

# **The District Council of Yankalilla**



**FINANCIAL STATEMENTS  
FOR THE YEAR  
ENDED 30th JUNE 2010**

# DISTRICT COUNCIL OF YANKALILLA

## General Purpose Financial Reports for the year ended 30 June 2010

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**DISTRICT COUNCIL OF YANKALILLA**  
**STATEMENT OF COMPREHENSIVE INCOME**  
for the year ended 30 June 2010

	Notes	2010 \$	2009 \$
<b>INCOME</b>			
Rates	2	7,686,695	7,284,927
Statutory charges	2	175,330	181,390
User charges	2	166,616	83,768
Grants, subsidies and contributions	2	590,958	633,929
Investment income	2	361,793	380,132
Reimbursements	2	76,261	106,500
Other income	2	111,543	142,802
Net gain - joint ventures & associates	19	1,709	-
<b>Total Income</b>		<u>9,170,905</u>	<u>8,813,448</u>
<b>EXPENSES</b>			
Employee costs	3	3,127,904	2,935,974
Materials, contracts & other expenses	3	3,036,447	3,460,978
Finance costs	3	531,265	447,326
Depreciation, amortisation & impairment	3	3,197,266	2,905,301
Net loss - joint ventures & associates	19	-	3,262
<b>Total Expenses</b>		<u>9,892,882</u>	<u>9,752,841</u>
<b>OPERATING SURPLUS / (DEFICIT)</b>		<b>(721,977)</b>	<b>(939,393)</b>
Asset disposal & fair value adjustments	4	(787,745)	(24,538)
Amounts received specifically for new or upgraded assets	2	404,089	52,482
Physical resources received free of charge	2	255,840	423,801
<b>NET SURPLUS / (DEFICIT)</b>		<u>(849,793)</u>	<u>(487,648)</u>
transferred to Equity Statement			(487,648)
Other Comprehensive Income			
Changes in revaluation surplus - infrastructure, property, plant & equipment	9	17,769,447	726,720
<b>Total Other Comprehensive Income</b>		<u>17,769,447</u>	<u>726,720</u>
<b>TOTAL COMPREHENSIVE INCOME</b>		<u>16,919,654</u>	<u>239,072</u>

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

## DISTRICT COUNCIL OF YANKALILLA

### BALANCE SHEET as at 30 June 2010

ASSETS	Notes	2010 \$	2009 \$
<b>Current Assets</b>			
Cash and cash equivalents	5	413,180	553,707
Trade & other receivables	5	1,200,740	986,284
Other financial assets	5	-	-
Inventories	5	18,795	19,898
		<b>1,632,715</b>	<b>1,559,889</b>
Non-current Assets held for Sale	20	-	227,500
<b>Total Current Assets</b>		<b>1,632,715</b>	<b>1,787,389</b>
<b>Non-current Assets</b>			
Financial Assets	6	130,543	46,400
Equity accounted investments in Council businesses	6	5,474	3,765
Infrastructure, Property, Plant & Equipment	7	93,208,746	74,542,020
<b>Total Non-current Assets</b>		<b>93,344,763</b>	<b>74,592,185</b>
<b>Total Assets</b>		<b>94,977,478</b>	<b>76,379,574</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade & Other Payables	8	944,289	1,292,108
Borrowings	8	3,287,774	2,679,780
Provisions	8	478,299	820,568
<b>Total Current Liabilities</b>		<b>4,710,362</b>	<b>4,792,456</b>
<b>Non-current Liabilities</b>			
Borrowings	8	6,694,008	4,107,768
Provisions	8	66,962	892,858
<b>Total Non-current Liabilities</b>		<b>6,760,970</b>	<b>5,000,626</b>
<b>Total Liabilities</b>		<b>11,471,332</b>	<b>9,793,082</b>
<b>NET ASSETS</b>		<b>83,506,146</b>	<b>66,586,492</b>
<b>EQUITY</b>			
Accumulated Surplus	1	29,762,629	30,630,233
Asset Revaluation Reserves	9	52,882,269	35,112,822
Other Reserves	9	861,248	843,437
<b>TOTAL EQUITY</b>		<b>83,506,146</b>	<b>66,586,492</b>

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 2010

2010	Notes	Accumulated Surplus \$	Asset Revaluation Reserve \$	Other Reserves \$	TOTAL EQUITY \$
Balance at end of previous reporting period		30,630,233	35,112,822	843,437	66,586,492
<b>Net Surplus / (Deficit) for Year</b>		<b>(849,793)</b>	-	-	<b>(849,793)</b>
<b>Other Comprehensive Income</b>					
Gain on revaluation of infrastructure, property, plant & equipment		-	17,769,447	-	17,769,447
Transfers between reserves		(17,811)	-	17,811	-
<b>Balance at end of period</b>	1.14	<b>29,762,629</b>	<b>52,882,269</b>	<b>861,248</b>	<b>83,506,146</b>
<b>2009</b>					
Balance at end of previous reporting period		31,097,901	34,386,102	863,417	66,347,420
Restated opening balance		31,097,901	34,386,102	863,417	66,347,420
<b>Net Surplus / (Deficit) for Year</b>		<b>(487,648)</b>	-	-	<b>(487,648)</b>
<b>Other Comprehensive Income</b>					
Changes in revaluation surplus - infrastructure, property, plant & equipment		-	726,720	-	726,720
Transfers between reserves		19,980	-	(19,980)	-
<b>Balance at end of period</b>	1.14	<b>30,630,233</b>	<b>35,112,822</b>	<b>843,437</b>	<b>66,586,492</b>

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

# DISTRICT COUNCIL OF YANKALILLA

## CASH FLOW STATEMENT for the year ended 30 June 2010

	Notes	2010 \$	2009 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<u>Receipts</u>			
Operating receipts		8,598,917	9,335,545
Investment receipts		363,221	378,704
<u>Payments</u>			
Operating payments to suppliers & employees		(7,601,796)	(6,397,653)
Finance payments		(561,529)	(364,770)
<b>Net Cash provided by (or used in) Operating Activities</b>		<b>798,813</b>	<b>2,951,827</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<u>Receipts</u>			
Amounts specifically for new or upgraded assets		404,089	52,482
Sale of replaced assets		358,180	94,435
Sale of surplus assets		318,200	-
Repayments of loans by community groups		25,287	19,833
<u>Payments</u>			
Expenditure on renewal/replacement of assets		(2,515,752)	(1,104,360)
Expenditure on new/upgraded assets		(2,603,579)	(2,196,072)
Loans made to community groups		(120,000)	(25,500)
<b>Net Cash provided by (or used in) Investing Activities</b>		<b>(4,133,575)</b>	<b>(3,159,182)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<u>Receipts</u>			
Proceeds from Borrowings		3,843,000	1,085,653
<u>Payments</u>			
Repayments of Borrowings		(648,765)	(547,431)
<b>Net Cash provided by (or used in) Financing Activities</b>		<b>3,194,235</b>	<b>538,222</b>
<b>Net Increase (Decrease) in cash held</b>		<b>(140,527)</b>	<b>330,867</b>
Cash & cash equivalents at beginning of period	11	<b>553,707</b>	222,840
<b>Cash &amp; cash equivalents at end of period</b>	11	<b>413,180</b>	<b>553,707</b>

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 2010

### 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.

##### 1.2 Historical Cost Convention

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

##### 1.3 Critical Accounting Estimates

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

##### 1.4 Rounding

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

#### 2 The Local Government Reporting Entity

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

#### 3 Income recognition

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

Revenue received in advance for the Commonwealth Financial Assistance Grant was treated as revenue in 09/10 as per the LGA recommendation

## District Council of Yankalilla

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2010

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

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

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

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

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 Transitional Provisions

Council has elected not to recognise land under roads in accordance with the deferral arrangements available under AASB 1045.

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".

##### 6.2 Initial Recognition

All assets are initially recognised at cost.

