

**The District Council
of
Yankalilla**



**FINANCIAL STATEMENTS
FOR THE YEAR
ENDED 30th JUNE 2013**

DISTRICT COUNCIL OF YANKALILLA

General Purpose Financial Reports

for the year ended 30 June 2013

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DISTRICT COUNCIL OF YANKALILLA

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2013

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 2013 and the results of its operations and cash flows for the financial year.
- internal controls implemented by the Council provide a reasonable assurance that the Council's financial records are complete, accurate and reliable and were effective throughout the financial year.
- the financial statements accurately reflect the Council's accounting and other records.



.....
Adrian Skull
CHIEF EXECUTIVE OFFICER



.....
Malcolm Schlein
MAYOR/COUNCILLOR

Date: 17 Oct 2013

DISTRICT COUNCIL OF YANKALILLA

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2013

	Notes	2013 \$	2012 \$
INCOME			
Rates	2	9,395,932	8,863,248
Statutory charges	2	142,974	151,998
User charges	2	966,821	870,409
Grants, subsidies and contributions	2	1,320,807	855,256
Investment income	2	57,329	67,601
Reimbursements	2	151,519	395,151
Other income	2	137,735	168,680
Net gain - equity accounted Council businesses	19	5,479	15,752
Total Income		<u>12,178,596</u>	<u>11,388,095</u>
EXPENSES			
Employee costs	3	3,530,217	3,503,324
Materials, contracts & other expenses	3	4,802,160	4,710,042
Depreciation, amortisation & impairment	3	3,624,182	3,167,745
Finance costs	3	601,940	658,954
Net loss - equity accounted Council businesses	19	1,744	
Total Expenses		<u>12,560,242</u>	<u>12,040,065</u>
OPERATING SURPLUS / (DEFICIT)		(381,646)	(651,970)
Asset disposal & fair value adjustments	4	(430,323)	(68,924)
Amounts received specifically for new or upgraded assets	2	55,523	832,000
Physical resources received free of charge	2	2,601,056	212,661
NET SURPLUS / (DEFICIT)		<u>1,844,610</u>	<u>323,767</u>
transferred to Equity Statement			323,767
Other Comprehensive Income			
<i>Amounts which will not be reclassified subsequently to operating result</i>			
Changes in revaluation surplus - infrastructure, property, plant & equipment	9	11,168,299	540,928
Total Other Comprehensive Income		<u>11,168,299</u>	<u>540,928</u>
TOTAL COMPREHENSIVE INCOME		<u>13,012,909</u>	<u>864,695</u>
Share of Net Surplus / (Deficit) Council		1,844,610	323,767
		<u>1,844,610</u>	<u>323,767</u>
Share of Other Comprehensive Income Council		11,168,299	540,928
		<u>11,168,299</u>	<u>540,928</u>
TOTAL COMPREHENSIVE INCOME		<u>13,012,909</u>	<u>864,695</u>

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

DISTRICT COUNCIL OF YANKALILLA

**BALANCE SHEET
as at 30 June 2013**

ASSETS	Notes	2013	2012
Current Assets		\$	\$
Cash and cash equivalents	5	308,751	293,983
Trade & other receivables	5	1,375,515	1,878,660
Inventories	5	32,076	62,700
Total Current Assets		<u>1,716,342</u>	<u>2,235,343</u>
Non-current Assets			
Financial assets	6	59,584	99,330
Equity accounted investments in Council businesses	6	61,170	57,435
Infrastructure, property, plant & equipment	7	110,800,195	99,641,213
Total Non-current Assets		<u>110,920,949</u>	<u>99,797,978</u>
Total Assets		<u>112,637,291</u>	<u>102,033,321</u>
LIABILITIES			
Current Liabilities			
Trade & other payables	8	1,030,434	1,004,556
Borrowings	8	1,149,121	2,932,620
Provisions	8	221,861	222,652
Total Current Liabilities		<u>2,401,416</u>	<u>4,159,828</u>
Non-current Liabilities			
Borrowings	8	7,661,628	8,374,980
Provisions	8	129,025	66,200
Total Non-current Liabilities		<u>7,790,653</u>	<u>8,441,180</u>
Total Liabilities		10,192,069	12,601,008
NET ASSETS		<u>102,445,222</u>	<u>89,432,313</u>
EQUITY			
Accumulated Surplus		30,994,227	29,180,162
Asset Revaluation Reserves	9	71,141,218	59,972,919
Other Reserves	9	309,777	279,232
TOTAL EQUITY		<u>102,445,222</u>	<u>89,432,313</u>

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

DISTRICT COUNCIL OF YANKALILLA

STATEMENT OF CHANGES IN EQUITY for the year ended 30 June 2013

2013	Notes	Accumulated Surplus \$	Asset Revaluation Reserve \$	Other Reserves \$	TOTAL EQUITY \$
Balance at end of previous reporting period		29,180,162	59,972,919	279,232	89,432,313
Net Surplus / (Deficit) for Year		1,844,610	-	-	1,844,610
Other Comprehensive Income					
Gain on revaluation of infrastructure, property, plant & equipment		-	11,168,299	-	11,168,299
Transfers between reserves		(30,545)		30,545	-
Balance at end of period		30,994,227	71,141,218	309,777	102,445,222
2012					
Balance at end of previous reporting period		28,569,114	59,431,991	566,513	88,567,618
Net Surplus / (Deficit) for Year		323,767	-	-	323,767
Other Comprehensive Income					
Changes in revaluation surplus - infrastructure, property, plant & equipment		-	540,928	-	540,928
Transfers between reserves		287,281	-	(287,281)	-
Balance at end of period		29,180,162	59,972,919	279,232	89,432,313

