

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

Note 7 – Property, Plant & Equipment (cont)

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 cost basis. No capitalisation threshold is applied to the acquisition of land or interests in land.

Land improvements, including bulk earthworks with an assessed unlimited useful life, are recognised on the cost basis, originally deriving from a valuation at 30 June 1997 at current replacement cost. Additions are recognised at cost.

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

Buildings & Recreation

Buildings were valued by Asset Valuation & Consulting Pty Ltd at written down current replacement cost during the reporting period commencing 1 July 2012 and pursuant to Council's election, are disclosed at fair value.

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 commencing 1 July 2013 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.

Wirrina Community Wastewater Management Scheme & Water Supply infrastructure was valued by Tonkin Consulting at written down current replacement cost during the reporting period 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.

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 2014

Note 8 - LIABILITIES

		2014		2013	
		\$		\$	
TRADE & OTHER PAYABLES	Notes	Current	Non-current	Current	Non-current
Goods & Services		455,956		453,199	
Payments received in advance		47,789	-	41,712	-
Accrued expenses - employee entitlements		397,968	-	289,208	-
Accrued expenses - other		156,121	-	232,683	-
Other		15,746	-	13,632	-
		1,073,580	-	1,030,434	-
BORROWINGS					
Short term draw down facility		-		435,769	
Loans		708,894	6,952,734	713,352	7,661,628
		708,894	6,952,734	1,149,121	7,661,628
<i>All interest bearing liabilities are secured over the future revenues of the Council.</i>					
PROVISIONS					
Employee entitlements (including oncosts)		262,567	108,687	221,861	129,025
		262,567	108,687	221,861	129,025

DISTRICT COUNCIL OF YANKALILLA

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

Note 9 - RESERVES

ASSET REVALUATION RESERVE	1/7/2013	Net Increments (Decrements)	Transfers, Impairments	30/6/2014
Notes	\$	\$	\$	\$
Land	7,895,577	320,923	-	8,216,500
Buildings	1,443,701	-	-	1,443,701
Recreation Infrastructure	1,501,313	-	-	1,501,313
- Transport Infrastructure	44,832,096	(23,089)	-	44,809,007
- CWMS	7,353,889	13,996	-	7,367,885
- Stormwater drainage	8,063,037	12,305	-	8,075,342
Other Assets	51,605	-	-	51,605
TOTAL	71,141,218	324,135	-	71,465,353
<i>Comparatives</i>	<u>59,972,919</u>	<u>11,168,299</u>	<u>-</u>	<u>71,141,218</u>

OTHER RESERVES	1/7/2013	Transfers to Reserve	Transfers from Reserve	30/6/2014
TV Towers Reserve	20,000	-	-	20,000
Open Space Development	2,433	-	-	2,433
Community Waste Management Scheme	126,804	564,918	-	691,722
Caravan Park Reserve	8,691	-	-	8,691
Wirrina CWMS & Water Supply Reserve	151,849	-	(151,849)	-
TOTAL OTHER RESERVES	309,777	564,918	(151,849)	722,846
<i>Comparatives</i>	<u>279,232</u>	<u>151,849</u>	<u>(121,304)</u>	<u>309,777</u>

PURPOSES OF RESERVES

Asset Revaluation Reserve

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

(Other Reserves)

TV Towers reserve is to provide funding for future upgrades.

Open Space Development reserve is funds contributed for future open space developments.

Community Waste Management Scheme reserve is to provide funding for future upgrades.

Caravan Park reserve is to provide funding for future upgrades at the park

Wirrina CWMS & Water Supply Reserve the Council took over the **water and sewerage** operation on 31st May 2013 and a reserve was created for systems repairs and upgrade. This reserve has been fully depleted as at 30 June 2014.

