

**The District Council
of
Yankalilla**



**FINANCIAL STATEMENTS
FOR THE YEAR
ENDED 30th JUNE 2016**

DISTRICT COUNCIL OF YANKALILLA

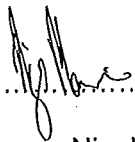
**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2016**

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 2016 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.



Nigel Morris

CHIEF EXECUTIVE OFFICER



Glen Rowlands

MAYOR

Dated this 15th day of November 2016

DISTRICT COUNCIL OF YANKALILLA

General Purpose Financial Reports for the year ended 30 June 2016

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DISTRICT COUNCIL OF YANKALILLA
STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 June 2016

	Notes	2016 \$	2015 \$
INCOME			
Rates	2	11,267,105	10,841,583
Statutory charges	2	228,246	194,464
User charges	2	1,191,352	1,149,538
Grants, subsidies and contributions	2	1,024,039	777,972
Investment income	2	151,863	132,001
Reimbursements	2	46,464	82,910
Other income	2	232,460	160,137
Net gain - equity accounted Council businesses	19	4,414	28,501
Total Income		14,145,943	13,367,107
EXPENSES			
Employee costs	3	4,400,412	4,078,959
Materials, contracts & other expenses	3	5,913,725	5,188,438
Depreciation, amortisation & impairment	3	3,364,641	3,499,941
Finance costs	3	417,300	458,030
Net loss - equity accounted Council businesses	19	4,926	
Total Expenses		14,101,004	13,225,368
OPERATING SURPLUS / (DEFICIT)		44,939	141,739
Asset disposal & fair value adjustments	4	19,874	98,443
Amounts received specifically for new or upgraded assets	2	90,000	80,000
Physical resources received free of charge	2	1,636,266	13,600
NET SURPLUS / (DEFICIT)		1,791,079	333,782
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	164,342	159,996
Total Other Comprehensive Income		164,342	159,996
TOTAL COMPREHENSIVE INCOME		1,955,421	493,778

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

DISTRICT COUNCIL OF YANKALILLA
STATEMENT OF FINANCIAL POSITION
as at 30 June 2016

ASSETS	Notes	2016 \$	2015 \$
Current Assets			
Cash and cash equivalents	5	5,644,982	3,459,161
Trade & other receivables	5	1,529,360	1,273,214
Inventories	5	68,939	60,721
Total Current Assets		<u>7,243,281</u>	<u>4,793,096</u>
Non-current Assets			
Financial assets	6	14,400	8,721
Equity accounted investments in Council businesses	6	107,341	107,853
Investment property	7	-	-
Infrastructure, property, plant & equipment	7	108,048,587	107,202,760
Other non-current assets	6	-	-
Total Non-current Assets		<u>108,170,328</u>	<u>107,319,334</u>
Total Assets		<u>115,413,609</u>	<u>112,112,430</u>
LIABILITIES			
Current Liabilities			
Trade & other payables	8	3,054,421	1,200,890
Borrowings	8	535,548	584,156
Provisions	8	470,657	393,695
Total Current Liabilities		<u>4,060,626</u>	<u>2,178,741</u>
Non-current Liabilities			
Trade & Other Payables	8	-	-
Borrowings	8	5,851,199	6,368,578
Provisions	8	95,882	114,630
Liability - Equity accounted Council businesses	6	-	-
Total Non-current Liabilities		<u>5,947,081</u>	<u>6,483,208</u>
Total Liabilities		<u>10,007,707</u>	<u>8,661,949</u>
NET ASSETS		<u>105,405,902</u>	<u>103,450,481</u>
EQUITY			
Accumulated Surplus		33,283,553	30,871,934
Asset Revaluation Reserves	9	71,789,691	71,625,349
Other Reserves	9	332,658	953,198
TOTAL EQUITY		<u>105,405,902</u>	<u>103,450,481</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 2016

	2016	Notes	Accumulated Surplus	Asset Revaluation Reserve	Other Reserves	TOTAL EQUITY
	\$	\$	\$	\$	\$	\$
Balance at end of previous reporting period	30,871,934		71,625,349	953,198	103,450,481	
Net Surplus / (Deficit) for Year	1,791,079				1,791,079	
Other Comprehensive Income			164,342		164,342	
Gain on revaluation of infrastructure, property, plant & equipment			620,540		(620,540)	
Transfers between reserves						
Balance at end of period	33,283,553		71,789,691	332,658	105,405,902	
	2015					
Balance at end of previous reporting period	30,768,504		71,465,353	722,846	102,956,703	
Net Surplus / (Deficit) for Year	333,782				333,782	
Other Comprehensive Income			159,996		159,996	
Changes in revaluation surplus - infrastructure, property, plant & equipment			(230,352)		230,352	
Transfers between reserves						
Balance at end of period	30,871,934		71,625,349	953,198	103,450,481	

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 2016

	Notes	2016 \$	2015 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
<u>Receipts</u>			
Operating Receipts		15,564,458	13,497,480
Investment receipts		139,490	82,389
<u>Payments</u>			
Operating Payments		(10,247,049)	(9,015,166)
Finance payments		(428,699)	(458,030)
Net Cash provided by (or used in) Operating Activities	11	5,028,200	4,106,673
CASH FLOWS FROM INVESTING ACTIVITIES			
<u>Receipts</u>			
Amounts specifically for new or upgraded assets		90,000	80,000
Sale of replaced assets		143,516	191,842
Sale of surplus assets		78,871	151,364
Repayments of loans by community groups		24,107	28,087
Distributions received from equity accounted Council businesses		(512)	
<u>Payments</u>			
Expenditure on renewal/replacement of assets		(2,500,119)	(1,606,502)
Expenditure on new/upgraded assets		(112,255)	(163,809)
Loans made to community groups		(20,000)	
Net Cash provided by (or used in) Investing Activities		(2,296,392)	(1,319,018)
CASH FLOWS FROM FINANCING ACTIVITIES			
<u>Receipts</u>			
Proceeds from borrowings		20,000	-
<u>Payments</u>			
Repayments of borrowings		(565,987)	(708,894)
Net Cash provided by (or used in) Financing Activities		(545,987)	(708,894)
Net Increase (Decrease) in cash held		2,185,821	2,078,761
Cash & cash equivalents at beginning of period	11	3,459,161	1,380,400
Cash & cash equivalents at end of period	11	5,644,982	3,459,161

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 2016

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 15th November 2016.