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

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



## District Council of Yankalilla

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

for the year ended 30 June 2010

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

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

#### 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 as follows. No capitalisation threshold is applied to the acquisition of land or interests in land.

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

#### 6.4 Subsequent Recognition

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

#### 6.5 Depreciation of Non-Current Assets

Other than land, all infrastructure, property, plant and equipment assets recognised are systematically depreciated over their useful lives in a manner which reflects the consumption of the service potential embodied in those assets.

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

Plant, Furniture & Equipment	
Office Equipment	5 to 10 years
Office Furniture	10 to 20 years
Vehicles and Road-making Equip	5 to 8 years
Other Plant & Equipment	5 to 15 years
Building & 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

## District Council of Yankalilla

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2010

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

Infrastructure	
Sealed Roads – Surface	17 to 25 years
Sealed Roads – Structure	40 to 80 years
Unsealed Roads	5 to 12 years
Bridges – Concrete	80 to 100 years
Paving & Footpaths, Kerb & Gutter	70 years
Drains	70 to 100 years
Culverts	100 years
Flood Control Structures	80 to 100 years
Dams and Reservoirs	80 to 100 years
Bores	20 to 40 years
Reticulation Pipes – PVC	70 to 80 years
Reticulation Pipes – other	25 to 75 years
Pumps & Telemetry	15 to 25 years
Other Assets	
Library Books	10 to 15 years
Artworks	indefinite

#### 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 2010

#### 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.

##### 7.3 Landfill Remediation

Council has recognised a provision for future capping and post closure landfill remediation work that is to be undertaken on Council owned and operated landfills. Council has a contractual obligation to undertake the work once the landfill is filled.

#### 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	4.48% (2009, 3.23%)
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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 2010

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

##### 10 Construction Contracts

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

##### 11 Joint Ventures and Associated Entities

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

##### 12 Leases

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

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

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

##### 13 GST Implications

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

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

##### 14 Accumulated Surplus

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

	2009	2010
<i>Accumulated Surplus</i>	1,118,000	396,023
<i>Retained Earnings (Contributed assets at minimal or no costs)</i>	29,512,233	29,366,606
<b>TOTAL ACCUMULATED SURPLUS</b>	<b>30,630,233</b>	<b>29,762,629</b>

## District Council of Yankalilla

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

for the year ended 30 June 2010

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

##### 15 New Accounting Standards

Certain new accounting standards and UIG interpretations have been published that are not mandatory for the 30 June 2010 reporting period.

- |   |                          |  |
|---|--------------------------|--|
| ➤ | AASB 1                   | <i>First-time Adoption of Australian Accounting Standards</i>  |
| ➤ | AASB 5                   | <i>Non-current Assets Held for Sale and Discontinued Operations</i>  |
| ➤ | AASB 7                   | <i>Financial Instruments: Disclosures</i>  |
| ➤ | AASB 9                   | <i>Financial Instruments</i>   |
| ➤ | AASB 101                 | <i>Presentation of Financial Statements</i>  |
| ➤ | AASB 107                 | <i>Statement of Cash Flows</i>   |
| ➤ | AASB 108                 | <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>   |
| ➤ | AASB 110                 | <i>Events after the Reporting Period</i>   |
| ➤ | AASB 117                 | <i>Leases</i>  |
| ➤ | AASB 118                 | <i>Revenue</i>   |
| ➤ | AASB 119                 | <i>Employee Benefits</i>   |
| ➤ | AASB 132                 | <i>Financial Instruments: Presentation</i>   |
| ➤ | AASB 136                 | <i>Impairment of Assets</i>  |
| ➤ | AASB 137                 | <i>Provisions, Contingent Liabilities and Contingent Assets</i>  |
| ➤ | AASB 139                 | <i>Financial Instruments: Recognition and Measurement</i>  |
| ➤ | AASB 1031                | <i>Financial Instruments: Recognition and Measurement</i>  |
| ➤ | AASB 2009-11             | <i>Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 &amp; 1038 and Interpretations 10 &amp; 12]</i> |
| ➤ | AASB 2009-12             | <i>Amendments to Australian Accounting Standards [AASB's 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 &amp; 1031 and Interpretations 2, 4, 16, 1039 &amp; 1052]</i>                                       |
| ➤ | AASB 2009-13             | <i>Amendments to Australian Accounting Standards arising from Interpretation 19 [AASB 1]</i>   |
| ➤ | AASB 2010-1              | <i>Amendments to Australian Accounting Standards – Limited Exemption from Comparative AASB 7 Disclosures for First-time Adopters [AASB 1 &amp; AASB 7]</i>   |
| ➤ | <i>Interpretation 4</i>  | <i>Determining whether an Arrangement contains a Lease</i>   |
| ➤ | <i>Interpretation 14</i> | <i>AASB 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction</i>   |
| ➤ |                          | <i>(Standards not affecting local government have been excluded from the above list.)</i>  |

*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 2010

### Note 2 - INCOME

	Notes	2010 \$	2009 \$
<b>RATES REVENUES</b>			
<u>General Rates</u>		6,624,463	6,219,540
Less: Mandatory rebates		(48,557)	(50,498)
Less: Discretionary rebates, remissions & write offs		<u>(17,946)</u>	<u>(15,126)</u>
		6,557,960	6,153,916
<u>Other Rates</u> (including service charges)			
Natural Resource Management levy		96,975	76,620
Community wastewater management systems		<u>956,347</u>	<u>920,490</u>
		1,053,322	997,110
<u>Other Charges</u>			
Penalties for late payment		75,413	93,945
Legal & other costs recovered		<u>75,413</u>	<u>39,956</u>
		75,413	133,901
		<u>7,686,695</u>	<u>7,284,927</u>
<b>STATUTORY CHARGES</b>			
Development Act fees		39,581	31,733
Town planning fees		64,934	76,015
Animal registration fees & fines		22,810	23,410
Other fines, penalties & expiations		3,114	4,933
Septic Tanks Application		43,311	44,199
Sundry		<u>1,580</u>	<u>1,100</u>
		175,330	181,390
<b>USER CHARGES</b>			
Cemetery/crematoria fees		600	1,500
Block Clearing Fees		5,098	2,655
Rubbish Dump Fees		59,396	50,269
Hall & equipment hire		5,626	262
Mobile Garbage Bin Sales		7,212	4,000
Road Rent & Reserves Leases		30,340	3,694
Search Fees		21,298	19,868
Community Bus		1,466	1,520
HACC Contributions		19,826	-
Sundry		<u>15,754</u>	<u>-</u>
		166,616	83,768
<b>INVESTMENT INCOME</b>			
Interest on investments			
Local Government Finance Authority		6,737	7,429
Banks & other		2,498	23,511
Investment property rental income		39,709	41,270
Caravan Park Property Lease		<u>312,849</u>	<u>307,922</u>
		361,793	380,132

# DISTRICT COUNCIL OF YANKALILLA

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2010

### NOTE 2 - INCOME (continued)

	Notes	2010 \$	2009 \$
<b>REIMBURSEMENTS</b>			
- for roadworks		-	11,895
- for private works		6,980	18,857
- other		69,281	75,748
		<u>76,261</u>	<u>106,500</u>
<b>OTHER INCOME</b>			
Insurance & other recoupments - infrastructure, property, plant & equipment		1,657	909
Rebates received		70,576	73,174
Sundry		39,310	68,719
		<u>111,543</u>	<u>142,802</u>
<b>GRANTS, SUBSIDIES, CONTRIBUTIONS</b>			
Amounts received specifically for new or upgraded assets		404,089	52,482
Other grants, subsidies and contributions		527,505	575,357
Individually significant item - additional Grants Commission payment	see below	63,453	58,572
		<u>995,047</u>	<u>686,411</u>
<i>The functions to which these grants relate are shown in Note 2.</i>			
<b>Sources of grants</b>			
Commonwealth government		404,089	92,789
State government		422,853	554,214
Other		168,105	39,408
		<u>995,047</u>	<u>686,411</u>

#### **Individually Significant Item**

On 30 June 2010, Council received payment of the first quarter instalment of the 2010/11 Financial Assistance Grant (FAG) and has treated this advance payment as a income in 2009/10. The treatment of the advance payment of the grant is consistent with the treatment applied to the advance payment received in the previous financial year.