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

DISTRICT COUNCIL OF YANKALILLA

CASH FLOW STATEMENT for the year ended 30 June 2013

CASH FLOWS FROM OPERATING ACTIVITIES	Notes	2013 \$	2012 \$
<u>Receipts</u>			
Operating Receipts		12,658,846	11,969,074
Investment receipts		57,552	68,213
<u>Payments</u>			
Operating Payments to suppliers & Employees		(8,203,484)	(9,416,852)
Finance payments		(652,086)	(710,999)
Net Cash provided by (or used in) Operating Activities		3,860,828	1,909,436
 CASH FLOWS FROM INVESTING ACTIVITIES			
<u>Receipts</u>			
Amounts specifically for new or upgraded assets		55,523	832,000
Sale of replaced assets		-	106,720
Sale of surplus assets		27,127	355,000
Repayments of loans by community groups		39,400	34,313
<u>Payments</u>			
Expenditure on renewal/replacement of assets		(1,441,330)	(1,776,171)
Expenditure on new/upgraded assets		(29,929)	(1,095,746)
Loans made to community groups		-	(15,000)
Net Cash provided by (or used in) Investing Activities		(1,349,209)	(1,558,884)
 CASH FLOWS FROM FINANCING ACTIVITIES			
<u>Receipts</u>			
Proceeds from borrowings		-	451,896
<u>Payments</u>			
Repayments of borrowings		(2,496,851)	(661,177)
Net Cash provided by (or used in) Financing Activities		(2,496,851)	(209,281)
Net Increase (Decrease) in cash held		14,768	141,271
Cash & cash equivalents at beginning of period	11	293,983	152,712
Cash & cash equivalents at end of period	11	308,751	293,983

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 2013

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 17th October 2013.

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.

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

District Council of Yankalilla

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2013

Note 1 - Significant Accounting Policies (cont)

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

In the month of June in recent years the Federal Government has paid amounts of untied financial assistance grants, which are recognised on receipt, in advance of the year of allocation. In June 2011, one quarter of the 2011/12 allocation amounting to \$68,832 was paid in advance; in June 2012, two quarters of the 2012/13 allocation: \$140,298; and in June 2013, again two quarters of the 2013/14 allocation: \$145,008. Accordingly, in the reporting period ended 30 June 2012, Council's operating deficit was effectively understated by \$140,298.

It is anticipated that these amounts in advance will be adjusted at some future time, but details of the timing of this are not currently available. The total amounts to be adjusted at 30 June 2013 is \$145,008 (\$2012, \$140,298).

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.

District Council of Yankalilla

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2013

Note 1 - Significant Accounting Policies (cont)

6.2 Initial Recognition

All assets are initially recognised at cost.

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

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

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

6.3 Subsequent Recognition

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

6.4 Impairment

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

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

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

6.5 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.

District Council of Yankalilla

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2013

Note 1 - Significant Accounting Policies (cont)

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	2.73% (2012, 2.73%)
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No accrual is made for sick leave as Council experience indicates that, on average, sick leave taken in each reporting period is less than the entitlement accruing in that period, and this experience is expected to recur in future reporting periods. Council does not make payment for untaken sick leave.

9.2 Superannuation

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

10 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.

District Council of Yankalilla

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2013

Note 1 - Significant Accounting Policies (cont)

11 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.

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 2013 reporting period and have not been used in preparing these reports.

AASB 7	Financial Instruments – Disclosures
AASB 9	Financial Instruments
AASB 10	Consolidated Financial Statements
AASB 11	Joint Arrangements
AASB 12	Disclosure of Interests in Other Entities
AASB 13	Fair Value Measurement
AASB 119	Employee Benefits
AASB 127	Separate Financial Statements
AASB 128	Investments in Associates and Joint Ventures
AASB 132	Financial Instruments: Presentation

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

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

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

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

DISTRICT COUNCIL OF YANKALILLA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2013

Note 2 - INCOME

	Notes	2013 \$	2012 \$
RATES REVENUES			
<u>General Rates</u>		8,044,775	7,618,014
Less: Mandatory rebates		(36,033)	(53,759)
Less: Discretionary rebates, remissions & write offs		(19,537)	(22,744)
		7,989,205	7,541,511
<u>Other Rates</u> (including service charges)			
Natural Resource Management levy		157,860	143,916
Wirrina CWMS & Water Rates		6,482	-
Community Wastewater Management Systems		1,088,383	1,031,092
		1,252,725	1,175,008
<u>Other Charges</u>			
Penalties for late payment		154,002	146,729
		154,002	146,729
		9,395,932	8,863,248
STATUTORY CHARGES			
Development Act fees		26,537	26,132
Town planning fees		52,990	65,757
Health & Septic Tank Inspection fees		27,038	27,014
Animal registration fees & fines		35,089	31,584
Other licences, fees, & fines		1,320	1,511
		142,974	151,998
USER CHARGES			
Caravan Park Hire Fees		816,760	750,464
Cemetery/crematoria fees		5,889	4,500
Block Clearing Fees		6,625	3,422
Hall & equipment hire		4,316	6,034
Road Rentals& Reserve Leases		-	17,988
Search Fees		25,944	11,944
Community Bus		1,583	2,611
HACC Contributions		15,422	17,791
Sales - general		11,465	10,455
Sundry		78,817	45,200
		966,821	870,409
INVESTMENT INCOME			
Interest on investments			
Local Government Finance Authority		5,442	6,115
Banks & other		8,033	12,902
Loans to community groups		6,828	8,048
Investment property rental income		37,026	40,536
		57,329	67,601
REIMBURSEMENTS			
- for private works		1,466	10,246
- other		150,053	384,905
		151,519	395,151

