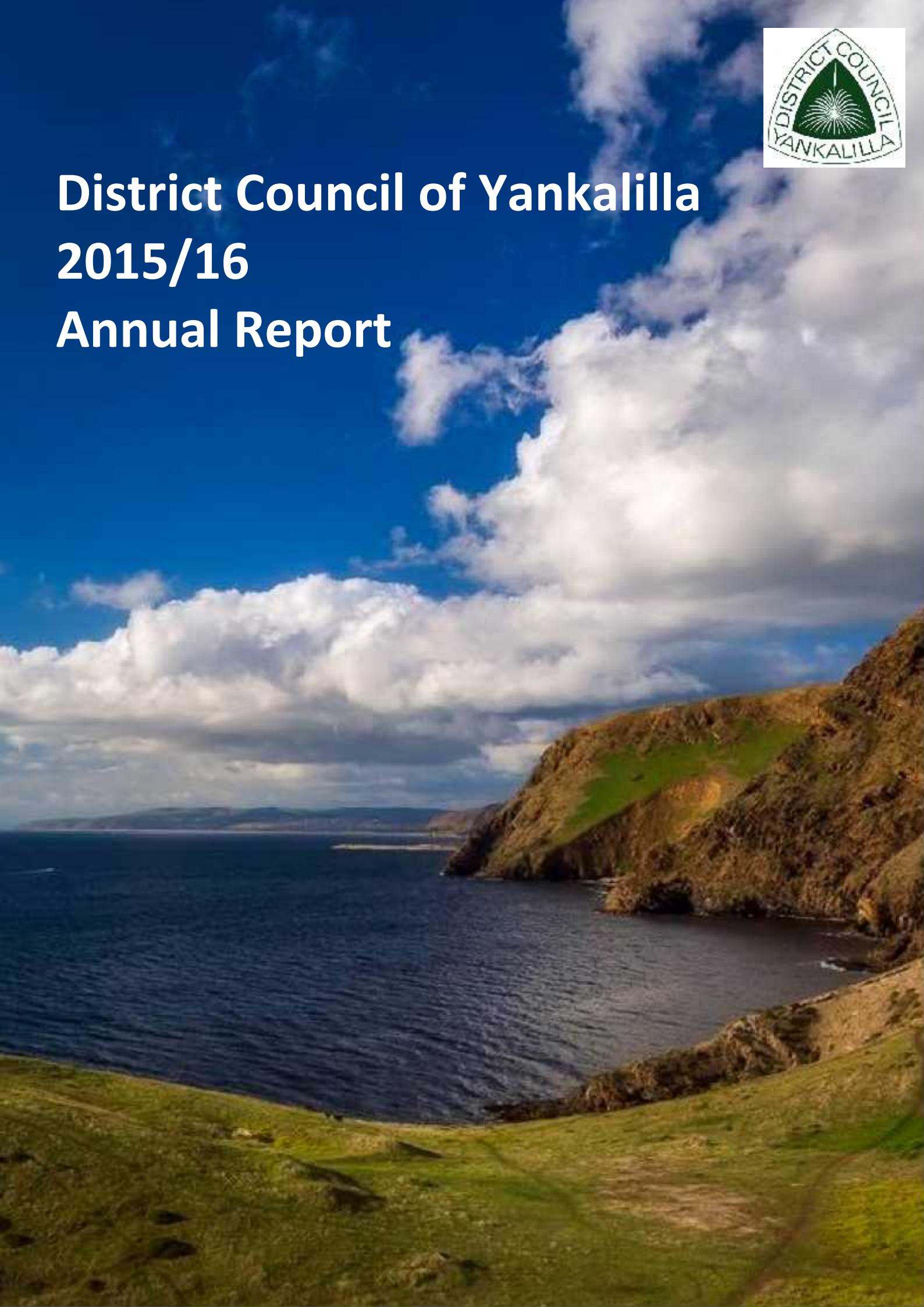




District Council of Yankalilla

2015/16

Annual Report





Council would like to acknowledge the following location photographs used in the production of the 2015/16 Annual Report:

Document Location	Photographer	District Location
Front Cover	Michael Waterhouse Photography	Second Valley
Page 3	nEverest Photography	Blowhole Beach, Deep Creek Conservation Park
Page 4	nEverest Photography	Normanville Foreshore
Page 5	nEverest Photography	Normanville Foreshore
Page 12	nEverest Photography	Overlooking Wirrina Cove
Page 13	Don Brice Photography	Council Office, Yankalilla
Page 14	The Times	Council Office, Yankalilla
Page 15	Don Brice Photography	Council Office, Yankalilla
Page 16	The Times	Yankalilla Library
Page 17	Kate Morris	Australia Day Photos, Bungala Park
Page 19	Karl Meyer Exhibition Studios	Sellicks Hill and suburbs
Page 20	Kate Morris	New Year's Eve Float, Normanville
Page 21	Binny Wear	Second Valley
Page 23	Michael Waterhouse Photography	Myponga Beach
Back Cover	Richard Kozuszko	Overlooking Second Valley

Photos not listed here were supplied by staff of the District Council of Yankalilla.

Under Section 131 of the Local Government Act 1999 Council must, on or before 30 November in each year prepare and adopt an annual report relating to the operations of the Council for the financial year ending on the preceding 30 June.

This document presents the Annual Report for the District Council of Yankalilla.



2015/16 Annual Report

Contents

1. Overview.....	4
2. From the Mayor	5
3. From the Chief Executive	6
4. Your Council Members.....	7
5. Your Council	8
6. Committees.....	9
7. External Groups.....	10
8. Subsidiaries	10
9. Governance	11
10. Administration.....	13
11. Our Performance Highlights	14





1. Overview

The District Council of Yankalilla is one hour from Adelaide and stewards some 750 square kilometres (kms) of South Australia's glorious Fleurieu Peninsula. Nature is supreme in this part of the world. From the high rainfall dairy country of Parawa to lush pine forests and pristine conservation parks, there's more than 600 kms of roadways to explore. With 2,700 kms of seasonal and permanent watercourses and 80 kms of rugged coastline where hills meet sea, our rivers meet the cooling waters of Gulf St Vincent and Backstair's Passage. With 25 kms of clean sandy beaches it's no wonder that 4,700 people choose to call this place home – farmers, artists, families, retirees and many thousands more weekend residents and seasonal holiday-makers.

The Fleurieu Coast region has a long history of both Indigenous and European settlement due to its high rainfall, productive soils and attractive landscape.

Many names in the district, including the townships of Yankalilla, Carrickalinga and Myponga, originate from the Kaurna language. The Kaurna, Ngarrindjeri and Ramindjeri peoples all have active native title claims pursuant to the Native Title Act under assessment and Council is actively participating in their resolution.

The area was settled by Europeans in the early 1830s and was identified as a possible location for South Australia's capital city. The township of Yankalilla was established in 1839 and officially proclaimed in 1854. The district was a productive agricultural area in the early years of settlement, providing livestock, grain and flour for the colony.

In March 2016 the Australian Bureau of Statistics estimated the resident population of the district to be 4,700 people. Our population continues to grow, and has maintained an annual growth rate of 1.5 per cent, compared with 0.8 per cent growth for the whole state.

A significant part-time population, who own holiday homes within our area, are not officially counted and some 45 per cent of dwellings in the district were unoccupied at the time of the 2011 census. During peak holiday periods, population numbers swell considerably as part-time residents and visitors make use of holiday homes and tourist accommodation.





2. From the Mayor

In the review of the Annual Report for 2015/16 it was good to reflect on what was achieved last financial year and also be excited about what can be achieved going forward.

The proposed budget for 2015/16 presented quite a large deficit. Council was quite concerned by the situation as returning the businesses assets to an acceptable level could undermine past financial gains.

The then Chief Executive accepted a position at another Council and we therefore had to go through the employment process to fill this vacancy. This was a four month process and during this time we collaborated with a neighbouring Council to employ one of their senior managers as our acting Chief Executive.



The elected body were all involved with the selection process of a new Chief Executive and the appetite for efficiencies, more effective financial management and getting the required work done were our key criteria.

In early December 2015 we appointed Mr Nigel Morris and began a new era for our Council.

Even though the business was effectively managed during the interim time of Chief Executives, a number of budgeted projects fell behind schedule. This meant what was promised in the 2015/16 budget needed to be delivered in 5-6 months. In this time we achieved a great deal. Those achievements are explained later on in this report.

Some of the highlights include:

- **Place branding.** This was 10 years in the making, and the first roll out of the district signage was completed before 30 June 2016.
- **The Future Library** Group and project officer worked on community consultation so the project could proceed to the planning stage.
- The planning stages of the **new bridge** over the Bungala River going into Yankalilla Memorial Park complex were undertaken.
- The Yankalilla and District **Mens Shed** was built using seeding funding from Council

I am particularly proud of the way Mr Morris has brought all the staff on a journey focussed on pursuing excellence. This has included getting the right people in the right jobs and taking the business to the next level of doing things better, effectively and efficiently. In doing this the large deficit budget was turned around and we achieved a small surplus with most projects completed by the end of the financial year.

It is fair to say that with good forward thinking, long-term planning, strict budgeting and managed implementation a great deal can be achieved.

The 2016/17 Annual Business Plan consultation process was well received and you, the community, gave Council guidelines of what you want us to do. We heard you and look forward to further discussions.

I look forward to helping you to keep the Yankalilla region the beautiful place we already enjoy.



Glen Rowlands
Mayor



3. From the Chief Executive

Welcome to the District Council of Yankalilla 2015/16 Annual Report

In December 2015 I was honoured to be appointed the Chief Executive of the District Council of Yankalilla. The District is one of the most beautiful parts of the world and I am lucky enough to work with an Elected Body that is driven to make a difference in the Community and who have put me and my dedicated team in charge of making it happen.

Following my arrival the immediate focus was to ensure the adopted 2015/16 Annual Business Plan containing the initiatives from the Strategic Plan 2014-2018 *Looking to the Horizon* achieved their projections and targets.

The end result of the Annual Business Plan was that after adopting an operating deficit of more than \$400,000, Council was able to achieve a minor surplus through grant funding, savings and efficiencies. This was a significant achievement given Council resolved mid-year to add an additional \$300,000 to the budget in order to provide much needed funding to improve the roads network.

The Key Performance Indicators that are recommended by the Local Government Association are illustrated below showing that all delivered improvements from the initial adopted figures to the final result for 2015/16.

District Council of Yankalilla Financial Result for the year ended 30th June 2016



KEY PERFORMANCE INDICATORS

LGA financial ratios (consolidated)	Adopted		
	Original FY Budget	3rd Review Budget	Final Actual Result
Operating surplus / (deficit) (>50)	(\$457,933)	\$64,497	\$44,939
Operating surplus / (deficit) (>%0)	(4%)	1%	0%
Net financial liabilities ratio (<100%)	35%	28%	20%
Asset sustainability ratio (100%)	65%	63%	92%

The 2015/16 Annual Business Plan progressed 21 projects from the Strategic Plan 2014-2018 *Looking to the Horizon*. Of these 19 were completed, with a

project to create a new Community Wastewater Management System (CWMS) pumping station at the basin delayed and aspects of the Rapid Bay Road requiring completion in the new financial year.

Additionally Council successfully installed Free Wi-Fi to Normanville Main Street. Personally this project was a highlight for me along with the introduction of the district and township entrance signage.

I am proud of the many successful projects completed in 2015/16 and the changes that Council is making in the community. Many of these are discussed throughout this document.

The focus for the coming 2016/17 year is on increased asset replacement (including roads), planning for the future, making a difference in the community, and achieving a larger budget surplus. Our adopted 2016/17 Budget will ensure Council's financial sustainability in the medium to long-term while still achieving the objectives of our Strategic Plan for 2014-2018 *Looking to the Horizon*.

Highlights for the 2016/17 Annual Business Plan and budget include:



I am looking forward to an exciting year ahead.



Nigel Morris
Chief Executive



4. Your Council Members

Council comprises nine councillors to represent two wards. Light Ward elects five councillors to represent the townships of Yankalilla, Normanville and Carrickalinga.

These townships represent approximately 60 per cent of the district's population. Field Ward elects four councillors to represent the remaining rural and coastal residents and ratepayers. The nine councillors collectively elect one member as the Mayor.

Mayor Glen Rowlands
Light Ward



Field Ward

Deputy Mayor Janet Jones
Councillor Simon Rothwell



Councillor Peter O'Neil
Councillor David Olsson



Council Area Map:



Field Ward Map:



Light Ward

Councillor Rachel Preston
Councillor Bruce Spilsbury



Councillor Leonie Fitzgerald
Councillor Rick Williams



Light Ward Map:





5. Your Council

Council Process

The District Council of Yankalilla delivers a range of services to the community and it is important that those services respond to the ever-changing needs of the area. The Mayor and Councillors act as the democratic link between the Council Administration and the community it serves, to make sure citizens' voices are heard.



All major policy decisions are made by elected Councillors, who then delegate the day-to-day running of the Council to its Administration. It is the Administration's job to turn the Councillors' decisions regarding the Council's policies and priorities into action.

Council Meetings

Council meetings are held on the third Tuesday of each month at 4.00 pm and are open to the public. A public forum where ratepayers, residents and others may address or question Council, is a key feature of the meeting and takes place shortly after the opening of the Council meeting.

Special meetings are called as needed to address urgent matters prior to the next ordinary meeting of Council. Special meetings are open to the public.

Notices of meetings and agendas are available for public viewing at the Council office or on Council's website, three clear days before each meeting date.

Minutes of all public meetings are also available at the Council office and on Council's website.

Representation

State legislation requires Council to review its electoral representation at least once every eight years. The last review for the district was completed in 2008-2009, resulting in the current two-ward structure of Light and Field.

In May 2012 the State Minister for Local Government gazetted a schedule for all local government representation reviews. The District Council of Yankalilla was scheduled to have a review between April 2016 and April 2017 and will provide an opportunity for electors to make submissions in September/October 2016 with the release of an options paper for a minimum of six weeks.

Council's representation quota is currently 438 (the amount ascertained by dividing the number of electors for the area of the Council by the number of members who constitute the Council). Details of the quota of electors per councillor, and a comparison with other South Australian councils of a similar size, appear in the table below.

Council	No. of Electors	No. of Councillors	Quota
Barunga West District Council	1,987	9	220
Ceduna District Council	2,116	8	264
Goyder Regional Council	3,045	7	435
Kangaroo Island Council	3,389	9	376
Kingston District Council	1,892	7	270
Lower Eyre Peninsula District Council	3,617	7	516
Mt. Remarkable District Council	2,167	7	309
Northern Areas Council	3,417	9	379
Tumby Bay District Council	2,038	7	291
District Council of Yankalilla	3,944	9	438



6. Committees

Council Committees are created under Section 41 of the Local Government Act, 1999, with the exception of the Development Assessment Panel which is established under Section 56A of the Development Act, 1993.

Council may establish Committees to:

- Assist the Council in the performance of its functions;
- Inquire into, and report to the Council on, matters within the ambit of the Council's responsibilities;
- Provide advice to the Council;
- Exercise, perform or discharge delegated powers, functions or duties.

When establishing a Committee, Council must determine the reporting and accountability requirements for the Committee.

Development Assessment Panel

Council has a Development Assessment Panel (DAP) established under section 56A of the Development Act 1993 and Development Regulations 2008. This panel considers all development applications that are not dealt with by staff as delegated by council.

The DAP met **eleven** times during 2015/16 and comprises of four independent members, including the presiding member, and three elected members who are paid an allowance as follows:

Name	Position	Allowance per Meeting
Simon Weidenhofer	Presiding Member	\$400
Kate Shierlaw	Deputy Presiding	\$350
Damian Dawson	Independent Member	\$350
Sue Giles	Independent Member	\$350
Bruce Spilsbury	Councillor	\$350
Peter O'Neill	Councillor	\$350
Rick Williams	Councillor	\$350

Council has established the following committees under Section 41 of the Local Government Act 1999:

Audit Committee

As required by legislation, audit committees are part of the financial reporting framework of Council and oversee and monitor the management of the financial reporting process.

In 2015/16 the Audit Committee met **four** times. Membership comprises of four elected members, an independent presiding officer and an independent member as follows:

Name	Position	Allowance per Meeting
Jeffery Lucy	Presiding Member	\$1,000
David Panter	Independent Member	\$300
Glen Rowlands	Councillor	Nil
Bruce Spilsbury	Councillor	Nil
Peter O'Neill	Councillor	Nil

Strategic Directions Committee

Council established this committee in June 2013 to replace both the Strategic Planning and Development Committee and the Community Development and Support Committee. Membership comprises all elected members, without any additional allowances. Its role includes:

- Developing plans and budgets for implementation of Council's goals;
- Community consultation;
- Developing policies to support Council in achieving its goals;
- Advocating on behalf of Council to gain support from other levels of government;
- Advising Council on matters that will affect its ability to achieve its goals;
- Providing advice to Council on all aspects of its planning obligations in accordance with Section 101A of the Development Act 1993.

The committee met on **four** occasions during 2015/16.



Chief Executive Performance and Remuneration Review Committee

The Committee comprises three members to review the performance and remuneration of the Chief Executive and make recommendations to Council. The committee meets on an as needed basis. In 2015/16 the Committee met on **one** occasion.

The Committee consists of the following Members

Name	Position	Allowance per Meeting
Glen Rowlands	Presiding Member	Nil
Janet Jones	Councillor	Nil
David Olsson	Councillor	Nil

All Section 41 committee meetings are open to the public except when a committee determines an item must be dealt with 'in confidence'.

Future dates of the committee meetings are listed on Council's website, where the agendas and minutes are also published.

All meetings are held at the District Council of Yankalilla – 1 Charles Street Yankalilla.

7. External Groups

Council participates in several state and regional committees, boards and associations whose operations add value to the district. One or more councillors or staff represent the Council within these groups.

In 2015/16 Council was a member of:

- Adelaide Hills, Fleurieu and Kangaroo Island Regional Development Australia
- Fleurieu Peninsula Tourism
- Local Government Association of SA
- Fleurieu Alliance
- Southern & Hills Local Government Association
- Fleurieu Regional Waste Authority
- Fleurieu Community Services Committee
- Kangaroo Island Ports Management Group

8. Subsidiaries

Two of the above groups are formal council subsidiaries, established under Section 43 of the Local Government Act.

Fleurieu Regional Waste Authority



The Fleurieu Regional Waste Authority (FRWA) is an authority formed by the member councils of the Fleurieu Peninsula in South Australia in order to manage their waste and recycling.

FRWA is responsible for each council's waste operations, including kerbside collection of waste and operation of their waste and recycling depots. FRWA is a fine example of local governments working together to achieve efficiencies across boundaries.

In 2015/16 Council was represented on the FRWA by Mayor Glen Rowlands and Manager of Operations, Warren Kaeding.

The Fleurieu Regional Waste Authority Annual Report for 2015/16 is attached at Appendix 2.

Members of the Authority are:



Southern & Hills Local Government Association



The Southern & Hills Local Government Association (S&HLGA) was established to improve the wellbeing of the region and its community. The S&HLGA undertakes a regional coordinating, representational, advocating and marketing role on behalf of its member councils.

In 2015/16 Council was represented on the board by Mayor Glen Rowlands and Chief Executives Adrian Skull and Nigel Morris.

The S&HLGA 2015 Annual Report for 2015/16 is attached at Appendix 3.

Members of the Association are:





9. Governance

Councillor and Committee Support Allowances

All Councillors receive a general allowance to compensate them for time spent in meetings and on council business. The annual amounts are set by an independent remuneration tribunal, are indexed to the Consumer Price Index and are paid monthly in advance.

The 2015/16 provided allowances were as follows:

Position	Amount
Mayor	\$37,086
Deputy Mayor	\$11,549
Councillors	\$9,239

The chairs of Section 41 committees receive an allowance equivalent to that of the Deputy Mayor. In 2015/16 the Mayor was the chair of all Section 41 committees so did not receive an additional allowance.

In addition, Councillors may claim reimbursement of travel, internet, telephone and some other expenses incurred within the Council area.

Full details of the Council policy on allowances and benefits are available on Council's website. A register of elected member allowances, benefits and reimbursements may be viewed at the Council office.

Freedom of Information Requests

Requests for information that is not generally readily available to the public will be considered in accordance with the Freedom of Information Act, 1991. Under this legislation the application fee must be forwarded with the completed request form unless the applicant is granted a fee exemption. The fees are set by the State Government and are reviewed each year. Members of the public may apply under Freedom of Information (FOI) for access to the Council's documents concerning his or her personal affairs and for amendment of those records. The application form can be obtained from the Council office or downloaded from the Council's website. FOI request forms and a list of fees and charges applicable to requests are available from the Council office. The form and the list of charges can also be downloaded from the Council's website at

www.yankalilla.sa.gov.au or from the State Records website at www.archives.sa.gov.au.

FOI enquiries and requests should be addressed to: Freedom of Information Officer, District Council of Yankalilla, PO Box 9, Yankalilla SA 5203. Applicants will receive a response as soon as possible and within the statutory 30 calendar days of Council receiving the properly completed FOI request form together with the application and search fees. During 2015/16 Council processed 2 Freedom of Information requests and provided its annual return to State Records.

Internal Review

A person who may be aggrieved by a Council decision can request an internal review of the decision in accordance with Section 270 of the Local Government Act, 1999. During 2015/16 one internal review was requested and the initial decision was upheld by Council. Members of the public also may lodge a complaint with the Ombudsman's Office. These are reported on by the Ombudsman.

Council meetings held in confidence

The Council holds regular meetings throughout the year and some matters, due to their nature, may be closed to the public and considered in confidence as required by Schedule 4 of the Local Government Act, 1999 and the Local Government (General) Regulation 22A.

The figures below include confidentiality orders from Council, Special Council and all Council committees for 2015/16.

Topic	Number
Section 90(2) Orders to go into confidence	2
Section 90(3) Grounds under which orders were made	
90(3)(a) Personal Affairs	1
90(3)(d) Commercial in confidence	1
Section 91(7) Orders made to keep documents or information confidential	2



List of Mandatory Policies, Codes, Procedures and Registers (Local Government Act, 1999)

Policies

- Public Consultation Policy
- Complaint Handling
- Elected Members' Allowances and Benefits
- Elected Members' Training and Development
- Naming of Public Places
- Order Making
- Procurement
- Request for Service
- Risk Management
- Whistleblower Protection

Codes

- Code of Conduct – Council Members
- Code of Conduct – Council Employees
- Code of Practice – Meetings and Documents – Access and Procedures

Procedures

- Internal Review of Council Decisions (Section 270) Procedure
- Council Member Code of Conduct Complaint Handling Procedure
- Request for Service Procedure

Registers

- By-laws
- Community Land
- Delegations
- Fees and Charges (list of)
- Public Roads
- Rates Assessment Record
- Register of Interests – Elected Members, Audit Committee and DAP Independent Members
- Register of Allowances and Benefits – Elected Members
- Register of Remuneration, Salaries and Benefits – Employees
- Register of Interests – Employees

Local Government (Elections) Act, 1999

- Caretaker Policy
- Register of Campaign Donations Returns

Dog and Cat Management Act, 1995

- Register of Dogs

Reporting

National Competition Policy

It is an obligation under the Clause 7 Statement on the Application of Competition Principles to Local Government and under the Competition Principles Agreement for each Council, to include in its Annual Report certain relevant information as follows: Council has not commenced or ceased any significant business activity as defined by the Clause 7 statement during this financial year. No complaints were received during 2015/16.