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.

District Council of Yankalilla

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2016

Note 1 - Significant Accounting Policies (cont)

In recent years the payment of untied financial assistance grants has varied from the annual allocation as shown in the table below:

	Cash Payment Received	Annual Allocation	Difference	
2013/14	\$191,865	\$336,873	+ / -	-\$145,008
2014/15	\$423,120	\$274,232	+ / -	\$148,888
2015/16	\$125,684	\$274,572	+ / -	-\$148,888

Because these grants are untied, the Australian Accounting Standards require that payments be recognised upon receipt. Accordingly, the operating results of, these periods have been distorted compared to those that would have been reported had the grants been paid in the year to which they were allocated.

The Operating Surplus Ratio disclosed in Note 15 has also been calculated after adjusting for the distortions resulting from the differences between the actual grants received and the grants entitlements allocated.

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.

District Council of Yankalilla

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2016

Note 1 - Significant Accounting Policies (cont)

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.

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.

District Council of Yankalilla

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2016

Note 1 - Significant Accounting Policies (cont)

6.7 Borrowing Costs

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

7 Payables

7.1 Goods & Services

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

7.2 Payments Received in Advance & Deposits

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

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	1.75% (2015, 2.0%)
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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.

District Council of Yankalilla

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2016

Note 1 - Significant Accounting Policies (cont)

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.

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 2016 reporting period and have not been used in preparing these reports.

AASB 7	Financial Instruments – Disclosures
AASB 9	Financial Instruments
AASB 15	Revenue from Contracts with Customers
AASB 124	Related Party Disclosures

Standards containing consequential amendments to other Standards and Interpretations arising from the above - AASB 2010-7, AASB 2014-1, AASB 2014-3, AASB 2014-4, AASB 2014-5, AASB 2014-6, AASB 2014-7, AASB 2014-8, AASB 2014-9, AASB 2014-10, AASB 2015-1, AASB 2015-2, AASB 2015-3, AASB 2015-4, AASB 2015-5, AASB 2015-6 and AASB 2015-7.

(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.

Accounting Standard AASB 16 *Leases* may have a material effect on the amounts disclosed in these reports, particularly in relation to Infrastructure, Property, Plant & Equipment, but does not commence until the 2019/20 financial period, and it is not Council's intention to adopt this Standard early.

DISTRICT COUNCIL OF YANKALILLA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2016

Note 2 - INCOME

	Notes	2016 \$	2015 \$
RATES REVENUES			
<u>General Rates</u>		9,452,880	9,054,847
Less: Mandatory rebates		(53,867)	(48,952)
Less: Discretionary rebates, remissions & write offs		(12,311)	(30,436)
		9,386,702	8,975,459
<u>Other Rates (including service charges)</u>			
Natural Resource Management levy		176,067	174,216
Wirrina CWMS & Water Supply		352,704	467,600
Community wastewater management systems		1,262,800	1,201,200
		1,791,571	1,843,016
<u>Other Charges</u>			
Penalties for late payment		94,053	116,628
		94,053	116,628
Less: Discretionary rebates, remissions & write offs		(5,221)	(93,520)
		11,267,105	10,841,583
STATUTORY CHARGES			
Development Act fees		28,937	26,757
Town planning fees		105,119	87,607
Health & Septic Tank Inspection fees		51,313	44,335
Animal registration fees & fines		33,468	34,822
Other licences, fees, & fines		9,409	944
		228,246	194,464
USER CHARGES			
Caravan Park Hire Fees		937,041	870,207
Cemetery/crematoria fees		8,609	6,293
Block Clearing Fees		8,574	9,481
Hall & equipment hire		10,064	13,979
Search Fees		22,787	20,367
HACC Contributions		20,908	20,725
Sales - general		51,891	50,403
Water Consumption		83,798	114,148
Sundry		47,680	43,935
		1,191,352	1,149,538
INVESTMENT INCOME			
Interest on investments			
Local Government Finance Authority		88,614	52,158
Banks & other		313	5,661
Loans to community groups		2,044	3,109
Investment property rental income		60,892	71,073
		151,863	132,001

DISTRICT COUNCIL OF YANKALILLA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2016

NOTE 2 - INCOME (continued)

	Notes	2016 \$	2015 \$
REIMBURSEMENTS			
- for roadworks		3,190	4,318
- other		43,274	78,592
		46,464	82,910
OTHER INCOME			
Rebates received		90,788	80,716
Sundry		141,672	79,421
		232,460	160,137
GRANTS, SUBSIDIES, CONTRIBUTIONS			
Amounts received specifically for new or upgraded assets		90,000	80,000
Other grants, subsidies and contributions			
Untied - Financial Assistance Grant		125,684	266,232
Roads to Recovery		108,928	109,135
Roads (Fuel Excise) Grant		479,000	
Home and Community Care Grant		154,488	126,855
Library & Communications		12,564	12,957
Sundry		143,375	113,905
Individually Significant Item - Additional Grants Commission Payment		-	148,888
		1,114,039	857,972
<i>The functions to which these grants relate are shown in Note 12.</i>			
Sources of grants			
Commonwealth government		742,416	235,990
State government		332,742	439,204
Other		38,881	182,778
		1,114,039	857,972