	63,453	58,572
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# DISTRICT COUNCIL OF YANKALILLA

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2010

### NOTE 2 - INCOME (continued)

	2010	2009
Notes	\$	\$
<b>Conditions over grants &amp; contributions</b>		
<i>Grants and contributions which were obtained on the condition that they be expended for specified purposes or in a future period, but which are not yet expended in accordance with those conditions, are as follows:</i>		
<i>Unexpended at the close of the previous reporting period</i>	400,595	83,576
<i>Less: expended during the current period from revenues recognised in previous reporting periods</i>		
<i>Roads Infrastructure</i>	-	(1,576)
<i>Youth &amp; Community Centre</i>	-	-
<i>HACC Grant for Minor Plant</i>	(2,000)	(2,000)
<i>Waste Management Transfer Station</i>	-	-
<i>Community Wastewater Management Schemes</i>	(80,000)	-
<i>Natural Resources Grant</i>	(22,730)	-
<i>Regional &amp; Local Community Infrastructure Program</i>	(100,000)	-
<i>Envirofund Land End</i>	(8,490)	-
<i>Recreational Grant</i>	(165,000)	-
<i>Subtotal</i>	(378,220)	(3,576)
<i>Plus: amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions</i>		
<i>Natural Resources Grant</i>	-	45,105
<i>HACC Grant for Minor Plant</i>	2,000	2,000
<i>Regional &amp; Local Community Infrastructure Program</i>	30,000	100,000
<i>Envirofund Land End</i>	-	8,490
<i>Recreational Grant</i>	-	165,000
<i>VIC Tourism Grant</i>	6,000	-
<i>Cape Jervis Ferry Terminal Landscaping</i>	51,242	-
<i>Subtotal</i>	89,242	320,595
<i>Unexpended at the close of this reporting period</i>	111,617	400,595
<i>Net increase (decrease) in assets subject to conditions in the current reporting period</i>	(288,978)	317,019

### PHYSICAL RESOURCES RECEIVED FREE OF CHARGE

Roads, Bridges & Footpaths	-	230,942
Urban Stormwater Drainage	-	180,559
Community Waste Management Scheme	211,840	12,300
Land	44,000	-
<b>TOTAL PHYSICAL RESOURCES RECEIVED</b>	<b>255,840</b>	<b>423,801</b>



# DISTRICT COUNCIL OF YANKALILLA

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2010

### Note 3 - EXPENSES

	Notes	2010 \$	2009 \$
<b>EMPLOYEE COSTS</b>			
Salaries and Wages		2,842,915	2,683,454
Employee leave expense		(33,166)	127,897
Superannuation - defined contribution plan contributions	1	247,200	230,584
Workers' Compensation Insurance		129,993	125,874
Other		34,133	31,775
Less: Capitalised and distributed costs		(93,171)	(263,609)
<b>Total Operating Employee Costs</b>		<b>3,127,904</b>	<b>2,935,975</b>
<b>Total Number of Employees</b>		<b>42.5</b>	<b>42.5</b>
<i>(Full time equivalent at end of reporting period)</i>			
<b>MATERIALS, CONTRACTS &amp; OTHER EXPENSES</b>			
<u>Prescribed Expenses</u>			
Auditor's Remuneration			
- Auditing the financial reports		9,850	9,350
- Other Auditors		3,300	5,400
Bad and Doubtful Debts		1,132	-
Elected members' expenses		192,612	183,424
Election expenses		1,845	1,754
Insurance		181,468	162,892
Operating Lease Rentals - cancellable leases		29,887	43,714
<b>Subtotal - Prescribed Expenses</b>		<b>420,094</b>	<b>406,534</b>
<u>Other Materials, Contracts &amp; Expenses</u>			
Contractors		1,965,590	2,533,474
Individually Significant Items		-	76,347
Legal Expenses		99,554	96,105
Levies paid to government - NRM levy		92,285	75,390
- Other Levies		7,201	8,327
Parts, accessories & consumables		429,442	242,174
Sundry		22,281	22,627
<b>Subtotal - Other Materials, Contracts &amp; Expenses</b>		<b>2,616,353</b>	<b>3,054,444</b>
		<b>3,036,447</b>	<b>3,460,978</b>
<b>INDIVIDUALLY SIGNIFICANT ITEMS</b>			
Expenses involved in the identification of skeleton remains at Rapid Bay and their interment in accordance with Aboriginal protocol in 2008/09.			
		-	76,347

## DISTRICT COUNCIL OF YANKALILLA

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2010

#### Note 3 - EXPENSES (cont)

	2010	2009
Notes	\$	\$
<b>FINANCE COSTS</b>		
Interest on Loans	531,265	447,326
	<b>531,265</b>	<b>447,326</b>
<b>DEPRECIATION, AMORTISATION &amp; IMPAIRMENT</b>		
<b>Depreciation</b>		
Building	292,551	141,330
Recreation	53,073	68,112
Transport Infrastructure	1,911,479	1,884,256
CWMS Infrastructure	161,892	160,012
Stormwater Infrastructure	156,584	89,631
Major Plant & Equipment	362,084	338,299
Minor Plant	110,309	64,885
Furniture & Fittings	133,959	122,168
Other	15,335	36,608
	<b>3,197,266</b>	<b>2,905,301</b>

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

##### INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

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

Proceeds from disposal	676,380	94,435
Less: Carrying amount of assets sold	1,464,125	118,973
<b>NET GAIN (LOSS) ON DISPOSAL OR REVALUATION OF ASSETS</b>	<b>(787,745)</b>	<b>(24,538)</b>

Council has undertaken a review of all recorded assets in the Balance Sheet during 2009/10 and determined that it is not the owner of the Normanville and Second Valley Jetties. Council has determined therefore that it should not carry these items as assets in the Balance Sheet. Council has recorded a disposal of these items at the recorded written down replacement cost as at 1 July 2009.

# DISTRICT COUNCIL OF YANKALILLA

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2010

### Note 5 - CURRENT ASSETS

	Notes	2010 \$	2009 \$
<b>CASH &amp; EQUIVALENT ASSETS</b>			
Cash on Hand and at Bank		144,207	233,266
BankSA - 24 Hour Call		110,921	20,239
LGFA - 24 Hour Call		157,470	275,316
LGFA CWMS - 24 Hour Call		582	-
LGFA CWMS - 24 Hour Call Grant		-	24,886
		<b>413,180</b>	<b>553,707</b>
<b>TRADE &amp; OTHER RECEIVABLES</b>			
Rates - General & Other		980,130	814,495
Accrued Revenues		2,330	1,428
Debtors - general		146,785	108,033
GST Recoupment		20,696	30,534
Prepayments		24,489	12,261
Loans to community organisations		30,103	19,533
Total		<b>1,204,533</b>	<b>986,284</b>
Less: Provision for Impairment		3,793	-
		<b>1,200,740</b>	<b>986,284</b>
<b>OTHER CURRENT ASSETS</b>			
Land Held for Sale		-	227,500
		<b>-</b>	<b>227,500</b>
<b>INVENTORIES</b>			
Stores & Materials		18,795	19,898
		<b>18,795</b>	<b>19,898</b>

*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

#### FINANCIAL ASSETS

Receivables			
Loans to community organisations		130,543	46,400
<b>TOTAL FINANCIAL ASSETS</b>		<b>130,543</b>	<b>46,400</b>