By-laws currently gazetted:

The District Council of Yankalilla by-laws were gazetted in the SA Gazette and expire 1 January 2017. Council's by-laws are as follows:

- Permits and Penalties
- Local Government Land
- Roads
- Moveable Signs
- Dogs
- Nuisance Caused by Building Sites.

Training and Development activities for members of the Council.

The District Council of Yankalilla is committed to providing training and development for Elected Members. Training helps ensure Council has accountability and transparency. It assists Council in remaining compliant with all relevant legislation, standards and code. To broaden their knowledge and skills, Elected Members have the opportunity to attend training sessions, workshops and conferences throughout the year.

Training throughout the year included 12 Elected Member forum/workshops.





10. Administration

Senior Management

In 2015/16 the executive management team compromised the Chief Executive and two senior managers.

The Chief Executive is employed on a performance-based contract negotiated with Council. The salary package consists of a cash component along with private use of a vehicle, superannuation, internet and phone reimbursement and the privilege of working in the best region within Australia.

The two senior managers were employed on performance-based contracts. Their packages also include an option of a private use of a vehicle along with internet and phone reimbursements.

Council's publicly available register of salaries and allowances contains full details.

Mr. Adrian Skull resigned from the position of Chief Executive in August 2015 after almost three years with Council.

Mr. Kirk Richardson was seconded from the City of Onkaparinga and appointed as the interim Chief Executive while Council undertook the recruitment process.

Mr. Nigel Morris commenced duties as Chief Executive in December 2015 after spending the previous seven and a half years at the City of Burnside having held the General Manager positions of Corporate Services, Urban Services and Community and Development Services.

The senior management team and other relevant officers have delegated authority to make operational decisions to administer Council policies. Council

officers also formulate policy options and recommendations for Council determination.

Organisation Restructure

In 2015/16 the entire organisational structure was reviewed to ensure Council was able to perform at a high-functioning and efficient and effective level. The end result will see a 2016/17 structure with a focus on Customer and Community, Operations and Strategy and Environment.

All of the staff position descriptions were reviewed and tailored and an annual process for review implemented.

Enterprise Agreement

In 2015/16 the Indoor Staff Enterprise Agreement was renegotiated. Staff agreed to forego a nine day fortnight for flexible working hours.

Training and development programs will continue to be offered to staff.

Equal Employment Opportunity

Council continued to run an equal employment opportunity program.





11. Our Performance Highlights

We are proud of our many achievements, as highlighted throughout this Annual Report. This includes progressing the short-term and long-term goals of the District Council of Yankalilla Strategic Plan 2014-2018 *Looking to the Horizon* which provides a platform and base for Council decision-making.

Council's Vision for the District is:

A Community with an enriched quality of life.

Council aims to achieve our 'Vision' by:

- Building on our sense of community;
- Maintaining our built and natural environments;
- Providing strong leadership and prudent stewardship;
- Delivering services to our community within a responsible financial framework.

Highlights of our achievements from our four key result areas are detailed below :

Our Community Goal:

A vibrant, cohesive, diverse community providing a healthy, quality lifestyle

Art Gallery Opening

Council's Administration Building has been enlivened by a showcase of local art that has been curated by local identity Gilbert Dashorst and designed to support the art in our district and engage with our residents. The public areas of the building have been transformed and local artists display their art, with the public unveiling held in August 2015 under the theme "Made by Nature".

The gallery is regularly updated with new and exciting themes and all are welcome to experience the local works.



Valuing Volunteers

Council continued to appreciate the wonderful contribution of 150 volunteers to its community programs including the Community Car Program; The Centre; Library; Yankalilla Bay Visitor Information Centre; and Friends of Bungala Park.

Two special events were held during the year to thank our volunteers with Christmas lunch in December and National Volunteer Week in May.

Community Grants Program

More than \$60,000 was distributed by Council to community groups throughout the district to assist with operational & project expenses.



Our Community Goal Continued:

Carpool SA Yankalilla Program

On Thursday 30 June 2016, Council launched Carpool SA Yankalilla, a program to encourage locals to share their drives.

Working in partnership with the Department of Planning, Transport and Infrastructure, Council developed and promoted the Carpool SA Yankalilla program across the Yankalilla region. This was the first regional Carpool Program in South Australia.

Carpool SA Yankalilla offers a website and app to help potential carpoolers link people who live close by and who would be willing to share their drive. This gives people across the district the chance to not only save money on fuel and parking but also reduce their carbon footprint.

The program will significantly benefit local sporting and community clubs across our Council region who can use the program to link with others to get to games and community events.



Summer Program January 2016

Council facilitated a vibrant series of activities to kick start the New Year. 590 people attended 24 classes and 18 per cent of the participants were holidaymakers visiting the district.

Partnership with Yankalilla Area School

Council and the Yankalilla Area School teamed together to deliver:

- 6 workshops to 70 students on Violence Prevention for Young people;
- Road Safety and Driver Awareness Workshop for 30 year 10 students;
- Sammy D Foundation drug and alcohol safety workshops and interactive Party Bus for 152 students in years 6 – 11.

Yankalilla Mens Shed

Council contributed \$10,000 towards the establishment of the Yankalilla Mens Shed. The Mens Shed is designed to help men from the district, especially those in isolation to come together to promote mateship, improve mens health, have some fun and sometimes build and fix things. The Mens Shed was successfully launched in April 2016.



National Youth Week 2016

Incorporating a small grant from Office for Youth, Council funded and organised several fun, interactive science and arts workshops on 17 April where 32 young people attended.

Regional Programs

Council continued to financially contribute to the following community programs in the Fleurieu region in 2015/16:

- Fleurieu Families
- Southern Volunteering
- Positive Ageing, and
- The Star Club Program.

Community Bus

The weekly community bus shopping service operates every Thursday. It has a small base of regular clients who rely on this service for their essential shopping visits to the chemist, supermarkets and post office.

Our popular Mystery Bus trips run every second Wednesday of the month – in the first six months of 2016 an average of 8 passengers on each social outing. Last year we had 231 weekly shopping passengers and 111 attended the mystery tours.





Our Community Goal Continued:

Community Transport Program

Council runs a community transport program in partnership with the five church communities within the Yankalilla district, known as 5CY. Council funds and maintains three cars. Administration is funded by a grant from the Commonwealth Home Support Program (CHSP).

Approximately 39 volunteer drivers take the local residents to their various medical appointments locally and in the CBD.

Statistics for the Community Transport Program for 2015/16 include:

- The three vehicles completed **126,607km** in total, (**38,664km** per car per year);
- Transported **1,744 passengers** (average of **1.5** passengers per trip and **33.5 passengers** per week);
- The program provided **3,508** service deliveries during the year, to and from appointments in Adelaide and across the Fleurieu region - a **5.9 per cent** increase on the previous year;
- The majority (approximately **82 per cent**) of the medical appointments are either to the Adelaide metropolitan area or Victor Harbor;
- Destinations include **34.41 per cent** to the CBD, **6.88 per cent** to Noarlunga, **39.68 per cent** to Victor and **18.62 per cent** local;
- 32 trips per car/per month;
- Approximately **25** regularly available drivers to coordinate with an average age of **70.6** years;
- **384** clients are registered with an average age of **72.76** years.

Community Library

The Yankalilla Library is currently located in the Centre and is open to the public 25 hours per week, Tuesday to Saturday and has a local membership of more than 1,700 which represents approximately a third of district population. Of our membership approximately 37 per cent are under 18.

In 2015/2016 the Library served 41,677 customers lending 32,321 items from our collection of more than 13,000 items. As part of the One Card network the Library moved 58,889 items in and out of the Yankalilla Library Service to satisfy requests for our customers and other libraries. This represents on average 32 customers, 25 loans and 46 items moving in and out of the Library via our external courier service for each hour we are open to the public.

Our six volunteers contributed 716 hours of work to support the staff to deliver these services to the community.

Projects undertaken in 2015/2016 have included a review and weed of existing collections; the tagging and encoding of stock with Radio Frequency Identification (RFID) tags; upgrading of the Library's infrastructure including print and copy facilities to reduce colour copy charges and improve print quality; some system upgrades for the public computers and the installation of a redesigned circulation desk to improve work effectiveness and efficiency.



A strong partnership building focus has been at the heart of programs delivered to the community. The Yankalilla and District Historical Society and the Library deliver a weekly Local and Family History Service at the Library including bi-monthly talks. The Society and the Library celebrated history month in May 2016 with the successful launch of the Society's new book "Old Normanville" which attracted people from around the State with connections to and an interest in the area.

Creative school holiday programs with a theme of recycling have been delivered in partnership with Normanville Natural Resource Centre and the Circus Skills Workshop sessions were very popular and fully booked with 50 children. The Library delivers a monthly "Library Online" program to support our customers to maximise their benefit from our online resources and access to the catalogue. The Library supports the community with a wide variety of Council and Community information material, free leaflets, magazines and newspapers.

Single events in 2015/16 included a celebration of International Women's Day attended by 36 participants; author Wendy Altschwager's visit and talk; streaming Adelaide Writer's Week events locally; and a pop up Alzheimer Information display provided by ACH Yankalilla.



Our Community Goal Continued:

New Council Website

In 2015/16 Council successfully completed the upgrade to the Council website. The new look and feel enhances the customer interactions with Council and provides greater usability.



Increased Social Media Interactions

Social media was a greater focus in 2015/16. . Multiple posts per week are now uploaded by the Council onto Facebook, increasing community engagement and interaction. Importantly, the platform now has more than 500 followers and many posts are viewed by more than 1000 people. Council also established a Twitter account.

Australia Day

More than 200 locals and visitors attended the 2016 Australia Day celebrations at Bungala Park, where a large crowd gathered to celebrate the day. After Guest Speaker, Heidi Van Gerwen (Belgian Consul) spoke, Mayor Glen Rowlands presented the Australia Day awards as follows:

Community Event of the Year was awarded to the **2015 Fleurieu Festival** (which also received the best Community Event in the statewide Australia Day Awards). This biennial Festival was held over 9 days with 90 eclectic events held in 50 venues across the district.



Mayor's Award was presented to **Fleurieu Milk** in recognition of their behind the scenes support for community.



Helen Scholfield was named **Citizen of the Year** in recognition of her contributions to numerous community groups and in particular for her efforts in developing junior tennis.



Young Citizen of the Year was awarded to **Caitlin Lloyd** who recently represented Australia at an international equestrian event. She is a great role model for young people and an inspiring member of our community



Community Grant Recipients for 2015/16 were also presented with their respective cheques to fund their community initiative.



Our Economic Development Goal:

A robust, prosperous economy that is innovative and adaptable

Free WiFi – Normanville Main Street

The Free Wi-Fi Coverage in the Normanville Main Street starts at the Bungala Park and extends up the street towards Edmund Street. Free Wi-Fi was accessible through the introduction of the NBN to the district. Council was excited by this new initiative and believes this is a **first for the Fleurieu** in terms of coverage provided.



This is Stage One of the roll-out with a further roll-out planned for Yankalilla and Normanville Foreshore in 2016/17 and additional stages to follow.

The introduction of Free Wi-Fi is part of our strategic plan to "Capitalise on the NBN" and will help promote local business with longer stays of visitors, assist with Tourism with visitors seeking internet usage.

Fleurieu Coast: Made By Nature Brand Development and Establishment

The **Fleurieu Coast: Made By Nature** brand delivers a 'brand strategy' that gives us the communication tools to shift perception and articulate our strengths, as well as a 'messaging hierarchy' in order to present the district's best self to the world.

The Brand was launched in October 2015 and Council has championed the brand and is leading its establishment and use as a vehicle to leverage the assets of the district's landscape and close proximity to Adelaide, its regional location and connections, existing industries and strengths and skills of the local community for the purpose of fostering economic development.

Aligning Council's publications and initiatives with the place brand have been a particular focus of the Yankalilla Visitors Centre acting as the 'face' of **Fleurieu Coast: Made By Nature**. To support these initiatives refreshed promotional material and merchandise have been produced.



RV Friendly Destination – Dump Point Installation

Council have completed the installation of our first Recreational Vehicle (RV) Dump Point in Arthur Street Yankalilla in our quest for the region to be known as a RV Friendly Destination.

An RV Dump Point is necessary to attract the growing economic opportunities generated by the ever increasing mobile home travelers.

The Caravan Industry Association of Australia report indicates that there are more than 556,848 caravans, motorhomes and other industry products registered in Australia. There has been a 34 per cent increase since 2008 with more than 5 per cent year on year growth for the past six years.

In 2010 campervans and motorhomes alone travelled approximately 607 million kms in Australia, equivalent to driving to the moon and back 790 times.





Our Economic Development Goal continued:

District and Township Entry Signage

We were excited to see the first of our District and Township Entry signs go up recently incorporating our new place brand Made by Nature: Fleurieu Coast.

The new brand aims to capture the essence of the District's identity to better articulate and communicate why the District is a great place to live, do business and visit.

The brand highlights the values of the community that people experience while visiting of:

- Friendly rural community
- Environmentally conscientious
- Quirk
- Individuality
- Space
- Pride

Signs have now been installed at Sellicks Hill, Myponga, Yankalilla, Normanville, Second Valley, Parawa, Inman Valley and Cape Jervis.



Karl collaborated with a number of other locals including Ken Lovelock from Myponga who sourced and milled the wood for the posts and James Potter and his team at Dirt and Cristo Armstrong from Wattle Flat who provided the earthmoving equipment.



The variety of posts and sleepers was sourced from a number of properties within our District, including:

- Rick Burns, Myponga
- Alexander McLaughlin, Myponga
- Peter Andersen, Wattle Flat
- Lee Cosma and Nicole Springbett, Inman Valley
- Phil Reid, Normanville

Thanks also goes to Ian Wilcocks for allowing access through his paddock for the Yankalilla sign installation.

This has been a great collaborative project – thanks must also go to all the interested locals who came out for consultation. Thank you for investing your ideas, thoughts and feedback along the way. We should all be extremely proud of what we have achieved together.

Council has committed to rolling out more signs as part of this project in its recently endorsed Annual Business Plan and Budget for 2016/17.

We would like to thank Exhibition Studios who took our ideas and thoughts and turned them into reality – particularly to Karl Meyer of Parawa who headed up the team.



Our Economic Development Goal continued:

Event Management

The regions' event calendar expanded in 2015/16 and the promotion and support Council offered event organisers increased. In 2015/16 the Economic Development Department coordinated 27 event proposals. The stand out was the **Classic Adelaide Rally 2016**.

The return of the Classic Adelaide Rally as a major part of the Adelaide Motorsport Festival provided the region with a fantastic opportunity for raising the district's profile. It also required the successful closure of Main South Road, which had not been done before, and was achieved as a result of thorough engagement with the local community and Sealink.

Other Major events for the community which Council supported included **Yankalilla Cruise** in November 2015 and the **Normanville New Year's Eve Pageant** where Council contributed towards the Fireworks display and entered a float into the parade.



Council has streamlined its event management process and delivered the Council Event Planning Toolkit and internal workflows. This initiative has resulted in lifting the professionalism of event organisers operating on the Fleurieu Coast. Improved management and permitting of events is making a difference.

Organisations and groups of interest

In 2015/16 Council continued working with various groups of interest to connect people to opportunities and find bottom-up, place based solutions. This has improved the connectedness across the district.

Council provides a conduit of information and resources to local groups of interest, regional bodies and State Government organisations such as:

- Fleurieu West Business Association
- Fleurieu Peninsula Tourism / SA Tourism Commission
- Regional Development Australia Adelaide Hills, Fleurieu and KI
- Mount Lofty Ranges World Heritage Bid Project Management Group

National Broadband Network and Reducing the Digital Divide

The National Broadband Network (NBN Co.) rolled out a mix of fibre to premises, fixed wireless and satellite broadband services across the district in 2015/16. This has enabled opportunities for new and existing businesses in the digital economy.

To value-add to this, complimentary training opportunities in online business and social media were delivered in 2015/16, as well as township specific NBN Co public forums with the aim of reducing the digital divide through education and training. Council has been an important support to NBN Co. in delivering vital communications to the community during the construction and 'switch-on' phases of the NBN rollout.

Contribute to the Regional Tourism Target of \$439m Expenditure

The tourism functions of Council significantly lifted in 2015/16 as resources have been targeted towards working with Fleurieu Peninsula Tourism to build operator capacity to participate in promotional campaigns and internationally ready distribution channels.

The partnership with the Fleurieu West Business Association (FWBA) is seeing traction on industry development and product development initiatives, particularly with regard to the Heysen Trail. Tourism is a key focus area for the FWBA and in August 2015 the group worked with Council to hold the 2015 Local Tourism Forum: A successful Tourism Forum. **30** local tourism industry representatives came together to share ideas and knowledge and scope out a vision and future directions. The 'Harnessing the Tourism Potential of the Fleurieu Coast' report was produced.



Our Economic Development Goal continued:

Partnerships with training organisations

Council in 2015/16 partnered with TAFE SA and Regional Development Australia to deliver training programs across the district including:

- TAFE SA Small Regional Communities Training fund, Food handling training and Barista training
- Polaris Centre Digital Growth Roadshow and Business Mentoring
- Baker Marketing Online Business Workshop Series

Businesses

Facilitating new business initiatives and start-up ventures has seen us work directly with more than 15 businesses in 2015/16 to provide dedicated assistance regarding their initiatives and proposals. Council officers worked to support the **Forktree Brewing Company** (a non-complying development application of a microbrewery) on Forktree Road which received approval earlier this year as well as working with the **Normanville Meatworks** (Abattoir) and **Normanville Integrated Service Station Complex** (Caltex), as they worked through the planning process.

An improved internal process for responding to requests for filming and photography has been developed with good outcomes in 2015/16. High profile companies Suzuki, Yamaha, Subaru, Marie Claire and Binny Wear Fashion made the Fleurieu Coast their destination of choice for advertising campaign filming and photoshoots.

The following is from the Subaru filming at Carrickalinga in December 2015:



The following is from the Binny Wear photoshoot at Second Valley in 44 degree heat in January 2016:



Fostering Business Connection – Do Business Fleurieu Coast

Do Business Fleurieu Coast evolved from the Business Connections Events that began in 2013 through a desire for facilitating a more connected business community. The initiative offers a mix of face-to-face and online networking and information sharing opportunities for businesses.

In 2015/16, a dedicated landing page on Council's new website as well as social media platforms were introduced which, along with a direct-email database of more than 800 subscribers now supports the communications of Do Business Fleurieu Coast.

Do Business Fleurieu Coast has hosted networking functions and information forums in 2015/16 with the highlight being 'An Evening With Gordon Reid' accompanied by David West as part of the 2016 MainstreetSA Conference.

Raising the District's Profile

Funds for advertising during the past 12 months have been targeted towards establishing brand recognition across the Fleurieu Peninsula via a partnership arrangement with Fleurieu Living Magazine. Tapping into the Adelaide market to stimulate visitation during the off-peak season was achieved by participating in the Adelaide Review Fleurieu Peninsula feature in April, May and June 2016. Promotion to interstate and international visitor audiences was achieved via the Fleurieu Peninsula Visitors Guide. Council also continues to be very active on social media.



Our Natural and Built Environment Goal:

Maintain and enhance our natural environment complimented by sympathetic buildings, facilities and activities

environmental jobs for local youth during a 23 week project. Outcomes included 51 hectares of weed control, propagating 4,000 local native seedlings for revegetation, planting 4,000 seedlings for natural restoration, repairing two kms of fencing and eight weed and pest animal surveys.

Yankalilla/Normanville Wastewater Re-use project

In November 2015 the Yankalilla/Normanville Community Wastewater Management System (CWMS) Re-Use Project was expanded. Recycled water is now being used to irrigate the Yankalilla Skate Park. The result is a much greener and more inviting facility than in previous summers. We are now using more water but at much lower cost than before, when potable mains water was our only option – a real win-win.

Recycled water is also now being used on the Yankalilla Memorial Park Oval.

With an ever increasing demand for limited water supplies, the use of wastewater has the potential to save the Council and the community considerable money over the coming years.



Green Army back in the Fleurieu

In 2015/16 the Green Army was back in the Fleurieu with a focus on our estuaries and coastal dunes.

The Green Army is a Federal Government initiative established to help 17-24 year olds looking for employment to develop skills, undertake training and gain experience in the delivery of conservation.

In 2015/16 there were two successful Green Army applications for the Fleurieu Coast. The first project has been completed with a focus on natural area restoration between Normanville and Cape Jervis. This team achieved all of the project goals and provided



Cape Jervis Boat Ramp Upgrade

Council completed improvement works to protect the well utilised Cape Jervis Boat Ramp. The current ramp was extended to protect the end which was being undercut.

The work involved the placement of Ballast and the installation of additional precast concrete slabs using a crane and divers. This was undertaken by Seacon Australia.

The second stage included the strengthening and refurbishment of the existing jetty landing, and this is currently being designed.





Our Natural and Built Environment Goal Continued

Coast, Estuarine and Marine Projects

The Southern Fleurieu Coast, Estuary and Marine (CEM) Officer continued to coordinate projects and coastal community groups across the Fleurieu Peninsula coastline. On-ground works for the 2015/16 financial year have achieved the following outcomes at 29 sites:

- 440 hectares of weed control targeting priority weeds outlined in the Southern Fleurieu Coastal Action Plan;
- 20,500 seedlings planted and guarded to add to remnant vegetation, rehabilitate sites and to improve habitat;
- 130 hectares of integrated rabbit management through surveys, fumigation, baiting and disease monitoring;
- Supporting the implementation of the SFCAP with 51 Coastal Community Groups between Sellicks and Goolwa.

