

## DISTRICT COUNCIL OF YORKE PENINSULA

### General Purpose Financial Reports for the year ended 30 June 2011

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# DISTRICT COUNCIL OF YORKE PENINSULA

## ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2011

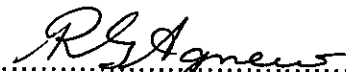
### CERTIFICATION OF FINANCIAL STATEMENTS

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 2011 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.



Andrew Cameron  
**CHIEF EXECUTIVE OFFICER**



Ray Agnew  
**MAYOR**

Date: 9th November 2011

**DISTRICT COUNCIL OF YORKE PENINSULA**  
**STATEMENT OF COMPREHENSIVE INCOME**  
for the year ended 30 June 2011

	Notes	2011 \$	2010 \$
<b>INCOME</b>			
Rates	2	14,415,827	13,749,508
Statutory charges	2	526,519	474,246
User charges	2	3,889,160	4,422,308
Grants, subsidies and contributions	2	3,166,179	2,694,580
Investment income	2	300,312	208,105
Reimbursements	2	889,419	613,500
Other income	2	359,144	219,909
<b>Total Income</b>		<u>23,546,560</u>	<u>22,382,156</u>
<b>EXPENSES</b>			
Employee costs	3	6,180,385	5,556,496
Materials, contracts & other expenses	3	12,531,307	10,946,706
Depreciation, amortisation & impairment	3	8,751,047	8,551,441
Finance costs	3	442,803	438,914
<b>Total Expenses</b>		<u>27,905,542</u>	<u>25,493,557</u>
<b>OPERATING SURPLUS / (DEFICIT)</b>		<b>(4,358,982)</b>	<b>(3,111,401)</b>
Asset disposal & fair value adjustments	4	(453,120)	(665,332)
Amounts received specifically for new or upgraded assets	2	651,766	694,012
Physical resources received free of charge	2	562,087	-
<b>NET SURPLUS / (DEFICIT)</b>		<u><b>(3,598,249)</b></u>	<u><b>(3,082,721)</b></u>
transferred to Equity Statement			
Other Comprehensive Income			
Changes in revaluation surplus - infrastructure, property, plant & equipment	9	28,315,931	43,346,602
<b>Total Other Comprehensive Income</b>		<u>28,315,931</u>	<u>43,346,602</u>
<b>TOTAL COMPREHENSIVE INCOME</b>		<u><b>24,717,682</b></u>	<u><b>40,263,881</b></u>

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

**DISTRICT COUNCIL OF YORKE PENINSULA**

**BALANCE SHEET**  
as at 30 June 2011

<b>ASSETS</b>	Notes	2011 \$	2010 \$
<b>Current Assets</b>			
Cash and cash equivalents	5	4,954,601	6,205,068
Trade & other receivables	5	1,216,789	779,537
Inventories	5	185,274	138,023
<b>Total Current Assets</b>		<u>6,356,664</u>	<u>7,122,628</u>
<b>Non-current Assets</b>			
Financial Assets	6	295,937	296,954
Infrastructure, Property, Plant & Equipment	7	256,072,969	231,476,717
Other Non-current Assets	6	102,949	-
<b>Total Non-current Assets</b>		<u>256,471,855</u>	<u>231,773,671</u>
<b>Total Assets</b>		<u>262,828,519</u>	<u>238,896,299</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade & Other Payables	8	2,193,043	1,693,102
Borrowings	8	1,232,210	1,325,929
Provisions	8	766,578	875,337
<b>Total Current Liabilities</b>		<u>4,191,831</u>	<u>3,894,368</u>
<b>Non-current Liabilities</b>			
Borrowings	8	3,626,545	4,814,225
Provisions	8	341,251	236,496
<b>Total Non-current Liabilities</b>		<u>3,967,796</u>	<u>5,050,721</u>
<b>Total Liabilities</b>		<u>8,159,627</u>	<u>8,945,089</u>
<b>NET ASSETS</b>		<u>254,668,892</u>	<u>229,951,210</u>
<b>EQUITY</b>			
Accumulated Surplus		(11,498,891)	(11,501,025)
Asset Revaluation Reserves	9	264,571,093	236,255,162
Other Reserves	9	1,596,690	5,197,073
<b>TOTAL EQUITY</b>		<u>254,668,892</u>	<u>229,951,210</u>