DISTRICT COUNCIL OF YANKALILLA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2013

NOTE 2 - INCOME (continued)

	Notes	2013 \$	2012 \$
OTHER INCOME			
Rebates received		113,183	90,874
Sundry		24,552	77,806
		137,735	168,680
 GRANTS, SUBSIDIES, CONTRIBUTIONS			
Amounts received specifically for new or upgraded assets		55,523	832,000
Other grants, subsidies and contributions		1,115,818	714,958
Individually Significant Item - additional Grants Commission payment		149,466	140,298
		1,320,807	1,687,256

The functions to which these grants relate are shown in Note 2.

Sources of grants

Commonwealth government		610,667	941,089
State government		500,361	674,391
Other		209,779	71,776
		1,320,807	1,687,256

Individually Significant Item

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

		145,008	140,298
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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		58,954	201,459
Less: expended during the current period from revenues recognised in previous reporting periods			
HACC Grant for Minor Capital		-	(2,452)
Cape Jervis Ferry Terminal Landscaping		-	(6,432)
Adelaide NRM - Stormwater Master Plan		-	(50,523)
Department of Justice - Crime Prevention		(9,477)	(18,700)
Department Plan/ Local Govt		(9,000)	(79,000)
Dept Further Education, Employment & Training		(1,000)	(22,875)
Community Neighbourhood		-	(2,000)
Department Planning, Transport & Infrastructure (planning Division)		(24,779)	-
Subtotal		(44,256)	(181,982)

Plus: amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions

Department of Justice - Crime Prevention	-	9,477
Department Planning, Transport & Infrastructure (planning Division)	-	30,000
ANZ Seeds	855	

	Subtotal	<u>855</u>	<u>39,477</u>
Unexpended at the close of this reporting period		<u>15,553</u>	<u>58,954</u>

Net increase (decrease) in assets subject to conditions in the current reporting period		<u>(43,401)</u>	<u>(142,505)</u>
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PHYSICAL RESOURCES RECEIVED FREE OF CHARGE

Land & Improvements	35,000	60,000
Roads, Bridges & Footpaths	42,000	152,661
Wirrina CWMS & Water Supply Infrastructure	2,524,056	-
TOTAL PHYSICAL RESOURCES RECEIVED	<u>2,601,056</u>	<u>212,661</u>

Note 3 - EXPENSES

	Notes	2013 \$	2012 \$
EMPLOYEE COSTS			
Salaries and Wages		3,136,807	3,297,838
Employee leave expense		80,992	(74,626)
Superannuation - defined contribution plan contributions	18	204,253	173,071
Superannuation - defined benefit plan contributions	18	70,141	81,377
Workers' Compensation Insurance		158,313	147,135
Other		36,550	39,705
Less: Capitalised and distributed costs		(156,838)	(161,176)
Total Operating Employee Costs		<u>3,530,217</u>	<u>3,503,324</u>

Total Number of Employees	43.4	41.3
(Full time equivalent at end of reporting period)		

MATERIALS, CONTRACTS & OTHER EXPENSES

Prescribed Expenses

Auditor's Remuneration			
- Auditing the financial reports		12,500	10,980
- Other Auditors		6,000	9,591
Bad and Doubtful Debts		2,623	8,291
Elected members' expenses		142,313	129,893
Insurance		225,443	221,362
Operating Lease Rentals - cancellable leases		6,351	6,888
Subtotal - Prescribed Expenses		<u>395,230</u>	<u>387,005</u>

Other Materials, Contracts & Expenses

Contractors		3,639,976	3,451,029
Legal Expenses		78,624	128,145
Levies paid to government - NRM levy		157,860	143,856
- Other Levies		12,660	11,848
Parts, accessories & consumables		473,915	549,943
Sundry		43,895	38,216
Subtotal - Other Materials, Contracts & Expenses		<u>4,406,929</u>	<u>4,323,037</u>

	<u>4,802,160</u>	<u>4,710,042</u>
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DISTRICT COUNCIL OF YANKALILLA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2013

Note 3 - EXPENSES (cont)

	Notes	2013 \$	2012 \$
DEPRECIATION, AMORTISATION & IMPAIRMENT			
Depreciation			
Buildings		155,524	325,113
Recreation		83,743	77,710
Infrastructure			
- Transport		2,363,559	1,709,212
- CWMS		325,635	305,667
- Stormwater		153,303	153,246
Major Plant & Equipment		334,428	342,977
Fleet Plant		102,485	105,079
Furniture & Fittings		90,555	131,583
Other		14,950	17,158
		3,624,182	3,167,745
FINANCE COSTS			
Interest on overdraft and short-term drawdown		89,303	229,537
Interest on Loans		512,637	429,417
		601,940	658,954