Cape Jervis Coastal Community Group Planting Days:



There was also success in being awarded a 20 Million Tree Grant worth \$500,000 to revegetate 170,000 hectares at Cape Jervis and Kangaroo Island to improve the habitat to the Environmental Protection Biodiversity Conservation Act listed Glossy Black Cockatoo. 70 hectares of revegetation will be at Cape Jervis and add to coastal reserves of high conservation significance. The service provider Greening Australia will start direct seeding next winter and growing seedlings this summer for planting over the next two years.

Bridge Replacement

The Parawa Road Bridge was successfully replaced.

Road and Footpath Network

Myponga Beach Road

More than \$200,000 was spent on the upgrading of the unsealed Myponga Beach Road.



Rapid Bay Road

In 2015/16 Rapid Bay Road received major works totaling over \$1.3M with funding of \$800,000 provided by the Roads to Recovery program. Work included design work, shoulder reconstruction, resealing, drainage, guard rail and signage.

Jetty Road Normanville Footpath

A major upgrade of the Jetty Road Footpath was completed in 2015/16.

Asset Replacement Program

Council continued to replace outdated assets, this included the Normanville Fence next to the Kiosk. The following illustrates before and after replacement:





Our Natural and Built Environment Goal Continued

Normanville Beach Access – Interlocking plastic mats

The ability to launch boats from the Normanville Beach has been enjoyed since the beginning of the township. A track 200 metres south of the jetty (at the end of the foreshore carpark) is currently maintained by Council to allow vehicle access onto the sand.

With the sand from the track to the water's edge being extremely fine, vehicle access was difficult without the assistance of Council placement of a bed of high clay material to provide a solid base. In 2015 the Environmental Protection Agency (EPA) placed a limit on the amount of clay that could be used and an alternative access method needed to be found.

Council in December 2015 purchased and installed a series of interlocking plastic mats to provide this access. The mats proved to be very successful.



Planning and Development

Development applications are assessed against the Yankalilla Development Plan and the Building Code of Australia, pursuant to the State Government Development Act 1993 and the Development Regulations 2008.

The number of development applications received in 2015/16 was 360, 10 more than the 2014/15 and 50 more than the 2013/14.

The number of new dwelling applications continues to rise to 115 in 2015/16 compared with 92 in the 2014/15 and 86 in 2013/14.

Some commercial development approvals of note are the expansion of Fleurieu Milk's processing plant at Myponga which is now underway and the rejuvenation of the building at 102 Main South Road, Yankalilla by Wakefield Grange.

There were 25 land division applications lodged in 2015/16, five more than last year, covering the realignment of boundaries and creation of additional allotments.

New Planning System for South Australia

During the six community engagement public forums for the 2016/17 Annual Business Plan held in various locations including Adelaide, Council harnessed the opportunity to inform the community about the implications of the Government's staged introduction of a new planning system for the state.

One of the most significant new initiatives was the creation of the Environment and Food Production Area over the Mt Lofty Ranges (including the Fleurieu Peninsula). This area establishes an Urban Growth Boundary to metropolitan Adelaide and around townships within the hills. The aim is to protect our prime food production areas from the effects of urban sprawl.



Our Governance and Financial Goals:

Provide leadership, good governance, and efficient, effective and responsive Council services

Savings and Efficiency Program

In 2015/16 one of the new Chief Executive's priorities was to conduct a Savings and Efficiency program to look at what savings could be made without decreasing our level of services and at ways to work smarter and more efficiently. That review resulted in an Operating Expenditure Budget for 2016/17 to be close to \$500,000 less than the inherited 2015/16 budget.

Council also ensured all major purchases went through a competitive tender process and adopted a revised procurement policy to ensure all purchases were cost effective and showed preference for purchasing local goods and services.

Enhanced Annual Business Plan and Budget Process

In 2015/16 for the preparation of the 2016/17 Annual Business Plan and Budget Council conducted an extensive consultation process including six public meetings at Cape Jervis, Second Valley, Adelaide, Inman Valley and Yankalilla.



A budget summary document was sent to all ratepayers inviting them to the public meetings and requesting feedback. More than 120 individuals attended the public meetings resulting in a more tailored adopted budget.

The 2016/17 Annual Business Plan and Budget was adopted in June 2016 with a focus on increased asset replacement, planning for the future, making a difference in the community, and achieving a Budget surplus. The adopted budget ensured Council's financial sustainability in the medium to long term while still achieving the objectives of our Strategic Plan for 2014-2018 *Looking to the Horizon*.

Adoption of revised Long Term Financial Plan 2016-2026

Council performed a complete review of the Long Term Financial Plan to ensure rates increases were kept to a minimum, asset replacement (including roads) was at the required levels, debt levels were kept to an acceptable level and that Council ensured financial sustainability in the immediate term and into the future.



Rating Review

In 2015/16 Council performed a Rating Review to ensure the current distribution of Council's rates are fair, equitable, simple and efficient across the various property classes. The review included vacant land, residential, commercial and primary production. The review focused on the differential rates applied to the various property classes and the method of rating applied including the proposal of replacing the minimum rate with a fixed charge.

Council conducted three public meetings at Cape Jervis, Myponga and Yankalilla along with a final public forum at the Council meeting. It was determined no changes to the current method of rating would be made.



Please contact us



Send an email
consultation@yankalilla.sa.gov.au



Write a letter
PO Box 9, Yankalilla SA 5203



Call us
08 8558 0200



Visit us
1 Charles Street, Yankalilla



Invite us to speak
At your next community meeting



www.yankalilla.sa.gov.au

**The District Council
of
Yankalilla**



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

DISTRICT COUNCIL OF YANKALILLA

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2016

CERTIFICATION OF FINANCIAL STATEMENTS

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

In our opinion:

- the accompanying financial statements comply with the *Local Government Act 1999*, *Local Government (Financial Management) Regulations 2011* and Australian Accounting Standards,
- the financial statements present a true and fair view of the Council's financial position at 30 June 2016 and the results of its operations and cash flows for the financial year,
- internal controls implemented by the Council provide a reasonable assurance that the Council's financial records are complete, accurate and reliable and were effective throughout the financial year,
- the financial statements accurately reflect the Council's accounting and other records.



Nigel Morris

CHIEF EXECUTIVE OFFICER



Glen Rowlands

MAYOR

Dated this 15th day of November 2016

DISTRICT COUNCIL OF YANKALILLA

General Purpose Financial Reports for the year ended 30 June 2016

TABLE OF CONTENTS

	<u>Page</u>
Council Certificate	1
Principal Financial Statements	
Statement of Comprehensive Income	2
Statement of Financial Position	3
Statement of Changes in Equity	4
Statement of Cash Flows	5
 Notes to, and forming part of, the Principal Financial Statements	
Note 1 - Significant Accounting Policies	N1
Note 2 - Income	N6
Note 3 - Expenses	N8
Note 4 - Asset Disposal & Fair Value Adjustments	N9
Note 5 - Current Assets	N10
Note 6 - Non-Current Assets	N10
Note 7 - Infrastructure, Property, Plant & Equipment & Investment Property	N11
Note 8 - Liabilities	N16
Note 9 - Reserves	N17
Note 10 - Assets Subject to Restrictions	N17
Note 11 - Reconciliation of Cash Flow Statement	N18
Note 12 - Functions	N19
Note 13 - Financial Instruments	N21
Note 14 - Expenditure Commitments	N23
Note 15 - Financial Indicators	N24
Note 16 - Uniform Presentation of Finances	N25
Note 17 - Operating Leases	N26
Note 18 - Superannuation	N27
Note 19 - Interests in Other Entities	N28
Note 20 - Assets & Liabilities not Recognised	N30
Note 21 - Events Occurring After Reporting Date	N30

Audit Report - Financial Statements

Audit Report - Internal Controls

Council Certificate of Audit Independence

Audit Certificate of Audit Independence

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

	2016	2015
	Notes	\$
INCOME		
Rates	2	11,267,105
Statutory charges	2	228,246
User charges	2	1,191,352
Grants, subsidies and contributions	2	1,024,039
Investment income	2	151,863
Reimbursements	2	46,464
Other income	2	232,460
Net gain - equity accounted Council businesses	19	4,414
Total Income		14,145,943
		13,367,107
EXPENSES		
Employee costs	3	4,400,412
Materials, contracts & other expenses	3	5,913,725
Depreciation, amortisation & impairment	3	3,364,641
Finance costs	3	417,300
Net loss - equity accounted Council businesses	19	4,926
Total Expenses		14,101,004
		13,225,368
OPERATING SURPLUS / (DEFICIT)		
		44,939
Asset disposal & fair value adjustments	4	19,874
Amounts received specifically for new or upgraded assets	2	90,000
Physical resources received free of charge	2	1,636,266
NET SURPLUS / (DEFICIT)		1,791,079
transferred to Equity Statement		333,782
Other Comprehensive Income		
<i>Amounts which will not be reclassified subsequently to operating result</i>		
Changes in revaluation surplus - infrastructure, property, plant & equipment	9	164,342
Total Other Comprehensive Income		164,342
		159,996
TOTAL COMPREHENSIVE INCOME		1,955,421
		493,778

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

DISTRICT COUNCIL OF YANKALILLA

STATEMENT OF FINANCIAL POSITION
as at 30 June 2016

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

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

DISTRICT COUNCIL OF YANKALILLA

STATEMENT OF CHANGES IN EQUITY for the year ended 30 June 2016

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

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

DISTRICT COUNCIL OF YANKALILLA

STATEMENT OF CASH FLOWS

for the year ended 30 June 2016

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

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

DISTRICT COUNCIL OF YANKALILLA

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

Note 1 - SIGNIFICANT ACCOUNTING POLICIES

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

1 Basis of Preparation

1.1 Compliance with Australian Accounting Standards

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

The financial report was authorised for issue by certificate under regulation 14 of the *Local Government (Financial Management) Regulations 2011* dated 15th November 2016.

1.2 Historical Cost Convention

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

1.3 Critical Accounting Estimates

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

1.4 Rounding

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

2 The Local Government Reporting Entity

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

3 Income recognition

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

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

District Council of Yankalilla

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

Note 1 - Significant Accounting Policies (cont)

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

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

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

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

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

4 Cash, Cash Equivalents and other Financial Instruments

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

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

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

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

5 Inventories

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

6 Infrastructure, Property, Plant & Equipment

6.1 Land under roads

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

6.2 Initial Recognition

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

District Council of Yankalilla

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

Note 1 - Significant Accounting Policies (cont)

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

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

6.3 Materiality

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

6.4 Subsequent Recognition

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

6.5 Depreciation of Non-Current Assets

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

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

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

6.6 Impairment

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

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

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

District Council of Yankalilla

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

Note 1 - Significant Accounting Policies (cont)

6.7 Borrowing Costs

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

7 Payables

7.1 Goods & Services

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

7.2 Payments Received in Advance & Deposits

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

8 Borrowings

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

9 Employee Benefits

9.1 Salaries, Wages & Compensated Absences

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

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

Weighted average discount rate	1.75% (2015, 2.0%)
--------------------------------	--------------------

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

9.2 Superannuation

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

District Council of Yankalilla

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

Note 1 - Significant Accounting Policies (cont)

10 Leases

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

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

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

11 Joint Ventures and Associated Entities

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

12 GST Implications

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

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

13 Pending Accounting Standards

Certain new accounting standards and UIG interpretations have been published that are not mandatory for the 30 June 2016 reporting period and have not been used in preparing these reports.

AASB 7 Financial Instruments – Disclosures

AASB 9 Financial Instruments

AASB 15 Revenue from Contracts with Customers

AASB 124 Related Party Disclosures

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

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

Council is of the view that none of the above new standards or interpretations will affect any of the amounts recognised in the financial statements, but that they may impact certain information otherwise disclosed.

The Australian Accounting Standards Board is currently reviewing AASB 1004 *Contributions*. It is anticipated that the changes resulting from this review may have a material effect on the timing of the recognition of grants and contributions, but the financial consequences cannot be estimated until a revised accounting standard is issued.

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

DISTRICT COUNCIL OF YANKALILLA

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

Note 2 - INCOME

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

DISTRICT COUNCIL OF YANKALILLA

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

NOTE 2 - INCOME (continued)

	Notes	2016	2015
		\$	\$
REIMBURSEMENTS			
- for roadworks		3,190	4,318
- other		43,274	78,592
		<u>46,464</u>	<u>82,910</u>
OTHER INCOME			
Rebates received		90,788	80,716
Sundry		141,672	79,421
		<u>232,460</u>	<u>160,137</u>
GRANTS, SUBSIDIES, CONTRIBUTIONS			
Amounts received specifically for new or upgraded assets		90,000	80,000
Other grants, subsidies and contributions			
Tied - Financial Assistance Grant		125,684	266,232
Roads to Recovery		108,928	109,135
Roads (Fuel Excise) Grant		479,000	
Home and Community Care Grant		154,488	126,855
Library & Communications		12,564	12,957
Sundry		143,375	113,905
Individually Significant item - Additional Grants Commission Payment			148,888
		<u>1,114,039</u>	<u>857,972</u>

The functions to which these grants relate are shown in Note 12.

Sources of grants

Commonwealth government	742,416	235,990
State government	332,742	439,204
Other	38,881	182,778
	<u>1,114,039</u>	<u>857,972</u>

Conditions over grants & contributions

Grants and contributions which were obtained on the condition that they be expended for specified purposes or in a future period, but which are not yet expended in accordance with those conditions, are as follows:

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

DISTRICT COUNCIL OF YANKALILLA

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

NOTE 2 - INCOME (continued)

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

Note 3 - EXPENSES

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

DISTRICT COUNCIL OF YANKALILLA

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

Note 3 - EXPENSES (cont)

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

DEPRECIATION, AMORTISATION & IMPAIRMENT

Depreciation

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

FINANCE COSTS

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

Note 4 - ASSET DISPOSAL & FAIR VALUE ADJUSTMENTS

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

DISTRICT COUNCIL OF YANKALILLA

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

Note 5 - CURRENT ASSETS

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

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

Note 6 - NON-CURRENT ASSETS

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

DISTRICT COUNCIL OF YANKALILLA

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

This Note continues on the following pages.

DISTRICT COUNCIL OF YANKALLILLA

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

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

This Note continues on the following pages.

DISTRICT COUNCIL OF YANKALILLA

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

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

Valuation of Assets

General Valuation Principles

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

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

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

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

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

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

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

Fair value hierarchy level 3 valuations of buildings, infrastructure and other assets: There is no known market for these assets and they are valued at depreciated current replacement cost. This method involves:
The determination of the cost to construct the asset (or its modern engineering equivalent) using current prices for materials and labour, the quantities of each being estimated based on recent experience of this or similar Councils, or on industry construction guides where these are more appropriate.

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

District Council of Yankalilla

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

Note 7 – Property, Plant & Equipment (cont)

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

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

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

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

Plant, Furniture & Equipment	
Office Equipment	3 to 10 years
Office Furniture	10 to 20 years
Vehicles and Road-making Equipment	5 to 10 years
Other Plant & Equipment	5 to 15 years
Building, Recreation & Other Structures	
Buildings – masonry	50 to 100 years
Buildings – other construction	20 to 40 years
Park Structures – masonry	50 to 100 years
Park Structures – other construction	20 to 40 years
Playground equipment	5 to 15 years
Benches, seats, etc.	10 to 20 years
TV Towers & Equipment	5 to 65 years
Infrastructure (Inc. Transport, CWMS, Water & Stormwater)	
Sealed Roads – Surface	17 to 25 years
Sealed Roads – Structure	40 to 80 years
Unsealed Roads	8 to 20 years
Bridges – Concrete	80 years
Paving & Footpaths, Kerb & Gutter	15 to 70 years
Drains	100 years
Culverts	70 years
Flood Control Structures	80 to 100 years
Dams and Reservoirs	80 to 100 years
Bores	20 to 40 years
Reticulation Pipes – PVC	50 to 70 years
Reticulation Pipes – other	50 to 70 years
Pumps & Telemetry	5 to 30 years

District Council of Yankalilla

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

Note 7 – Property, Plant & Equipment (cont)

Land

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

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

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

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

Buildings & Recreation

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

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

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

Infrastructure

Transportation assets were valued by Tonkin Consulting at written down current replacement cost during the reporting period commencing 1 July 2013 and pursuant to Council's election are disclosed at fair value. All acquisitions made after the respective dates of valuation will be recorded at cost.

Stormwater drainage infrastructure was valued by Tonkin Consulting at written down current replacement cost during the reporting period ending 30 June 2015 and pursuant to Council's election are disclosed at fair value.

Community Wastewater Management Scheme infrastructure was valued by Tonkin Consulting at written down current replacement cost during the reporting period ended 30 June 2015 and pursuant to Council's election, are disclosed at fair value. All acquisitions made after the respective dates of valuation will be recorded at cost.

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

Plant, Furniture & Equipment

These assets are recognised on the cost basis.

DISTRICT COUNCIL OF YANKALILLA

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

Note 8 - LIABILITIES

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

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

PROVISIONS

Employee entitlements (including oncosts)	470,657	95,882	393,695	114,630
	<hr/> <u>470,657</u>	<hr/> <u>95,882</u>	<hr/> <u>393,695</u>	<hr/> <u>114,630</u>

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

DISTRICT COUNCIL OF YANKALILLA

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

Note 9 - RESERVES

ASSET REVALUATION RESERVE	1/7/2015	Net Increments (Decrements)	Transfers, Impairments	30/6/2016
Land	Notes \$ 8,216,500	\$ 95,277	\$	\$ 8,311,777
Buildings				1,443,701
Recreation				1,501,313
Infrastructure				0
- Transport Infrastructure	44,809,007	69,065		44,878,072
- Community Waste Management Scheme	7,527,881			7,527,881
- Stormwater Drainage	8,075,342			8,075,342
Other Assets	51,605			51,605
TOTAL	71,625,349	164,342		71,789,691
<i>Comparatives</i>	<i>71,465,353</i>	<i>159,996</i>		<i>71,625,349</i>
 OTHER RESERVES	 1/7/2015	 Transfers to Reserve	 Transfers from Reserve	 30/6/2016
TV Towers Reserve	20,000		(20,000)	0
Open Space Development	2,433		(2,433)	0
Community Waste Management Scheme	922,074	323,967	(922,074)	323,967
Caravan Park Reserve	8,691			8,691
Wirrina CWMS & Water Supply				0
TOTAL OTHER RESERVES	953,198	323,967	(944,507)	332,658
<i>Comparatives</i>	<i>722,846</i>	<i>230,352</i>		<i>953,198</i>

PURPOSES OF RESERVES

Asset Revaluation Reserve

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

Note 10 - ASSETS SUBJECT TO RESTRICTIONS

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

CASH & FINANCIAL ASSETS	Notes	2016	2015
Unexpended amounts received from Federal Government			\$
Road Infrastructure		571,000	
TOTAL ASSETS SUBJECT TO EXTERNALLY IMPOSED RESTRICTIONS		571,000	0

DISTRICT COUNCIL OF YANKALILLA

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

Note 11 - RECONCILIATION TO CASH FLOW STATEMENT

(a) Reconciliation of Cash

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

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

(c) Non-Cash Financing and Investing Activities

Acquisition of assets by means of:

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

(d) Financing Arrangements

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

Bank Overdrafts	20,000	10,000
Corporate Credit Cards	6,500,000	6,500,000
LGFA Cash Advance Debenture facility		

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice.

DISTRICT COUNCIL OF YANKALILLA

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

Note 12 - FUNCTIONS

INCOMES, EXPENSES AND ASSETS HAVE BEEN DIRECTLY ATTRIBUTED TO THE FOLLOWING FUNCTIONS & ACTIVITIES						OPERATING SURPLUS (DEFICIT)			GRANTS INCLUDED IN INCOME		
INCOME			OPERATING SURPLUS (DEFICIT)			GRANTS INCLUDED IN INCOME			TOTAL ASSETS HELD (CURRENT & NON-CURRENT)		
ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	2015	2016	2015	2016	2015	
2016	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
2,766,627	2,665,820	2,529,406	2,524,145	237,221	141,675	31,600	10,003	20,670,441	20,589,112		
265,797	215,641	772,024	728,049	(506,227)	(512,408)	172,058	129,982	3,186,845	3,288,673		
17,242	16,960	192,558	142,785	(175,316)	(125,825)	12,564	12,957	475,157	475,157		
73,245	86,122	434,992	380,906	(361,747)	(294,784)	90,927	88,279	746,757	746,757		
266,994	268,586	1,344,559	1,298,292	(1,077,565)	(1,029,706)	(422,620)		13,062,842	12,763,091		
409	2,308	482,890	424,928	(482,481)	(422,620)			5,638,506	5,647,383		
232,578	202,567	681,547	641,507	(448,969)	(438,940)			145,092	145,092		
675,711	386,469	4,145,008	3,579,116	(3,469,297)	(3,192,647)	675,277	386,469	58,196,938	57,534,123		
15,418	13,378	598,782	976,193	(583,364)	(964,815)		1,000	1,753,047	1,792,810		
9,827,508	9,508,556	2,531,585	382,726	335,131	(382,726)	(334,431)		521,806	620,623		
			2,192,316	7,295,923	7,316,240	41,613	149,282	11,011,764	8,509,609		
TOTALS											
14,141,529	13,367,107	14,096,077	13,225,368	45,452	141,739	1,024,039	777,972	115,409,195	112,112,430		

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

DISTRICT COUNCIL OF YANKALILLA

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

Note 12 (cont) - COMPONENTS OF FUNCTIONS

The activities relating to Council functions are as follows:

Business Undertakings

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

Community Services

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

Culture

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

Economic Development

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

Environment

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

Recreation

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

Regulatory Services

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

Transport

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

Plant Hire & Depot/Indirect

Plant Hire and Depot Costs

Unclassified Activities

Infrastructural Management, Technical Service and Building Management.