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

DISTRICT COUNCIL OF YORKE PENINSULA

STATEMENT OF CHANGES IN EQUITY  
for the year ended 30 June 2011

	2011	Notes	Accumulated Surplus	Asset Revaluation Reserve	Other Reserves	TOTAL EQUITY
	\$	\$	\$	\$	\$	\$
Balance at end of previous reporting period	(11,501,025)		236,255,162	5,197,073	229,951,210	-
Adjustment to give effect to changed accounting policies						
Restated opening balance	(11,501,025)		236,255,162	5,197,073	229,951,210	
<b>Net Surplus / (Deficit) for Year</b>	<b>(3,598,249)</b>				<b>(3,598,249)</b>	
<b>Other Comprehensive Income</b>						
Gain on revaluation of infrastructure, property, plant & equipment		7	28,315,931		28,315,931	
Transfers between reserves	3,600,383	9	(3,600,383)			
<b>Balance at end of period</b>	<b>(11,498,891)</b>		<b>264,571,093</b>	<b>1,596,690</b>	<b>254,668,892</b>	
	2010					
Balance at end of previous reporting period	(14,052,045)		199,256,440	4,482,934	189,687,329	
Adjustment due to compliance with revised Accounting Standards						
Adjustment to give effect to changed accounting policies						
Restated opening balance	(14,052,045)		199,256,440	4,482,934	189,687,329	
<b>Net Surplus / (Deficit) for Year</b>	<b>(3,082,721)</b>				<b>(3,082,721)</b>	
<b>Other Comprehensive Income</b>						
Gain on Revaluation of infrastructure, property, plant & equipment			43,346,602		43,346,602	
Transfer of Asset Reserves at cost to accumulated surplus	6,347,880		(6,347,880)			
Transfers between reserves	(714,139)			714,139		
<b>Balance at end of period</b>	<b>(11,501,025)</b>		<b>236,255,162</b>	<b>5,197,073</b>	<b>229,951,210</b>	

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

**DISTRICT COUNCIL OF YORKE PENINSULA**

**CASH FLOW STATEMENT**  
for the year ended 30 June 2011

	Notes	2011 \$	2010 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<u>Receipts</u>			
Operating receipts		24,587,560	22,453,997
Investment receipts		101,605	222,485
<u>Payments</u>			
Operating payments to suppliers & employees		(19,899,443)	(16,830,923)
Finance payments		<u>(385,016)</u>	<u>(454,636)</u>
<b>Net Cash provided by (or used in) Operating Activities</b>	11	<b>4,404,706</b>	<b>5,390,923</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<u>Receipts</u>			
Amounts specifically for new or upgraded assets		651,766	694,012
Sale of replaced assets		355,303	719,969
Sale of surplus assets		263,636	-
Repayments of loans by community groups		37,810	70,879
Repayments of Loans by Developers		70,000	-
<u>Payments</u>			
Expenditure on renewal/replacement of assets		(2,116,361)	(2,612,075)
Expenditure on new/upgraded assets		(3,527,928)	(3,682,980)
Loans made to community groups		-	(15,000)
Loans to Developers		<u>(108,000)</u>	<u>-</u>
<b>Net Cash provided by (or used in) Investing Activities</b>		<b>(4,373,774)</b>	<b>(4,825,195)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<u>Receipts</u>			
Proceeds from Borrowings		-	1,506,000
<u>Payments</u>			
Repayments of Borrowings		<u>(1,325,929)</u>	<u>(1,204,030)</u>
<b>Net Cash provided by (or used in) Financing Activities</b>		<b>(1,325,929)</b>	<b>301,970</b>
<b>Net Increase (Decrease) in cash held</b>		<b>(1,294,997)</b>	<b>867,698</b>
Cash & cash equivalents at beginning of period	11	<u>6,205,068</u>	<u>5,337,370</u>
<b>Cash &amp; cash equivalents at end of period</b>	11	<b><u>4,910,071</u></b>	<b><u>6,205,068</u></b>

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

**DISTRICT COUNCIL OF YORKE PENINSULA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2011**

**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 (AASB), Interpretations and relevant South Australian legislation.

The financial report was authorised for issue by certificate under clause 11 of the Local Government (Financial Management) Regulations 2011.

**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 dollar.

**2 The Local Government Reporting Entity**

District Council of Yorke Peninsula is incorporated under the SA Local Government Act 1999 and has its principal place of business at 8 Elizabeth St, Maitland, SA, 5573. These financial statements include the consolidated fund and all entities through which Council controls resources to carry on its functions. In the process of reporting on the Council as a single unit, all transactions and balances between activity areas and controlled entities have been eliminated.