Conditions over grants & contributions

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:

Unexpended at the close of the previous reporting period	-	223,835
Less: expended during the current period from revenues recognised in previous reporting periods		
Department Planning Transport & Infrastructure (Planning Division)		(195,082)
HACC	-	(17,225)
Library Board	-	(8,528)
Department Social Secure / Youth Advisory	-	(3,000)
Subtotal	-	(223,835)

DISTRICT COUNCIL OF YANKALILLA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2016

NOTE 2 - INCOME (continued)

	Notes	2016 \$	2015 \$
<i>Plus: amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions Department Planning Transport & Infrastructure</i>		9,309	
<i>Subtotal</i>		9,309	-
<i>Unexpended at the close of this reporting period</i>		9,309	-
<i>Net increase (decrease) in assets subject to conditions in the current reporting period</i>		9,309	(223,835)
 PHYSICAL RESOURCES RECEIVED FREE OF CHARGE			
Roads, Bridges, Kerb & Footpaths		937,285	13,600
Stormwater Drainage		334,395	
Community Waste Management Scheme		364,586	
TOTAL PHYSICAL RESOURCES RECEIVED		1,636,266	13,600

Note 3 - EXPENSES

	Notes	2016 \$	2015 \$
EMPLOYEE COSTS			
Salaries and Wages		3,810,591	3,606,078
Employee leave expense		124,187	139,866
Superannuation - defined contribution plan contributions	18	272,766	248,758
Superannuation - defined benefit plan contributions	18	74,166	75,180
Workers' Compensation Insurance		170,340	160,730
Other		54,274	55,840
Less: Capitalised and distributed costs		(105,912)	(207,493)
Total Operating Employee Costs		4,400,412	4,078,959
Total Number of Employees		46.0	47.1
<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		21,424	17,105
- Other Auditors		3,200	4,718
Bad and Doubtful Debts		1,580	(467)
Elected members' expenses		150,050	119,867
Election expenses		10,080	29,918
Insurance		224,254	231,306
Subtotal - Prescribed Expenses		410,588	402,446

DISTRICT COUNCIL OF YANKALILLA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2016

Note 3 - EXPENSES (cont)

	2016	2015
Notes	\$	\$
<u>Other Materials, Contracts & Expenses</u>		
Contractors, Materials & Other Expenses	4,855,675	4,213,196
Legal Expenses	181,340	75,765
Levies paid to government - NRM levy	175,018	172,888
- Other Levies	24,240	23,247
Parts, accessories & consumables	266,864	300,896
	<u>5,503,137</u>	<u>4,785,992</u>
Subtotal - Other Materials, Contracts & Expenses	<u>5,913,725</u>	<u>5,188,438</u>

DEPRECIATION, AMORTISATION & IMPAIRMENT

Depreciation

Buildings	175,547	157,814
Recreation	81,341	84,591
Infrastructure		
- Transport Infrastructure	1,999,836	2,115,551
- Community Waste Management Scheme	349,143	338,988
- Stormwater Drainage	155,816	154,379
- Wirrina CWMS & Water Supply	122,471	121,484
Major Plant & Equipment	281,603	318,803
Fleet Plant	83,899	98,817
Furniture & Fittings	102,419	97,639
Other Assets	12,566	11,875
	<u>3,364,641</u>	<u>3,499,941</u>

FINANCE COSTS

Interest on Loans	417,300	458,030
	<u>417,300</u>	<u>458,030</u>

Note 4 - ASSET DISPOSAL & FAIR VALUE ADJUSTMENTS

	2016	2015
Notes	\$	\$
INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT		
<i>Assets renewed or directly replaced</i>		
Proceeds from disposal	143,516	191,842
Less: Carrying amount of assets sold	(158,158)	(200,354)
Gain (Loss) on disposal	<u>(14,642)</u>	<u>(8,512)</u>
<i>Assets surplus to requirements</i>		
Proceeds from disposal	78,871	151,364
Less: Carrying amount of assets sold	(44,355)	(44,409)
Gain (Loss) on disposal	<u>34,516</u>	<u>106,955</u>
NET GAIN (LOSS) ON DISPOSAL OR REVALUATION OF ASSETS	<u>19,874</u>	<u>98,443</u>

DISTRICT COUNCIL OF YANKALILLA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2016

Note 5 - CURRENT ASSETS

	Notes	2016 \$	2015 \$
CASH & EQUIVALENT ASSETS			
Cash on Hand and at Bank		98,034	366,859
BankSA at Call		-	142,067
LGFA - 24 Hour Call		3,824,896	2,949,541
LGFA Employee Leave - 24 Hour Call		768,791	694
LGFA CWMS - 24 Hour Call		930,628	
LGFA Other Investments		22,633	
		5,644,982	3,459,161
 TRADE & OTHER RECEIVABLES			
Rates - General & Other		1,056,057	1,007,211
Rates postponed for State Seniors		10,145	9,108
Accrued Revenues		26,258	13,885
Debtors - general		257,024	85,912
GST Recoupment		(4,940)	(3,564)
Prepayments		29,332	30,794
Debtors - Wirrina Water Consumption		150,451	115,473
Loans to community organisations		12,490	22,776
		1,536,817	1,281,595
Less: Allowance for Doubtful Debts		(7,457)	(8,381)
		1,529,360	1,273,214
 INVENTORIES			
Stores & Materials		68,939	60,721
		68,939	60,721