Council Administration

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

DISTRICT COUNCIL OF YANKALILLA

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

Note 13 - FINANCIAL INSTRUMENTS

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

Accounting Policies - Recognised Financial Instruments

Bank, Deposits at Call, Short Term Deposits	<p>Accounting Policy: Carried at lower of cost and net realisable value; Interest is recognised when earned.</p> <p>Terms & conditions: Deposits are returning fixed interest rates between 0.25% and 2.50% (2015: 0.25% and 2.50%). Short term deposits have an average maturity.</p> <p>Carrying amount: approximates fair value due to the short term to maturity.</p>
Receivables - Rates & Associated Charges (including legal & penalties for late payment) Note: These receivables do not meet the definition of "financial instruments" and have been excluded from the following disclosures.	<p>Accounting Policy: Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable.</p> <p>Terms & conditions: Secured over the subject land, arrears attract interest of 0.60% and quarterly interest 2% (2015: Interest 0.64% and quarterly 2.0%) Although Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries in the State.</p> <p>Carrying amount: approximates fair value (after deduction of any allowance).</p>
Receivables - Fees & other charges	<p>Accounting Policy: Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable.</p> <p>Terms & conditions: Unsecured, and do not bear interest. Although Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries.</p> <p>Carrying amount: approximates fair value (after deduction of any allowance).</p>
Receivables - other levels of government	<p>Accounting Policy: Carried at nominal value.</p> <p>Terms & conditions: Amounts due have been calculated in accordance with the terms and conditions of the respective programs following advice of approvals, and do not bear interest. All amounts are due by Departments and Agencies of State and Federal Governments.</p> <p>Carrying amount: approximates fair value.</p>
Receivables - Retirement Home Contributions	<p>Accounting Policy: Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable.</p> <p>Terms & conditions: Amounts due have been calculated in accordance with the terms and conditions of the respective legislation.</p> <p>Carrying amount: approximates fair value (after deduction of any allowance).</p>
Liabilities - Creditors and Accruals	<p>Accounting Policy: Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Council.</p> <p>Terms & conditions: Liabilities are normally settled on 30 day terms.</p> <p>Carrying amount: approximates fair value.</p>
Liabilities - Interest Bearing Borrowings	<p>Accounting Policy: Carried at the principal amounts. Interest is charged as an expense as it accrues.</p> <p>Terms & conditions: secured over future revenues, borrowings are repayable; interest is charged at fixed rates between 3.9% and 7.0% (2015: 4.5% and 7.0%)</p> <p>Carrying amount: approximates fair value.</p>
Liabilities - Finance Leases	Accounting Policy: accounted for in accordance with AASB 117.

DISTRICT COUNCIL OF YANKALILLA

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

Note 13 (cont) - FINANCIAL INSTRUMENTS

Liquidity Analysis

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

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

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

Net Fair Value

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

Risk Exposures

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

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

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

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

DISTRICT COUNCIL OF YANKALILLA

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

Note 14 - COMMITMENTS FOR EXPENDITURE

	2016 <u>Notes</u>	2015 \$
Capital Commitments		
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Land		40,000
Buildings		<u>571,000</u>
Roads & Footpaths		22,453
Plant & Equipment		
	<u>571,000</u>	<u>62,453</u>

These expenditures are payable:

Not later than one year	571,000	62,453
	<u>571,000</u>	<u>62,453</u>

Other Expenditure Commitments

Other non-capital expenditure commitments in relation to investment properties:

Maintenance contracts	44,674	
Audit Services	17,500	30,000
Waste Management Contract	709,000	686,931
Employee Remuneration Contract	195,000	169,700

DISTRICT COUNCIL OF YANKALILLA

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

Note 15 - FINANCIAL INDICATORS

	2016	2015	2014
--	------	------	------

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

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

Operating Surplus Ratio

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

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

Adjusted Operating Surplus Ratio

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

Net Financial Liabilities Ratio

<u>Net Financial Liabilities</u>	20%	29%	49%
Total Operating Revenue			

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

Asset Sustainability Ratio

<u>Net Asset Renewals</u>	92%	50%	50%
Infrastructure & Asset Management Plan required expenditure			

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

DISTRICT COUNCIL OF YANKALILLA

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

Note 16 - UNIFORM PRESENTATION OF FINANCES

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

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

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

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

DISTRICT COUNCIL OF YANKALILLA

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

Note 17 - OPERATING LEASES

Leases providing revenue to the Council

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

Investment Property

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

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

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

Lease payment commitments of Council

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

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

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

No lease contains any escalation clause.

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

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

DISTRICT COUNCIL OF YANKALILLA

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

Note 18 – SUPERANNUATION

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

Accumulation only Members

Accumulation only members receive both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of ordinary time earnings in accordance with superannuation guarantee legislation (9.50% in 2015/16; 9.50% in 2014/15). No further liability accrues to the Council as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

Salarylink (Defined Benefit Fund) Members

Salarylink is a defined benefit scheme where the benefit payable is based on a formula determined by the member's contribution rate, number of years and level of contribution and final average salary. Council makes employer contributions to Salarylink as determined by the Fund's Trustee based on advice from the appointed Actuary. The rate is currently 6.3% (6.3% in 2014/15) of "superannuation" salary.

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

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

The most recent actuarial investigation was conducted by the Fund's actuary, A C Miller, FIAA, of Russell Employee Benefits Pty Ltd as at 30 June 2014. The Trustee has determined that the current funding arrangements are adequate for the expected Salarylink liabilities. However, future financial and economic circumstances may require changes to Council's contribution rates at some future time.

Contributions to Other Superannuation Schemes

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

DISTRICT COUNCIL OF YANKALILLA

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

Note 19 - INTERESTS IN OTHER ENTITIES

Equity accounted Council Businesses

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

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

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

Southern & Hills Local Government Association:

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

	2016	2015
	\$	\$
Southern & Hills Local Government Association:		
Council's respective interests are:		
- Interest in the operating result	12.5%	12.5%
- ownership share of equity	12.5%	12.5%
- the proportion of voting power	12.5%	12.5%
Movements in Investment in Joint Operation	\$	\$
Opening Balance	11,118	5,609
Share in Operating Result	(4,926)	5,509
Share in Equity of Joint Operation	6,192	11,118
Summarised financial information of the equity accounted business		
<u>Statement of Financial Position</u>		
Cash and cash equivalents	69,597	107,772
Other current assets		4,118
Total assets	69,597	111,890
Current trade and other payables	20,062	22,945
Total liabilities	20,062	22,945
Net Assets	49,535	88,945
<u>Statement of Comprehensive Income</u>		
Other income	39,049	116,677
Contributions from constituent Councils	84,037	107,235
Interest income	2,384	1,829
Total Income	125,470	225,741
Materials, contracts & other expenses	161,754	178,455
Finance costs	3,126	3,121
Total expenses	164,880	181,576
Operating Result	(39,410)	44,165
Other comprehensive income		
Total Comprehensive Income	(39,410)	44,165

DISTRICT COUNCIL OF YANKALILLA

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

Note 19 (cont) - INTERESTS IN OTHER ENTITIES

Fleurieu Regional Waste Authority:

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

	2016	2015
	\$	\$
Fleurieu Regional Waste Authority		
Council's respective interests are:		
- interest in the operating result	15.0%	15.0%
- ownership share of equity	15.0%	15.0%
- the proportion of voting power	15.0%	15.0%
Movements in Investment in Joint Operation	\$	\$
Opening Balance	96,735	73,743
Share in Operating Result	4,414	22,992
Share in Equity of Joint Operation	101,149	96,735
Summarised financial information of the equity accounted business		
<i>Statement of Financial Position</i>		
<i>Cash and cash equivalents</i>	1,155,141	1,382,140
<i>Other current assets</i>	327,238	353,893
<i>Non-current assets</i>	2,633,790	2,045,810
<i>Total assets</i>	4,116,169	3,781,843
<i>Current trade and other payables</i>	920,540	939,157
<i>Current financial liabilities</i>	567,006	451,310
<i>Current provisions</i>	208,854	198,126
<i>Non-current trade and other payables</i>	110,020	-
<i>Non-current financial liabilities</i>	1,582,230	1,512,690
<i>Non-current provisions</i>	53,196	35,666
<i>Total liabilities</i>	3,441,846	3,136,949
Net Assets	674,323	644,894
<i>Statement of Comprehensive Income</i>		
<i>Other income</i>	7,116,697	7,195,581
<i>Interest income</i>	17,082	32,706
<i>Asset Disposals & Fair Value Adjustments</i>	13,843	-
<i>Total Income</i>	7,147,622	7,228,287
<i>Employee costs</i>	2,610,704	2,509,112
<i>Materials, contracts & other expenses</i>	3,731,962	3,917,121
<i>Depreciation, amortisation & impairment</i>	640,231	519,699
<i>Finance costs</i>	135,296	129,078
<i>Total expenses</i>	7,118,193	7,075,010
Total Comprehensive Income	29,429	153,277

DISTRICT COUNCIL OF YANKALILLA

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

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

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

1. LAND UNDER ROADS

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

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

2. POTENTIAL INSURANCE LOSSES

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

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

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

3. LEGAL EXPENSES

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

Note 21 - EVENTS OCCURRING AFTER REPORTING DATE

There were no events subsequent to 30th June 2016 that need to be disclosed in the financial statements.

**THE DISTRICT COUNCIL OF YANKALILLA
ABN 17 163 010 187****INDEPENDENT AUDITOR'S REPORT**

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

We have audited the accompanying financial report of The District Council of Yankalilla, which comprises the balance sheet as at 30 June 2016, and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes.

Council's responsibility for the Financial Report

The Council of the association is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (Including the Australian Accounting Interpretations), the Local Government Act 1999, and the Local Government (Financial Management) Regulations 2011 (Regulations) made under that Act. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the Financial Report that is free from material misstatement, whether due to fraud or error selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

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

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

Independence

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



Mann Judd

Chartered Accountants

THE DISTRICT COUNCIL OF YANKALILLA

ABN 17 163 010 187

INDEPENDENT AUDITOR'S REPORT

Auditor's Opinion

In our opinion:

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

HLB Mann Judd
HLB Mann Judd
Chartered Accountants

C. M. J.
Corey McGowan
Partner

Adelaide, South Australia
16 November 2016

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

HLB Mann Judd Audit (SA) Pty Ltd is a member of HLB International. A world-wide organisation of accounting firms and business advisers.
Liability limited by a scheme approved under Professional Standards Legislation



HLB Mann Judd

Chartered Accountants

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

INDEPENDENT ASSURANCE REPORT

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

Report on the Internal Controls of the District Council of Yankalilla

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

The Council's Responsibility for the Internal Controls

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

Our Responsibility

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

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

Limitation on Use

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

HLB Mann Judd Audit (SA) Pty Ltd ABN: 32 166 337 097

169 Fullarton Road, Dulwich SA | Telephone +61 (0)8 8133 5000 | Facsimile +61 (0)8 8431 3502

Postal: PO Box 377, Kent Town SA 5071

HLB Mann Judd Audit (SA) Pty Ltd is a member of international. A world-wide organisation of accounting firms and business advisers.

Liability limited by a scheme approved under Professional Standards Legislation



HLB Mann Judd

Chartered Accountants

THE DISTRICT COUNCIL OF YANKALILLA
ABN 17 163 010 187

INDEPENDENT ASSURANCE REPORT (CONTINUED)

Inherent Limitations

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

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

Independence

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

Basis for Disclaimer of Opinion

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

Disclaimer of Opinion

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

HLB Mann Judd
Chartered Accountants

Corey McGowan
Partner

Adelaide, South Australia
16 November 2016

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

HLB Mann Judd Audit (SA) Pty Ltd is a member of HLB international. A world-wide organisation of accounting firms and business advisors.

Liability limited by a scheme approved under Professional Standards Legislation

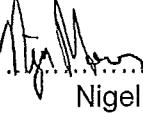
DISTRICT COUNCIL OF YANKALILLA

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2016

CERTIFICATION OF AUDITOR INDEPENDENCE

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of District Council of Yankalilla for the year ended 30 June 2016, the Council's Auditor, HLB Mann Judd, has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

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

.....

Nigel Morris
CHIEF EXECUTIVE

.....

Jeff Lucy
PRESIDING MEMBER
AUDIT COMMITTEE

Date: October 2016



Chartered Accountants

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

TO THE COUNCILLORS OF THE DISTRICT COUNCIL OF YANKALILLA

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

I confirm that, for the audit of the financial statements of The District Council of Yankalilla for the year ended 30 June 2016, I have maintained my independence in accordance with the requirements of APES 110 – Code of Ethics for Professional Accountants, Section 290, published by the Accounting Professional and Ethical Standards Board, in accordance with the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011 made under that Act.

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

HLB Mann Judd

**HLB Mann Judd
Chartered Accountants**

**Corey McGowan
Partner**

**Adelaide, South Australia
13 September 2016**

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

HLB Mann Judd Audit (SA) Pty Ltd is a member of international. A world-wide organisation of accounting firms and business advisers.

Liability limited by a scheme approved under Professional Standards Legislation



Southern & Hills Local Government Association

Adelaide Hills, Alexandrina, Barossa, Kangaroo Island, Mt Barker, Victor Harbor and Yankalilla



ANNUAL REPORT

2015-2016





Regional Population in excess of 140,800



Total operating revenue of the Regional Councils in excess of \$203,000,000



Total area of 9,658 km²



Total Road network of 7,274 kilometres

About the Southern & Hills Local Government Association region

The Southern & Hills Local Government Association was first formed in July 1969 and is now constituted as a Regional Subsidiary under Section 43 and Schedule 2 of the Local Government Act 1999. Consisting of seven (7) local government Councils:

- Adelaide Hills Council
- Alexandrina Council
- The Barossa Council
- Kangaroo Island Council
- District Council of Mt Barker
- City of Victor Harbor
- District Council of Yankalilla

Collectively these seven (7) Councils have:

- More than 140,800 people as at 30th June 2015.
- 7,274 kilometres of local roads of which 2,585 are sealed, 4,440 are formed unsealed and the remaining 249 are unformed.
- Area consists of 9,658 square kilometres.
- An ocean coastline of 653 Km.
- The River Murray and lakes form the southeast boundary of the region.
- The region has extreme diversity from the foothill suburbs of Adelaide to the isolation of the inaccessible west coast of Flinders Chase National Park.
- Significant areas within the region are under primary production include highly productive farm, horticulture, viticulture, forestry, fishing and intensive animal keeping enterprises and in the more undulating parts sheep farming, cereal growing and dairying.
- The region contributed nearly \$3 billion in gross value to the State economy in 2006/07 or 4.4% of gross state product.
- Much of the area has, (by South Australian standards) a high rainfall.
- A large part of the area is within the 30 Year Plan for Greater Adelaide.
- Significant growth pockets both in population and development, placing demands on infrastructure and the natural environment.
- Projected change in the population to 2026 by approximately 25%.
- Within the region, Victor Harbor and Goolwa are key retirement destinations.
- Within the region, The Barossa Valley, The Adelaide Hills, The Fleurieu and Kangaroo Island are all major tourism destinations.
- Kangaroo Island is a major component of the Australian and SA tourism plan with tourist numbers targeted to double over the next decade.

Office Bearers 2015 – 2016

President Mayor Bill Spragg, Adelaide Hills Council
(Feb 15-

Executive Officer Mr Graeme Martin

Auditor Mr Trevor Hirth, FCA, HLB Mann Judd

Elected under the provisions of the Constitution of the Local Government Association

Proxy Delegate to LGA Board Mayor Keith Parkes, Alexandrina Council

Delegates to SAROC	Mayor Ann Ferguson
	Mayor Bill Spragg
	Mr Graeme Martin

Proxy Delegate to SAROC Mayor Keith Parkes, Alexandrina Council

President's Forward

The 2015-2016 year has been one of consolidation for the Southern and Hills Local Government Association.

The 2015-2016 year has seen our energies devoted to the core business of the continuing work of the existing Roads Working Party and the 2020 Transport Plan review, the continuing work to monitor the very comprehensive S&HLGA Regional Public Health plan, working very closely with the RDA to complete the region's Climate Change Adaptation Plan and Regional Infrastructure Plan and maintaining and reviewing key strategy and performance documents such as the Annual Action Items and Annual Budget.

As in the past once again the key to our future success will be in our continued collegiate co-operation and development of efficient shared services particularly in the face of continuing economic headwinds at regional, state and national level. Ensuring financial sustainability for the region's Councils and developing key quantitative and qualitative criteria around this issue is a main focus going forward.

We have continued to build our strong relationship with our peak representative body the LGA (SA) as it undergoes a full governance and organisational review and the State Government's Office of Local Government. We have partnered with our regional economic development organisation, Regional Development Australia as well as PIRSA and the Natural Resource Management Boards as we continue to confront the many impacting regional issues.

Sadly we will be saying farewell to Barossa Council as its membership of the Southern and Hills LGA has expired.

Thank you to our Executive Officer, Graeme Martin for his continued support and commitment.

In closing, I once again thank all the member councils for their support, and the ongoing contribution of member Mayors and CEOs.

**Mayor Bill Spragg
President**



The Board

The Board held 6 ordinary bi-monthly meetings during the year. Board Members are generally the Mayor and Chief Executive Officer of each Council. To provide the opportunity for Board Members to gain first hand knowledge of regional issues, meetings are hosted by Member Councils on a rotational basis and were held at:

28 August 2015	-	Victor Harbor
23 October 2015	-	Adelaide Hills
11 December 2015	-	Mt. Barker
26 February 2016	-	Kangaroo Island
22 April 2016	-	Adelaide Hills
1 July 2016*	-	Alexandrina (17 June deferred to 1 July)

Key Issues acted on by the Board included:

- o Continued to work closely with the Adelaide Hills Fleurieu and Kangaroo Island Regional Development Australia Board and with RDA officers to review the Regional Roadmap, develop the regional Infrastructure Plan, the regional China Engagement strategy, the regional Climate Change Adaptation project and a regional workplan in partnership with PIRSA. The S&HLGA and the RDA partnered in the first “Discover Mayo” event in Canberra showcasing the region represented by the federal seat of Mayo.
- o Continued working with the LGA and the lobbying on the review of the business plans, administrative fee and levy proposals of the Natural Resource Management Boards, continuing lobbying for a more balanced & nationally consistent approach to planning, regulation for rural and regional road safety & speed limits, continuing the development of a balanced and consistent policy approach to Council sustainability, finances and rate revenue in the face of the call for a State Rate Capping policy, negotiating a suitable rebate package for Councils impacted by the Rubble Royalties policy as well as roadside vegetation management and the impacts of the Emergency Services levy hikes.
- o Monitoring and implementing the S&HLGA Regional Public Health Plan.
- o Input into the LGA response to the SA State Government Planning Reform project.
- o Completed the updating of the Roads Database component of the regional 2020 Transport Plan and continued the comprehensive review of the Regional Transport Plan including the adoption of the success fee policy on SLRP funding.
- o Developing key quantitative and qualitative criteria for Council sustainability
- o Updating and maintaining of the S&HLGA Website and developing new promotional material.

Regional Consultations and briefings were coordinated to occur on the day of Board meetings. 11 various speakers addressed meetings of the Board.

In addition the CEO's group conducted several of their meetings in the morning preceding the Board meeting.

The Board reviewed its achievements to date and developed a new Action Plan for 2015-2016

At the conclusion of the period 2015-2016 the Board completed a review of its Annual Key Actions, the EO performance and its Annual Budget performance.

S&HLGA Roads Working Party

The Working Party, with membership drawn from directors /managers of technical services of Councils and regional managers and infrastructure planners of the Department of Planning, Transport and Infrastructure held its annual meeting in March to review the S&HLGA 2020 Transport Plan (Plan) Roads database priority summary list and to make recommendations on regional priorities for the Special Local Roads Program (SLRP). The work of the committee included:

- Co-ordinate the annual review of HDS Australia Pty Ltd's summary assessment and update of the 2020 Transport Plan Roads Database.
- Co-ordinated and supported the application process of Councils to the SLRP.
- The following projects were recommended, based on the methodology of the Plan and proposed funding under the Special Local Roads Program for 2016 – 2017
 - Ocean Road – City of Victor Harbor, Requested Grant \$636,000
 - Waitpinga Road - City of Victor Harbor, Requested Grant \$200,000
 - Nine Mile Road – Alexandrina Council, Requested Grant \$900,000

CWMS Group

The S&HLGA Community Waste Water Management Systems (CWMS) User group has been formally constituted with member establishment levies set comprising a base rate plus a percentage based on the number of connections.

Following on the Essential Services Commission of SA (ESCOSA) to review Water Industry reform and the implications of the Water Industry Act 2012, The S&HLGA Council CEO group has been reviewing options for CWMS assets in light of:

- The risk factors and increasingly time and resource consuming compliance regime associated with this critical asset management.
- The opportunity for regional scale
- Continued investment interest from the private sector.

This work will be a regional priority and a particular focus for the CEO group which should continue during the following years along with the recommendations for CWMS owners to seek and implement best practices and efficient maximum return operations.

Regional Papers and Submissions

The following Papers and Submissions have been prepared on behalf of Member Councils during the course of the year:

- To the LGA on behalf of the S&HLGA region – Discussion paper on alternative LGA and Regional organisation relationship model

Task Force and Working Groups

The S&HLGA EO was a member of the following Task Force and Working Groups during the course of the year:

- Regional LGA CEOs group.
- 2020 S&HLGA 2020 Transport Review task force.
- Implementation and Monitoring of the S&HLGA Regional Public Health Plan
- The Climate Change Adaptation Plan for the region (Resilient Hills & Coast)

Workshops and seminars

The Executive officer represented the member Councils at various workshops and seminars during the course of the year:

- LGA Regional Collaboration Partnerships Workshop
- China Outward mission - Shandong LG Working Group
- LGA Managing Waste Assets
- SA Health / LGA Public Health Conference
- LGA/RO/DPTI Regional Transport & Infrastructure Service Delivery
- Regional Tourism organisations review
- Expert Panel Planning Reform workshop
- LGA Procurement forum
- LGA Rate Capping Forum

SAROC

The South Australian Regional Organisation of Councils (SAROC) is a Committee of the LGA that focuses on key issues affecting country Councils.

The S&HLGA supports the Governance process by contributing to agenda items for SAROC meetings, the distribution of Key Outcomes Statements of meetings to S&HLGA Board meetings and collegiate support to prepare submissions on behalf of country Councils that included:

- Continuing lobbying and input into the ongoing review of the business plans, administrative fee and levy proposals of the Natural Resource Management Boards
- Continuing lobbying for a more balanced & nationally consistent approach to planning, regulation for rural and regional road safety & speed limits
- Lobbying and continuing the development of a balanced and consistent policy approach to Council sustainability, finances and rate revenue in the face of the call for a State Rate Capping policy.
- Further Development of a Mining Engagement Protocol and implementation of a pilot program
- Lobbying on Emergency Services Levy impacts
- Input into the LGA submissions on Planning Reform

LGA Board

Mayor Ann Ferguson (Mt Barker) along with Mayor Bill Spragg (Adelaide Hills Council) have represented the Southern and Hills Region at the Local Government Association State Board meetings as the region's Delegates. Alexandrina Mayor Keith Parkes has acted as proxy delegate.

Resources

The continuation of the capacity building grant from the Local Government Research and Development Scheme and the new Outreach Grant has improved the capacity of the Executive Officer that has been applied across a range of Association activities during the year.

Part of the additional capacity has supported the administrative processes around the S&HLGA Roads Working Party and the applications to the Local Government Transport Advisory Panel, involvement with SAROC, the regional EO group, the regional working groups and various reports, submissions and forums throughout the year.