Trust monies and property held by Council but subject to the control of other persons have been excluded from these reports. A separate statement of moneys held in the Trust Fund is available for inspection at the Council Office by any person free of charge.

**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.

## District Council of Yorke Peninsula

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2011

#### Note 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

On June 30 2011, Council received a payment in advance of \$553,244 for the 2011-12 Commonwealth Grants Commission Financial Assistance Grant. The payment has been treated as income in accordance with advice received from the Local Government Association of South Australia. This also occurred in 2009-2010 (\$511,427).

#### **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 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.



## District Council of Yorke Peninsula

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2011

#### Note 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

##### 6.3 Subsequent Recognition

All material asset classes are subject to revaluation 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 Depreciation of Non-Current Assets

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

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

##### Plant, Furniture & Equipment

Office Equipment	5 to 10 years
Office Furniture	5 to 20 years
Vehicles and Road-making Equip	3 to 8 years
Other Plant & Equipment	5 to 15 years

##### Building & Other Structures

Buildings – masonry	50 to 100 years
Buildings – other construction	20 to 40 years
Park Structures – masonry	50 to 100 years
Park Structures – other construction	20 to 40 years

##### Infrastructure

Roadworks – Earthworks	indefinite
Sealed Roads – Surface	15 to 30 years
Sealed Roads – Pavement	20 to 80 years
Unsealed Roads	10 to 20 years
Paving & Footpaths	10 to 70 years
Drains, Kerb & Gutter	70 to 100 years

## District Council of Yorke Peninsula

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2011

#### Note 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

Culverts	50 to 75 years
Flood Control Structures	80 to 100 years
Reticulation Pipes – PVC	50 to 60 years
Reticulation Pipes – other	25 to 65 years
Pumps & Telemetry	15 to 25 years

#### Other Assets

Playground equipment	5 to 15 years
Benches, seats, BBQ's etc	10 to 20 years
Reserve furniture	5 to 15 years
Artworks	indefinite

#### 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 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 re-valued 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.

#### 6.6 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".

## District Council of Yorke Peninsula

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2011

#### Note 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

##### **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 Employee Benefits.

In 2010-11, all annual leave has been treated as a current liability, because it is deemed due and payable. 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.

Weighted average discount rate	3% (2010, 3%)
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Long service leave is carried as a Current Liability for all employees who have reached the 7 year statutory requirement in regard to length of service while accruals for staff with less than 7 years' service (calculated on probability of eventual entitlement based on years of service) are carried as Non-Current Liabilities.

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**

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 Construction Contracts**

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

##### **11 Leases**

Lease arrangements have been accounted for in accordance with AASB 117 Leases.

In respect of finance leases, where Council substantially carries the entire risk 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 Council is expected to benefit from the use of the leased assets. Lease payments are allocated between interest expense and reduction of the lease liability, according to the interest rate implicit in the lease.

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

## District Council of Yorke Peninsula

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2011

#### Note 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

##### 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 2011 reporting period.

- AASB 1 First-time Adoption of Australian Accounting Standards
- AASB 3 Business Combinations
- AASB 5 Non-current Assets Held for Sale and Discontinued Operations
- AASB 7 Financial Instruments: Disclosures
- AASB 8 Operating Segments
- AASB 9 Financial Instruments
- AASB 101 Presentation of Financial Statements
- AASB 107 Statement of Cash Flows
- AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors
- AASB 110 Events after the Reporting Period
- AASB 118 revenue
- AASB 119 Employee Benefits
- AASB 132 Financial Instruments: Presentation
- AASB 137 Provisions, Contingent Liabilities and Contingent Assets
- AASB 139 Financial Instruments: Recognition and Measurement
- AASB 140 Investment Property
- AASB 1031 Materiality
- AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12]
- AASB 2009-12 Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052]
- AASB 2010-4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, 7, 101, 134, and Interpretation 13]
- AASB 2010-5 Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & Interpretations 112, 115, 127, 132 & 1042]
- AASB 2010-6 Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [AASB 1 AASB 7]
- Interpretation 14 AASB 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