Note 10 - ASSETS SUBJECT TO RESTRICTIONS

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

Notes	2014 \$'000	2013 \$'000
CASH & FINANCIAL ASSETS		
<i>Unexpended amounts received from Federal Government</i>		
Dept Planning, Transport & Infrastructure (Planning Div)	39,082	5,221
Federal Government Special Road Funding	156,000	-
Federal Government HACC 2 Program	17,225	-
TOTAL ASSETS SUBJECT TO EXTERNALLY IMPOSED RESTRICTIONS	212,307	5,221

DISTRICT COUNCIL OF YANKALILLA

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

Note 11 - RECONCILIATION TO CASH FLOW STATEMENT

(a) Reconciliation of Cash

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

	Notes	2014 \$	2013 \$
Total cash & equivalent assets	5	1,380,400	308,751
Balances per Cash Flow Statement		1,380,400	308,751

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

Net Surplus (Deficit)		187,346	1,844,610
Non-cash items in Income Statement			
Depreciation, amortisation & impairment		3,647,983	3,624,182
Equity movements in equity accounted investments (increase) decrease		(18,182)	(3,735)
Net increase (decrease) in unpaid employee benefits		118,601	83,016
Change in allowances for under-recovery		3,420	(2,393)
Non-cash asset acquisitions		(273,934)	(2,601,056)
Grants for capital acquisitions treated as Investing Activity		(48,931)	(55,523)
Net (Gain) Loss on Disposals		112,512	430,323
		3,728,815	3,319,424
Add (Less): Changes in Net Current Assets			
Net (increase) decrease in receivables		(163,726)	506,499
Net (increase) decrease in inventories		(12,551)	30,624
Net (increase) decrease in other current assets		11,159	(346)
Net increase (decrease) in trade & other payables		(43,146)	61,390
Net increase (decrease) in other liabilities		(21,011)	(56,763)
Net Cash provided by (or used in) operations		3,499,540	3,860,828

(c) Non-Cash Financing and Investing Activities

Acquisition of assets by means of:

- Physical resources received free of charge	3	273,934	2,601,056
		273,934	2,601,056

(d) Financing Arrangements

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

Corporate Credit Cards		10,000	10,000
LGFA Cash Advance Debenture facility		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 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 2014

Note 12 - FUNCTIONS

INCOMES, EXPENSES AND ASSETS HAVE BEEN DIRECTLY ATTRIBUTED TO THE FOLLOWING FUNCTIONS & ACTIVITIES												
	INCOME			EXPENSES			OPERATING SURPLUS (DEFICIT)		GRANTS INCLUDED IN INCOME		TOTAL ASSETS HELD (CURRENT & NON-CURRENT)	
	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	2013	2014	2013	2014	2013	2014
	2014	2013	2014	2013	2014	2013	\$	\$	\$	\$	\$	\$
Business Undertakings	2,331,172	2,239,081	2,441,401	2,243,782	(110,229)	(4,701)	38,077	202,000	20,637,039	20,853,068		
Community Services	150,550	184,038	1,026,806	1,226,769	(876,256)	(1,042,731)	97,579	144,952	3,363,940	3,175,255		
Culture	10,901	8,803	75,795	90,358	(64,894)	(81,555)	6,570	6,638	475,157	475,157		
Economic Development	90,709	74,642	487,451	421,894	(396,742)	(347,252)	-	-	746,757	746,757		
Environment	277,037	267,280	1,662,495	1,512,954	(1,385,458)	(1,245,674)	82,775	107,006	12,819,130	12,902,623		
Recreation	2,006	450	669,555	632,767	(667,549)	(632,317)	-	30,000	5,743,849	5,837,468		
Regulatory Services	184,466	187,514	1,051,664	1,339,642	(867,198)	(1,152,128)	-	-	145,092	145,092		
Transport & Infrastructure	895,482	732,803	4,617,307	5,073,415	(3,721,825)	(4,340,612)	895,300	677,280	58,792,839	60,253,193		
Plant Hire & Depot/Indirect	24,225	25,519	667,233	-	(643,008)	25,519	-	-	1,977,848	2,163,463		
Unclassified Activities	-	-	30,522	16,917	(30,522)	(16,917)	-	-	719,440	808,325		
Council Administration	8,722,492	8,452,987	-	-	8,722,492	8,452,987	69,597	97,408	6,640,955	5,276,890		
TOTALS	12,689,040	12,173,117	12,730,229	12,558,498	(41,189)	(385,381)	1,189,898	1,265,284	112,062,046	112,637,291		