Mr Graeme Martin, Director of Grange Advisors Pty Ltd has provided Executive Officer services to the Association under a contract services agreement for the period 2015 - 2016.

Acronyms

AMLRNRM.....	Adelaide and Mt Lofty Ranges Natural Resources Management Board
CEO.....	Chief Executive Officer
CWMS.....	Community Wastewater Management Systems
DEWNR.....	Department of Environment, Water & Natural Resources
EO.....	Executive Officer
ESCOSA.....	Essential Services Commission of South Australia
LGA.....	Local Government Association
MOU.....	Memorandum of Understanding
NBN.....	National Broadband Network
NRM.....	Natural Resources Management
OLG.....	Office of Local Government
PIRSA.....	Primary Industries & Regions SA
RDA.....	Regional Development Australia
SAROC.....	South Australian Regional Organisation of Councils
SEB.....	Significant Environmental Benefits
S&HLGA.....	Southern and Hills Local Government Association
SLRP.....	Special Local Roads Program

Southern & Hills Local Government Association
Past Presidents and Secretaries / Executive Officers

Years	President	Council	Secretary / EO
2015 - 2016	Mayor Bill Spragg	Adelaide Hills Council	Graeme Martin
2014 - 2015	Mayor Bill Spragg ^f	Adelaide Hills Council	Graeme Martin
	Mayor Ann Ferguson	DC Mount Barker	
2013 - 2014	Mayor Ann Ferguson	DC Mount Barker	Graeme Martin
2012 - 2013	Mayor Ann Ferguson	DC Mount Barker	Graeme Martin
2011 - 2012	Mayor Ann Ferguson	DC Mount Barker	Fred Pedler ^d Graeme Martin ^e
2010 - 2011	Mayor Ann Ferguson ^c	DC Mount Barker	Fred Pedler ^b
	Mayor Brian Hurn OAM	The Barossa Council	
2009 - 2010	Mayor Brian Hurn OAM	The Barossa Council	Fred Pedler ^b
2008 - 2009	Mayor Brian Hurn OAM	The Barossa Council	Fred Pedler ^b
2007 - 2008	Mayor Brian Hurn OAM	The Barossa Council	Fred Pedler ^b
2006 - 2007	Mayor Brian Hurn OAM	The Barossa Council	Fred Pedler ^b
2005 - 2006	Mayor Brian Hurn OAM	The Barossa Council	Fred Pedler ^b
2004 - 2005	Mayor Kym McHugh	Alexandrina Council	Fred Pedler ^b
2003 - 2004	Mayor Kym McHugh	Alexandrina Council	Fred Pedler ^b
2002 - 2003	Mayor John Crompton ^a	City of Victor Harbor	Fred Pedler ^b
2001 - 2002	Mayor John Crompton	City of Victor Harbor	Fred Pedler ^b
1999 - 2000	Mayor Bernie Eglinton APM	DC Mt Barker	Fred Pedler ^b
1998 - 1999	Mayor Bernie Eglinton APM	DC Mt Barker	Dean Gollan
1997 - 1998	Mayor Janice Kelly	Kangaroo Island Council	Barry Hurst
1996 - 1997	Mayor Janice Kelly	Kangaroo Island Council	Barry Hurst
1995 - 1996	Mayor Anita Aspinall	DC Stirling	Peter Vlatko
1993 - 1994	Cr GR Mayfield	DC Yankalilla	Malcolm Davis
1991 - 1992	Mayor Val Ball	DC Strathalbyn	John Coombe
1989 - 1990	Cr Val Bonython	DC East Torrens	Eric March
1987 - 1988	Cr PD Secker	DC Mt Barker	Dean Gollan
1985 - 1986	Mayor Leon O'Driscoll	DC Strathalbyn	Vernon Cotton
1984 - 1985	Cr CA Phieffer	DC Onkaparinga	David Seaman
1982 - 1983	Cr Brian Pym	DC Mt Pleasant	Adrian Hamiester
1980 - 1981	Cr Roy Galpin	DC Port Elliot and Goolwa	Ron Wellington
1979	Mayor M Checker	DC Gumeracha	Malcolm Anderson
1978	Mayor M Checker	DC Gumeracha	John Grosvenor
1976 - 1977	Mayor A Davidson	DC Strathalbyn	Vernon Cotton
1975	Cr Ray Orr	DC Mt Barker	Reginald Walters
1974	Cr L Hughes	DC Meadows	Wally Richards
1969-1973	No minutes available		
30 th July 1969	First Constitution for S&HLGA Adopted		

Attendance register maintained for annual and half yearly conferences from 1968 to 1990

^a Until 12th May 2003

^b Executive Officer

^c From February 2011

^d To December 2011

^e From January 2012

^f From February 2015

SUMMARY FINANCIAL STATEMENTS**For the Year Ending 30th June 2016**

	2016	2015
	\$	\$
Income		
Subscriptions	84,037	107,235
Operating Grants	38,726	88,395
Investment Income	2,384	1,829
Other	323	28,282
 Total Income	 125,470	 225,650
 Expenditure		
Contractual Services	146,025	164,320
Finance Charges	3,126	3,121
Other	15,729	14,135
 Total Expenditure	 164,880	 181,576
 Surplus (Deficit) from Operations	 (39,410)	 44,074
 Current Assets	 \$	 \$
Investments	69,597	107,772
Debtors	0	4,118
 Total Current Assets	 69,597	 111,890
 Current Liabilities		
Accounts Payable	20,062	22,945
 Total Current Liabilities	 20,062	 22,945
 Net Current Assets	 49,535	 88,945
 Net Assets	 49,535	 88,945
 Equity		
Accumulated Surplus	49,535	88,945
 Total Equity	 49,535	 88,945



SOUTHERN & HILLS LOCAL GOVERNMENT ASSOCIATION

Constituent Councils

Adelaide Hills Council
Alexandrina Council
The Barossa Council
Kangaroo Island Council
District Council of Mount Barker
City of Victor Harbor
District Council of Yankalilla

S&HLGA KEY ACTION PLAN

2015 - 2016

Address: 13 Ringmer Dr. Burnside, South Australia 5066
Telephone: (08) 7122 4348
Mobile: 0418 502 311
Email: graeme@shlga.sa.gov.au
Web Site: www.shlga.sa.gov.au

The Business Plan 2013 – 2017 has been prepared in accordance with Clause 18 of the Charter, and to comply with Clause 24 of Schedule 2 of the Local Government Act 1999, was adopted on 21 June 2013. The Business Plan should be read in conjunction with the Budget of each of the Financial Years covered by the plan. These provide the resources for the Plan.

An Annual Key Action Plan is prepared based on a framework of the Business Plan that incorporates the Key Issues identified by the Councils and the Executive Officer in various Board meetings and forums during the preceding period. The Key Action Plan is the framework for review and reporting against the Business Plan.

This report format will facilitate the reviews required by Clause 18.3 of the Charter to be conducted by the Board during the course of the year.

The Executive Officer will report to Ordinary Board meetings against the following criteria

1. To keep maintained the business office of the Authority
2. To prepare the Business Plan, Budgets and reports in a timely manner
3. To liaise with Councils, and Stakeholders to foster the outcomes of the Business Plan
4. To attend all meetings of the Authority, to prepare agendas, minutes and correspondence as required.

AND against recognised and documented success indicators (Key Performance Outcome KPO, Key Performance Indicator, KPI).

Business Plan	Action Plan 2015 - 2016		Success Indicators Action Plan 2015-2016		Achievements
Objective	Key Actions	Performance Targets	KPO	KPI	
1. <i>To provide leadership and advocacy for Member Councils on regional issues.</i>	Bi-Monthly Meetings to focus on Local Government issues that support Councils to achieve their Business Plan outcomes by: ○ Meetings to include presentations, workshops and forums on Key Issues Respond as necessary to State and Federal Government Policies which impact on the region	<input checked="" type="checkbox"/> Strategies that give priority to S&HLGA issues <input checked="" type="checkbox"/> Satisfaction data on the meeting format, speakers <input checked="" type="checkbox"/> Number of policy responses	To maintain a vibrant responsive format for the S&HLGA Board	Key issues are addressed and format of meetings constantly meet the needs of the Association's members.	1. ABS 2014-2015 survey on Energy, Water & Environment Oct 2015
2. <i>To promote & market the Southern & Hills Local Government Association</i>	Ensure the new website is current and marketed appropriately	<input checked="" type="checkbox"/> Update the website as required and review	Maintain an informative, current and appealing S&HLGA website		1. Incorporating changes to Mt Barker name
	To provide sound financial management and manage resources effectively	<input checked="" type="checkbox"/> To prepare annual Budget and review as required <input checked="" type="checkbox"/> Oversee Annual Audit	To manage the financial affairs within budget and to prepare reporting within the required timeframes. Business Plan objectives and actions are addressed.	Budget is maintained and reports meet timelines. Objectives and actions within Business Plan have been addressed meeting agreed to timelines.	1. Annual External Audit commenced July 2015 2. Annual Report completed and distributed Sept 2015 3. Mid year Budget Review completed Feb 2016 4. Draft 2016-2017 Budget issued 9 May 2016

Business Plan	Action Plan 2015 - 2016		Success Indicators Action Plan 2015-2016		Achievements
Objective	Key Actions	Performance Targets	KPO	KPI	
	<ul style="list-style-type: none"> Regular CEO's meetings <input checked="" type="checkbox"/> CEO's to inform EO of issues for each meeting <input checked="" type="checkbox"/> Stakeholders to inform EO of issues for each meeting <input checked="" type="checkbox"/> Strengthen interaction with State government and opposition MP's 	<input checked="" type="checkbox"/> Maintain the CEO's forum	Management of key stakeholder relationships with the S&HLGA Board	CEO meeting recommendations and feedback. Key Stakeholder feedback and Board satisfaction	1. Meetings with KI Commissioner 7/9/15, 12/2/16 to discuss regional issues and priorities 2. Meeting with NRM Strategy & Planning 18/3
	Regional issues to be raised with LGA through SAROC	<input checked="" type="checkbox"/> Number of issues raised with LGA / SAROC / Agencies <input checked="" type="checkbox"/> Number of LGA/SAROC Task groups and Committees involved in			1. NRM report to SAROC 27/1/16 2. LGA Regional Organisations Funding Discussion Paper Dec 2015

Business Plan	Action Plan 2015 - 2016		Success Indicators Action Plan 2015-2016		Achievements
Objective	Key Actions	Performance Targets	KPO	KPI	
3. <i>To support sustainable economic, environmental, & social development in the region</i>	Environment Liaise with the regions NRM's <ul style="list-style-type: none"> ○ Actively participate in the regional Climate Change Vulnerability Assessment and/or Climate change adaptation study ○ Actively support the region's position in the LGA review of the current NRM model and NVC SEB offset review 	<input checked="" type="checkbox"/> Regional study report presented to S&HLGA Board <input checked="" type="checkbox"/> SAROC/LGA Reports/Papers produced			1. RDA Climate Change workshops 28/7/15, 6/10/15, 2/2/16 1. S&HLGA - NRM Forum 22 April 2016 Levy collection issues
	research Explore (with the LGA) research and /or pilot programs for the Region.	<input checked="" type="checkbox"/> Successful Research or funding applications or projects facilitated in the region			1. PIRSA Functional & Luxury Foods seminar 8/9/15
	Health Complete all compliance requirements of the regional Health Plan in accordance with the State Public Health Plan	<input checked="" type="checkbox"/> Completed reporting and monitoring implementation aspect of the Regional Health Plan	Reports lodged with SA Health		1. Regional Public Health Plan completed and lodged with SA Health 1/7/15 2. Regional Public Health plan nominated in LG Professionals 2016 leadership awards 3. LG Public Health Forum 9 May 2016

Business Plan	Action Plan 2015 - 2016		Success Indicators Action Plan 2015-2016		Achievements
Objective	Key Actions	Performance Targets	KPO	KPI	
	Regional Development Support the RDA in all regional economic issues and projects	<input checked="" type="checkbox"/> Regular meetings with the RDA <input checked="" type="checkbox"/> RDA reports to the Board against the agreed KPIs <input checked="" type="checkbox"/> Successful joint Regional funding application		Key Stakeholder feedback and Council satisfaction	1. RDA meeting with Bob Goreing to map next steps Regional Infrastructure Plan 3/8/15 2. Assisted planning & setup and attended the Discover Mayo event in Canberra 11/8/15 3. RDA Boundary adjustment review – Onkaparinga request 2/11/15 1. Successful RDA/S&HLGA Regional funding package achieved

Business Plan	Action Plan 2015 - 2016		Success Indicators Action Plan 2015-2016		Achievements
Objective	Key Actions	Performance Targets	KPO	KPI	
4. To improve infrastructure to meet the community's needs.	<p>Transport Continue to manage the S&HLGA Road Works committee and the 2020 Transport Plan.</p> <p>Waste/Water Activate the CWMS user group</p> <p>Support the LGA review of waste levy management and projects and participate in discussions of the creation of a post zero waste entity</p> <p>Telecommunication Monitor regional NBN rollout & continue to lobby for equitable access for the region for digital technology including broadband upgrades and mobile coverage</p>	<p><input checked="" type="checkbox"/> 2016/2017 SLRP funding applications assessed and submitted</p> <p><input checked="" type="checkbox"/> Documented CWMS meetings and outcomes</p> <p><input checked="" type="checkbox"/> Waste management issues and progress reported to the Board</p>	<p>Roads Database Report is updated and meeting critical timelines. This provides a reference for the SLRP and other Road and infrastructure recommendations for funding</p> <p>The updated 2020 Transport Study provides the basis of a regional infrastructure plan.</p> <p>Completed Blackspot submissions and NBN requests</p>	<ol style="list-style-type: none"> 1. Extra SLRP funds EOI with LGA 28/7/15 2.HDS/S&HLGA regional drive to review key regional freight routes 10/3/16 3. RWP meeting 1/4/16 to discuss SLRP applications for 16/17 funding round 4. 2016-2017 SLRP applications lodged 30/4/2016 <ol style="list-style-type: none"> 1. Meeting with CWMS/Water Utilities Group 9/7/15,16/7/15,28/8/15,19/11/15 <ol style="list-style-type: none"> 1. Waste Management stakeholder engagement meeting Chris Colby 2/11/15 2. Successfully recommended LGA monitor and report on Alexandrina move to fortnightly bin collection <ol style="list-style-type: none"> 1. Mobile Black Spot regional priorities advised to LGA April 2016 	

Business Plan	Action Plan 2015 - 2016		Success Indicators Action Plan 2015-2016		Achievements
Objective	Key Actions	Performance Targets	KPO	KPI	
5. To strengthen the capacity of the Association to meet its service obligations.	The Executive Officer to work with the Council CEO's, LGA and Key Stakeholders to explore identified opportunities to share resources that will build capacity in the region and its networks	<input checked="" type="checkbox"/> LGA Regional Capacity Building Grant successfully applied for			1. 2014-2015 LGA Regional Capacity Grant acquitted 13/7/15 2. 2015-2016 LGA Regional Capacity Grant invoiced & received 14/7/15
	Continue to Review the membership base of the S&HLGA and explore the possibility of a Peri Urban Region or identify additional members	<input checked="" type="checkbox"/> Joint S&HLGA and Central Region LGA approach for assistance & funding on an organisational review and investigation of a peri-urban region		Project Assistance & Funding identified & successfully obtained. Issues have been identified, investigations into a Peri Urban Region has been completed and reported back to the LGA, S&HLGA & Central Regions, including recommendations.	1. Potential Onkaparinga membership to the S&HLGA canvassed May 2016
	Benchmark and review the Long term financial sustainability of Councils including future growth trends, alternative revenue options and optimal size and boundaries	<input checked="" type="checkbox"/> Workshop participation and Progress and Outcome Reports to the Board <input checked="" type="checkbox"/> Project management with the LGA of the Fleurieu Futures Project		Key Stakeholder feedback and Council satisfaction	1. Fleurieu Futures/Regional Collaboration and partnerships Advisory Service Workshops 6/8/15, 30/10/15, 13/11/15, 1/12/15 2. Feb 2016 Tenders received for FFP lead Consultant 3. LKS Quaero appointed FFP lead March 2016

Business Plan	Action Plan 2015 - 2016		Success Indicators Action Plan 2015-2016		Achievements
Objective	Key Actions	Performance Targets	KPO	KPI	
	Manage S&HLGA Local Government compliance obligations in 2015-2016	<input checked="" type="checkbox"/> Input into Local Government Act review and proposed amendments <input checked="" type="checkbox"/> Complete Charter Review		Revised Charter approved and published	1. Input into Audit Committee exemptions for LGA regional Organisations
	Partner LGA in efforts to progress action on Pensioner rate concessions, Supplementary Road Funding, Financial Assistance Grants indexing	<input checked="" type="checkbox"/> Participate in SAROC/LGA task groups, reports and negotiations			1. Regional Officer input into review of LGA Capacity Grant and Outreach Grant renewals and redistribution of Rubble Royalties rebate.
	Lead the Region in action on a review of FAGs methodology to better incorporate temporary population impact	<input checked="" type="checkbox"/> Number of presentations, workshops and submissions			

Southern & Hills Local Government Association

Report to the Members of the Board

Year ended 30 June 2016

Your Business | Our Specialty



Accountants | Business and Financial Advisers

Contents

Contents	2
1. Audit Overview.....	3
2. Significant Accounting and Auditing Issues.....	4
3. Specific matter to be reported to those charged with governance	4
4. Internal Control Findings	6

1. Audit Overview

1.1 Purpose

The purpose of this closing report is to communicate any significant matters arising from our audit with the Board. The matters raised in this report have been discussed with management.

1.2 Scope

We conducted our audit of the financial report of Southern & Hills Local Government Association for the year ended 30 June 2016 in accordance with the terms of our engagement and with Australian Auditing Standards to provide reasonable assurance as to whether the financial report is free of material misstatement.

1.3 Status

We have completed the audit including the following which were required in order to finalise the audit:

Matter	Responsibility
Management Representation letter	Completed 18.08.2016
Signed Financial Statements for the year ended 30 June 2016	Pending
Statement of Auditors Independence	Completed 18.08.2016
Independent Auditors Report	Pending

1.4 Access and co-operation

We can confirm that we were not restricted in any way from being able to perform our audit and were provided with access to all information when requested. Please express our thanks to the Executive Officer Graeme Martin for his co-operation and assistance.

1.5 Audit opinion

Subject to receiving the signed management representation letter and financial statements, an unqualified audit report will be issued for the year ended 30 June 2016.

1.6 Disclaimer

Other than our responsibility to the Board of Southern & Hills Local Government Association ("the Association") neither HLB Mann Judd nor any member or employee of HLB Mann Judd undertakes responsibility arising in any way from reliance placed by a third party, on this report. Any reliance placed is that party's sole responsibility.

Our report is for the sole use of the Association and is not to be used by any other person for any other purpose and may not be distributed, duplicated, quoted, referred to, in whole or in part, without our prior written consent.

2. Significant Accounting and Auditing Issues

Any matters raised during the course of our audit, were considered and discussed with management and appropriate action was taken by management to resolve any issues.

2.1 Accounting and Financial Statements

We again assisted the Executive Officer with balancing the Cashflow Statement, and assisted with some minor enhancements/corrections to the financial statements for the year ended 30th June 2016. We also acknowledge the improvement in reporting with upgrading to the Xero accounting system.

2.2 Audit Committee and Internal Control

We note that the Minister approved a further exemption from the requirement to establish an audit committee under Regulation 18 of the Local Government (Financial Management) Regulation 2011. An exemption was granted until 30th June 2021.

3. Specific matters to be reported to those charged with governance

3.1 Independence and ethics

All partners and staff on the Southern & Hills Local Government Association ("the Association") audit engagement team have confirmed that they have been independent for the year ended 30 June 2016.

Furthermore, audit engagement team members have confirmed their compliance with the ethical requirements of APES 110 Code of Ethics for Professional Accountants.

Regulation 22(5) of the Local Government (Financial Management) Regulation 2011 required the independent auditor to make a declaration to the Board regarding their independence.

HLB Mann Judd's policies relating to financial interests with audit clients (loans, shares in the client or share investments) are more stringent than the requirements imposed by the regulatory and professional bodies.

Specifically we represent to you:

- There are no business interests between the Association and HLB Mann Judd.
- No portion of fees paid by the company to HLB Mann Judd is paid on a contingency basis.
- There is no litigation between the company and HLB Mann Judd.
- We are satisfied that the policies and procedures we have in place adequately address any conflicts of interest.

3.2 Audit Considerations in relation to Fraud

Under Australian Auditing Standard ASA 240, The Auditors' Responsibility to Consider Fraud in an Audit of a Financial Report, the auditor is responsible for planning and performing the audit to obtain reasonable assurance about whether the financial report is free of material misstatements as a result of fraud or error.

Management have a responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error and for the accounting policies and accounting estimates inherent in the financial report.

While our audit work during the year was not primarily directed towards the detection of fraud, as part of our annual procedures, we consider the following:

- likelihood of material misstatements arising from fraudulent financial reporting or omissions of amounts of disclosures designed to deceive financial statement users; and
- likelihood of material misstatements arising from misappropriation of assets involving theft and embezzlement of assets.

As a result of the above procedures, we have not become aware of any instances of fraud or non compliance with legislative, regulatory or contractual requirements, which have come to our attention during our procedures.

3.3 Other Matters

Apart from any issues detailed in section 2, we confirm that:

- We noted no errors or irregularities that would cause the financial report to contain a material misstatement, and noted no apparent illegal acts.
- There were no difficulties encountered in dealing with management relating to the performance of the audit.
- The accounting policies selected by the Association are appropriate to the particular circumstances of the Association.
- There are no financial report disclosures issues that we wish to bring to your attention.
- We are not aware of any significant unusual transactions in controversial or emerging areas for which there is a lack of authoritative accounting guidance or consensus.
- We are not aware of any material inconsistencies or material misstatements of fact in information accompanying the financial report that have been corrected.
- We are not aware of any significant matters arising during the audit in connection with the Association's related parties

4. Internal Control Findings

As in previous years, during the course of our audit for the year ended 30 June 2016, we obtained an understanding of the Association's internal control structure and procedures sufficient to allow us to determine our audit procedures for the purpose of expressing our opinion on the financial report.

Our consideration of the control structure and procedures would not necessarily disclose all material weaknesses, as our audit is based on selective tests of accounting records and supporting data, and is not intended to provide specific assurance on the internal control structure.