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

Note 6 - NON-CURRENT ASSETS

	Notes	2016 \$	2015 \$
FINANCIAL ASSETS			
Receivables			
Loans to community organisations		14,400	8,721
		14,400	8,721
 EQUITY ACCOUNTED INVESTMENTS IN COUNCIL BUSINESSES			
<i>Southern & Hills Local Govt Association</i>	19	6,192	11,118
<i>Fleurieu Regional Waste Authority</i>	19	101,149	96,735
		107,341	107,853

DISTRICT COUNCIL OF YANKALILLA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2016

		2015						2016					
		\$						\$					
Fair Value Level		AT FAIR VALUE	AT COST	ACCUM DEP'N	CARRYING AMOUNT	AT FAIR VALUE	AT COST	ACCUM DEP'N	CARRYING AMOUNT	AT COST	ACCUM DEP'N	CARRYING AMOUNT	
Note 7 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT													
	3	11,900,863	35,000	-	11,935,863	12,031,140	-	-	12,031,140	-	-	12,031,140	
	3	8,554,116	194,828	(2,475,402)	6,273,542	8,554,116	194,828	(2,650,949)	6,097,995	194,828	(2,650,949)	6,097,995	
	3	2,709,600	274,460	(1,170,858)	1,813,202	2,709,600	346,925	(1,252,199)	1,804,326	346,925	(1,252,199)	1,804,326	
	3	90,905,890	2,865,376	(36,422,577)	57,348,689	90,285,790	5,557,719	(37,832,003)	58,011,505	5,557,719	(37,832,003)	58,011,505	
	3	18,081,193	974,300	(5,276,769)	13,778,724	18,058,693	1,431,769	(5,604,170)	13,886,292	1,431,769	(5,604,170)	13,886,292	
	3	14,270,728	237,671	(3,287,275)	11,221,124	14,270,728	693,238	(3,443,091)	11,520,875	693,238	(3,443,091)	11,520,875	
	3	-	2,612,794	(234,857)	2,377,937	-	2,670,945	(357,328)	2,313,617	2,670,945	(357,328)	2,313,617	
		-	3,433,566	(1,934,214)	1,499,352	-	3,177,435	(1,889,825)	1,287,610	3,177,435	(1,889,825)	1,287,610	
		-	627,868	(202,218)	425,650	-	670,665	(118,218)	552,447	670,665	(118,218)	552,447	
		-	1,092,203	(806,272)	285,931	-	1,184,062	(888,207)	295,855	1,184,062	(888,207)	295,855	
		526,290	9,643	(293,187)	242,746	526,290	26,388	(305,753)	246,925	26,388	(305,753)	246,925	
		-	-	-	-	-	-	-	-	-	-	-	
		146,948,680	12,357,709	(52,103,629)	107,202,760	146,436,357	15,953,974	(54,341,743)	108,048,587	15,953,974	(54,341,743)	108,048,587	
		147,541,124	11,441,914	(49,979,913)	109,003,125	146,948,680	12,357,709	(52,103,629)	107,202,760	12,357,709	(52,103,629)	107,202,760	
		<i>Comparatives</i>											

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 2016

	CARRYING AMOUNT MOVEMENTS DURING YEAR							2016
	\$							\$
	2015 CARRYING AMOUNT	Additions		Disposals	Depreciation	Net Revaluation	CARRYING AMOUNT	
	New/Upgrade	Renewals						
Note 7 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT								
Land	11,935,863	-	-	-	-	95,277	12,031,140	
Buildings	6,273,542	-	-	-	(175,547)	-	6,097,995	
Recreation	1,813,202	72,465	-	-	(81,341)	-	1,804,326	
Infrastructure	-	-	-	-	-	-	-	
- Transport Infrastructure	57,348,689	937,285	1,755,058	(98,755)	(1,999,836)	69,065	58,011,505	
- Community Waste Management Scheme	13,778,724	364,585	92,884	(758)	(349,143)	-	13,886,292	
- Stormwater Drainage	11,221,124	334,395	121,172	-	(155,816)	-	11,520,875	
- Wirrina CWMS & Water Supply	2,377,937	-	58,151	-	(122,471)	-	2,313,617	
Major Plant & Equipment	1,499,352	-	114,216	(44,355)	(281,603)	-	1,287,610	
Fleet Plant	425,650	-	263,909	(53,213)	(83,899)	-	552,447	
Furniture & Fittings	285,931	32,116	85,659	(5,432)	(102,419)	-	295,855	
Other Assets	242,746	7,675	9,070	-	(12,566)	-	246,925	
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT	107,202,760	1,748,521	2,500,119	(202,513)	(3,364,641)	164,342	108,048,587	
Comparatives	109,003,125	177,409	1,592,902	(230,731)	(3,499,941)	159,996	107,202,760	

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 2016

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.

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.

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.

District Council of Yankalilla

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2016

Note 7 – Property, Plant & Equipment (cont)

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	5 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	5 to 30 years

District Council of Yankalilla

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2016

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 2015 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 ended 30 June 2015 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 2016

Note 8 - LIABILITIES

	Notes	2016		2015	
		Current	Non-current	Current	Non-current
TRADE & OTHER PAYABLES					
Goods & Services		1,564,077		560,435	
Payments received in advance		886,252		54,625	
Accrued expenses - employee entitlements		450,734		418,072	
Accrued expenses - other		143,198		154,597	
Other		10,160		13,161	
		3,054,421	-	1,200,890	-
BORROWINGS					
Loans		535,548	5,851,199	584,156	6,368,578
		535,548	5,851,199	584,156	6,368,578
<i>All interest bearing liabilities are secured over the future revenues of the Council.</i>					
PROVISIONS					
Employee entitlements (including oncosts)		470,657	95,882	393,695	114,630
		470,657	95,882	393,695	114,630

Amounts included in provisions that are not expected to be settled within 12 months of reporting date.