(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.*

**District Council of Yorke Peninsula**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2011

**Note 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)**

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 YORKE PENINSULA

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2011

#### Note 2 - INCOME

	Notes	2011 \$	2010 \$
<b>RATES REVENUES</b>			
<u>General Rates</u>		10,842,602	10,324,513
Less: Mandatory rebates		(81,710)	(82,590)
Less: Discretionary rebates, remissions & write offs		(5,614)	(21,583)
		<b>10,755,278</b>	<b>10,220,340</b>
<u>Other Rates</u> (including service charges)			
Natural Resource Management levy		642,761	641,612
Waste collection		1,816,502	1,795,573
Water supply		216,950	215,295
Community wastewater management systems		922,550	819,796
		<b>3,598,763</b>	<b>3,472,276</b>
<u>Other Charges</u>			
Penalties for late payment		36,524	31,984
Legal & other costs recovered		29,047	25,283
		<b>65,571</b>	<b>57,267</b>
Less: Discretionary rebates, remissions & write offs		(3,785)	(375)
		<b>14,415,827</b>	<b>13,749,508</b>
<b>STATUTORY CHARGES</b>			
Development Act fees		263,302	243,539
Town planning fees		91,466	66,625
Animal registration fees & fines		48,260	38,576
Other registration fees		70,346	70,251
Sundry		53,145	55,255
		<b>526,519</b>	<b>474,246</b>
<b>USER CHARGES</b>			
Cemetery/crematoria fees		12,892	26,251
Commercial activity revenue (Other Commercial)		104,069	103,741
Commercial activity revenue (Caravan Parks)		3,442,910	3,856,947
Hall & equipment hire		43,634	52,223
Boat Ramp fees		120,572	134,984
Sales - general		46,005	132,929
Water		61,485	84,014
Sundry		57,593	31,219
		<b>3,889,160</b>	<b>4,422,308</b>
<b>INVESTMENT INCOME</b>			
Interest on investments			
Local Government Finance Authority		287,846	201,186
Banks & other		12,466	6,919
		<b>300,312</b>	<b>208,105</b>

**DISTRICT COUNCIL OF YORKE PENINSULA**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2011

**NOTE 2 - INCOME (continued)**

	Notes	2011 \$	2010 \$
<b>REIMBURSEMENTS</b>			
- for roadworks		67,657	19,476
- for private works		-	40,584
- by joint undertakings		15,573	56,740
- other		<u>806,189</u>	<u>496,700</u>
		<u>889,419</u>	<u>613,500</u>
<b>OTHER INCOME</b>			
Rebates received		-	48,654
Sundry		<u>359,144</u>	<u>171,255</u>
		<u>359,144</u>	<u>219,909</u>
<b>GRANTS, SUBSIDIES, CONTRIBUTIONS</b>			
Amounts received specifically for new or upgraded assets		651,766	694,012
Other grants, subsidies and contributions		2,612,935	2,183,153
Individually significant item - additional Grants Commission payment	see below	553,244	511,427
		<u>3,817,945</u>	<u>3,388,592</u>
<i>The functions to which these grants relate are shown in Note 12.</i>			
<b>Sources of grants</b>			
Commonwealth government		782,451	532,934
State government		<u>3,035,494</u>	<u>2,855,658</u>
		<u>3,817,945</u>	<u>3,388,592</u>

**Individually Significant Item**

On 28 June 2010, Council received payment of the first instalment of the 2010/11 Grant Commission (FAG) grant. Similarly, on 27 June 2011 Council received payment of the first instalment of the 2011/12 grant. It is not known when the timing of these grant payments will be restored to normal schedule, but this will materially adversely affect Council's operating results as these amounts are recognised as income upon receipt.

553,244

511,427

**DISTRICT COUNCIL OF YORKE PENINSULA**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
for the year ended 30 June 2011**

**NOTE 2 - INCOME (continued)**

	Notes	2011 \$	2010 \$
<b>Conditions over grants &amp; contributions</b>			
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		41,412	459,337
Less: expended during the current period from revenues recognised in previous reporting periods			
Places for People - Maitland Car Park		-	(70,658)
RLCIP Funding		(41,412)	(192,354)
Caring for Our Country - Weed Control		-	(45,455)
Point Pearce - Various Grants		-	(34,300)
Point Pearce - FACSIA Grant		-	(116,570)
Subtotal		<u>(41,412)</u>	<u>(459,337)</u>
Plus: amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions			
RLCIP Funding		86,238	41,412
Roads to Recovery		2,811	-
Subtotal		<u>86,238</u>	<u>41,412</u>
Unexpended at the close of this reporting period		<u>86,238</u>	<u>41,412</u>
Net increase (decrease) in assets subject to conditions in the current reporting period		<u>44,826</u>	<u>(417,925)</u>
 <b>PHYSICAL RESOURCES RECEIVED FREE OF CHARGE</b>			
Roads & Footpaths		562,087	-