Note 4 - ASSET DISPOSAL & FAIR VALUE ADJUSTMENTS

INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

Assets renewed or directly replaced

Proceeds from disposal		-	106,721
Less: Carrying amount of assets sold		437,504	185,397
Gain (Loss) on disposal		(437,504)	(78,676)

Assets surplus to requirements

Proceeds from disposal		27,127	355,000
Less: Carrying amount of assets sold		19,946	345,248
Gain (Loss) on disposal		7,181	9,752

NET GAIN (LOSS) ON DISPOSAL OR REVALUATION OF ASSETS

		(430,323)	(68,924)
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DISTRICT COUNCIL OF YANKALILLA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2013

Note 5 - CURRENT ASSETS

CASH & EQUIVALENT ASSETS	Notes	2013 \$	2012 \$
Cash on Hand and at Bank		11,063	44,052
BankSA - at Call		81,110	8,117
LGFA - 24 hour Call		215,920	241,177
LGFA CWMS - 24 hour Call		658	637
		308,751	293,983
 TRADE & OTHER RECEIVABLES			
Rates - General & Other		1,137,242	1,694,784
Rates postponed for State Seniors		4,131	2,587
Accrued Revenues		1,440	1,663
Debtors - general		155,870	72,512
GST Recoupment		27,226	23,480
Prepayments		15,288	52,055
Loans to community organisations		39,746	39,400
Total		1,380,943	1,886,481
Less: Allowance for Doubtful Debts		5,428	7,821
		1,375,515	1,878,660
 INVENTORIES			
Stores & Materials		32,076	62,700
		32,076	62,700

Note 6 - NON-CURRENT ASSETS

FINANCIAL ASSETS

Receivables

Loans to community organisations		59,584	99,330
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TOTAL FINANCIAL ASSETS		59,584	99,330
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EQUITY ACCOUNTED INVESTMENTS IN COUNCIL BUSINESSES

Southern & Hills Local Government Association	19	4,490	6,234
Fleurieu Regional Waste Authority	19	56,680	51,201

		61,170	57,435
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DISTRICT COUNCIL OF YANKALILLA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2013

	2012			2013				
	AT FAIR VALUE	AT COST	ACCUM DEP'N	CARRYING AMOUNT	AT FAIR VALUE	AT COST	ACCUM DEP'N	CARRYING AMOUNT
Note 7 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT								
Land	11,633,620	-	-	11,633,620	11,579,940	48,078	-	11,628,018
Buildings	11,067,804	215,831	(3,085,589)	8,198,046	8,554,116	130,828	(2,157,299)	6,527,645
Recreation Infrastructure	2,709,600	189,913	(918,781)	1,980,732	2,709,600	189,913	(1,002,524)	1,896,989
- Transport	77,963,334	4,703,248	(33,911,693)	48,754,889	92,500,105	1,205,092	(33,673,704)	60,031,493
- CWMS	17,992,099	16,000	(4,337,395)	13,670,704	17,940,434	922,648	(4,616,256)	14,246,826
- Stormwater	14,223,352	97,056	(2,832,052)	11,488,356	14,275,608	70,403	(2,985,355)	11,360,656
Major Plant & Equipment	-	3,503,801	(1,586,489)	1,917,312	-	3,581,717	(1,919,918)	1,661,799
Fleet Plant	-	633,488	(198,518)	434,970	-	604,316	(291,777)	312,539
Furniture & Fittings	-	947,176	(529,795)	417,381	-	964,027	(620,350)	343,677
Other	526,290	9,643	(254,486)	281,447	526,290	9,643	(269,436)	266,497
WIP CWMS	-	863,756	-	863,756	-	-	-	-
Wirrina CWMS & Water Supply	-	-	-	-	-	2,524,056	-	2,524,056
TOTAL PROPERTY, PLANT & EQUIPMENT	136,116,099	11,179,912	(47,654,798)	99,641,213	148,086,093	10,250,721	(47,536,619)	110,800,195
Comparatives					136,116,099	11,179,912	(47,654,798)	99,641,213

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 2013

	CARRYING AMOUNT MOVEMENTS DURING YEAR							2013 \$	
	2012 \$								CARRYING AMOUNT
	CARRYING AMOUNT	Additions		Disposals	Depreciation	Transfers	Net Revaluation		
		New/Upgrade	Renewals						
Note 7 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT									
Land	11,633,620	48,078	-	-	-	-	-	11,628,018	
Buildings	8,198,046	-	130,828	-	(155,524)	-	(53,680)	6,527,645	
Recreation	1,980,732	-	-	-	(83,743)	-	(1,645,705)	1,896,989	
Infrastructure	-	-	-	-	-	-	-	-	
- Transport	48,754,889	42,000	1,163,092	(431,551)	(2,363,559)	-	12,866,622	60,031,493	
- CWMS	13,670,704	-	42,892	(5,953)	(325,635)	863,756	1,062	14,246,826	
- Stormwater	11,488,356	-	25,603	-	(153,303)	-	-	11,360,656	
Major Plant & Equipment	1,917,312	-	78,915	-	(334,428)	-	-	1,661,799	
Fleet Plant	434,970	-	-	(19,946)	(102,485)	-	-	312,539	
Furniture & Fittings	417,381	16,851	-	-	(90,555)	-	-	343,677	
Other	281,447	-	-	-	(14,950)	-	-	266,497	
WIP CWMS	863,756	-	-	-	-	(863,756)	-	-	
Wirrina CWMS & Water Supply	-	2,524,056	-	-	-	-	-	2,524,056	
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT	99,641,213	2,630,985	1,441,330	(457,450)	(3,624,182)	-	11,168,299	110,800,195	
Comparatives	99,926,758	1,095,746	1,776,171	(530,645)	(3,167,745)	-	540,928	99,641,213	

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 2013

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

Valuation of Assets

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

Land

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

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

Land assets have all been revalued as at the 30th June 2013 internally by Council Staff using the South Australia Valuer General valuations. All additions after this date will be recognised at cost.