DISTRICT COUNCIL OF YANKALILLA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2016

Note 9 - RESERVES

ASSET REVALUATION RESERVE	1/7/2015	Net Increments (Decrements)	Transfers, Impairments	30/6/2016
Notes	\$	\$	\$	\$
Land	8,216,500	95,277		8,311,777
Buildings	1,443,701			1,443,701
Recreation	1,501,313			1,501,313
Infrastructure				0
- Transport Infrastructure	44,809,007	69,065		44,878,072
- Community Waste Management Scheme	7,527,881			7,527,881
- Stormwater Drainage	8,075,342			8,075,342
Other Assets	51,605			51,605
TOTAL	71,625,349	164,342		71,789,691
<i>Comparatives</i>	<u>71,465,353</u>	<u>159,996</u>		<u>71,625,349</u>

OTHER RESERVES	1/7/2015	Transfers to Reserve	Transfers from Reserve	30/6/2016
TV Towers Reserve	20,000		(20,000)	0
Open Space Development	2,433		(2,433)	0
Community Waste Management Scheme	922,074	323,967	(922,074)	323,967
Caravan Park Reserve	8,691			8,691
Wirrina CWMS & Water Supply				0
TOTAL OTHER RESERVES	953,198	323,967	(944,507)	332,658
<i>Comparatives</i>	<u>722,846</u>	<u>230,352</u>		<u>953,198</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).

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	2016 \$	2015 \$
Unexpended amounts received from Federal Government			
Road Infrastructure		571,000	
TOTAL ASSETS SUBJECT TO EXTERNALLY IMPOSED RESTRICTIONS		<u>571,000</u>	<u>0</u>

DISTRICT COUNCIL OF YANKALILLA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2016

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	2016 \$	2015 \$
Total cash & equivalent assets	5	5,644,982	3,459,161
Balances per Cash Flow Statement		5,644,982	3,459,161
 (b) Reconciliation of Change in Net Assets to Cash from Operating Activities			
Net Surplus (Deficit)		1,791,079	333,782
Non-cash items in Income Statement			
Depreciation, amortisation & impairment		3,364,641	3,499,941
Equity movements in equity accounted investments (increase) decrease		512	(28,501)
Net increase (decrease) in unpaid employee benefits		58,214	137,071
Change in allowances for under-recovery		924	(467)
Non-cash asset acquisitions		(1,636,266)	(13,600)
Grants for capital acquisitions treated as Investing Activity		(90,000)	(80,000)
Net (Gain) Loss on Disposals		(19,874)	(98,443)
		3,469,230	3,749,783
Add (Less): Changes in Net Current Assets			
Net (increase) decrease in receivables		(291,465)	246,106
Net (increase) decrease in inventories		(8,218)	(16,094)
Net (increase) decrease in other current assets		10,286	5,811
Net increase (decrease) in trade & other payables		1,853,534	127,310
Net increase (decrease) in other liabilities		(5,167)	(6,243)
Net Cash provided by (or used in) operations		5,028,200	4,106,673

(c) Non-Cash Financing and Investing Activities

Acquisition of assets by means of:

- Physical resources received free of charge	3	1,636,266	13,600
<i>Amounts recognised in Income Statement</i>		1,636,266	13,600

(d) Financing Arrangements

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

Bank Overdrafts		-	-
Corporate Credit Cards		20,000	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.

DISTRICT COUNCIL OF YANKALILLA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2016

Note 12 - FUNCTIONS

INCOME		INCOMES, EXPENSES AND ASSETS HAVE BEEN DIRECTLY ATTRIBUTED TO THE FOLLOWING FUNCTIONS & ACTIVITIES				GRANTS INCLUDED IN INCOME		TOTAL ASSETS HELD (CURRENT & NON-CURRENT)	
		EXPENSES		OPERATING SURPLUS (DEFICIT)					
		ACTUAL	ACTUAL	ACTUAL	ACTUAL				
	2016	2016	2015	2016	2015	2016	2015	2016	2015
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Business Undertakings	2,766,627	2,529,406	2,524,145	237,221	141,675	31,600	10,003	20,670,441	20,589,112
Community Services	265,797	772,024	728,049	(506,227)	(512,408)	172,058	129,982	3,186,845	3,288,673
Culture	17,242	192,558	142,785	(175,316)	(125,825)	12,564	12,957	475,157	475,157
Economic Development	73,245	434,992	380,906	(361,747)	(294,784)			746,757	746,757
Environment	266,994	1,344,559	1,298,292	(1,077,565)	(1,029,706)	90,927	88,279	13,062,842	12,763,091
Recreation	409	482,890	424,928	(482,481)	(422,620)			5,638,506	5,647,383
Regulatory Services	232,578	681,547	641,507	(448,969)	(438,940)			145,092	145,092
Transport	675,711	4,145,008	3,579,116	(3,469,297)	(3,192,647)	675,277	386,469	58,196,938	57,534,123
Plant Hire & Depot/Indirect	15,418	598,782	978,193	(583,364)	(964,815)		1,000	1,753,047	1,792,810
Unclassified Activities		382,726	335,131	(382,726)	(334,431)			521,806	620,623
Council Administration	9,827,508	2,531,585	2,192,316	7,295,923	7,316,240	41,613	149,282	11,011,764	8,509,609
TOTALS	14,141,529	14,096,077	13,225,368	45,452	141,739	1,024,039	777,972	115,409,195	112,112,430