**DISTRICT COUNCIL OF YORKE PENINSULA**

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

for the year ended 30 June 2011

**Note 3 - EXPENSES**

	Notes	2011 \$	2010 \$
<b>EMPLOYEE COSTS</b>			
Salaries and Wages		5,411,300	5,218,461
Employee leave expense		436,053	443,715
Superannuation - defined contribution plan contributions	18	256,805	324,614
Superannuation - defined benefit plan contributions	18	279,362	185,076
Workers' Compensation Insurance		278,611	271,320
Other		119,315	75,311
Less: Capitalised and distributed costs		(601,061)	(962,001)
<b>Total Operating Employee Costs</b>		<b>6,180,385</b>	<b>5,556,496</b>
 <b>Total Number of Employees</b>		 <b>104</b>	 <b>103</b>
<i>(Full time equivalent at end of reporting period)</i>			
 <b>MATERIALS, CONTRACTS &amp; OTHER EXPENSES</b>			
<u>Prescribed Expenses</u>			
Auditor's Remuneration			
- Auditing the financial reports		10,410	10,430
- Other Services		4,929	4,689
Bad and Doubtful Debts		5,476	-
Elected members' expenses		245,504	207,252
Election expenses		33,698	-
Operating Lease Rentals - non-cancellable leases	17		
- minimum lease payments		94,662	113,152
<b>Subtotal - Prescribed Expenses</b>		<b>394,679</b>	<b>335,523</b>
 <u>Other Materials, Contracts &amp; Expenses</u>			
Contractors		3,596,731	3,119,888
Energy		654,968	540,263
Water		399,964	425,727
Insurance		510,020	538,204
Legal Expenses		74,146	56,891
Grants to Progress Associations (Caravan Parks)		686,652	-
Levies paid to government - NRM levy		642,901	641,495
- Other Levies		143,856	148,793
Parts, accessories & consumables		2,559,910	2,608,020
Professional services		397,284	253,442
Professional Services - Waste Management		1,740,073	1,680,313
Sundry		730,123	598,147
<b>Subtotal - Other Materials, Contracts &amp; Expenses</b>		<b>12,136,628</b>	<b>10,611,183</b>
		<b>12,531,307</b>	<b>10,946,706</b>
 <b>INDIVIDUALLY SIGNIFICANT ITEMS</b>			
Grants to Progress Associations on hand over of Caravan Parks		686,652	-

**DISTRICT COUNCIL OF YORKE PENINSULA**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
for the year ended 30 June 2011**

**Note 3 - EXPENSES (cont)**

	Notes	2011 \$	2010 \$
<b>DEPRECIATION, AMORTISATION &amp; IMPAIRMENT</b>			
<b>Depreciation</b>			
Buildings & Other Structures		1,972,242	1,528,030
Roads & Footpaths		5,115,832	4,989,791
Stormwater Drainage		64,522	64,522
CWMS Infrastructure		235,260	234,068
Water Infrastructure		37,871	37,871
Plant & Equipment		877,668	976,804
Furniture & Fittings		84,492	133,260
Minor Plant		69,480	61,345
Other Assets		293,680	525,750
		<u>8,751,047</u>	<u>8,551,441</u>
<b>FINANCE COSTS</b>			
Interest on overdraft and short-term drawdown		60,281	57,632
Interest on Loans		382,522	381,282
		<u>442,803</u>	<u>438,914</u>

**DISTRICT COUNCIL OF YORKE PENINSULA**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2011

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

	Notes	2011 \$	2010 \$
<b>INFRASTRUCTURE, PROPERTY, PLANT &amp; EQUIPMENT</b>			
<i>Assets renewed or directly replaced</i>			
Proceeds from disposal		355,303	719,969
Less: Carrying amount of assets sold	7	<u>992,059</u>	<u>1,385,301</u>
<b>Gain (Loss) on disposal</b>		<u><b>(636,756)</b></u>	<u><b>(665,332)</b></u>
 <i>Assets surplus to requirements</i>			
Proceeds from disposal		263,636	-
Less: Carrying amount of assets sold	7	<u>80,000</u>	<u>-</u>
<b>Gain (Loss) on disposal</b>		<u><b>183,636</b></u>	<u>-</u>
<b>NET GAIN (LOSS) ON DISPOSAL OR REVALUATION OF ASSETS</b>		<u><b>(453,120)</b></u>	<u><b>(665,332)</b></u>