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

Buildings & Recreation

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

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

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

Infrastructure

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

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

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

Wirrina Community Wastewater Management Scheme & Water Supply infrastructure was valued by Tonkin Consulting at written down current replacement cost during the reporting period will increase ending 30 June 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.

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 2013

Note 7 – Property, Plant & Equipment (cont)

Capitalisation Thresholds

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

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

DISTRICT COUNCIL OF YANKALILLA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2013

Note 8 - LIABILITIES

	Notes	2013		2012	
		Current	Non-current	Current	Non-current
TRADE & OTHER PAYABLES					
Goods & Services		453,199		391,538	
Payments received in advance		41,712		58,736	
Accrued expenses - employee entitlements		289,208		268,228	
Accrued expenses - other		232,683		275,671	
Other		13,632		10,383	
		<u>1,030,434</u>	<u>-</u>	<u>1,004,556</u>	<u>-</u>
BORROWINGS					
Short term draw down facility		435,769		2,204,769	
Loans		713,352	7,661,628	727,851	8,374,980
		<u>1,149,121</u>	<u>7,661,628</u>	<u>2,932,620</u>	<u>8,374,980</u>
<i>All interest bearing liabilities are secured over the future revenues of the Council.</i>					
PROVISIONS					
Employee entitlements (including oncosts)		221,861	129,025	222,652	66,200
		<u>221,861</u>	<u>129,025</u>	<u>222,652</u>	<u>66,200</u>

DISTRICT COUNCIL OF YANKALILLA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2013

Note 9 - RESERVES

ASSET REVALUATION RESERVE	1/7/2012	Net Increments (Decrements)	Transfers, Impairments	30/6/2013
Notes	\$	\$	\$	\$
Land	7,949,257	(53,680)	-	7,895,577
Buildings	3,089,406	(1,645,705)	-	1,443,701
Recreation	1,501,313		-	1,501,313
Infrastructure				
- Transport	31,965,474	12,866,622	-	44,832,096
- CWMS	7,352,827	1,062	-	7,353,889
- Stormwater	8,063,037	-	-	8,063,037
Other	51,605	-	-	51,605
Wirrina CWMS & Water Supply	-	-	-	-
TOTAL	59,972,919	11,168,299		71,141,218
<i>Comparatives</i>	<i>59,431,991</i>	<i>540,928</i>		<i>59,972,919</i>

OTHER RESERVES	1/7/2012	Transfers to Reserve	Transfers from Reserve	30/6/2013
TV Translator Reserve	20,000	-	-	20,000
Open Space Development	2,433	-	-	2,433
Community Waste Management Scheme	248,108	-	(121,304)	126,804
Caravan Park Reserve	8,691	-	-	8,691
Wirrina Reserve	-	151,849	-	151,849
TOTAL OTHER RESERVES	279,232	151,849	(121,304)	309,777
<i>Comparatives</i>	<i>566,513</i>		<i>(287,281)</i>	<i>279,232</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	2013 \$	2012 \$
Unexpended amounts received from Federal Government Dept Planning, Transport & Infrastructure (Planning Division)		5,221	30,000
		<u>5,221</u>	<u>30,000</u>
TOTAL ASSETS SUBJECT TO EXTERNALLY IMPOSED		<u>5,221</u>	<u>30,000</u>

DISTRICT COUNCIL OF YANKALILLA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2013

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	2013 \$	2012 \$
Total cash & equivalent assets	5	308,751	293,983
Balances per Cash Flow Statement		308,751	293,983

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

Net Surplus (Deficit)		1,844,610	323,767
Non-cash items in Income Statement			
Depreciation, amortisation & impairment		3,624,182	3,167,745
Equity movements in equity accounted investments (increase) decrease		(3,735)	(15,752)
Net increase (decrease) in unpaid employee benefits		83,016	90,292
Change in allowances for under-recovery		(2,393)	(8,291)
Non-cash asset acquisitions		(2,601,056)	(212,661)
Grants for capital acquisitions treated as Investing Activity		(55,523)	(832,000)
Net (Gain) Loss on Disposals		430,323	68,924
		3,319,424	2,582,024
Add (Less): Changes in Net Current Assets			
Net (increase) decrease in receivables		506,499	(224,676)
Net (increase) decrease in inventories		30,624	42,056
Net (increase) decrease in other current assets		(346)	(7,407)
Net increase (decrease) in trade & other payables		61,390	(255,963)
Net increase (decrease) in other provisions			(27,375)
Net increase (decrease) in other liabilities		(56,763)	(199,223)
Net Cash provided by (or used in) operations		3,860,828	1,909,436

(c) Non-Cash Financing and Investing Activities

Acquisition of assets by means of:			
- Physical resources received free of charge	3	2,601,056	212,661
<i>Amounts recognised in Income Statement</i>		2,601,056	212,661