#### EQUITY ACCOUNTED INVESTMENTS IN COUNCIL BUSINESSES

<i>Southern &amp; Hills Local Government Association</i>	19	5,474	3,765
<i>Fleurieu Regional Waste Authority</i>	19	-	-
		<b>5,474</b>	<b>3,765</b>

# DISTRICT COUNCIL OF YANKALILLA

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2010

	2009				2010			
	AT FAIR VALUE	AT COST	ACCUM DEPN	CARRYING AMOUNT	AT FAIR VALUE	AT COST	ACCUM DEPN	CARRYING AMOUNT
								\$
<b>Note 7 - INFRASTRUCTURE, PROPERTY, PLANT &amp; EQUIPMENT</b>								
Land	9,427,600	25,839	-	9,453,439	11,036,120	-	-	11,036,120
Building	4,581,903	4,235,181	(1,696,645)	7,120,439	11,156,179	321,499	(2,559,257)	8,918,421
Recreation	2,158,064	93,155	(940,649)	1,310,570	2,675,996	-	(764,322)	1,911,674
Transport Infrastructure	63,220,592	2,081,475	(24,195,308)	41,106,759	79,589,137	1,293,841	(32,683,137)	48,199,841
CWMS Infrastructure	8,258,220	131,049	(1,633,893)	6,755,376	8,524,524	1,592,287	(1,832,129)	8,284,682
Stormwater Infrastructure	7,057,563	461,611	(1,835,046)	5,684,128	14,043,399	9,800	(2,466,163)	11,587,036
Major Plant & Equipment	-	2,926,892	(1,293,551)	1,633,341	-	3,061,957	(1,300,396)	1,761,561
Minor Plant	-	405,929	(65,805)	340,124	-	628,448	(106,075)	522,373
Furniture & Fittings	-	1,140,882	(447,982)	692,900	-	1,163,608	(482,748)	680,860
Other	-	804,042	(359,098)	444,944	526,290	-	(220,112)	306,178
<b>TOTAL PROPERTY, PLANT &amp; EQUIPMENT</b>	<b>94,703,942</b>	<b>12,306,055</b>	<b>(32,467,977)</b>	<b>74,542,020</b>	<b>127,551,645</b>	<b>8,071,440</b>	<b>(42,414,339)</b>	<b>93,208,746</b>
<b>2009 Totals</b>	<b>94,321,338</b>	<b>9,268,693</b>	<b>(29,823,389)</b>	<b>73,766,642</b>	<b>94,703,942</b>	<b>12,306,055</b>	<b>(32,467,977)</b>	<b>74,542,020</b>

*This Note continues on the following pages.*

# DISTRICT COUNCIL OF YANKALILLA

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2010

	CARRYING AMOUNT MOVEMENTS DURING YEAR								2010
	\$								\$
	2009 CARRYING AMOUNT	Additions		Disposals	Depreciation	Transfers	Net Revaluation	CARRYING AMOUNT	
	New/Upgrade	Renewals							
<b>Note 7 - INFRASTRUCTURE, PROPERTY, PLANT &amp; EQUIPMENT</b>									
Land	9,453,439	483,046	-	-	-	-	1,099,635	11,036,120	
Building	7,120,439	429,381	28,939	(292,551)	-	-	1,632,213	8,918,421	
Recreation	1,310,570	100,000	79,944	(282,754)	-	-	756,987	1,911,674	
Transport Infrastructure	41,106,759	-	1,293,841	(643,631)	(1,911,479)	-	8,354,351	48,199,841	
CWMS Infrastructure	6,755,376	1,681,073	10,125	-	(161,892)	-	-	8,284,682	
Stormwater Infrastructure	5,684,128	-	9,800	-	(156,584)	-	6,049,692	11,587,036	
Major Plant & Equipment	1,633,341	-	642,424	(152,120)	(362,084)	-	-	1,761,561	
Minor Plant	340,124	-	450,679	(158,121)	(110,309)	-	-	522,373	
Furniture & Fittings	692,900	121,919	-	-	(133,959)	-	-	680,860	
Other	444,944	-	-	-	(15,335)	-	(123,431)	306,178	
<b>TOTAL INFRASTRUCTURE, PROPERTY, PLANT &amp; EQUIPMENT</b>	<b>74,542,020</b>	<b>2,815,419</b>	<b>2,515,752</b>	<b>(1,236,626)</b>	<b>(3,197,266)</b>	<b>-</b>	<b>17,769,447</b>	<b>93,208,746</b>	
<b>2009 Totals</b>	<b>73,766,642</b>	<b>2,196,072</b>	<b>1,104,360</b>	<b>(118,973)</b>	<b>(2,905,301)</b>	<b>(227,500)</b>	<b>726,720</b>	<b>74,542,020</b>	

This Note continues on the following pages.

# DISTRICT COUNCIL OF YANKALILLA

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2010

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

#### Valuation of Assets

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

#### **Land & Land Improvements**

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

Freehold land 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 assets have all been revalued as at the 30th June 2010 internally by Council Staff using the Valuer General's Report for Rates. 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 & Other Structures**

Buildings and other structures was valued by Maloney Fields Services, Property Consultants and Valuers at written down current replacement cost during the reporting period ended 30 June 2010.

#### **Infrastructure**

Transportation assets were valued by Tonkin Consulting at written down current replacement cost during the reporting period beginning 1 July 2009 and pursuant to Council's election are disclosed at fair value. All acquisitions made after the respective dates of valuation are recorded at cost.

Stormwater drainage infrastructure was valued by Tonkin Consulting at written down current replacement cost during the reporting period beginning 1 July 2009, and pursuant to Council's election are disclosed at fair value. All acquisitions made after the respective dates of valuation are recorded at cost.

Community Wastewater Management Scheme infrastructure was valued by Maloney Fields Services, Property Consultants and Valuers at written down current replacement cost during the reporting period ended 30 June 2008 and pursuant to Council's election are disclosed at fair value. All acquisitions made after the respective dates of valuation are recorded at cost.

Council have taken over the ownership of the Lady Bay Shores scheme as at 1 December 2009. Council have recognised these assets at cost representing the estimated Written down Replacement Cost as at the date of transfer of ownership. In the 2010/11 financial year, Council will be undertaking an independent external valuation of all CWMS assets.

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

These assets are recognised on the cost basis.

#### **All other assets**

These assets are recognised on the cost basis.

#### **Reclassification of Assets**

Council undertook an Assets reclassification of the Infrastructure, Major Plant & Equipment and Other into the following Classes at the 1 July 2008.

Transport Infrastructure	Stormwater
CWMS	Major Plant
Minor Plant	Recreation
Other	

# DISTRICT COUNCIL OF YANKALILLA

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2010

### Note 8 - LIABILITIES

Notes	2010 \$		2009 \$	
	Current	Non-current	Current	Non-current
<b>TRADE &amp; OTHER PAYABLES</b>				
Goods & Services	283,632	-	285,395	-
Payments received in advance	21,475	-	335,644	-
Accrued expenses - employee entitlements	290,350	-	340,455	-
Accrued expenses - other	338,406	-	321,247	-
Other	10,426	-	9,367	-
	<b>944,289</b>	-	<b>1,292,108</b>	-
<b>BORROWINGS</b>				
Short term Loan	2,559,769	-	2,036,769	-
Loans	728,005	6,694,008	643,011	4,107,768
	<b>3,287,774</b>	<b>6,694,008</b>	<b>2,679,780</b>	<b>4,107,768</b>

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

### PROVISIONS

Employee entitlements (including oncosts)	313,299	66,962	120,568	292,858
Future reinstatement / restoration, etc	165,000	-	700,000	600,000
	<b>478,299</b>	<b>66,962</b>	<b>820,568</b>	<b>892,858</b>

#### *Movements in Provisions - 2010 year only (current & non-current)*

<i>Opening Balance</i>	<i>Future Reinstatement</i>
	1,300,000
<i>(Less) Payments</i>	-700,000
<i>Add (Less) Remeasurement Adjustments</i>	-435,000
<i>Closing Balance</i>	<b>165,000</b>