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

DISTRICT COUNCIL OF YANKALILLA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2016

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 2016

Note 13 - FINANCIAL INSTRUMENTS

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

Accounting Policies - Recognised Financial Instruments

Bank, Deposits at Call, Short Term Deposits	<p>Accounting Policy: Carried at lower of cost and net realisable value; interest is recognised when earned.</p> <p>Terms & conditions: Deposits are returning fixed interest rates between 0.25% and 2.50% (2015: 0.25% and 2.50%). Short term deposits have an average maturity.</p> <p>Carrying amount: approximates fair value due to the short term to maturity.</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>Accounting Policy: Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable.</p> <p>Terms & conditions: Secured over the subject land, arrears attract interest of 0.60% and quarterly interest 2% (2015: Interest 0.64% and quarterly 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>
Receivables - Fees & other charges	<p>Accounting Policy: Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable.</p> <p>Terms & conditions: Unsecured, and do not bear interest. Although Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries.</p> <p>Carrying amount: approximates fair value (after deduction of any allowance).</p>
Receivables - other levels of government	<p>Accounting Policy: Carried at nominal value.</p> <p>Terms & conditions: Amounts due have been calculated in accordance with the terms and conditions of the respective programs following advice of approvals, and do not bear interest. All amounts are due by Departments and Agencies of State and Federal Governments.</p> <p>Carrying amount: approximates fair value.</p>
Receivables - Retirement Home Contributions	<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: Amounts due have been calculated in accordance with the terms and conditions of the respective legislation.</p> <p>Carrying amount: approximates fair value (after deduction of any allowance).</p>
Liabilities - Creditors and Accruals	<p>Accounting Policy: Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Council.</p> <p>Terms & conditions: Liabilities are normally settled on 30 day terms.</p> <p>Carrying amount: approximates fair value.</p>
Liabilities - Interest Bearing Borrowings	<p>Accounting Policy: Carried at the principal amounts. Interest is charged as an expense as it accrues.</p> <p>Terms & conditions: secured over future revenues, borrowings are repayable; interest is charged at fixed rates between 3.9% and 7.0% (2015: 4.5% and 7.0%)</p> <p>Carrying amount: approximates fair value.</p>
Liabilities - Finance Leases	<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 2016

Note 13 (cont) - FINANCIAL INSTRUMENTS

Liquidity Analysis

2016	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
Financial Assets	\$	\$	\$	\$	\$
Cash & Equivalents	5,644,982			5,644,982	5,644,982
Receivables	455,700	14,400	-	470,100	470,100
Total	6,100,682	14,400	-	6,115,082	6,115,082
Financial Liabilities					
Payables	2,460,489			2,460,489	2,460,489
Current Borrowings	535,548	-	-	535,548	535,548
Non-Current Borrowings	-	3,331,209	2,519,990	5,851,199	5,851,199
Total	2,996,037	3,331,209	2,519,990	8,847,236	8,847,236
2015	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
Financial Assets	\$	\$	\$	\$	\$
Cash & Equivalents	3,459,161			3,459,161	3,459,161
Receivables	272,933	-	-	272,933	257,235
Total	3,732,094	-	-	3,732,094	3,716,396
Financial Liabilities					
Payables	704,837	-	-	704,837	628,221
Current Borrowings	584,156	-	-	584,156	584,156
Non-Current Borrowings	-	2,859,961	3,508,617	6,368,578	6,368,578
Total	1,288,993	2,859,961	3,508,617	7,657,571	7,580,955

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

	30 June 2016		30 June 2015	
	Weighted Average Interest Rate	Carrying Value	Weighted Average Interest Rate	Carrying Value
	%	\$	%	\$
Fixed Interest Rates	6.3	6,386,747	6.3	6,952,734
		<u>6,386,747</u>		<u>6,952,734</u>

Net Fair Value

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

Risk Exposures

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

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

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

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

DISTRICT COUNCIL OF YANKALILLA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2016

Note 14 - COMMITMENTS FOR EXPENDITURE

	2016	2015
<u>Notes</u>	\$	\$
Capital Commitments		
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Land		40,000
Buildings		
Roads & Footpaths	571,000	
Plant & Equipment		22,453
	571,000	62,453
These expenditures are payable:		
Not later than one year	571,000	62,453
	571,000	62,453
Other Expenditure Commitments		
Other non-capital expenditure commitments in relation to investment properties:		
Maintenance contracts	44,674	
Audit Services	17,500	30,000
Waste Management Contract	709,000	686,931
Employee Remuneration Contract	195,000	169,700

DISTRICT COUNCIL OF YANKALILLA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2016

Note 15 - FINANCIAL INDICATORS

	2016	2015	2014
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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.

The Information Paper was revised in May 2015 and the financial indicators for previous years have been re-calculated in accordance with the revised formulas.

Operating Surplus Ratio

<u>Operating Surplus</u>	0.0%	1.0%	0.0%
Total Operating Revenue			

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

Adjusted Operating Surplus Ratio

	0%	0%	0%
--	----	----	----

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>	20%	29%	49%
Total Operating Revenue			

Net Financial Liabilities are defined as total liabilities less financial assets. These are expressed as a percentage of total operating revenue.

Asset Sustainability Ratio

<u>Net Asset Renewals</u>	92%	50%	50%
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.