**DISTRICT COUNCIL OF YORKE PENINSULA**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2011

**Note 5 - CURRENT ASSETS**

	Notes	2011 \$	2010 \$
<b>CASH &amp; EQUIVALENT ASSETS</b>			
Cash on Hand and at Bank		-	365,053
Deposits at Call		<u>4,954,601</u>	<u>5,840,015</u>
		<u>4,954,601</u>	<u>6,205,068</u>
 <b>TRADE &amp; OTHER RECEIVABLES</b>			
Rates - General & Other		221,022	231,988
Accrued Revenues		260,103	61,396
Debtors - general		350,433	200,374
GST Recoupment		171,896	51,701
Prepayments		179,794	196,268
Loans to community organisations		39,017	37,810
Total		<u>1,222,265</u>	<u>779,537</u>
Less: Allowance for Doubtful Debts		<u>5,476</u>	-
		<u>1,216,789</u>	<u>779,537</u>
 <b>INVENTORIES</b>			
Stores & Materials		<u>185,274</u>	<u>138,023</u>
		<u>185,274</u>	<u>138,023</u>

**DISTRICT COUNCIL OF YORKE PENINSULA**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
for the year ended 30 June 2011**

**Note 6 - NON-CURRENT ASSETS**

<b>FINANCIAL ASSETS</b>	Notes	2011 \$	2010 \$
<b>Receivables</b>			
Rates & General		-	-
Loans to community organisations		252,937	291,954
Loans to Developers	*	38,000	-
		<u>290,937</u>	<u>291,954</u>
Less: Allowance for Doubtful Debts		-	-
		<u>290,937</u>	<u>291,954</u>
<b>Other Financial Assets</b>			
Brentwood Hall - Investment Account (Esanda)		5,000	5,000
<b>TOTAL FINANCIAL ASSETS</b>		<u>295,937</u>	<u>296,954</u>
 <b>OTHER NON-CURRENT ASSETS</b>			
<b>Inventories</b>			
Capital Works-in-Progress		102,949	-
		<u>102,949</u>	<u>-</u>

**\* Loans to Developers**

*To encourage the expansion of water infrastructure in Ardrossan, Council offered interest free loans to property owners who committed to paying for water connections on their land.*

*In 2010/2011 loans to the value of \$108,000 were made to developers and \$70,000 was repaid to Council during the year.*

*The remaining loan of \$38,000 is due to be repaid when the property is sold or in three years from receiving the loan, whichever is the sooner.*

DISTRICT COUNCIL OF YORKE PENINSULA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
for the year ended 30 June 2011

Note 7 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

	2010				2011			
	AT FAIR VALUE	AT COST	ACCUM DEP'N	CARRYING AMOUNT	AT FAIR VALUE	AT COST	ACCUM DEP'N	CARRYING AMOUNT
Land	69,248,000	-	-	69,248,000	69,168,000	-	-	69,168,000
Buildings & Other Structures	77,902,097	-	(33,935,823)	43,966,274	77,902,097	472,803	(35,908,065)	42,466,835
Transportation Infrastructure	184,787,632	6,066,932	(94,952,905)	95,901,659	227,407,784	-	(107,514,847)	119,892,937
Plant & Equipment	-	9,689,763	(4,150,025)	5,539,738	-	10,612,646	(5,027,693)	5,584,953
Furniture & Fittings	-	1,620,157	(929,468)	690,689	-	1,741,286	(1,013,960)	727,326
CWMS Infrastructure	12,474,252	1,955,992	(6,207,632)	8,222,612	16,975,013	-	(6,065,633)	10,909,380
Water Scheme Infrastructure	1,151,661	549,029	(481,013)	1,219,677	1,794,767	-	(450,383)	1,344,384
Other assets	-	14,666,437	(7,978,369)	6,688,068	-	14,320,683	(8,341,529)	5,979,154
<b>TOTAL INFRASTRUCTURE, PROPERTY, PLANT &amp; EQUIPMENT</b>	<b>345,563,642</b>	<b>34,548,310</b>	<b>(148,635,235)</b>	<b>231,476,717</b>	<b>393,247,661</b>	<b>27,147,418</b>	<b>(164,322,110)</b>	<b>256,072,969</b>
<b>Comparatives</b>	<b>328,965,931</b>	<b>21,492,786</b>	<b>(158,686,915)</b>	<b>191,771,802</b>	<b>345,563,642</b>	<b>34,548,310</b>	<b>(148,635,235)</b>	<b>231,476,717</b>

This Note continues on the following pages.