*Council has undertaken a review of the Landfill Remediation and Closure liability during 2009/10 estimating that the projected cost for closing the landfill facility is \$165,000. The revised closure plans have been reviewed and approved by the Environmental Protection Agency (EPA). This has resulted in a reduction in the original estimate recorded and as such, the reduction in the liability has been reflected in the statements of Comprehensive Income.*

## DISTRICT COUNCIL OF YANKALILLA

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2010

#### Note 9 - RESERVES

ASSET REVALUATION RESERVE	1/7/2009	Net Increments (Decrements)	Transfers, Impairments	30/6/2010
Notes	\$	\$	\$	\$
Land	6,127,337	1,099,635	-	7,226,972
Building	1,457,193	1,632,213	-	3,089,406
Recreation	-	756,987	744,326	1,501,313
Transport Infrastructure	27,219,673	8,354,351	(4,119,165)	31,454,859
CWMS Infrastructure	-	-	1,609,537	1,609,537
Stormwater Infrastructure	-	6,049,692	1,898,885	7,948,577
Other	308,619	(123,431)	(133,583)	51,605
<b>TOTAL</b>	<b>35,112,822</b>	<b>17,769,447</b>	<b>-</b>	<b>52,882,269</b>
<b>2009 Totals</b>	<b>34,386,102</b>	<b>726,720</b>	<b>-</b>	<b>35,112,822</b>

OTHER RESERVES	1/7/2009	Transfers to Reserve	Transfers from Reserve	30/6/2010
TV Translator Reserve	20,000	-	-	20,000
Open Space Development	2,433	-	-	2,433
Community Waste Management Scheme	812,313	17,811	-	830,124
Caravan Park Reserve	8,691	-	-	8,691
<b>TOTAL OTHER RESERVES</b>	<b>843,437</b>	<b>17,811</b>	<b>-</b>	<b>861,248</b>
<b>2009 Totals</b>	<b>863,417</b>	<b>-</b>	<b>(19,980)</b>	<b>843,437</b>

#### **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).



## DISTRICT COUNCIL OF YANKALILLA

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2010

#### 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	2010 \$	2009 \$
<b>CASH &amp; FINANCIAL ASSETS</b>			
CWMS Scheme		-	24,886
Normanville Dunes (NRM) Grant		22,730	45,105
Regional & Local Community Infrastructure Program		30,000	-
Cape Jervis Ferry Terminal Landscaping		51,242	-
		<b>103,972</b>	<b>69,991</b>
<b>INFRASTRUCTURE, PROPERTY, PLANT &amp; EQUIPMENT</b>			
Purchase of Land		-	165,000
Recreational Play Equipment Grant		-	100,000
		<b>-</b>	<b>265,000</b>
<b>TOTAL ASSETS SUBJECT TO EXTERNALLY IMPOSED RESTRICTIONS</b>		<b>103,972</b>	<b>334,991</b>

# DISTRICT COUNCIL OF YANKALILLA

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2010

### 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	2010 \$	2009 \$
Total cash & equivalent assets	5	<u>413,180</u>	<u>553,707</u>
Balances per Cash Flow Statement		<u>413,180</u>	<u>553,707</u>

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

Net Surplus (Deficit)		(849,793)	(487,648)
Non-cash items in Income Statement			
Depreciation, amortisation & impairment		3,197,266	2,905,301
Equity movements in equity accounted investments (increase) decrease		(1,709)	3,262
Net increase (decrease) in unpaid employee benefits		(83,270)	42,393
Change in allowances for under-recovery		3,793	-
Non-cash asset acquisitions		(255,840)	(423,801)
Grants for capital acquisitions treated as Investing Activity		(404,089)	(52,482)
Net (Gain) Loss on Disposals		787,745	24,538
		<u>2,394,103</u>	<u>2,011,563</u>
Add (Less): Changes in Net Current Assets			
Net (increase) decrease in receivables		(207,679)	(58,618)
Net (increase) decrease in inventories		1,103	46
Net increase (decrease) in trade & other payables		(1,763)	998,836
Net increase (decrease) in other provisions		(1,135,000)	-
Net increase (decrease) in other liabilities		(251,951)	-
<b>Net Cash provided by (or used in) operations</b>		<u>798,813</u>	<u>2,951,827</u>

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

Acquisition of assets by means of:			
- Physical resources received free of charge	3	<u>255,840</u>	<u>423,801</u>
<i>Amounts recognised in Income Statement</i>		255,840	423,801

**(d) Financing Arrangements**

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

Corporate Credit Cards	10,000	5,000
Cash Advance Debenture	6,500,000	7,500,000

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice. Council also has immediate access to a short-term draw-down facility, and variable interest rate borrowings under a cash advance facility, both 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 2010

### 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	2010	2009	2010	2009
	2010	2009	2010	2009	2010	2009	\$	\$	\$	\$
Business Undertakings	1,390,896	1,379,456	924,102	950,172	466,794	429,284	38,000	49,091	12,746,645	10,631,032
Community Services	101,926	84,312	1,033,557	1,050,173	(931,631)	(965,861)	69,860	78,871	3,431,789	2,757,453
Culture	6,542	6,523	65,910	54,086	(59,368)	(47,563)	6,542	6,523	474,751	497,250
Economic Development	21,641	6,009	213,616	250,128	(191,975)	(244,119)	6,000	-	756,963	1,238
Environment	351,648	142,600	1,078,181	1,572,105	(726,533)	(1,429,505)	-	70,000	13,517,907	6,959,215
Recreation	1,962	150	588,098	588,116	(586,136)	(587,966)	186,814	-	5,759,219	4,701,185
Regulatory Services	189,433	200,304	1,049,775	1,159,712	(860,342)	(959,408)	-	-	91,526	68,965
Transport	189,426	318,950	4,028,999	3,989,057	(3,839,573)	(3,670,107)	189,426	317,055	48,399,074	41,513,274
Plant Hire & Depot/Indirect	28,619	26,838	726,125	1,671	(697,506)	25,167	-	-	2,387,598	1,947,084
Unclassified Activities	136	30,146	184,519	134,359	(184,383)	(104,213)	-	-	1,122,463	1,038,167
Council Administration	6,886,967	6,618,160	-	-	6,886,967	6,618,160	94,316	112,389	6,284,069	6,260,946
Joint Ventures & Subsidiaries	1,709	-	-	3,262	1,709	(3,262)	-	-	5,474	3,765
<b>TOTALS</b>	<b>9,170,905</b>	<b>8,813,448</b>	<b>9,892,882</b>	<b>9,752,841</b>	<b>(721,977)</b>	<b>(939,393)</b>	<b>590,958</b>	<b>633,929</b>	<b>94,977,478</b>	<b>76,379,574</b>

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

# DISTRICT COUNCIL OF YANKALILLA

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2010

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

The activities relating to Council functions are as follows:

#### Business Undertakings

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

#### Community Services

Public Order and Safety, Emergency Services, Other Fire Protection, Other Public Order and Safety, Pest Control – Health, Immunisation, Preventive Health Services, Other Health Services, Community Support, Home Assistance Scheme, Child Care Centres, 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, Heritage, 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, Streetscaping, 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, Parking Control, and Other Regulatory Services.