DISTRICT COUNCIL OF YANKALILLA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2016

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

	2016 \$	2015 \$
Income	14,145,943	13,367,107
less Expenses	<u>14,101,004</u>	<u>13,225,368</u>
Operating Surplus / (Deficit)	44,939	141,739
less Net Outlays on Existing Assets		
Capital Expenditure on renewal and replacement of Existing Assets	2,500,119	1,592,902
Depreciation, Amortisation and Impairment	(3,364,641)	(3,499,941)
Proceeds from Sale of Replaced Assets	<u>(14,642)</u>	<u>(191,842)</u>
	(879,164)	(2,098,881)
less Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets <i>(including investment property & real estate developments)</i>	112,255	163,809
Amounts received specifically for New and Upgraded Assets	(90,000)	(80,000)
Proceeds from Sale of Surplus Assets <i>(including investment property and real estate developments)</i>	<u>(34,516)</u>	<u>(151,364)</u>
	<u>(12,261)</u>	<u>(67,555)</u>
Net Lending / (Borrowing) for Financial Year	<u>936,364</u>	<u>2,308,175</u>

DISTRICT COUNCIL OF YANKALILLA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2016

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:

	2016	2015
	\$	\$
Not later than one year	33,130	33,109
Later than one year and not later than 5 years	132,520	22,885
	165,650	55,994

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:

	2016	2015
	\$	\$
Not later than one year	9,142	9,492
Later than one year and not later than 5 years	7,944	23,730
	17,086	33,222

DISTRICT COUNCIL OF YANKALILLA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2016

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 the Accumulation section and/or Salarylink. All other employees (including casuals) have all contributions allocated to the Accumulation section.

Accumulation only Members

Accumulation only members receive both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of ordinary time earnings in accordance with superannuation guarantee legislation (9.50% in 2015/16; 9.50% in 2014/15). 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 Fund's Trustee based on advice from the appointed Actuary. The rate is currently 6.3% (6.3% in 2014/15) of "superannuation" salary.

In addition, Council makes a separate contribution of 3% of ordinary time earnings for Salarylink members to their Accumulation account. Employees also make member contributions to the Salarylink section of the Fund. As such, assets accumulate in the Salarylink section of 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 Salarylink section'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 Fund's actuary, A C Miller, FIAA, of Russell Employee Benefits Pty Ltd as at 30 June 2014. The Trustee has determined that the current funding arrangements are adequate for the expected Salarylink liabilities. However, future financial and economic circumstances may require changes to Council's contribution rates at some future time.

Contributions to Other Superannuation Schemes

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

DISTRICT COUNCIL OF YANKALILLA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2016

Note 19 - INTERESTS IN OTHER ENTITIES

Equity accounted Council Businesses

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

The principal place of business of each entity is within the boundaries of the constituent Councils. There are no restrictions on the ability of these entities to pay cash dividends to or make repayment of advances to Council.

Council has an ongoing commitment to make contributions to support the ongoing activities of each business in accordance with the terms of each agreement.

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.

	2016	2015
	\$	\$
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	11,118	5,609
Share in Operating Result	(4,926)	5,509
Share in Equity of Joint Operation	6,192	11,118
Summarised financial information of the equity accounted business		
<u>Statement of Financial Position</u>		
Cash and cash equivalents	69,597	107,772
Other current assets		4,118
Total assets	69,597	111,890
Current trade and other payables	20,062	22,945
Total liabilities	20,062	22,945
Net Assets	49,535	88,945
<u>Statement of Comprehensive Income</u>		
Other income	39,049	116,677
Contributions from constituent Councils	84,037	107,235
Interest income	2,384	1,829
Total Income	125,470	225,741
Materials, contracts & other expenses	161,754	178,455
Finance costs	3,126	3,121
Total expenses	164,880	181,576
Operating Result	(39,410)	44,165
Other comprehensive income		
Total Comprehensive Income	(39,410)	44,165

DISTRICT COUNCIL OF YANKALILLA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2016

Note 19 (cont) - INTERESTS IN OTHER ENTITIES

Fleurieu Regional Waste Authority:

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

	2016	2015
	\$	\$
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	96,735	73,743
Share in Operating Result	4,414	22,992
Share in Equity of Joint Operation	101,149	96,735

Summarised financial information of the equity accounted business

Statement of Financial Position

Cash and cash equivalents	1,155,141	1,382,140
Other current assets	327,238	353,893
Non-current assets	2,633,790	2,045,810
Total assets	4,116,169	3,781,843
Current trade and other payables	920,540	939,157
Current financial liabilities	567,006	451,310
Current provisions	208,854	198,126
Non-current trade and other payables	110,020	-
Non-current financial liabilities	1,582,230	1,512,690
Non-current provisions	53,196	35,666
Total liabilities	3,441,846	3,136,949
Net Assets	674,323	644,894

Statement of Comprehensive Income

Other income	7,116,697	7,195,581
Interest income	17,082	32,706
Asset Disposals & Fair Value Adjustments	13,843	-
Total Income	7,147,622	7,228,287
Employee costs	2,610,704	2,509,112
Materials, contracts & other expenses	3,731,962	3,917,121
Depreciation, amortisation & impairment	640,231	519,699
Finance costs	135,296	129,078
Total expenses	7,118,193	7,075,010
Total Comprehensive Income	29,429	153,277

DISTRICT COUNCIL OF YANKALILLA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2016

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 reliable for these assets to qualify for recognition, and accordingly land under roads has not been recognised in these reports. Land acquired for road purposes during the year is initially recognised at cost, but transferred to fair value at reporting date, effectively writing off the expenditure.

At reporting date, Council controlled 1026 km of road reserves of average width 19 metres.