Subject to earlier comments in this report we have not identified any significant matters that warrant the attention of management or the Board in this area.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants



Trevor Hirth
Partner

Adelaide, South Australia
18th August 2016

SOUTHERN & HILLS LOCAL GOVERNMENT ASSOCIATION

FINANCIAL STATEMENTS

Statement of Comprehensive Income for the Year Ending 30th June 2016

		2016	2015
	Notes	\$	\$
Income			
Subscriptions	1.8	84,037	107,235
Operating Grants		38,726	88,395
Investment Income	1.7	2,384	1,829
Other		323	28,282
<hr/>			
Total Income		125,470	225,650
 Expenditure			
Contractual Services	3	146,025	164,320
Finance Charges		3,126	3,121
Other		15,729	14,135
<hr/>			
Total Expenditure		164,880	181,576
<hr/>			
Surplus (Deficit) from Operations		(39,410)	44,074
<hr/>			

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

SOUTHERN & HILLS LOCAL GOVERNMENT ASSOCIATION

Balance Sheet as at 30th June 2016

	2016	2015
	Notes	\$
Current Assets		
Investments	69,597	107,772
Debtors	0	4,118
Total Current Assets	69,597	111,890
Current Liabilities		
Accounts Payable	20,062	22,945
Total Current Liabilities	20,062	22,945
Net Current Assets	49,535	88,945
Net Assets	1.4	49,535
		88,945
Equity		
Accumulated Surplus	49,535	88,945
Total Equity	49,535	88,945

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

SOUTHERN & HILLS LOCAL GOVERNMENT ASSOCIATION

Statement of Changes in Equity for the Year Ended 30th June 2016

	2016	2015
Notes	\$	\$
Accumulated Surplus		
Balance at beginning of period	88,945	44,871
Net Surplus / (Deficit)	<u>(39,410)</u>	<u>44,074</u>
Balance at end of period	<u>49,535</u>	<u>88,945</u>
 Total Equity		
	49,535	88,945

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 30th June 2016

	2016	2015
Notes	\$	\$
Cash Flows from Operating Activities		
Receipts	127,204	223,425
Payments	(167,763)	(177,029)
Interest Receipts	2,384	1,829
Net Cash Provided by (Used in) Operating Activities	<u>(38,175)</u>	<u>48,225</u>
Net increase/(decrease) in Cash Held	(38,175)	48,225
Cash at the beginning of the reporting period	107,773	59,548
Cash at the end of the reporting period	69,597	107,773

Reconciliation of Change in Net Assets to Cash from operating activities

	2016
	\$
Net Surplus	(39,410)
Add	
Net Decrease in Debtors	4,118
Less	
Net Decrease in Accounts Payable	2,883
Net Cash provided by Operating Activities	(38,175)

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

SOUTHERN & HILLS LOCAL GOVERNMENT ASSOCIATION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

Note 1 - Significant Accounting Policies

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

1 Basis of Preparation

1.1 Compliance with Australian Accounting Standards

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

The 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, Mt Barker District Council, 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.

1.2 Historical Cost Convention

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

1.3 Critical Accounting Estimates

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

1.4 Rounding

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

1.5 Non Current Assets and Non Current Liabilities

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

1.6 Employees

The Association has no employees.

1.7 Investments

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

1.8 Subscriptions

Clause 6 of the Charter of the Association prescribes that subscriptions by Constituent Councils are equal.

Constituent Council Subscription 2016	\$10,500
Constituent Council Subscription 2015	\$10,250

SOUTHERN & HILLS LOCAL GOVERNMENT ASSOCIATION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1.9 Income recognition

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

1.10 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.

1.11 New accounting standards for application in future periods

The Australian Accounting Standards Board has issued new and amended Accounting Standards and interpretations that have mandatory application dates for future periods. The organisation has assessed that it is not expected to be materially impacted by those changes.

2 Functions / Activities of the Association

2.1 Revenues and expenses have been attributed to the following functions / activities, descriptions of which are set out in Note 2.2.

2.2 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.

Special projects: The research into and implementation of projects prescribed by Acts or regulations or approved by Board decision.

Transport and Communication: The review and implementation of the S&H 2020 Transport Plan.

Note 2.2 Functions / Activities of the Southern & Hills Local Government Association

Administration

Year	Revenue			Expenses			Surplus (Deficit)
	Grants	Other	Total Revenue	%	Expenses Total	%	
2016	38,726	86,744	125,470	100.0%	155,684	94.4%	(30,214)
2015	88,305	109,341	197,650	87.6%	151,385	83.4%	46,265

Projects

2016	0	0	0	0.0%	196	0.1%	(196)
2015	0	28,000	28,000	12.4%	28,871	15.9%	(871)

Transport and Communication

2016	0	0	0	0.0%	9,000	5.5%	(9,000)
2015	0	0	0	0.0%	1,320	0.7%	(1,320)

SOUTHERN & HILLS LOCAL GOVERNMENT ASSOCIATION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Year	Revenue			Expenses			Surplus (Deficit)
	Grants	Other	Total Revenue	%	Expenses Total	%	
Total							
2016	38,726	86,744	125,470	100.0%	164,880	100.0%	(39,410)
2015	88,305	137,346	225,650	100.0%	181,576	100.0%	44,074

3. Contractual Services

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

	2016	2015
Consultants:		
Suter Planners	\$0	\$28,000
Grange Advisors Pty Ltd	\$137,025	\$135,000
HDS Australia Pty Ltd	<u>\$9,000</u>	<u>\$1,320</u>
Totals	\$146,025	\$164,320

4. Comparison of Budget and Actual Results

	2016	2015		
	Budget \$	Actual \$	Budget \$	Actual \$
Revenue				
Administration	173,192	125,470	121,827	147,650
Projects	0	0	53,000	78,000
Transport and Communication	0	0	0	0
Total Revenue	173,192	125,470	174,827	225,650
Expenditure				
Administration	157,650	155,684	159,150	151,385
Projects	10,850	196	28,000	28,871
Transport and Communication	1,200	9,000	1,200	1,320
Total Expenditure	169,700	164,880	188,350	181,576
Surplus (Deficit)	3,492	(39,410)	(13,523)	44,074

CERTIFICATION OF FINANCIAL STATEMENTS

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

- o the accompanying financial statements comply with the *Local Government Act 1999*, *Local Government (Financial Management) Regulations 2011* and Australian Accounting Standards.
- o the financial statements present a true and fair view of the Association's financial position at 30 June 2016 and the results of its operations and cash flows for the financial year.
- o internal controls implemented by the Authority provide a reasonable assurance that the Association's financial records are complete, accurate and reliable and were effective throughout the financial year.
- o the financial statements accurately reflect the Association's accounting and other records.

Dated 30th August 2016



Graeme Martin
EXECUTIVE OFFICER



Mayor Bill Spragg
PRESIDENT

CERTIFICATION OF AUDITOR INDEPENDENCE

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of the Southern & Hills Local Government Association for the year ended 30 June 2016, the Association's Auditor, HLB Mann Judd, 169 Fullarton Rd, Adelaide, has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

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

Dated 30th August 2016



Graeme Martin
EXECUTIVE OFFICER



Mayor Bill Spragg
PRESIDENT

**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 of Southern & Hills Local Government Association, which comprises the balance sheet as at 30 June 2016, and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes.

Board's responsibility for the Financial Report

The board of the association is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (Including the Australian Accounting Interpretations), the Local Government Act 1999, and the Local Government (Financial Management) Regulations 2011 (Regulations) made under that Act. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the Financial Report that is free from material misstatement, whether due to fraud or error selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

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

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

HLB Mann Judd Audit (SA) Pty Ltd ABN: 32 166 337 097

169 Fullarton Road, Dulwich SA | Telephone +61 (0)8 8133 5000 | Facsimile +61 (0)8 8431 3502

Postal: PO Box 377, Kent Town SA 5071

HLB Mann Judd Audit (SA) Pty Ltd is a member of **HLB** international. A world-wide organisation of accounting firms and business advisers.

Liability limited by a scheme approved under Professional Standards Legislation

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

Independence

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

Auditor's Opinion

In our opinion:

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

HLB Mann Judd

**HLB Mann Judd
Chartered Accountants**

Trevor Hirth

**Trevor Hirth
Partner**

Adelaide, South Australia

19th August 2016



**FLEURIEU REGIONAL
WASTE AUTHORITY**

Annual Report

2015 – 2016



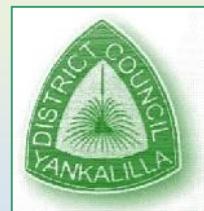
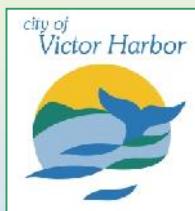
CONSTITUENT COUNCILS:

Alexandrina Council

City of Victor Harbor

Kangaroo Island Council

District Council of Yankalilla



Contents	
	Page No
ABOUT THE AUTHORITY	3
CHAIRPERSON'S MESSAGE	4
THE BOARD	5
EXECUTIVE OFFICER'S MESSAGE	6 - 8
WASTE STATISTICS	9 - 11
CUSTOMER SERVICE CALLS	12 - 14
FINANCIAL STATEMENTS	15 - 52

About The Authority

WHO WE REPRESENT

The Fleurieu Regional Waste Authority (FRWA) was formed by the member councils of the Fleurieu Peninsula in South Australia in order to manage their waste and recycling. The member councils are:

- J Alexandrina Council
- J City of Victor Harbor
- J Kangaroo Island Council
- J District Council of Yankalilla

WHAT WE Do

FRWA provides waste and recycling services on behalf of the four member councils. This includes:

- J the operation of four Waste and Recycling Depots and four Bulky Waste Stations (KI);
- J the provision of waste, recycling and green waste kerbside collection services;
- J public litter bin collections;
- J event bin provision and collection; and
- J the provision of community information and education.

These services are covered by a Service Level Agreement with each Council setting out the Key Performance Indicators that must be achieved and the agreed budgets to deliver the services.

The services are benchmarked against comparable services provided by Local Government and the Private Sector.

OUR HISTORY

In 2007 the Constituent Councils of the Fleurieu Region unanimously adopted the Fleurieu Peninsula Waste Strategy. A key recommendation of the strategy was that if Councils decided to own and operate common assets, then they should establish a Regional Subsidiary pursuant to Section 43 of the Local Government Act, 1999.

The Fleurieu Regional Waste Authority (FRWA) was subsequently established as a regional subsidiary.

The FRWA Charter was approved in January 2010 and gazetted on 11 February 2010 and reviewed and updated in 2012. Recently the Authority completed the 2016 statutory review.

THE FUTURE

An important factor going forward for FRWA is to ensure the region has the necessary strategy, infrastructure and planning in place to meet the legislative requirements under the EPA's Environment Protection (Waste to Resources Policy) and the region's population growth.

Education and promotional programs within the community will continue to remain a high priority with community education being based around:

- J waste avoidance and reduction;
- J recycle right and recycle more
- J composting; and
- J hazardous waste management.

The Authority commits to its continued support of local and regional businesses and services as their preferred suppliers where possible.

Chairperson's Message

CHAIRPERSON'S REPORT 2015/16



The Fleurieu Regional Waste Authority (FRWA) is responsible for providing sustainable waste and recycling services for the communities of our Constituent Councils. This includes the operation of four Waste and Recycling Depots (WRD) and the kerbside collections of general waste, recyclables and green waste, public litter as well as event bin services across the region.

FRWA is also responsible for the delivery of waste education and information across the region, including conducting education programs for kindergartens and primary schools and delivered 32 sessions over the last financial year.

FRWA has a workforce of 35 employees and has been recognised by DOME (Don't Overlook Mature Expertise) with the 'Fair Work Award 2015' for supporting the employment of mature aged workers. In 2015 FRWA's first Trainee commenced a 12 months Traineeship (Certificate III in Local Government) which has been successfully completed.

During the past year we continued our work to improve the sustainability and cost effectiveness of kerbside collection service for our Constituent Councils and prepared for the change to a new collection system in Alexandrina Council from 1 July 2016.

The new system provides for a higher service overall but in a configuration that encourages more diversion of recyclables and greenwaste and the reduction of general waste to landfill.

With the ongoing increase of the state government solid waste levy, measures to reduce waste to landfill are a critical element in future-proofing waste and recycling services for our region.

The weakening of the scrap metal market and the ongoing limited industry responsibilities for e-waste recycling are two key areas adversely

affecting our efforts to improve on diversion of valuable resources from landfill.

FRWA has further strengthened its professional links to the WMAA, KESAB, other local government authorities and state government agencies in addressing ongoing challenges in the waste industry.

On behalf of the Board of Fleurieu Regional Waste Authority, it is my pleasure to present the Annual Report for the 2015/16 financial year and to confirm that the Fleurieu Regional Waste Authority continues to meet its responsibilities under the FRWA Charter in a manner which is both fiscally and environmentally responsible

During 2015/16 there were a number of changes to the Board with the departure of Warren Keading (staff member DC Yankalilla) and Madeleine Walker (Cr Alexandrina Council). Their input and knowledge have been greatly appreciated. Nigel Morris (CEO of DC Yankalilla) and Jim Davis (Cr Alexandrina Council) have since been appointed to the Board we look forward to working with them.

I would like to thank my fellow Board members for their continued support and encouragement and I particularly congratulate the Executive Officer, FRWA staff, drivers and Waste and Recycling Depot operators for their hard work and contribution to placing the Authority on such a sound strategic and financial footing to meet the challenges ahead.

The Board

THE BOARD MEMBERS

FRWA is governed by a nine member Board comprising an Independent Chair to govern and lead the Authority and eight other members, made up of an Elected Member and one Officer from each Constituent Council.



Catherine Cooper
Independent Chairperson



Simon Grenfell
General Manager Engineering
& Environment
Alexandrina Council



Madeleine Walker
Councillor
Alexandrina Council



Glenn Sanford
Director Environment &
Infrastructure
City of Victor Harbor



Tim Glazbrook
Councillor
City of Victor Harbor



Warren Keading
Manager Operations
District Council of Yankalilla



Glen Rowlands
Councillor
District Council of Yankalilla



Ted Botham
Director Business Support
Kangaroo Island Council



Peter Denholm
Councillor
Kangaroo Island Council

BOARD MEETINGS

The Board meets 6 to 8 times each year, with each council taking turns in hosting the proceedings. Special 'Out of Session' meetings are occasionally held for specific matters. All Board members complied with the statutory requirement to submit pecuniary interest returns.

Executive Officer's Message

The Fleurieu Regional Waste Authority completed the 6th year of providing waste and recycling services to the communities of our four member councils. The 2015/16 Annual report provides a synopsis of the Authority's main achievements and I would like to thank the Board Members and staff for their excellent support, hard work and dedication.



BEST PRACTICE SERVICES

Over the last 12 months total waste generated across the region showed a clear upward trend in DC Yankalilla and Kangaroo Island and only a slight increase for Alexandrina Council and City of Victor Harbor.

Through its best practice services FRWA achieved a 60.3% diversion of waste from landfill across the region which follows the trend of previous years.

Member councils with a three bin system achieved a 39% diversion rate through the kerbside compared to a 16-20% diversion rate through two bin system.

Waste and Recycling Depots play a key role in the region's recycling efforts; 75% of all waste managed through these facilities is diverted from landfill, including 4,450t of greenwaste, 1,157 mattresses, 33,105 litres of waste oil, 760kg of light globes, 200kg of old X-Ray films, 12.5t of Drum Muster containers, 5,356 batteries, 108t of e-waste, batteries and many other recyclables.

The Authority continues to work with neighboring councils and other regional authorities on issues of common interest, including furthering sustainable waste management solutions beyond regions, cost effective e-waste management, emerging energy from waste technologies and development of regional markets for recycled products.

FRWA represented its member councils on relevant state and national industry stakeholder working groups and forums and is an active member of the Waste Management Association of Australia/SA Branch.

KERBSIDE COLLECTIONS

Providing a sustainable and cost effective kerbside waste collection service for over 32,000 premises across its four Constituent Councils in accordance with council approved collection schedules and frequencies.

Over the last 12 months we provided over 1.75 million bin pickups across our four member councils, collecting 13,536t of general waste, 3,144t of greenwaste and 3,906t of comingled dry recyclables.

The November 2014 kerbside bin audit across all four member councils showed that the average general waste bin contains only 31% of waste to landfill but 69% of waste streams that are recyclable.

All member councils are considering improvements to their respective kerbside system and Alexandrina Council was the first council to improve kerbside collection service to reduce waste to landfill, capture valuable resources and reduce the impact from the solid waste levy increase.

From March 2016 a dedicated team of staff from Council and the Authority prepared the change **FROM** - weekly collection of general waste and four weekly collection of greenwaste and recyclables



Total of **1,040L** collected over 4 weeks

TO - fortnightly collection of all waste types.



Total of **1,240L** collected over 4 weeks

200L of bin volume (over 4 weeks) has been added to kerbside services in a new configuration that encourages recycling and greenwaste diversion and discourages waste to landfill.

Executive Officer's Message

WASTE AND RECYCLING DEPOTS (WRDs) are key facilities to efficiently manage waste and recycling for Member Councils. 57% of all waste generated in the regions is managed through WRDs and the 80% diversion rate of waste from landfill and into various recycling streams is testimony to continuous improvement and new initiatives.

Despite the significant decline in value for **SCRAP METAL** Member councils maintained the free service for scrap metal management for the community to ensure highly valuable resources are kept out of landfill and available for recycling. Unfortunately other services, such as **PLASBACK**, and bin deliveries were discontinued to mitigate the financial impact.

NEW INITIATIVES of donation of recovered products out of the waste stream and regular clearance sales of recovered building products have proven to be very popular

FRWA continues to offer **E-WASTE** drop off services as a hybrid of free campaign events and fees for service, in line with the framework set out under the National Scheme. A total of 108 tonnes of e-waste were collected under the National Computer and Television Scheme across three regional drop off centers, a decrease of 29% compared to the tonnages collected during the previous year.

COMMUNITY INFORMATION AND EDUCATION

RECYCLE RIGHT: The recent audit for contamination in kerbside collected recyclables showed a reduction in materials that should not be



in the recycling bin by 6.33% on average reducing the contamination rate on some sample days to less than 7%

The Authority continued its successful **EDUCATION AND INFORMATION PROGRAM** to community groups, kindergartens and primary schools.



'Messy Tessy' (aka Tess Sapia, FRWA Education Officer) presenting to primary school students

Our FRWA Education Officer attended 3 regional shows and 7 local markets across the region conducting information sessions on best practice for recycling and waste reuse.



FRWA market stall at Penneshaw with Cr Peter Denholm and FRWA's Education Officer Tess Sapia

Through the year we delivered a total of 32 events reaching about 2000 members of our communities directly.

We invited Sophie Thomson to conduct four **COMPOSTING WORKSHOPS** across the region, promoting diversion of greenwaste away from landfill for reuse in our home gardens.

Executive Officer's Message



Sophie Thomson with Lyn Mateer and Anna Leahy, Cittaslow Goolwa Community garden Volunteers and Jane Brook from FRWA

BUSINESS BIN AUDITS were conducted in central business areas of all townships across the region. Authority staff are working with business owners to find the best available waste management options for their enterprises as well as improvements in waste avoidance and diversion from landfill.

FRWA'S PEOPLE

FRWA employs 35 staff of which 43% work in kerbside collections, 34% in WRDs and 23 in community education and corporate services.

In September 2015 we offered our first ever **TRAINEESHIP**, a success story that we will continue for years to come.

The Authority's efforts in providing a fair and equitable workplace have been recognized by DOME (Don't Overlook Mature Expertise) and the Executive Officer received the Fair Go Award from Minister Zoe Bettinson MP on 13 October 2015.



Minister Zoe Bettinson MP and Marina Wagner

FINANCE AND GOVERNANCE

The Authority is committed to meeting the highest standards in governance, financial and human resources management.

FRWA CHARTER

FRWA's Charter must be reviewed at least once in every four years and the current Charter was last reviewed in 2012. The latest review of the Charter commenced in May 2016 and amendments were approved by all Constituent Councils and the FRWA Board.

INTERNAL AUDIT COMMITTEE

During the year the structure of the Internal Audit Committee was amended by appointing an external expert to the Committee. The Committee conducted ten meetings during the year and provided advice and recommendations to the FRWA Board on the Authority's financial performance, the review of core financial controls and asset management matters.

EXTERNAL MANAGEMENT REVIEW

UHY Haines Norton Chartered Accountants completed quarterly external finance reviews during the financial year.

FINANCIAL STATEMENTS

Nexia Edward Marshall audited the 2015/16 Financial Statements which were provided to all Constituent Councils.

I am pleased to report that the overall performance of the Authority during the 2015/16 financial year meets budget expectations and the Audited Financial Statements for the year have confirmed FRWA's expected results and performance.

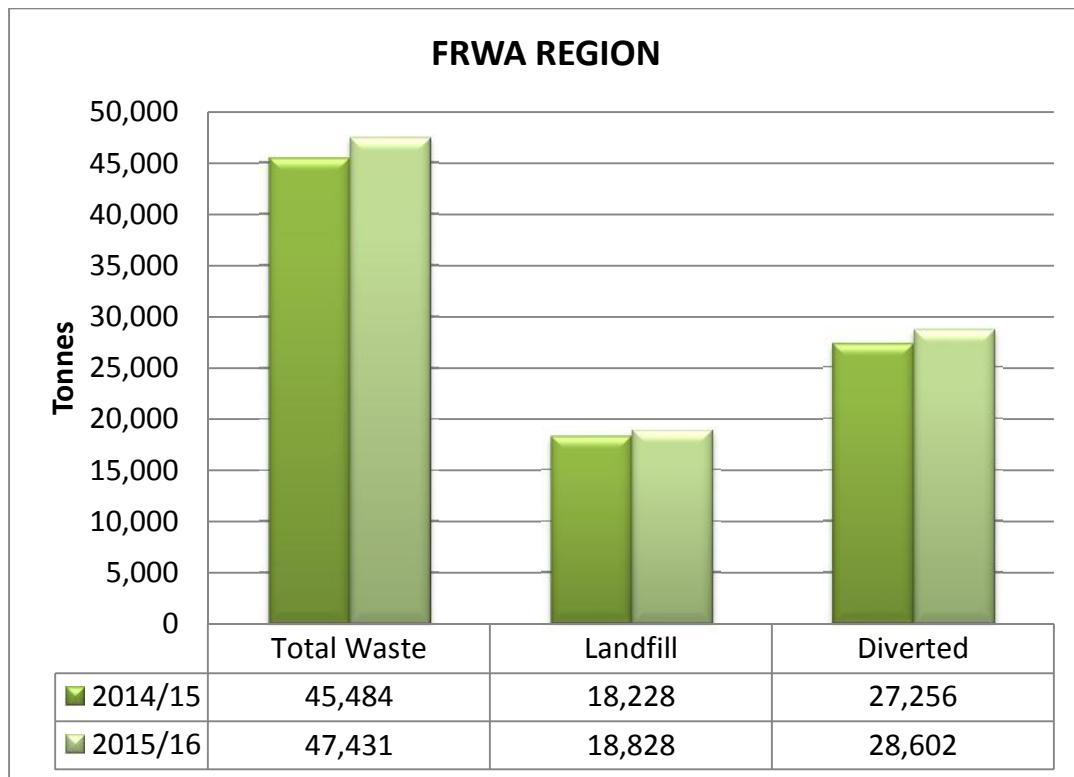
A complete copy of the Audited Financial Statement 2016 forms part of this report.