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

DISTRICT COUNCIL OF YANKALILLA

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

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, Wirrina CWMS & Water Supply.

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, 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 2014

Note 13 - FINANCIAL INSTRUMENTS

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

Accounting Policies - Recognised Financial Instruments

<p>Bank, Deposits at Call, Short Term Deposits</p>	<p>Accounting Policy: Carried at lower of cost and net realisable value; Interest is recognised when earned.</p> <p>Terms & conditions: Deposits are returning fixed interest rates between 0.25% and 2.5% (2013: 0.25% and 3.75%).</p> <p>Carrying amount: approximates fair value due to the short term to maturity.</p>
<p>Receivables - Rates & Associated Charges (including legals & penalties for late payment) Note: These receivables do not meet the definition of "financial instruments" and have been excluded from the following disclosures.</p>	<p>Accounting Policy: Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable.</p> <p>Terms & conditions: Secured over the subject land, arrears attract monthly interest 0.66% and quarterly interest 2.0% (2013: monthly interest 0.7% and quarterly interest 2.0%) Although Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries in the State.</p> <p>Carrying amount: approximates fair value (after deduction of any allowance).</p>
<p>Receivables - Fees & other charges</p>	<p>Accounting Policy: Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable.</p> <p>Terms & conditions: Unsecured, and do not bear interest. Although Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries.</p> <p>Carrying amount: approximates fair value (after deduction of any allowance).</p>
<p>Receivables - other levels of government</p>	<p>Accounting Policy: Carried at nominal value.</p> <p>Terms & conditions: Amounts due have been calculated in accordance with the terms and conditions of the respective programs following advice of approvals, and do not bear interest. All amounts are due by Departments and Agencies of State and Federal Governments.</p> <p>Carrying amount: approximates fair value.</p>
<p>Liabilities - Creditors and Accruals</p>	<p>Accounting Policy: Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Council.</p> <p>Terms & conditions: Liabilities are normally settled on 30 day terms.</p> <p>Carrying amount: approximates fair value.</p>
<p>Liabilities - Interest Bearing Borrowings</p>	<p>Accounting Policy: Carried at the principal amounts. Interest is charged as an expense as it accrues.</p> <p>Terms & conditions: secured over future revenues, borrowings are repayable Local Government Finance Authority; interest is charged at fixed rates between 4.5% and 7.0% (2013: 5.5% and 9.4%)</p> <p>Carrying amount: approximates fair value.</p>
<p>Liabilities - Finance Leases</p>	<p>Accounting Policy: accounted for in accordance with AASB 117.</p>