**DISTRICT COUNCIL OF YORKE PENINSULA**

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

for the year ended 30 June 2011

**Note 7 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT (continued)**

	CARRYING AMOUNT MOVEMENTS DURING YEAR							2011
	2010							\$
	CARRYING AMOUNT	Additions		Disposals	Depreciation	Transfers	Net Revaluation	CARRYING AMOUNT
	New/Upgrade	Renewals						
Land	69,248,000	-	-	(80,000)	-	-	-	69,168,000
Buildings & Other Structures	43,966,274	261,522	211,281	-	(1,972,242)	-	-	42,466,835
Transportation Infrastructure	95,901,659	2,012,042	1,702,198	-	(5,180,353)	-	25,457,391	119,892,937
Plant & Equipment	5,539,738	1,130,069	-	(207,186)	(877,668)	-	-	5,584,953
Furniture & Fittings	690,689	148,593	38,630	(66,094)	(84,492)	-	-	727,326
CWMS Infrastructure	8,222,612	193,126	22,284	-	(235,260)	-	2,706,618	10,909,380
Water Scheme Infrastructure	1,219,677	-	10,656	-	(37,871)	-	151,922	1,344,384
Other assets	6,688,068	344,663	28,361	(718,778)	(363,160)	-	-	5,979,154
<b>TOTAL INFRASTRUCTURE, PROPERTY, PLANT &amp; EQUIPMENT</b>	<b>231,476,717</b>	<b>4,090,015</b>	<b>2,013,410</b>	<b>(1,072,058)</b>	<b>(8,751,046)</b>	<b>-</b>	<b>28,315,931</b>	<b>256,072,969</b>
<b>Comparatives</b>	<b>191,771,802</b>	<b>3,682,980</b>	<b>2,612,076</b>	<b>(1,385,302)</b>	<b>(8,551,441)</b>		<b>43,346,602</b>	<b>231,476,717</b>

\* Useful lives for the following assets have been reviewed and revised in consultation with Gayler Professional Services in the 2010/11 financial year resulting in the following changes to useful lives:

- Roadworks – Earthworks from 10 to 80 years to indefinite
- Drains from 90 to 100 years to 70 to 100 years

\* A revaluation of assets was undertaken in consultation with Gayler Professional Services, and resulted in adjustments to the values and the useful lives of assets, which is expected to increase depreciation expense for 2011/12 as follows:

Roads & Footpaths	\$338,824
Stormwater Drainage	\$41,031
CWMS Infrastructure	\$86,627
Water Infrastructure	\$6,997

# DISTRICT COUNCIL OF YORKE PENINSULA

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2011

### 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.

#### **Plant Furniture and Equipment**

Pursuant to council's election, these assets are recognised on the cost basis.

#### **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.

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

#### **Buildings & Other Structures**

Buildings and other structures are recognised on written down current replacement cost, deriving from a valuation at 30 June 2010, undertaken by Maloney Field Services. Their valuation has separated each building into its component parts (ie structure, flooring, roof, etc), and in 2010-11 the buildings has been depreciated on the basis of the components part for the first time.

#### **Infrastructure**

##### Transportation Infrastructure

Transportation infrastructure was valued by Tonkin Consulting as at 30 June 2008 at written down current replacement cost. Gayler Professional Services subsequently reviewed the useful lives and unit costs of Transportation Infrastructure at 30 June 2011. All acquisitions made after the respective dates of valuation are recorded at cost.

##### Stormwater

Stormwater drainage infrastructure was valued by Gayler Professional Services as at 30 June 2011 at written down current replacement cost and pursuant to Council's election are disclosed at written down replacement cost. All acquisitions made after the respective dates of valuation are recorded at cost.

##### Community Wastewater Management Schemes

Community wastewater management scheme infrastructure was valued by Gayler Professional Services at written down current replacement cost during the reporting period ended 30 June 2011. All acquisitions made after the respective dates of valuation are recorded at cost.

##### Water Supply Schemes

Water Supply scheme infrastructure was valued by Gayler Professional Services at written down current replacement cost during the reporting period ended 30 June 2011. All acquisitions made after the respective dates of valuation are recorded at cost.

#### **All other assets**

Pursuant to Council's election, these assets are recognised on the cost basis.