(d) Financing Arrangements

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

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

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

DISTRICT COUNCIL OF YANKALILLA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2013

Note 12 - FUNCTIONS

		INCOMES, EXPENSES AND ASSETS HAVE BEEN DIRECTLY ATTRIBUTED TO THE FOLLOWING FUNCTIONS & ACTIVITIES									
		INCOME		EXPENSES		OPERATING SURPLUS (DEFICIT)		GRANTS INCLUDED IN INCOME		TOTAL ASSETS HELD (CURRENT & NON-CURRENT)	
		ACTUAL 2013 \$	ACTUAL 2012 \$	ACTUAL 2013 \$	ACTUAL 2012 \$	ACTUAL 2013 \$	ACTUAL 2012 \$	2013 \$	2012 \$	2013 \$	2012 \$
Business Undertakings	2,239,081	1,876,868	2,243,782	2,365,744	(4,701)	(488,876)	202,000	-	20,853,068	19,057,721	
Community Services	184,038	174,116	1,226,769	1,106,254	(1,042,731)	(932,138)	144,952	129,494	3,175,255	3,465,882	
Culture	8,803	8,101	90,358	66,092	(81,555)	(57,991)	6,638	6,616	475,157	484,802	
Economic Development	74,642	53,920	421,894	324,490	(347,252)	(270,570)	-	-	746,757	750,316	
Environment	267,280	282,598	1,512,954	1,667,070	(1,245,674)	(1,384,472)	107,006	137,620	12,902,623	13,448,103	
Recreation	450	421,421	632,767	778,191	(632,317)	(356,770)	30,000	88,000	5,837,468	5,974,066	
Regulatory Services	187,514	186,029	1,339,642	1,327,079	(1,152,128)	(1,141,050)	-	-	145,092	150,059	
Transport	732,803	374,122	5,073,415	3,956,000	(4,340,612)	(3,581,878)	677,280	374,131	60,253,193	48,928,838	
Plant Hire & Depot/Indirect	25,519	27,699			25,519	27,699	-	-	2,163,463	2,478,531	
Unclassified Activities		8,738	16,917	449,145	(16,917)	(440,407)	-	-	808,325	824,150	
Council Administration	8,452,987	7,958,731			8,452,987	7,958,731	97,408	119,404	5,276,890	6,413,415	
TOTALS	12,173,117	11,372,343	12,558,498	12,040,065	(385,381)	(667,722)	1,265,284	855,265	112,637,291	101,975,883	

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 2013

Note 12 (cont) - COMPONENTS OF FUNCTIONS

The activities relating to Council functions are as follows:

Business Undertakings

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

Community Services

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

Culture

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

Economic Development

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

Environment

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

Recreation

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

Regulatory Services

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

Transport

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

Plant Hire & Depot/Indirect

Plant Hire and Depot Costs

Unclassified Activities

Infrastructural Management, Technical Service and Building Management.

Council Administration

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

DISTRICT COUNCIL OF YANKALILLA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2013

Note 13 - FINANCIAL INSTRUMENTS

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

Accounting Policies - Recognised Financial Instruments

<p>Bank, Deposits at Call, Short Term Deposits</p>	<p>Accounting Policy: Carried at lower of cost and net realisable value; Interest is recognised when earned.</p> <p>Terms & conditions: Deposits are returning fixed interest rates between 0.25% and 3.75% (2012: 0.25% and 5.5%).</p> <p>Carrying amount: approximates fair value due to the short term to maturity.</p>
<p>Receivables - Rates & Associated Charges (including legals & penalties for late payment) Note: These receivables do not meet the definition of "financial instruments" and have been excluded from the following disclosures.</p>	<p>Accounting Policy: Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable.</p> <p>Terms & conditions: Secured over the subject land, arrears attract monthly interest of 0.7% and quarterly interest 2.0% (2012: monthly interest of 0.7% and quarterly interest 2.0%) Although Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries in the State.</p> <p>Carrying amount: approximates fair value (after deduction of any allowance).</p>
<p>Receivables - Fees & other charges</p>	<p>Accounting Policy: Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable.</p> <p>Terms & conditions: Unsecured, and do not bear interest. Although Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries.</p> <p>Carrying amount: approximates fair value (after deduction of any allowance).</p>
<p>Receivables - other levels of government</p>	<p>Accounting Policy: Carried at nominal value.</p> <p>Terms & conditions: Amounts due have been calculated in accordance with the terms and conditions of the respective programs following advice of approvals, and do not bear interest. All amounts are due by Departments and Agencies of State and Federal Governments.</p> <p>Carrying amount: approximates fair value.</p>
<p>Liabilities - Creditors and Accruals</p>	<p>Accounting Policy: Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Council.</p> <p>Terms & conditions: Liabilities are normally settled on 30 day terms.</p> <p>Carrying amount: approximates fair value.</p>
<p>Liabilities - Interest Bearing Borrowings</p>	<p>Accounting Policy: Carried at the principal amounts. Interest is charged as an expense as it accrues.</p> <p>Terms & conditions: secured over future revenues, borrowings are repayable to Local Government Finance Authority; interest is charged at fixed or variable rates between 5.0% and 7.0% (2012: 5.5% and 9.4%)</p> <p>Carrying amount: approximates fair value.</p>
<p>Liabilities - Finance Leases</p>	<p>Accounting Policy: accounted for in accordance with AASB 117.</p>

DISTRICT COUNCIL OF YANKALILLA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2013