DISTRICT COUNCIL OF YANKALILLA

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

Note 13 (cont) - FINANCIAL INSTRUMENTS

Liquidity Analysis

2014	Floating Interest Rate	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Non-Interest Rate	Total Contractual Cash Flows	Carrying Values
Financial Assets							
Cash & Equivalents	\$ 1,379,300	-	-	-	\$ 1,100	\$ 1,380,400	\$ 1,380,400
Receivables		28,587	30,997	-	310,933	370,517	370,517
Total	1,379,300	28,587	30,997	-		1,750,917	1,750,917
Financial Liabilities							
Payables		-	-	-	519,491	519,491	519,491
Current Borrowings		708,894	-	-	-	708,894	708,894
Non-Current Borrowings		-	2,807,256	4,145,478	-	6,952,734	6,952,734
Total		708,894	2,807,256	4,145,478		8,181,119	8,181,119
2013							
2013	Floating Interest Rate	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years		Total Contractual Cash Flows	Carrying Values
Financial Assets							
Cash & Equivalents	\$ 307,651	-	-	-	\$ 1,100	\$ 308,751	\$ 308,751
Receivables		30,246	59,853	-	209,054	299,154	299,154
Total	307,651	30,246	59,853	-	210,154	607,905	607,905
Financial Liabilities							
Payables		-	-	-	470,906	470,906	508,543
Current Borrowings	435,769	713,352	-	-	-	1,149,121	1,149,121
Non-Current Borrowings		-	2,354,283	5,307,345	-	7,661,628	7,661,628
Total	435,769	713,352	2,354,283	5,307,345	470,906	9,281,655	9,319,292

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

	30 June 2014		30 June 2013	
	Weighted Average Interest Rate %	Carrying Value \$	Weighted Average Interest Rate %	Carrying Value \$
Other Variable Rates	-	-	5	435,769
Fixed Interest Rates	6.3	7,661,628	5.99	8,374,980
		<u>7,661,628</u>		<u>8,810,749</u>

Net Fair Value

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

Risk Exposures

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

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

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

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

DISTRICT COUNCIL OF YANKALILLA

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

Note 14 - COMMITMENTS FOR EXPENDITURE

	<u>Notes</u>	2014 \$	2013 \$
Capital Commitments			
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
Buildings		-	24,000
Roads & Footpaths		156,000	-
Plant & Equipment		35,000	-
		<u>191,000</u>	<u>24,000</u>
These expenditures are payable:			
Not later than one year		191,000	24,000
		<u>191,000</u>	<u>24,000</u>
Other Expenditure Commitments			
Other non-capital expenditure commitments in relation to investment properties:			
Audit Services		42,500	55,000
Waste Management Services		823,200	800,000
Employee Remuneration Contracts		169,700	169,700

DISTRICT COUNCIL OF YANKALILLA

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

Note 15 - FINANCIAL INDICATORS

	2014	2013	2012
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These Financial Indicators have been calculated in accordance with *Information Paper 9 - Local Government Financial Indicators* prepared as part of the LGA Financial Sustainability Program for the Local Government Association of South Australia. Detailed methods of calculation are set out in the SA Model Statements.

Operating Surplus Ratio

<u>Operating Surplus</u>	0%	(4%)	(7%)
Rates - general & other less NRM levy			

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

Adjusted Operating Surplus Ratio	0%	(4%)	(8%)
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*In recent years the Federal Government has made advance payments prior to 30th June from future year allocations of financial assistance grants, as explained in Note 1. The **Adjusted Operating Surplus Ratio** adjusts for the resulting distortion in the disclosed operating result for each year.*

Net Financial Liabilities Ratio

<u>Net Financial Liabilities</u>	49%	70%	92%
Total Operating Revenue less NRM levy			

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

Asset Sustainability Ratio

<u>Net Asset Renewals</u>	50%	40%	53%
Infrastructure & Asset Management Plan required expenditure		*	*

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

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

DISTRICT COUNCIL OF YANKALILLA

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

Note 16 - UNIFORM PRESENTATION OF FINANCES

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

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

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

	2014 \$	2013 \$
Income	12,707,222	12,178,596
<i>less</i> Expenses	12,730,229	12,560,242
Operating Surplus / (Deficit)	(23,007)	(381,646)
<i>less</i> Net Outlays on Existing Assets		
Capital Expenditure on renewal and replacement of Existing Assets	1,454,138	1,441,330
Depreciation, Amortisation and Impairment	(3,647,982)	(3,624,182)
Proceeds from Sale of Replaced Assets	(202,879)	-
	(2,396,723)	(2,182,852)
<i>less</i> Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets	118,048	29,929
Amounts received specifically for New and Upgraded Assets	(48,931)	(55,523)
Proceeds from Sale of Surplus Assets <i>(including investment property and real estate developments)</i>	(1,860)	(27,127)
	67,257	(52,721)
Net Lending / (Borrowing) for Financial Year	2,306,459	1,853,927

DISTRICT COUNCIL OF YANKALILLA

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

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:

	2014	2013
	\$	\$
Not later than one year	32,460	31,546
Later than one year and not later than 5 years	55,994	88,454
Later than 5 years	88,454	120,000

Lease payment commitments of Council

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

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

No lease contains any escalation clause.