#### Transport

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

#### Plant Hire & Depot

#### Unclassified Activities

#### 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 2010

### Note 13 - FINANCIAL INSTRUMENTS

#### Recognised Financial Instruments

<b>Bank, Deposits at Call, Short Term Deposits</b>	<p><b>Accounting Policy:</b> Carried at lower of cost and net realisable value; Interest is recognised when earned.</p> <p><b>Terms &amp; conditions:</b> Deposits are returning fixed interest rates between 0.55% and 4.5% (2009: 0.55% and 2.75%).</p> <p><b>Carrying amount:</b> approximates fair value due to the short term to maturity.</p>
<b>Receivables - Rates &amp; Associated Charges (including legals &amp; penalties for late payment)</b>	<p><b>Accounting Policy:</b> Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable.</p> <p><b>Terms &amp; conditions:</b> Secured over the subject land, arrears attract interest of monthly interest 0.85% and quarterly interest 2.0% (2009: monthly interest 0.58% 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><b>Carrying amount:</b> approximates fair value (after deduction of any allowance).</p>
<b>Receivables - Fees &amp; other charges</b>	<p><b>Accounting Policy:</b> Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable.</p> <p><b>Terms &amp; conditions:</b> Unsecured, and do not bear interest. Although Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries.</p> <p><b>Carrying amount:</b> approximates fair value (after deduction of any allowance).</p>
<b>Receivables - other levels of government</b>	<p><b>Accounting Policy:</b> Carried at nominal value.</p> <p><b>Terms &amp; conditions:</b> Amounts due have been calculated in accordance with the terms and conditions of the respective programs following advice of approvals, and do not bear interest. All amounts are due by Departments and Agencies of the Governments of the Commonwealth &amp; State.</p> <p><b>Carrying amount:</b> approximates fair value.</p>
<b>Liabilities - Creditors and Accruals</b>	<p><b>Accounting Policy:</b> Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Council.</p> <p><b>Terms &amp; conditions:</b> Liabilities are normally settled on 30 day terms.</p> <p><b>Carrying amount:</b> approximates fair value.</p>
<b>Liabilities - Interest Bearing Borrowings</b>	<p><b>Accounting Policy:</b> Carried at the principal amounts. Interest is charged as an expense as it accrues.</p> <p><b>Terms &amp; conditions:</b> secured over future revenues, borrowings are repayable; interest is charged at fixed and variable rates between 4.25% and 9.40% (2009:3.75% and 9.40%)</p> <p><b>Carrying amount:</b> approximates fair value.</p>
<b>Liabilities - Finance Leases</b>	<p><b>Accounting Policy:</b> accounted for in accordance with AASB 117.</p>

## DISTRICT COUNCIL OF YANKALILLA

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2010

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

##### Liquidity Analysis

2010	Floating Interest Rate \$	Due < 1 year \$	Due > 1 year; < 5 years \$	Due > 5 years \$	Non- Interest Bearing \$	Total Contractual Cash Flows \$	Carrying Values \$
<b>Financial Assets</b>							
<u>Fair Value through P&amp;L</u>							
Cash Assets	412,050	-	-	-	1,130	413,180	413,180
<u>Loan &amp; Receivables</u>							
Receivables	-	-	-	-	1,204,533	1,204,533	1,204,533
<b>Total</b>	<b>412,050</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,205,663</b>	<b>1,617,713</b>	<b>1,617,713</b>

##### Financial Liabilities

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

2009	Floating Interest Rate \$	Due < 1 year \$	Due > 1 year; ≤ 5 years \$	Due > 5 years \$	Non- Interest Bearing \$	Total Contractual Cash Flows \$	Carrying Values \$
<b>Financial Assets</b>							
<u>Fair Value through P&amp;L</u>							
Cash Assets	552,577	-	-	-	1,130	553,707	553,707
<u>Loan &amp; Receivables</u>							
Receivables	-	-	-	-	986,284	986,284	986,284
<b>Total</b>	<b>552,577</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>987,414</b>	<b>1,539,991</b>	<b>1,539,991</b>

##### Financial Liabilities

Payables	-	-	-	-	294,762	294,762	294,762
Current Borrowings	2,036,769	932,890	-	-	-	2,969,659	2,679,780
Non-Current Borrowings	-	-	4,006,079	3,515,976	-	7,522,055	4,107,768
<b>Total</b>	<b>2,036,769</b>	<b>932,890</b>	<b>4,006,079</b>	<b>3,515,976</b>	<b>294,762</b>	<b>10,786,476</b>	<b>7,082,310</b>

## DISTRICT COUNCIL OF YANKALILLA

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2010

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

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

	30 June 2010		30 June 2009	
	Weighted Average Interest Rate	Carrying Value	Weighted Average Interest Rate	Carrying Value
	%	\$	%	\$
Other Variable Rates	5.25	2,875,302	4.25	2,331,531
Fixed Interest Rates	6.44	7,422,013	6.26	4,750,779
		<b>10,297,315</b>		<b>7,082,310</b>

#### Net Fair Value

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

#### Risk Exposures

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

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

Liquidity Risk is the risk that Council will encounter difficulty in meeting obligations with financial liabilities. In accordance with the model Treasury Policy (LGA Information Paper 15), liabilities have a range of maturity dates based on cash inflows. Council also has available a range of bank overdraft and short-term draw down 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 2010

### Note 14 - COMMITMENTS FOR EXPENDITURE

	2010	2009
<u>Notes</u>	\$	\$
<b>Capital Commitments</b>		
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Land	-	165,000
Buildings	50,638	378,000
Community Waste Management Services	146,428	-
Plant & Equipment	174,000	100,000
	<b>371,066</b>	<b>643,000</b>
These expenditures are payable:		
Not later than one year	371,066	643,000
	<b>371,066</b>	<b>643,000</b>
<b>Other Expenditure Commitments</b>		
Other expenditure committed for (excluding inventories) at the reporting date but not recognised in the financial statements as liabilities:		
Audit Services	20,000	30,000
Waste Management Services	570,528	403,210
Employee Remuneration Contracts	143,043	150,034
	<b>733,571</b>	<b>583,244</b>
These expenditures are payable:		
Not later than one year	723,571	563,244
Later than one year and not later than 5 years	10,000	20,000
	<b>733,571</b>	<b>583,244</b>



# DISTRICT COUNCIL OF YANKALILLA

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2010

### Note 15 - FINANCIAL INDICATORS

2010                      2009                      2008

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

<b>Operating Surplus</b>	(721,977)	(939,393)	(2,188,137)
<i>Being the operating surplus (deficit) before capital amounts .</i>			

<b>Adjusted Operating Surplus</b>	(726,858)	(997,965)	(2,188,137)
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*In June 2010 the Commonwealth Government again made an advance payment of \$63,453 which represents one quarter of the 2010/11 Financial Assistance Grant (see Note 2). The Adjusted Operating Surplus and Adjusted Operating Surplus Ratio adjust for the effect of the advance payment in both 2009 and 2010.*

<b>Operating Surplus Ratio</b>			
<u>Operating Surplus</u>	(10%)	(13%)	(34%)
Rates - general & other less NRM levy			

<b>Adjusted Operating Surplus Ratio</b>	(10%)	(14%)	(34%)
---	-------	-------	-------

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

<b>Net Financial Liabilities</b>	9,726,869	8,206,691	7,446,193
----------------------------------	-----------	-----------	-----------

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

<b>Net Financial Liabilities Ratio</b>			
<u>Net Financial Liabilities</u>	107%	94%	90%
Total Operating Revenue less NRM levy			

<b>Interest Cover Ratio</b>			
<u>Net Interest Expense</u>	6.0%	5.0%	6.5%
Total Operating Revenue less NRM levy less Investment Income			

<b>Asset Sustainability Ratio</b>			
<u>Net Asset Renewals</u>	67%	35%	172%
Depreciation Expense			

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

<b>Asset Consumption Ratio</b>			
<u>Carrying value of depreciable assets</u>	66%	67%	68%
Gross value of depreciable assets			