Note 13 (cont) - FINANCIAL INSTRUMENTS

Liquidity Analysis

2013	Floating Interest Rate	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Non-Interest Bearing	Total Contractual Cash Flows	Carrying Values
Financial Assets	\$	\$	\$	\$	\$	\$	\$
Cash & Equivalents	307,651	-	-	-	1,100	308,751	308,751
Receivables	-	30,246	59,853	-	209,054	299,154	299,154
Other Financial Assets	-	-	-	-	-	-	-
Total	307,651	30,246	59,853	-	210,154	607,905	607,905

Financial Liabilities

Payables	-	-	-	-	470,906	470,906	508,543
Current Borrowings	435,769	713,352	-	-	-	1,149,121	1,149,121
Non-Current Borrowings	-	-	2,354,283	5,307,345	-	7,661,628	7,661,628
Total	435,769	713,352	2,354,283	5,307,345	470,906	9,281,655	9,319,292

2012	Floating Interest Rate	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Non-Interest Bearing	Total Contractual Cash Flows	Carrying Values
Financial Assets	\$	\$	\$	\$	\$	\$	\$
Cash & Equivalents	292,883	-	-	-	1,100	293,983	293,983
Receivables	-	35,228	84,830	-	177,797	297,855	291,027
Other Financial Assets	-	-	-	-	99,330	99,330	99,330
Total	292,883	35,228	84,830	-	278,227	691,168	684,340

Financial Liabilities

Payables	-	-	-	-	460,657	460,657	460,657
Current Borrowings	2,204,769	1,290,634	-	-	-	3,495,403	2,932,620
Non-Current Borrowings	-	-	3,067,635	5,307,345	-	8,374,980	8,374,980
Total	2,204,769	1,290,634	3,067,635	5,307,345	460,657	12,331,040	11,768,257

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

	30 June 2013		30 June 2012	
	Weighted Average Interest Rate	Carrying Value	Weighted Average Interest Rate	Carrying Value
	%	\$	%	\$
Other Variable Rates	5	435,769	5.5	2,204,769
Fixed Interest Rates	5.99	8,374,980	6.44	9,102,831
		<u>8,810,749</u>		<u>11,307,600</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 2013

Note 14 - COMMITMENTS FOR EXPENDITURE

	2013	2012
<u>Notes</u>	\$	\$
Capital Commitments		
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Buildings	24,000	24,000
Roads & Footpaths		
Parks & Gardens Infrastructure		36,010
	<u>24,000</u>	<u>60,010</u>
These expenditures are payable:		
Not later than one year	24,000	60,010
	<u>24,000</u>	<u>60,010</u>
Other Expenditure Commitments		
Other non-capital expenditure commitments in relation to investment properties:		
Audit Services	55,000	-
Waste Management Services	800,000	728,081
Employee Remuneration Contracts	169,700	-

DISTRICT COUNCIL OF YANKALILLA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2013

Note 15 - FINANCIAL INDICATORS

	2013	2012	2011
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These Financial Indicators have been calculated in accordance with *Information Paper 9 - Local Government Financial Indicators* prepared as part of the LGA Financial Sustainability Program for the Local Government Association of South Australia. Detailed methods of calculation are set out in the SA Model Statements.

Operating Surplus Ratio

<u>Operating Surplus</u>	(4%)	(7%)	(22%)
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	(4%)	(8%)	(22%)
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*In recent years the Federal Government has made advance payments prior to 30th June from future year allocations of financial assistance grants, as explained in Note 1. The **Adjusted Operating Surplus Ratio** adjusts for the resulting distortion in the disclosed operating result for each year.*

Net Financial Liabilities Ratio

<u>Net Financial Liabilities</u>	70%	92%	117%
Total Operating Revenue less NRM levy			

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

Asset Sustainability Ratio

<u>Net Asset Renewals</u>	40%	53%	88%
Infrastructure & Asset Management Plan required expenditure	*	*	*

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

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

DISTRICT COUNCIL OF YANKALILLA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2013

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

	2013	2012
	\$	\$
Income	12,178,596	11,388,095
<i>less</i> Expenses	<u>12,560,242</u>	<u>12,040,065</u>
Operating Surplus / (Deficit)	(381,646)	(651,970)
 <i>less</i> Net Outlays on Existing Assets		
Capital Expenditure on renewal and replacement of Existing Assets	1,441,330	1,776,171
<i>less</i> Depreciation, Amortisation and Impairment	3,624,182	3,167,745
<i>less</i> Proceeds from Sale of Replaced Assets	<u>-</u>	<u>106,720</u>
	(2,182,852)	(1,498,294)
 <i>less</i> Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets <i>(including investment property & real estate developments)</i>	29,929	1,095,746
<i>less</i> Amounts received specifically for New and Upgraded Assets	55,523	832,000
<i>less</i> Proceeds from Sale of Surplus Assets <i>(including investment property and real estate developments)</i>	<u>27,127</u>	<u>355,000</u>
	(52,721)	(91,254)
 Net Lending / (Borrowing) for Financial Year	 <u>1,853,927</u>	 <u>937,578</u>

DISTRICT COUNCIL OF YANKALILLA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2013

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:

	2013	2012
	\$	\$
Not later than one year	31,546	31,546
Later than one year and not later than 5 years	88,454	120,000
Later than 5 years	<u>120,000</u>	<u>151,546</u>

Lease payment commitments of Council

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

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

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

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

No lease contains any escalation clause.