2. POTENTIAL INSURANCE LOSSES

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

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

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

3. LEGAL EXPENSES

Council is the planning consent authority for its area under the Development Act 1993 (as amended). Pursuant to that Act, certain persons aggrieved by a planning decision of the Council may appeal. It is normal practice that parties bear their own legal costs. At the date of these reports, Council had notice of three 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 2016 that need to be disclosed in the financial statements.

**THE DISTRICT COUNCIL OF YANKALILLA
ABN 17 163 010 187**

INDEPENDENT AUDITOR'S REPORT

To the Mayor and 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 2016, and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes.

Council's responsibility for the Financial Report

The Council of the association 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 (Regulations) made under that Act. This responsibility includes establishing and maintaining internal controls 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 or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the The District Council of Yankalilla, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the Australian professional accounting bodies and the Local Government Act and Regulations.



Chartered Accountants

THE DISTRICT COUNCIL OF YANKALILLA

ABN 17 163 010 187

INDEPENDENT AUDITOR'S REPORT

Auditor's Opinion

In our opinion:


- (a) the financial report presents fairly, in all material respects, the financial position of The District Council of Yankalilla as at 30 June 2016 and its financial performance and its cash flows for the year then ended; and
- (b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Local Government Act 1999 and Regulations.

HLB Mann Judd
HLB Mann Judd
Chartered Accountants

C. McGowan
Corey McGowan
Partner

Adelaide, South Australia
16 November 2016

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THE DISTRICT COUNCIL OF YANKALILLA
ABN 17 163 010 187

INDEPENDENT ASSURANCE REPORT

To the Mayor and Members of the District Council of Yankalilla:

Report on the Internal Controls of the District Council of Yankalilla

We have audited the compliance of *the District Council of Yankalilla* (the Council) with the requirements of *Section 125 of the Local Government Act 1999* in relation only to the Internal Controls established by the Council to ensure that financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities for the period 1 July 2015 to 30 June 2016 have been conducted properly and in accordance with law.

The Council's Responsibility for the Internal Controls

The Council is responsible for implementing and maintaining an adequate system of internal controls, in accordance with *Section 125 of the Local Government Act 1999* in relation to Internal Controls to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property, and incurring of liabilities have been conducted properly and in accordance with law.

Our Responsibility

Our responsibility is to express an opinion on the Council's compliance with *Section 125 of the Local Government Act 1999* in relation only to the Internal Controls established by the Council to ensure that financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities, based on our procedures. Our engagement has been conducted in accordance with applicable Australian Standards on Assurance Engagements ASAE 3100 *Compliance Engagements*, issued by the Australian Auditing and Assurance Standards Board, in order to state whether, in all material respects, the Council has complied with *Section 125 of the Local Government Act 1999* in relation only to the Internal Controls specified above for the period 1 July 2015 to 30 June 2016. ASAE 3100 also requires us to comply with the relevant ethical requirements of the Australian professional accounting bodies.

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


Limitation on Use

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

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**THE DISTRICT COUNCIL OF YANKALILLA
ABN 17 163 010 187****INDEPENDENT ASSURANCE REPORT (CONTINUED)****Inherent Limitations**

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

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

Independence

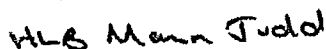
In conducting our engagement, we have complied with the independence requirements of the Australian professional accounting bodies.

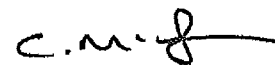
Basis for Disclaimer of Opinion

The Council was in the process of establishing and implementing its internal controls framework by modifying the "Better Practice Model" to suit the Council's requirements. The internal controls framework was adopted by Council at the Council Meeting of 21 June 2016. Given the date of adoption and subsequent implementation of the internal controls framework was towards the end of the period under review, we were unable to satisfy ourselves as to Council's compliance with the framework for the period 1 July 2015 to 30 June 2016.

Disclaimer of Opinion

We do not express an opinion as to whether the Council has complied, in all material respects, with Section 125 of the Local Government Act 1999, because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion in relation to Internal Controls established by the Council in relation to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities so as to provide reasonable assurance that the financial transactions of the Council have been conducted properly and in accordance with law for the period 1 July 2015 to 30 June 2016.


HLB Mann Judd
Chartered Accountants


Corey McGowan
Partner

Adelaide, South Australia
16 November 2016

HLB Mann Judd Audit (SA) Pty Ltd ABN: 32 166 337 097
169 Fullarton Road, Dulwich SA | Telephone +61 (0)8 8133 5000 | Facsimile +61 (0)8 8431 3502
Postal: PO Box 377, Kent Town SA 5071

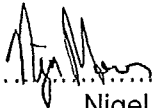
DISTRICT COUNCIL OF YANKALILLA

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2016

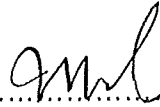
CERTIFICATION OF AUDITOR INDEPENDENCE

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 2016, 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*.



.....
Nigel Morris
CHIEF EXECUTIVE



.....
Jeff Lucy
**PRESIDING MEMBER
AUDIT COMMITTEE**

Date: October 2016

The Council
C/- Nigel Morris
Chief Executive Officer
The District Council of Yankalilla
1 Charles Street
Yankalilla SA 5203

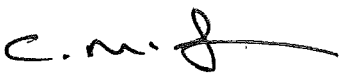
TO THE COUNCILLORS OF THE DISTRICT COUNCIL OF YANKALILLA

**STATEMENT OF AUDITORS INDEPENDENCE
ANNUAL FINANCIAL STATEMENT FOR THE YEAR ENDED 30 June 2016**

I confirm that, for the audit of the financial statements of The District Council of Yankalilla for the year ended 30 June 2016, 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.

HLB Mann Judd
HLB Mann Judd
Chartered Accountants


Corey McGowan
Partner

Adelaide, South Australia
13 September 2016