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

	2014	2013
	\$	\$
Not later than one year	9,492	-
Later than one year and not later than 5 years	33,222	-
Later than 5 years	42,714	-

DISTRICT COUNCIL OF YANKALILLA

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

Note 18 – SUPERANNUATION

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

Marketlink (Accumulation Fund) Members

Marketlink receives both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of employee earnings in accordance with superannuation guarantee legislation (9.25% in 2013/14; 9% in 2012/13). No further liability accrues to the Council as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

Salarylink (Defined Benefit Fund) Members

Salarylink is a defined benefit scheme where the benefit payable is based on a formula determined by the member's contribution rate, number of years and level of contribution and final average salary. Council makes employer contributions to Salarylink as determined by the Trustee based on advice from the appointed Actuary. The rate is currently 6.3% (6.3% in 2012/13) of "superannuation" salary.

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

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

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

DISTRICT COUNCIL OF YANKALILLA

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

Note 19 - EQUITY ACCOUNTED COUNCIL BUSINESSES

All equity accounted Council businesses are required to prepare Annual Financial Statements that comply with

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.

	2014	2013
	\$	\$
Southern & Hills Local Government Association		
Council's respective interests are:		
- interest in the operating result	12.5%	12.5%
- ownership share of equity	12.5%	12.5%
- the proportion of voting power	12.5%	12.5%
 <u>Movements in Investment in Joint Operation</u>	 \$	 \$
Opening Balance	4,490	6,234
Share in Operating Result	1,119	(1,744)
 Share in Equity of Joint Operation	 <u>5,609</u>	 <u>4,490</u>

Expenditure Commitments

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

Operating Expenditures payable

Not later than one year	3,219	-
	<u>3,219</u>	<u>-</u>

Fleurieu Regional Waste Authority:

In conjunction with District Council of Yankalilla, other Constituents Councils are Alexandrina Council, Kangaroo Island Council and District Council of Victor Harbor.

	2014	2013
	\$	\$
Fleurieu Regional Waste Authority		
Council's respective interests are:		
- interest in the operating result	15.0%	15.0%
- ownership share of equity	15.0%	15.0%
- the proportion of voting power	15.0%	15.0%
 <u>Movements in Investment in Joint Operation</u>	 \$	 \$
Opening Balance	56,680	51,201
Share in Operating Result	17,063	5,479
 Share in Equity of Joint Operation	 <u>73,743</u>	 <u>56,680</u>

Expenditure Commitments

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

Operating Expenditures payable

Not later than one year	192,255	220,564
Later than one year and not later than 5 years	218,200	298,307
	<u>410,455</u>	<u>518,871</u>

Contingent Liabilities

Each member of the operation is jointly and severally liable for the debts of the operation

- arising from Council's share of the joint operation	58,980	77,831
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DISTRICT COUNCIL OF YANKALILLA

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

Note 20 - CONTINGENCIES & ASSETS & LIABILITIES NOT RECOGNISED IN THE 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 nil 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 30th June 2014 that need to be disclosed in the financial statements.

**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2014**

CERTIFICATION OF AUDITOR INDEPENDENCE

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of Coalface SA Council for the year ended 30 June 2014, the Council's Auditor, HLB Mann Judd, 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*.



.....
Adrian Skull
CHIEF EXECUTIVE OFFICER



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

Date: 10 October 2014