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

	2013	2012
	\$	\$
Not later than one year		354
	<u>-</u>	<u>354</u>

DISTRICT COUNCIL OF YANKALILLA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2013

Note 18 – SUPERANNUATION

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

Marketlink (Accumulation Fund) Members

Marketlink receives both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of employee earnings in accordance with superannuation guarantee legislation (9% in 2012/13; 9% in 2011/12). No further liability accrues to the Council as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

Salarylink (Defined Benefit Fund) Members

Salarylink is a defined benefit scheme where the benefit payable is based on a formula determined by the member's contribution rate, number of years and level of contribution and final average salary. Council makes employer contributions to Salarylink as determined by the Trustee based on advice from the appointed Actuary. The rate is currently 6.3% (6.3% in 2011/12) of "superannuation" salary.

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

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

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

DISTRICT COUNCIL OF YANKALILLA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2013

Note 19 - 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.

Southern & Hills Local Government Association:

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

	2013	2012
	\$	\$
Southern & Hills Local Government Association		
Council's respective interests are:		
- interest in the operating result	12.5%	12.5%
- ownership share of equity	12.5%	12.5%
- the proportion of voting power	12.5%	12.5%
<u>Movements in Investment in Joint Operation</u>		
	\$	\$
Opening Balance	6,234	5,833
New Capital Contributions	-	-
Share in Operating Result	(1,744)	401
Share in Equity of Joint Operation	4,490	6,234

Fleurieu Regional Waste Authority:

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

Fleurieu Regional Waste Authority

Council's respective interests are:		
- interest in the operating result	15.0%	15.0%
- ownership share of equity	15.0%	15.0%
- the proportion of voting power	15.0%	15.0%
<u>Movements in Investment in Joint Operation</u>		
	\$	\$
Opening Balance	51,201	35,850
New Capital Contributions	-	-
Share in Operating Result	5,479	15,351
Share in Equity of Joint Operation	56,680	51,201

Expenditure Commitments

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

<u>Operating Expenditures payable</u>		
Not later than one year	220,564	193,977
Later than one year and not later than 5 years	298,307	441,965
Later than 5 years	-	35,000
	518,871	670,942

Contingent Liabilities

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

- arising from Council's share of the joint operation	77,831	100,641
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DISTRICT COUNCIL OF YANKALILLA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2013

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

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

1. LAND UNDER ROADS

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

2. POTENTIAL INSURANCE LOSSES

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

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

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

3. LEGAL EXPENSES

Council is the planning consent authority for its area under the Development Act 1993 (as amended). Pursuant to that Act, certain persons aggrieved by a planning decision of the Council may appeal. It is normal practice that parties bear their own legal costs. At the date of these reports, Council had notice of 4 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 2013 that need to be disclosed in the financial statements.

DISTRICT COUNCIL OF YANKALILLA**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, ("the Council"), which comprises the balance sheet as at 30 June 2013, the statement of comprehensive income, the statement of changes in equity and the 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.

The Responsibility of the Chief Executive Officer for the Financial Report

The Chief Executive Officer of the Council is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, the Local Government Act 1999 and Local Government (Financial Management) Regulations 2011. This responsibility includes designing, implementing and maintaining internal controls to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

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. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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 Council'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 Council's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Chief Executive Officer as well as evaluating the overall presentation of the financial report.

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

Matters relating to the electronic presentation of the audited financial report

This auditor's report relates to the financial report for the District Council of Yankalilla for the financial year ended 30 June 2013 included on the Council's website. The Chief Executive Officer is responsible for the integrity of the Council's website. We have not been engaged to report on the integrity of this website. The auditor's report refers only to the financial report identified above. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.

**DISTRICT COUNCIL OF YANKALILLA
INDEPENDENT AUDITOR'S REPORT (Continued)**


Independence

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

Opinion

In our opinion the financial report presents fairly, in all material respects, the financial position of the District Council of Yankalilla as at 30 June 2013 and its performance for the year then ended in accordance with Australian Accounting Standards, the Local Government Act 1999 and Local Government (Financial Management) Regulations 2011.

HLB Mann Judd
HLB Mann Judd
Chartered Accountants


Corey McGowan
Partner

Adelaide, South Australia
31 October 2013

DISTRICT COUNCIL OF YANKALILLA

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2013

CERTIFICATION OF AUDITOR INDEPENDENCE

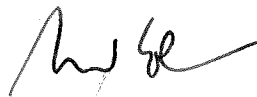
To the best of our knowledge and belief, we confirm that, for the purpose of the audit of District Council of Yankalilla for the year ended 30 June 2013, the Council's Auditor, HLB Mann Judd, has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

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



.....
(Adrian Skull)

CHIEF EXECUTIVE OFFICER



.....
(Mark Coleman)

**PRESIDING MEMBER
AUDIT COMMITTEE**

Date: 3/10/2013

The Mayor and Council Members
District Council of Yankalilla
PO Box 9
YANKALILLA SA 5203

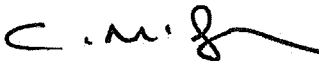
The Mayor and Council Members

**INDEPENDENCE STATEMENT BY THE AUDITOR
FOR THE YEAR ENDED 30 JUNE 2013**

I confirm that, for the audit of the financial statements of the District Council of Yankalilla for the year ended 30 June 2013, 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
31 October 2013