MARINA WAGNER
EXECUTIVE OFFICER

Waste Statistics

FRWA Region Waste Statistics 2015/16

	FRWA Region	Alexandrina	City of Victor Harbor	DC Yankalilla	KI Council
	Kerbside & WRDs (t)	3 Bin Kerbside & WRDs (t)	3 Bin Kerbside only (t) **	2 Bin Kerbside & WRD (t)	2 Bin Kerbside & WRD (t)
Waste to Landfill	18,828	10,832	3,838	2,226	1,932
Waste Diverted from Landfill	28,603	23,777	2,442	961	1,423
Total 2015/16 (MSW, Greenwaste, Recycling Kerbside & WRD)	47,431	34,609	6,280	3,187	3,355

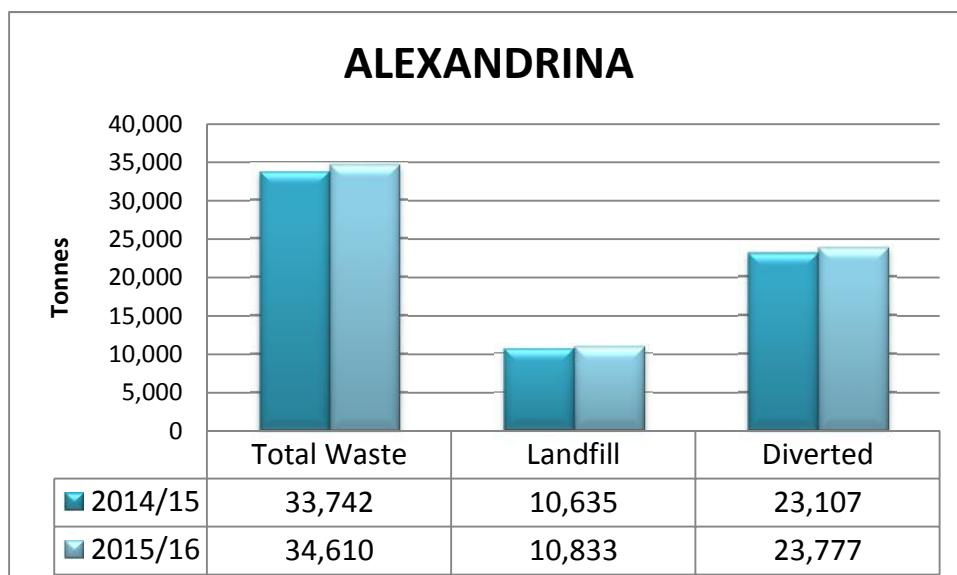


Waste Statistics

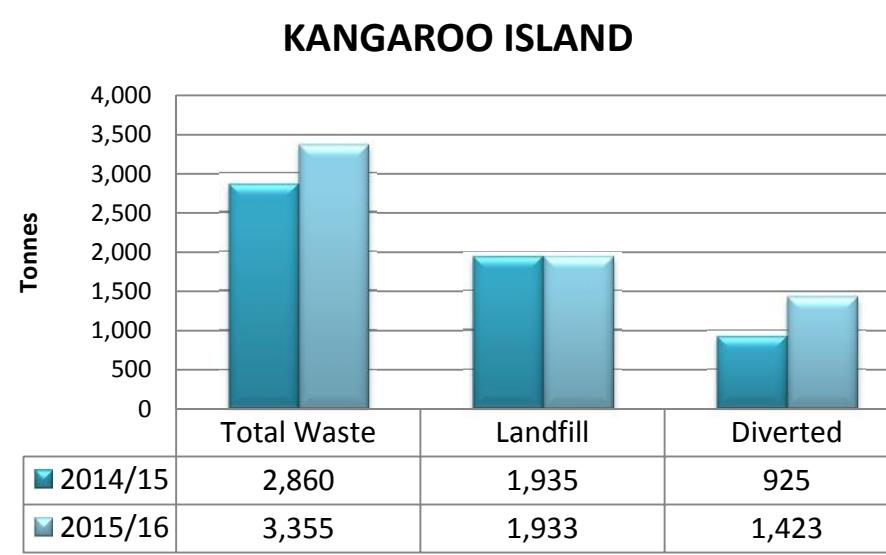
Member Councils Waste Statistics 2015/16

	Region 15/16	Alexandrina Council 2015/16	City of Victor Harbor 2015/16	DC Yankalilla 2015/16	KI Council 2015/16
Kerbside Waste to Landfill	13,536	6,110	3,838	1,679	1,909
Kerbside Greenwaste	3,144	1,912	1,232		
Kerbside Recyclables	3,906	1,919	1,210	413	364
Total Kerbside Waste Diverted from Landfill	7,050	3,831	2,442	413	364
All Kerbside Wastes	20,586	9,941	6,280	2,092	2,273
WRD Waste to Landfill	5,292	4,722		547	23
WRD Waste Diverted from Landfill	21,553	19,946		548	1,059
All WRD Wastes	26,845	24,668	0	1,095	1,082
Total Waste to Landfill	18,828	10,832	3,838	2,226	1,932
Total Waste Diverted from Landfill	28,603	23,777	2,442	961	1,423
Grand Total all Waste Streams	47,431	34,609	6,280	3,187	3,355

The tables above only includes waste streams that are weighed, there are a large range of waste products diverted from landfill not included in the table above which are managed per item, including: mattresses, lounges, batteries, fluoro lights and globes, waste oil, paint, tyres, x-rays, mobile phones and a wide range of salvage items.

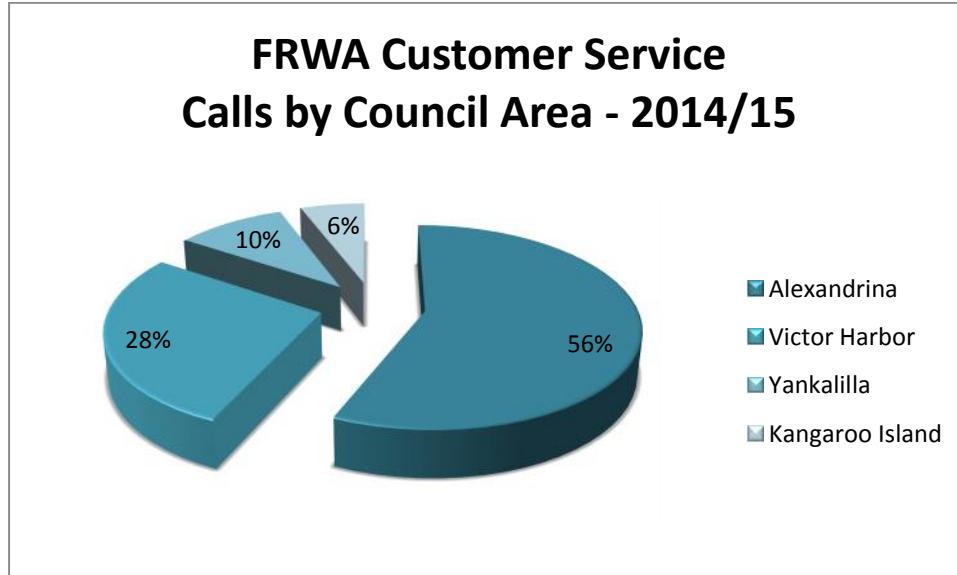


Waste Statistics

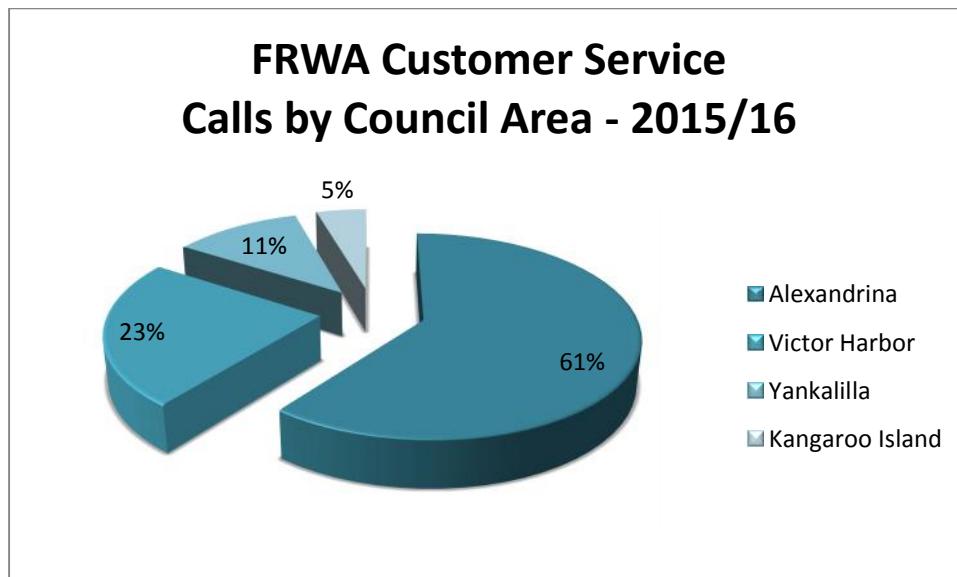


Customer Service

FRWA Customer Service Calls by Council Area 2014/15

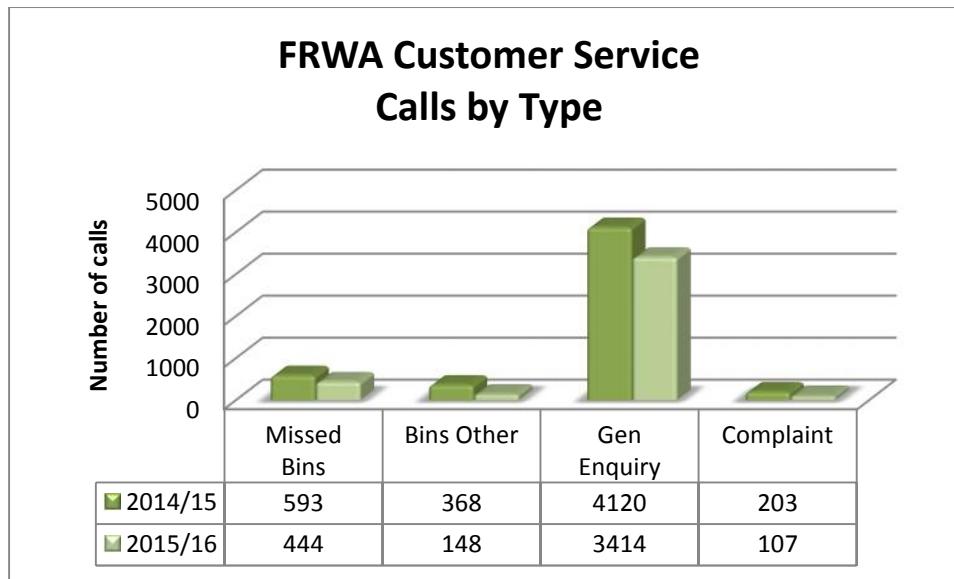
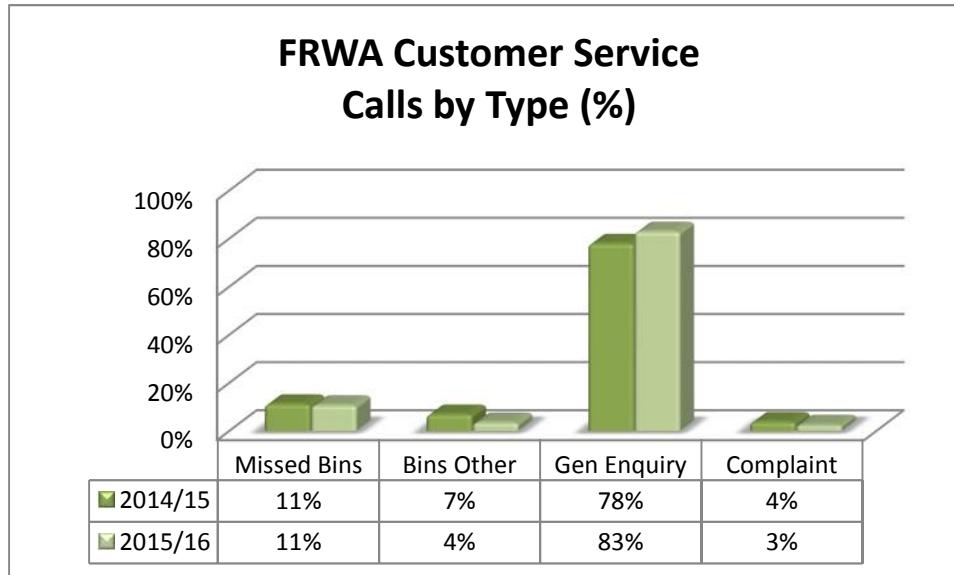


FRWA Customer Service Calls by Council Area 2015/16



Customer Service

FRWA Customer Service Calls by Type 2015/16



Financial Statements

2015-2016

FLEURIEU REGIONAL WASTE AUTHORITY

General Purpose Financial Reports for the year ended 30 June 2016

TABLE OF CONTENTS

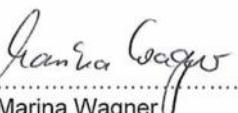
	<u>Page</u>
Authority Certificate	1
Principal Financial Statements	
Statement of Comprehensive Income	2
Statement of Financial Position	3
Statement of Changes in Equity	4
Statement of Cash Flows	5
 Notes to, and forming part of, the Principal Financial Statements	
Note 1 - Significant Accounting Policies	N1
Note 2 - Income	N5
Note 3 - Expenses	N6
Note 4 - Asset Disposal & Fair Value Adjustments	N7
Note 5 - Current Assets	N8
Note 6 - Infrastructure, Property, Plant & Equipment	N9
Note 7 - Liabilities	N12
Note 8 - Other Current Liabilities	N13
Note 9 - Reconciliation of Cash Flow Statement	N14
Note 10 - Financial Instruments	N15
Note 11 - Expenditure Commitments	N17
Note 12 - Financial Indicators	N18
Note 13 - Uniform Presentation of Finances	N19
Note 14 - Operating Leases	N20
Note 15 - Assets & Liabilities not Recognised	N21
Note 16 - Events Occurring After Reporting Date	N22
 Audit Report - Financial Statements	
Authority Certificates of Audit Independence	
Audit Certificate of Audit Independence	

FLEURIEU REGIONAL WASTE AUTHORITY**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2016****CERTIFICATION OF FINANCIAL STATEMENTS**

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

- the accompanying financial statements comply with the *Local Government Act 1999*, *Local Government (Financial Management) Regulations 2011* and Australian Accounting Standards.
- the financial statements present a true and fair view of the Authority's financial position at 30 June 2016 and the results of its operations and cash flows for the financial year.
- internal controls implemented by the Authority provide a reasonable assurance that the Authority's financial records are complete, accurate and reliable and were effective throughout the financial year.
- the financial statements accurately reflect the Authority's accounting and other records.


.....
Catherine Cooper
CHAIR OF THE BOARD


.....
Marina Wagner
EXECUTIVE OFFICER

Date: 26/09/2016

FLEURIEU REGIONAL WASTE AUTHORITY**STATEMENT OF COMPREHENSIVE INCOME**
for the year ended 30 June 2016

	Notes	2016 \$	2015 \$
INCOME			
User charges	2	7,086,423	7,054,993
Grants, subsidies and contributions	2	-	67,885
Investment income	2	17,082	32,706
Reimbursements	2	14,219	6,918
Other income	2	16,055	65,785
Total Income		<u>7,133,779</u>	<u>7,228,287</u>
EXPENSES			
Employee costs	3	2,610,704	2,509,112
Materials, contracts & other expenses	3	3,731,962	3,917,121
Depreciation, amortisation & impairment	3	640,231	519,699
Finance costs	3	135,296	129,078
Total Expenses		<u>7,118,193</u>	<u>7,075,010</u>
OPERATING SURPLUS / (DEFICIT)		15,586	153,277
Asset disposal & fair value adjustments	4	<u>13,843</u>	<u>-</u>
NET SURPLUS / (DEFICIT)		29,429	153,277
transferred to Equity Statement			
Other Comprehensive Income		-	-
Total Other Comprehensive Income		-	-
TOTAL COMPREHENSIVE INCOME		<u>29,429</u>	<u>153,277</u>
TOTAL COMPREHENSIVE INCOME		<u>29,429</u>	<u>153,277</u>

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

FLEURIEU REGIONAL WASTE AUTHORITY

STATEMENT OF FINANCIAL POSITION

as at 30 June 2016

	Notes	2016	2015
		\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents	5	1,155,141	1,382,140
Trade & other receivables	5	297,070	403,021
Inventories	5	30,168	42,773
Total Current Assets		<u>1,482,379</u>	<u>1,827,934</u>
Non-current Assets			
Infrastructure, property, plant & equipment	6	2,633,790	2,045,810
Total Non-current Assets		<u>2,633,790</u>	<u>2,045,810</u>
Total Assets		<u>4,116,169</u>	<u>3,873,744</u>
LIABILITIES			
Current Liabilities			
Trade & other payables	7	920,540	1,031,058
Borrowings	7	567,006	451,310
Provisions	7	208,854	198,126
Other current liabilities	8	110,020	-
Total Current Liabilities		<u>1,806,420</u>	<u>1,680,494</u>
Non-current Liabilities			
Borrowings	7	1,582,230	1,512,690
Provisions	7	53,196	35,666
Total Non-current Liabilities		<u>1,635,426</u>	<u>1,548,356</u>
Total Liabilities		<u>3,441,846</u>	<u>3,228,850</u>
NET ASSETS		<u>674,323</u>	<u>644,894</u>
EQUITY			
Accumulated Surplus		674,323	644,894
TOTAL EQUITY		<u>674,323</u>	<u>644,894</u>

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

FLEURIEU REGIONAL WASTE AUTHORITY

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2016

		Accumulated Surplus	TOTAL EQUITY
2016	Notes	\$	\$
Balance at end of previous reporting period		644,894	644,894
Net Surplus / (Deficit) for Year		29,429	29,429
Other Comprehensive Income		-	-
Balance at end of period		674,323	674,323
<hr/>			
2015			
Balance at end of previous reporting period		491,617	491,617
Net Surplus / (Deficit) for Year		153,277	153,277
Other Comprehensive Income		-	-
Balance at end of period		644,894	644,894

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

FLEURIEU REGIONAL WASTE AUTHORITY

STATEMENT OF CASH FLOWS for the year ended 30 June 2016

	Notes	2016	2015
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
<u>Receipts</u>			
User charges		7,376,045	7,145,072
Investment receipts		17,082	32,706
Grants utilised for operating purposes		-	67,885
Reimbursements		14,219	6,918
Other revenues		16,055	65,785
<u>Payments</u>			
Employee costs		(2,610,704)	(2,509,267)
Materials, contracts & other expenses		(3,875,638)	(4,029,358)
Finance payments		<u>(134,926)</u>	<u>(132,650)</u>
Net Cash provided by Operating Activities		<u>802,133</u>	<u>647,091</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
<u>Receipts</u>			
Sale of replaced assets		32,727	-
<u>Payments</u>			
Expenditure on renewal/replacement of assets		(1,237,594)	-
Expenditure on new/upgraded assets		<u>(9,500)</u>	<u>(600,318)</u>
Net Cash provided used in Investing Activities		<u>(1,214,367)</u>	<u>(600,318)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
<u>Receipts</u>			
Proceeds from borrowings		678,378	537,568
<u>Payments</u>			
Repayments of borrowings		<u>(493,143)</u>	<u>(391,891)</u>
Net Cash provided by Financing Activities		<u>185,235</u>	<u>145,677</u>
Net Increase (Decrease) in cash held		<u>(226,999)</u>	<u>192,450</u>
Cash & cash equivalents at beginning of period	9	<u>1,382,140</u>	<u>1,189,690</u>
Cash & cash equivalents at end of period	<u>9</u>	<u>1,155,141</u>	<u>1,382,140</u>

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

FLEURIEU REGIONAL WASTE AUTHORITY

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

Note 1 - SIGNIFICANT ACCOUNTING POLICIES

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

1 Basis of Preparation

1.1 Compliance with Australian Accounting Standards

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

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

The financial report was authorised for issue by certificate under regulation 14 of the *Local Government (Financial Management) Regulations 2011* dated 20th September 2016.

1.2 Historical Cost Convention

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

1.3 Critical Accounting Estimates

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

1.4 Rounding

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

2 The Local Government Reporting Entity

Fleurieu Regional Waste Authority operates as a regional subsidiary pursuant to Section 43 of the SA Local Government Act 1999 and has its principal place of business at 25b Hutchinson Street, Goolwa SA 5214. These financial statements have been prepared for use by the constituents Councils of the Authority

3 Income recognition

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

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 Authority's operations for the current reporting period.

FLEURIEU REGIONAL WASTE AUTHORITY

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

Note 1 - Significant Accounting Policies (cont.)

4 Cash, Cash Equivalents and other Financial Instruments

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

Receivables are generally unsecured and do not bear interest.

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

All financial instruments are recognised at fair value at the date of recognition. A detailed statement of the accounting policies applied to financial instruments forms part of Note 9.

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.

Revenue received from gate takings associated with rock to be crushed at a later date is quarantined as an other liability until such time as it is ready for crushing. When crushed rock is ultimately processed, any revenue quarantined is offset against the cost of production so as to reflect the actual cost to the Authority of the crushed rock inventory.

6 Infrastructure, Property, Plant & Equipment

6.1 Initial Recognition

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

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

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

6.2 Materiality

Assets with an economic life in excess of one year are only capitalised where the cost of acquisition exceeds materiality thresholds established by Council for each type of asset. In determining (and in annually reviewing) such thresholds, regard is had to the nature of the asset and its estimated service life. Examples of capitalisation thresholds applied during the year are given in Note 6. No capitalisation threshold is applied to the acquisition of land or interests in land.

6.3 Subsequent Recognition

All material asset classes are revalued on a regular basis such that the carrying values are not materially different from fair value. For infrastructure and other asset classes where no active market exists, fair value is determined to be the current replacement cost of an asset less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset. Further detail of existing valuations, methods and valuers are provided at Note 6.