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

# DISTRICT COUNCIL OF YANKALILLA

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2010

### 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

	2010 \$	2009 \$
Income	9,170,905	8,813,448
<i>less</i> Expenses	9,892,882	9,752,841
	(721,977)	(939,393)
 <b><i>less</i> Net Outlays on Existing Assets</b>		
Capital Expenditure on renewal and replacement of Existing Assets	2,515,752	1,104,360
<i>less</i> Depreciation, Amortisation and Impairment	3,197,266	2,905,301
<i>less</i> Proceeds from Sale of Replaced Assets	358,180	94,435
	(1,039,694)	(1,895,376)
 <b><i>less</i> Net Outlays on New and Upgraded Assets</b>		
Capital Expenditure on New and Upgraded Assets <i>(including investment property &amp; real estate developments)</i>	2,603,579	2,196,072
<i>less</i> Amounts received specifically for New and Upgraded Assets	404,089	52,482
<i>less</i> Proceeds from Sale of Surplus Assets <i>(including investment property and real estate developments)</i>	318,200	-
	1,881,290	2,143,590
 <b>Net Lending / (Borrowing) for Financial Year</b>	 <b>(1,563,573)</b>	 <b>(1,187,607)</b>

# DISTRICT COUNCIL OF YANKALILLA

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2010

### 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 where ever 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:

	2010	2009
	\$	\$
Not later than one year	144,640	38,786
Later than one year and not later than 5 years	-	144,640
	<u>144,640</u>	<u>183,426</u>

#### *Lease payment commitments of Council*

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

Contingent rental payments exist in relation to the lease of one grader if utilisation exceeds 250 hours during any month. No contingent rentals were paid during the current or previous reporting periods.

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

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

No lease contains any escalation clause.

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

	2010	2009
	\$	\$
Not later than one year	16,244	34,380
Later than one year and not later than 5 years	-	16,244
	<u>16,244</u>	<u>50,624</u>

# DISTRICT COUNCIL OF YANKALILLA

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2010

### Note 18 – SUPERANNUATION

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

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

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

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

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

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

The most recent full actuarial investigation conducted by the Scheme's actuary, L C Brett, BSc., FIA, FIAA, of Brett and Watson Pty Ltd as at 30 June 2009, the Trustee has determined that the current funding arrangements are adequate for the expected Defined Benefit Plan liabilities. However, future financial and economic circumstances may require changes to 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 2010

### Note 19 - JOINT VENTURES & ASSOCIATED ENTITIES

#### Southern & Hills Local Government Association

In conjunction with District Council of Yankalilla, other Contituent Councils are Adelaide Hills, Alexandrina Council, Barossa Council, Kangaroo Island Council, District Council of Mount Barker and City of Victor Harbour.

	2010	2009
<b>Southern &amp; Hills Local Government Association</b>	<b>\$</b>	<b>\$</b>
Council's respective interests are:		
- interest in outputs of the joint operation	12.5%	12.5%
- ownership interest in the joint operation	12.5%	12.5%
- the proportion of voting power in the joint operation	12.5%	12.5%
<u>Movements in Investment in Joint Operation</u>	<u>\$</u>	<u>\$</u>
Opening Balance	3,765	7,027
Share in Operating Result	1,709	(3,262)
<b>Share in Equity of Joint Operation</b>	<b><u>5,474</u></b>	<b><u>3,765</u></b>

#### Fleurieu Regional Waste Authority

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

	2010	2009
<b>Fleurieu Regional Waste Authority</b>	<b>\$</b>	<b>\$</b>
Council's respective interests are:		
- interest in outputs of the joint operation	25.0%	-
- ownership interest in the joint operation	25.0%	-
- the proportion of voting power in the joint operation	25.0%	-

Council became member of the Fleurieu Regional Waste Authority since gazetted on 11th February 2010 and council has committed expenditure recorded in Note 14 of \$570,528 to the subsidiary for 2010/11 financial year.

# DISTRICT COUNCIL OF YANKALILLA

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2010

### Note 20 - CONTINGENCIES & ASSETS & LIABILITIES NOT RECOGNISED IN THE STATEMENT OF FINANCIAL POSITION

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

#### 1. LAND UNDER ROADS

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

#### 2. POTENTIAL INSURANCE LOSSES

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

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

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

#### 3. LEGAL EXPENSES

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

# DISTRICT COUNCIL OF YANKALILLA

## ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2010

### STATEMENT BY CHIEF EXECUTIVE OFFICER

I, Roger Sweetman, the person for the time being occupying the position of Chief Executive Officer of District Council of Yankalilla, do hereby state that the Financial Statements of the Council for the year ended 30 June 2010 are to the best of my knowledge presented fairly, and in accordance with accounting procedures which have been maintained in accordance with the *Local Government Act 1999 and the Local Government (Financial Management) Regulations 1999* made under that Act.



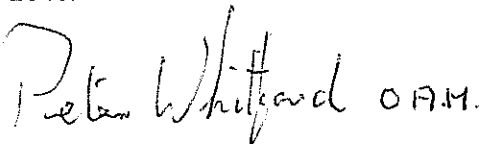
Roger Sweetman

**CHIEF EXECUTIVE OFFICER**

Dated this 13 day of October 2010

### ADOPTION STATEMENT

Laid before the (insert Council name) and adopted on the 21 day of October 2010.



Peter Whitford

**MAYOR**

**DISTRICT COUNCIL OF YANKALILLA**

**ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 June 2010**

**CERTIFICATION OF AUDITOR INDEPENDENCE**

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of SA Model Council for the year ended 30 June 2010, the Council's Auditor, Dean Newbery & Partners Chartered Accountants, has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 1999* made under that Act.

This statement is prepared in accordance with the requirements of Regulation 16A(2) *Local Government (Financial Management) Regulations 1999*.



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



.....  
Paul Newman  
**PRESIDING MEMBER  
AUDIT COMMITTEE**

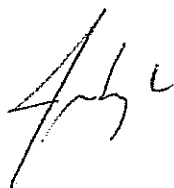
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**Auditor's Independence Declaration Under Section 16A of the Local Government (Financial Management) Regulations 1999 to the District Council of Yankalilla.**

I confirm that, for the audit of the financial statements of the District Council of Yankalilla for the year ended 30 June 2010, 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 1999* made under that Act.

This statement is prepared in accordance with the requirements of Regulation 16A (4) *Local Government (Financial Management) Regulations 1999*.



**JIM KEOGH**  
Partner

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

**NORTH ADELAIDE, this 12th day of July 2010**

# DEAN NEWBERY & PARTNERS CHARTERED ACCOUNTANTS

ABN 30 164 612 890

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

We have audited the accompanying financial report of the District Council of Yankalilla, which comprises the balance sheet as at 30 June 2010 and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the Chief Executive Officer's Statement.

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

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

### *Auditor's Responsibility*

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

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

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

### **Independence**

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

### **Auditor's Opinion**

In our opinion, the financial report presents fairly, in all material respects, the financial position of the District Council of Yankalilla as of 30 June 2010, and its financial performance and cash flows for the year then ended in accordance with the Local Government Act 1999, Local Government (Financial Management) Regulations 1999 and the Australian Accounting Standards (including Australian Accounting Interpretations).

DEAN NEWBERY & PARTNERS  
CHARTERED ACCOUNTANTS



JIM KEOGH  
PARTNER

Signed on the 13<sup>th</sup> day of October 2010,  
at 214 Melbourne Street, North Adelaide, South Australia 5006.