FLEURIEU REGIONAL WASTE AUTHORITY**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**
for the year ended 30 June 2016**Note 1 - Significant Accounting Policies (cont.)****6.4 Depreciation of Non-Current Assets**

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

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

Major depreciation periods for each class of asset are shown in Note 6. Depreciation periods for infrastructure assets have been estimated based on the best information available to Authority, but appropriate records covering the entire life cycle of these assets are not available, and extreme care should be used in interpreting financial information based on these estimates.

6.5 Impairment

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

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

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.

7 Payables**7.1 Goods & Services**

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

7.2 Payments Received in Advance & Deposits

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

8 Borrowings

Loans are carried at their principal amounts which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period to which it relates, and is recorded as part of "Payables".

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 on costs) 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 on costs) 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.

FLEURIEU REGIONAL WASTE AUTHORITY

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

Note 1 - Significant Accounting Policies (cont.)

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

9.2 Superannuation

The Authority makes employer superannuation contributions in respect of its employees to employee nominated superannuation funds. No changes in accounting policy have occurred during either the current or previous reporting periods.

10 Leases

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

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

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

11 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.

12 Pending Accounting Standards

Certain new accounting standards and UIG interpretations have been published that are not mandatory for the 30 June 2016 reporting period and have not been used in preparing these reports.

AASB 7 Financial Instruments – Disclosures

AASB 9 Financial Instruments

AASB 15 Revenue from Contracts with Customers

AASB 124 Related Party Disclosures

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

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

The Authority is of the view that none of the above new standards or interpretations will affect any of the amounts recognised in the financial statements, but that they may impact certain information otherwise disclosed.

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.

FLEURIEU REGIONAL WASTE AUTHORITY

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

Note 2 - INCOME

	Notes	2016 \$	2015 \$
USER CHARGES			
Waste Disposal Operations		<u>7,086,423</u>	<u>7,054,993</u>
		<u>7,086,423</u>	<u>7,054,993</u>
INVESTMENT INCOME			
Interest on investments			
Local Government Finance Authority		306	5,300
Banks & other		<u>16,776</u>	<u>27,406</u>
		<u>17,082</u>	<u>32,706</u>
REIMBURSEMENTS			
- other		<u>14,219</u>	<u>6,918</u>
		<u>14,219</u>	<u>6,918</u>
OTHER INCOME			
Insurance & other recoupments - infrastructure, property, plant & equipment		4,703	60,682
Sundry		<u>11,352</u>	<u>5,103</u>
		<u>16,055</u>	<u>65,785</u>
GRANTS, SUBSIDIES, CONTRIBUTIONS			
Other grants, subsidies and contributions		<u>-</u>	<u>67,885</u>
		<u>-</u>	<u>67,885</u>
Sources of grants			
Commonwealth government		-	46,285
State government		<u>-</u>	<u>21,600</u>
		<u>-</u>	<u>67,885</u>

FLEURIEU REGIONAL WASTE AUTHORITY

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

Note 3 - EXPENSES

	Notes	2016	2015
		\$	\$
EMPLOYEE COSTS			
Salaries and Wages		2,195,138	2,144,990
Employee leave expense		73,583	29,854
Superannuation		198,202	190,898
Workers' Compensation Insurance		104,166	107,008
Other		39,615	36,362
Total Operating Employee Costs		<u>2,610,704</u>	<u>2,509,112</u>
Total Number of Employees		32	32
<i>(Full time equivalent at end of reporting period)</i>			
MATERIALS, CONTRACTS & OTHER EXPENSES			
<u>Prescribed Expenses</u>			
Auditor's Remuneration			
- Auditing the financial reports		11,770	11,082
Board members' expenses		30,661	15,738
Operating Lease Rentals - non-cancellable leases	14		
- minimum lease payments		26,292	27,264
Subtotal - Prescribed Expenses		<u>68,723</u>	<u>54,084</u>
<u>Other Materials, Contracts & Expenses</u>			
Contractors		689,157	928,158
Energy		501,671	548,451
Waste Disposal		1,477,110	1,419,823
Maintenance		409,320	473,636
Legal Expenses		26,400	28,843
Parts, accessories & consumables		77,012	17,622
Professional services		96,620	129,622
Sundry		385,949	316,882
Subtotal - Other Materials, Contracts & Expenses		<u>3,663,239</u>	<u>3,863,037</u>
		<u>3,731,962</u>	<u>3,917,121</u>
DEPRECIATION, AMORTISATION & IMPAIRMENT			
Depreciation			
Plant, Machinery & Equipment		640,231	514,910
Office Equipment, Furniture & Fittings		-	4,789
		<u>640,231</u>	<u>519,699</u>
FINANCE COSTS			
Interest on Loans		135,296	129,078
		<u>135,296</u>	<u>129,078</u>

FLEURIEU REGIONAL WASTE AUTHORITY**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2016****Note 4 - ASSET DISPOSAL & FAIR VALUE ADJUSTMENTS**

	Notes	2016	2015
		\$	\$
INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT			
<i>Assets renewed or directly replaced</i>			
Proceeds from disposal		32,727	-
Less: Carrying amount of assets sold		<u>18,884</u>	-
Gain (Loss) on disposal		<u>13,843</u>	-
 NET GAIN (LOSS) ON DISPOSAL OR REVALUATION OF ASSETS			
		<u>13,843</u>	-

FLEURIEU REGIONAL WASTE AUTHORITY

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

Note 5 - CURRENT ASSETS

CASH & EQUIVALENT ASSETS	Notes	2016	2015
		\$	\$
Cash on Hand and at Bank		134,855	151,547
Deposits at Call		<u>1,020,286</u>	1,230,593
		<u>1,155,141</u>	<u>1,382,140</u>

TRADE & OTHER RECEIVABLES

Debtors - general	228,337	358,014
Prepayments	59,945	2,682
Other Debtors	8,788	42,325
	<u>297,070</u>	<u>403,021</u>

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

INVENTORIES

Stores & Materials	<u>30,168</u>	42,773
	<u>30,168</u>	<u>42,773</u>

FLEURIEU REGIONAL WASTE AUTHORITY

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

Note 6 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

Fair Value Level	2015 \$				2016 \$			
	AT FAIR VALUE	AT COST	ACCUM DEP'N	CARRYING AMOUNT	AT FAIR VALUE	AT COST	ACCUM DEP'N	CARRYING AMOUNT
Buildings & Other Structures	-	3,181	(3,181)	-	-	3,181	(3,181)	-
Plant, Machinery & Equipment	-	4,010,832	(1,965,022)	2,045,810	-	5,204,722	(2,570,932)	2,633,790
Office Equipment, Furniture & Fitti	-	20,634	(20,634)	-	-	20,634	(20,634)	-
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT	-	4,034,647	(1,988,837)	2,045,810	-	5,228,537	(2,594,747)	2,633,790
Comparatives		3,434,329	(1,469,138)	1,965,191		4,034,647	(1,988,837)	2,045,810

This Note continues on the following pages.

Page N9

FLEURIEU REGIONAL WASTE AUTHORITY

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

Note 6 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

	2015 \$	CARRYING AMOUNT MOVEMENTS DURING YEAR							2016 \$	
		Additions		Disposals	Depreciation	Impairment	Transfers			
		New/Upgrade	Renewals				In	Out		
Plant, Machinery & Equipment	2,045,810	9,500	1,237,594	(18,883)	(640,231)	-	-	-	-	
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT	2,045,810	9,500	1,237,594	(18,883)	(640,231)	-	-	-	2,633,790	
Comparatives	1,965,191	600,318	-	-	(519,699)	-	-	-	2,045,810	

This Note continues on the following pages.

Page N10

FLEURIEU REGIONAL WASTE AUTHORITY

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

Note 6 (cont.) – INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

Valuation of Assets

Buildings & Other Structures

Buildings and other structures generally are recognised on the cost basis.

Plant, Furniture & Equipment

These assets are recognised on the cost basis.

Capitalisation thresholds

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

Office Furniture & Equipment	\$1,000
Other Plant & Equipment	\$1,000
Buildings - new construction/extensions	\$1,000

Estimated Useful Lives

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

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

FLEURIEU REGIONAL WASTE AUTHORITY

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

Note 7 - LIABILITIES

	Notes	2016		2015	
		\$	\$	\$	\$
TRADE & OTHER PAYABLES					
Goods & Services		420,406		542,674	
Accrued expenses - employee entitlements		278,559	-	243,763	-
Accrued expenses - other		110,071	-	149,505	-
Other		111,504	-	95,116	-
		920,540	-	1,031,058	-

BORROWINGS

Loans	567,006	1,582,230	451,310	1,512,690
	567,006	1,582,230	451,310	1,512,690

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

PROVISIONS

Employee entitlements (including oncosts)	43,700	53,196	58,126	35,666
Other	165,154	-	140,000	-
	208,854	53,196	198,126	35,666

FLEURIEU REGIONAL WASTE AUTHORITY**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2016****Note 8 - OTHER CURRENT LIABILITIES**

OTHER	Notes	2016		2015	
		\$		\$	
Deferred gate sales		<u>110,020</u>		<u>-</u>	
		<u>110,020</u>		<u>-</u>	

FLEURIEU REGIONAL WASTE AUTHORITY

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

Note 9 - RECONCILIATION TO CASH FLOW STATEMENT

(a) Reconciliation of Cash

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

	Notes	2016	2015
		\$	\$
Total cash & equivalent assets	5	<u>1,155,141</u>	<u>1,382,140</u>
Balances per Cash Flow Statement		<u>1,155,141</u>	<u>1,382,140</u>

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

Net Surplus (Deficit)	29,429	153,277
Non-cash items in Income Statement		
Depreciation, amortisation & impairment	640,231	519,699
Net increase (decrease) in unpaid employee benefits	3,104	(31,703)
Net (Gain) Loss on Disposals	<u>(13,843)</u>	-
	<u>658,921</u>	<u>641,273</u>
Add (Less): Changes in Net Current Assets		
Net (increase) decrease in receivables	105,951	(4,504)
Net (increase) decrease in inventories	12,605	2,720
Net increase (decrease) in trade & other payables	<u>(110,518)</u>	<u>(27,398)</u>
Net increase (decrease) in other provisions	25,154	35,000
Net increase (decrease) in other liabilities	<u>110,020</u>	-
Net Cash provided by (or used in) operations	<u>802,133</u>	<u>647,091</u>

(c) Financing Arrangements

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

Corporate Credit Cards	10,000	10,000
LGFA Cash Advance Debenture facility	500,000	500,000

FLEURIEU REGIONAL WASTE AUTHORITY

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

Note 10 - FINANCIAL INSTRUMENTS

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

Accounting Policies - Recognised Financial Instruments

Bank, Deposits at Call, Short Term Deposits	Accounting Policy: Carried at lower of cost and net realisable value; Interest is recognised when earned. Terms & conditions: Deposits are returning fixed interest rates between 1% and 3% (2015: 1% and 3%). Carrying amount: approximates fair value due to the short term to maturity.
Receivables - Fees & other charges	Accounting Policy: Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable. Terms & conditions: Unsecured, and do not bear interest. Although Authority is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Authority's boundaries. Carrying amount: approximates fair value (after deduction of any allowance).
Liabilities - Creditors and Accruals	Accounting Policy: Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Authority. Terms & conditions: Liabilities are normally settled on 30 day terms. Carrying amount: approximates fair value.
Liabilities - Interest Bearing Borrowings	Accounting Policy: Carried at the principal amounts. Interest is charged as an expense as it accrues. Terms & conditions: secured over future revenues, borrowings are repayable (describe basis); interest is charged at fixed (or variable - describe) rates between 4.45% and 6.65% (2015: 4.8% and 6.65%) Carrying amount: approximates fair value.

FLEURIEU REGIONAL WASTE AUTHORITY

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

Note 10 (cont) - FINANCIAL INSTRUMENTS

Liquidity Analysis

	2016	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
Financial Assets						
Cash & Equivalents		\$ 1,155,141			\$ 1,155,141	\$ 1,155,141
Receivables		237,125	-	-	237,125	297,070
Total		1,392,266	-	-	1,392,266	1,452,211
Financial Liabilities						
Payables		641,981	-	-	641,981	531,910
Current Borrowings		685,355	-	-	685,355	567,006
Non-Current Borrowings		-	1,721,501	59,927	1,781,428	1,582,230
Total		1,327,336	1,721,501	59,927	3,108,764	2,681,146
	2015	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
Financial Assets						
Cash & Equivalents		\$ 1,382,140			\$ 1,382,140	\$ 1,382,140
Receivables		308,438	-	-	308,438	403,021
Total		1,690,578	-	-	1,690,578	1,785,161
Financial Liabilities						
Payables		695,394	-	-	695,394	637,790
Current Borrowings		565,502	-	-	565,502	451,310
Non-Current Borrowings		-	1,550,746	136,991	1,687,737	1,512,690
Total		1,260,896	1,550,746	136,991	2,948,633	2,601,790

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

	30 June 2016	30 June 2015
	Weighted Average Interest Rate	Weighted Average Interest Rate
	%	%
Fixed Interest Rates	5.62	6.21
	<u>2,149,236</u>	<u>1,964,000</u>
	<u>2,149,236</u>	<u>1,964,000</u>

Net Fair Value

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

Risk Exposures

Credit Risk represents the loss that would be recognised if counterparties fail to perform as contracted. The maximum credit risk on financial assets of the Authority is the carrying amount, net of any allowance for doubtful debts. All Authority investments are made with 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 Authority's boundaries, and there is no material exposure to any individual debtor.

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

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

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

FLEURIEU REGIONAL WASTE AUTHORITY

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

Note 11 - COMMITMENTS FOR EXPENDITURE

	2016 <u>Notes</u>	2015 \$
Other Expenditure Commitments		
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Audit Services	-	9,600
Kangaroo Island Bin Replacement	140,000	105,000
Employee Remuneration Contracts	731,120	901,003
Maintenance contracts	21,600	43,200
	<u>892,720</u>	<u>1,058,803</u>
These expenditure are payable:		
Not later than one year	196,490	222,683
Later than one year and not later than 5 years	696,230	836,120
Net Lease Liability	<u>892,720</u>	<u>1,058,803</u>

FLEURIEU REGIONAL WASTE AUTHORITY

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

Note 12 - FINANCIAL INDICATORS

2016	2015	2014
------	------	------

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

Operating Surplus Ratio

<u>Operating Surplus</u>	0%	2%	2%
Rates - general & other less NRM levy			

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

Adjusted Operating Surplus Ratio

<u>Net Financial Liabilities</u>	0%	2%	2%
Total Operating Revenue			

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

Net Financial Liabilities Ratio

<u>Net Financial Liabilities</u>	28%	20%	22%
Total Operating Revenue			

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

Asset Sustainability Ratio

<u>Net Asset Renewals</u>	N/A	N/A	N/A
Infrastructure & Asset Management Plan required expenditure			

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

FLEURIEU REGIONAL WASTE AUTHORITY

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

Note 13 - UNIFORM PRESENTATION OF FINANCES

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

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

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

	2016	2015
	\$	\$
Income	7,133,779	7,228,287
<i>less Expenses</i>	<u>7,118,193</u>	<u>7,075,010</u>
Operating Surplus / (Deficit)	<u>15,586</u>	<u>153,277</u>
 <i>less Net Outlays on Existing Assets</i>		
Capital Expenditure on renewal and replacement of Existing Assets	1,237,594	-
Depreciation, Amortisation and Impairment	(640,231)	(519,699)
Proceeds from Sale of Replaced Assets	<u>(32,727)</u>	<u>-</u>
	564,636	(519,699)
 <i>less Net Outlays on New and Upgraded Assets</i>		
Capital Expenditure on New and Upgraded Assets <i>(including investment property & real estate developments)</i>	9,500	600,318
	<u>9,500</u>	<u>600,318</u>
 Net Lending / (Borrowing) for Financial Year	<u>(558,550)</u>	<u>72,658</u>

FLEURIEU REGIONAL WASTE AUTHORITY**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2016****Note 14 - OPERATING LEASES*****Lease payment commitments of Authority***

Authority has entered into non-cancellable operating leases for office premises in Goolwa

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

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

	2016	2015
	\$	\$
Not later than one year	26,000	26,000
	26,000	26,000

FLEURIEU REGIONAL WASTE AUTHORITY

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

Note 15 - CONTINGENCIES & ASSETS & LIABILITIES NOT RECOGNISED IN THE BALANCE SHEET

At times there are contingencies, assets or liabilities that do not qualify for recognition in the Balance Sheet but knowledge of those items is considered relevant to the user of the financial report making and evaluating decisions about the allocation of scarce resources. From our knowledge there are no known contingencies, assets or liabilities that should be disclosed that have not been included in the balance sheet.

FLEURIEU REGIONAL WASTE AUTHORITY

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

Note 16 - EVENTS OCCURRING AFTER REPORTING DATE IN THE BALANCE SHEET

There are no events subsequent to 30 June 2016 that need to be disclosed in the financial statements.



FLEURIEU REGIONAL WASTE AUTHORITY

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

Report on the Financial Report

We have audited the accompanying financial report of Fleurieu Regional Waste Authority, which comprises the Statement of Financial Position as at 30 June 2016 and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the Certification of Financial Statements.

Board's Responsibility for the Financial Report

The Board of Fleurieu Regional Waste Authority are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011. The Board's responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report so that it 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 judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board, as well as evaluating the overall presentation of the financial report.

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





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

Independence

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

Auditor's Opinion

In our opinion, the financial report presents fairly, in all material respects, the financial position of Fleurieu Regional Waste Authority as at 30 June 2016, and its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011.

A handwritten signature in blue ink that reads "Jamie Dreckow".

Nexia Edwards Marshall
Chartered Accountants

A handwritten signature in blue ink that reads "Jamie Dreckow".

Jamie Dreckow
Managing Partner

Adelaide
South Australia

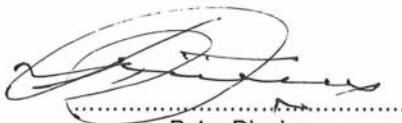
20 September 2016



FLEURIEU REGIONAL WASTE AUTHORITY**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2016****CERTIFICATION OF AUDITOR INDEPENDENCE**

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of Fleurieu Regional Waste Authority for the year ended 30 June 2016, the Authority's Auditor, Edwards Marshall, has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

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



Peter Dinning
CHIEF EXECUTIVE OFFICER
Alexandrina Council

Date: 29/8/2016

**PRESIDING MEMBER
AUDIT COMMITTEE**
Subsidiary is exempt from requirements for
an audit committee

FLEURIEU REGIONAL WASTE AUTHORITY**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2016****CERTIFICATION OF AUDITOR INDEPENDENCE**

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of Fleurieu Regional Waste Authority for the year ended 30 June 2016, the Authority's Auditor, Edwards Marshall, has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

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

A handwritten signature of Graeme Maxwell.

Graeme Maxwell
CHIEF EXECUTIVE OFFICER
City of Victor Harbor

Date: 30/8/2016

PRESIDING MEMBER
AUDIT COMMITTEE

Subsidiary is exempt from requirements for
an audit committee

FLEURIEU REGIONAL WASTE AUTHORITY**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2016****CERTIFICATION OF AUDITOR INDEPENDENCE**

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of Fleurieu Regional Waste Authority for the year ended 30 June 2016, the Authority's Auditor, Edwards Marshall, has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

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

.....
Nigel Morris
CHIEF EXECUTIVE OFFICER
District Council of Yankalilla

PRESIDING MEMBER
AUDIT COMMITTEE
Subsidiary is exempt from requirements for
an audit committee

Date: 26 August 2016

FLEURIEU REGIONAL WASTE AUTHORITY**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2016****CERTIFICATION OF AUDITOR INDEPENDENCE**

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of Fleurieu Regional Waste Authority for the year ended 30 June 2016, the Authority's Auditor, Edwards Marshall, has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

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



.....
Andrew Boardman
CHIEF EXECUTIVE OFFICER
Kangaroo Island Council

**PRESIDING MEMBER
AUDIT COMMITTEE**

Subsidiary is exempt from requirements for
an audit committee

Date: 25th August 2016

FLEURIEU REGIONAL WASTE AUTHORITY**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2016****CERTIFICATION OF AUDITOR INDEPENDENCE**

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of Fleurieu Regional Waste Authority for the year ended 30 June 2016, the Authority's Auditor, Edwards Marshall, has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

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

Marina Wagner
EXECUTIVE OFFICER

PRESIDING MEMBER
AUDIT COMMITTEE

Subsidiary is exempt from requirements for
an audit committee

Date: 20/9/16

FLEURIEU REGIONAL WASTE AUTHORITY**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2016****CERTIFICATION OF AUDITOR INDEPENDENCE**

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of Fleurieu Regional Waste Authority for the year ended 30 June 2016, the Authority's Auditor, Edwards Marshall, has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

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

Catherine Cooper
CHAIR OF THE BOARD

Date: 8/9/16

**PRESIDING MEMBER
AUDIT COMMITTEE**

**Subsidiary is exempt from requirements for
an audit committee**



**FLEURIEU REGIONAL WASTE AUTHORITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

STATEMENT BY AUDITOR

I confirm that, for the audit of the financial statements of Fleurieu Regional Waste Authority for the year ended 30 June 2016, I have maintained my independence in accordance with the requirements of APES 110 – Code of Ethics for Professional Accountants, Section 290, published by the Accounting Professional and Ethical Standards Board and in accordance with the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

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

A handwritten signature in black ink, appearing to read "Jamie Dreckow".

Nexia Edwards Marshall
Chartered Accountants

A handwritten signature in black ink, appearing to read "Jamie Dreckow".

Jamie Dreckow
Managing Partner

Adelaide
South Australia

20 September 2016

L3 153 Flinders Street
Adelaide SA 5000
GPO Box 2163
Adelaide SA 5001
p +61 8 8139 1111
w nexiaem.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

Nexia Edwards Marshall is an independent firm of Chartered Accountants. It is affiliated with, but independent from, Nexia Australia Pty Ltd, which is a member of Nexia International, a worldwide network of independent accounting and consulting firms. Neither Nexia International nor Nexia Australia Pty Ltd deliver services in its own name or otherwise. Nexia International Limited and the member firms of the Nexia International network (including those members which trade under a name which includes the word NEXIA) are not part of a worldwide partnership.

The trademarks NEXIA INTERNATIONAL, NEXIA and the NEXIA logo are owned by Nexia International Limited and used under licence.



25b Hutchinson Street
(PO Box 2375)
Goolwa SA 5214
Telephone: (08) 8555 7401 Facsimile (08) 8555 0970
Website: www.frwa.com.au



Fleurieu Regional Waste Authority