**SOUTHERN & HILLS LOCAL GOVERNMENT ASSOCIATION**  
**FINANCIAL STATEMENTS**

**Income Statement for the Year Ending 30<sup>th</sup> June 2010**

	Notes	2010 \$	2009 \$
<b>Income</b>			
Subscriptions	1(f)	60,000	44,000
Operating Grants		33,661	32,904
Investment Income	1(e)	2,522	3,980
Other		0	2,142
		96,183	83,026
<b>Expenditure</b>			
Contractual Services	3	76,640	103,855
Finance Charges		1,016	916
Other		4,858	4,354
		82,514	109,125
<b>Surplus (Deficit) from Operations</b>		<b>13,669</b>	<b>(26,099)</b>

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

## SOUTHERN & HILLS LOCAL GOVERNMENT ASSOCIATION

### Balance Sheet as at 30<sup>th</sup> June 2010

		2010	2009
	Notes	\$	\$
<b>Current Assets</b>			
Investments	1(e)	44,310	33,314
Debtors		3,527	5,152
Total Current Assets		47,837	38,466
<b>Current Liabilities</b>			
Bank Overdraft	1(g)	4,051	8,349
Total Current Liabilities		4,051	8,349
<b>Net Current Assets</b>		43,786	30,117
<b>Net Assets</b>		43,786	30,117
<b>Equity</b>			
Accumulated Surplus		43,786	30,117
<b>Total Equity</b>		43,786	30,117

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

**SOUTHERN & HILLS LOCAL GOVERNMENT ASSOCIATION**  
**Statement of Change in Equity for the Year Ended 30<sup>th</sup> June 2010**

		2010	2009
	Notes	\$	\$
<b>Accumulated Surplus</b>			
Balance at beginning of period		30,117	56,216
Net Surplus / (Deficit)		13,669	(26,099)
		43,786	30,117
		43,786	30,117
<b>Total Equity</b>		<b>43,786</b>	<b>30,117</b>

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

**SOUTHERN & HILLS LOCAL GOVERNMENT ASSOCIATION**  
**Statement of Cash Flows for the Year Ended 30<sup>th</sup> June 2010**

	Notes	2010	2009
		\$	\$
<b>Cash Flows from Operating Activities</b>			
Receipts		103,536	99,391
Payments		(90,764)	(125,795)
Interest Receipts		2,522	3,980
		15,294	(22,424)
Net Cash Provided by (Used in) Operating Activities		15,294	(22,424)
<b>Net Increase (Decrease) in Cash Held</b>		<b>15,294</b>	<b>(22,424)</b>
<b>Cash at the beginning of the reporting period</b>		<b>24,965</b>	<b>47,389</b>
<b>Cash at the end of the reporting period</b>		<b>40,259</b>	<b>24,965</b>

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

## Southern & Hills Local Government Association – Financial Statements Year Ended 30<sup>th</sup> June 2010

### 1 Significant Accounting Policies

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

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

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

### b Basis of Accounting

This financial report has been prepared in accordance with the following

AASB 110	Events after Balance Sheet Date
AASB 1031	Materiality

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

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

### c Non Current Assets and Non Current Liabilities

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

### d Employees

The Association has no employees.

### e Investments

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

### f Subscriptions

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

Constituent Council Subscription 2010	\$7,500
Constituent Council Subscription 2009	\$5,500

### g Cash

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

### 2 Functions / Activities of the Association

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

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

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

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

Southern & Hills Local Government Association – Financial Statements Year Ended 30<sup>th</sup> June 2010

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

Administration

Year	Revenue				Expenses		Surplus (Deficit)
	Grants	Other	Total Revenue	%	Expenses Total	%	
2010	33,661	62,522	96,183	100.0%	63,959	77.5%	32,224
2009	32,904	47,980	80,884	97.4%	74,385	68.2%	6,499

Natural Resource Management

2010	0	0	0	0%	\$2,738	3.3%	(2,738)
2009	0	0	0	0%	0	0%	0

Transport and Communication

2010	0	0	0	0%	\$15,818	19.2%	(15,818)
2009	0	2,140	2,140	2.6%	34,740	31.8%	(32,600)

Total

2010	\$33,661	62,522	96,183	100.0%	82,514	100.0%	13,669
2009	32,904	50,120	83,024	100.0%	109,125	100.0%	(26,101)

3. Contractual Services

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

		2010	2009
Consultants:	Fred Pedler & Associates	\$69,440	\$69,116
	HDS Australia Pty Ltd	<u>\$7,200</u>	<u>\$34,740</u>
	Totals	\$76,640	\$103,856

4. Comparison of Budget and Actual Results

	2010		2009	
	Budget \$	Actual \$	Budget \$	Actual \$
Revenue				
Administration	95,591	96,183	81,004	80,886
Protection of the Environment	0	0	0	0
Transport and Communication	6,000	0	6,000	2,140
Total Revenue	101,591	96,183	87,004	83,026
Expenditure				
Administration	98,275	63,959	93,825	74,385
Protection of the Environment	0	2,738	0	0
Transport and Communication	13,200	15,818	45,800	34,740
Total Expenditure	111,475	82,515	139,625	109,125
Surplus (Deficit)	(9,884)	13,669	(52,621)	(26,099)



## EXECUTIVE OFFICER'S STATEMENT

I, **Frederick William Pedler**, the person for the time being occupying the position of Executive Officer of the Southern & Hills Local Government Association do hereby state that the financial statements for the Association for the 2009 - 2010 financial year are to the best of my knowledge presented fairly and in accordance with accounting procedures which have been maintained in accordance with the Local Government Act 1999 and the Local Government (Financial Management) Regulations 1999 made under that Act.

Dated 10th August 2010



**Fred Pedler**  
**Executive Officer**

## CERTIFICATION OF AUDITOR INDEPENDENCE

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of the Southern & Hills Local Government Association the Association'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 1999* made under that Act.

This statement is prepared in accordance with the requirements of Regulation 16A(2) *Local Government (Financial Management) Regulations 1999*.

Dated 20<sup>th</sup> August 2010



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



**Mayor Brian Hurn OAM**  
**PRESIDENT**  
**SOUTHERN & HILLS LOCAL GOVERNMENT ASSOCIATION**

## ADOPTION STATEMENT

Laid before the Board Meeting of the Southern & Hills Local Government Association and Adopted on 20<sup>th</sup> August 2009.



**Mayor Brian Hurn OAM**  
**PRESIDENT**  
**SOUTHERN & HILLS LOCAL GOVERNMENT ASSOCIATION**

**SOUTHERN & HILLS LOCAL GOVERNMENT ASSOCIATION****INDEPENDENT AUDITOR'S REPORT**

To the constituent councils of the **SOUTHERN & HILLS LOCAL GOVERNMENT ASSOCIATION:**

We have audited the accompanying financial report, being a special purpose financial report, of the Southern & Hills Local Government Association, which comprises the balance sheet as at 30 June 2010, and the income statement, statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes, and the Executive Officer's Statement as set out on pages 1 to 7.

***Board's Responsibility of for the Financial Report***

The Southern & Hills Local Government Association's Board is responsible for the preparation and fair presentation of the financial report and has determined that the accounting policies described in Note 1 to the financial statements, which form part of the financial report, are appropriate to meet the financial reporting requirements of the Southern & Hills Local Government Association Charter and the constituent councils. The Board's responsibility also 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. No opinion is expressed as to whether the accounting policies used, as described in Note 1, are appropriate to meet the needs of the constituent councils. 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 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 company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by members of the Board, as well as evaluating the overall presentation of the financial report.

The financial report has been prepared for distribution to constituent councils for the purpose of fulfilling the Board's financial reporting requirements under the Charter. We disclaim any assumption of responsibility for any reliance on this report or on the financial report to which it relates to any person other than the constituent councils constituent councils, or for any purpose other than that for which it was prepared.

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

Norwood Office: 82 Fullarton Road, Norwood SA | Telephone +61 (0)8 8130 2000 | Facsimile +61 (0)8 8363 1950

City Office: Dowle House, 83-89 Currie Street, Adelaide SA | Telephone +61 (0)8 8221 4725

Postal: PO Box 377, Kent Town SA 5071

Our audit did not involve an analysis of the prudence of business decisions made by the Board.

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.

***Auditor's Opinion***

In our opinion, the financial report presents fairly, in all material respects, the financial position of the Southern & Hills Local Government Association as at 30 June 2010 and its financial performance and its cash flows for the year then ended in accordance with the accounting policies described in Note 1 to the financial statements.

**HLB MANN JUDD  
(SA Partnership)  
Chartered Accountants**

**Trevor D Hirth  
Partner**

**Adelaide**

10<sup>th</sup> August 2010