**DISTRICT COUNCIL OF YORKE PENINSULA**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
for the year ended 30 June 2011**

**Note 8 - LIABILITIES**

		2011		2010	
		\$		\$	
<b>TRADE &amp; OTHER PAYABLES</b>	Notes	Current	Non-current	Current	Non-current
Goods & Services		<b>765,140</b>		743,040	
Payments received in advance		-	-	97,898	-
Accrued expenses - employee entitlements		<b>966,486</b>	-	778,356	-
Accrued expenses - other		<b>120,007</b>	-	62,220	-
Deposits, Retentions & Bonds		<b>313,300</b>	-	1,270	-
Other		<b>28,110</b>	-	10,318	-
		<b><u>2,193,043</u></b>	<b>-</b>	<b><u>1,693,102</u></b>	<b>-</b>
<b>BORROWINGS</b>					
Bank Overdraft		<b>44,530</b>		-	
Loans		<b>1,187,680</b>	<b>3,626,545</b>	1,325,929	4,814,225
		<b><u>1,232,210</u></b>	<b><u>3,626,545</u></b>	<b><u>1,325,929</u></b>	<b><u>4,814,225</u></b>
<b>PROVISIONS</b>					
Employee entitlements (including oncosts)		<b>716,578</b>	<b>98,846</b>	732,932	86,496
Future reinstatement / restoration, etc	*	<b>50,000</b>	<b>242,405</b>	142,405	150,000
		<b><u>766,578</u></b>	<b><u>341,251</u></b>	<b><u>875,337</u></b>	<b><u>236,496</u></b>

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

*\* Council is undertaking a review of its estimated remediation and post closure obligations concerning Council's landfills in consultation with the Environmental Protection Agency (EPA) during the 2011/12 financial year. Council will adjust the Provision for Future Reinstatement/Restoration accordingly once this review is complete.*

*In the interim, following an internal review of works outstanding, it has been established that the current provision of \$292,405 should be retained however the amount held as a Current Liability should be reduced to \$50,000.*

## DISTRICT COUNCIL OF YORKE PENINSULA

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2011

#### Note 9 - RESERVES

ASSET REVALUATION RESERVE	1/7/2010	Net Increments (Decrements)	Transfers, Impairments	30/6/2011
Notes	\$	\$	\$	\$
Land	69,248,000	-	-	69,248,000
Buildings & Other Structures	53,056,136	-	-	53,056,136
Stormwater Drainage	2,354,832	1,123,564	-	3,478,396
CWMS Infrastructure	6,240,544	2,706,618	-	8,947,162
Transport Infrastructure	105,355,650	24,333,827	-	129,689,477
Water Schemes	-	151,922	-	151,922
<b>TOTAL</b>	<b>236,255,162</b>	<b>28,315,931</b>	<b>-</b>	<b>264,571,093</b>
<i>Comparatives</i>	<i>199,256,440</i>	<i>36,998,722</i>	<i>-</i>	<i>236,255,162</i>

OTHER RESERVES	1/7/2010	Transfers to Reserve	Transfers from Reserve	30/6/2011
<b>General Investment</b>				
Ardrossan Library	2,555	6,097	(8,652)	-
Art Exhibition	11,312	4,678	(15,990)	-
Balgowan Water Supply	-	45,945	-	45,945
Balgowan (Gills) Water Augmentation	43,184	6,415	(1,500)	48,099
Black Point Water Supply	48,337	5,142	-	53,479
Boat Ramps	104,124	29,717	(133,841)	-
Caravan Parks	328,540	30,585	(359,125)	-
Combined Effluent Reserve	537,083	47,349	-	584,432
Coobowie Progress Committee	25,765	107,594	(133,359)	-
Curramulka Cemetery	4,491	-	(4,491)	-
Curramulka RSL Trust Fund	1,566	55	-	1,621
CYP School/Community Library	14,112	497	(14,609)	-
Dental Equipment	10,028	2,500	(12,528)	-
Edithburgh Caravan Park	70,017	40,419	(110,436)	-
Edithburgh Playground	5,477	1,392	(6,869)	-
Erichsen Heritage Trust Fund	12,907	454	-	13,361
Friends of Minlaton Library	1,024	460	(1,484)	-
Friends of Yorketown Library	3,152	111	(3,263)	-
Future Directions	666,867	504,522	(1,171,389)	-
Grants	97,158	-	(97,158)	-
Hardwicke Bay Effluent Augmentation	194,874	6,861	(22,831)	178,904
Hardwicke Bay Water	10,689	7645	-	18,334
Hardwicke Bay Water Augmentation	37,892	1,334	-	39,226
Infrastructure	156,634	-	(156,634)	-
Jetties	1,409,053	-	(1,409,053)	-
Leisure Options Program	58,156	6,961	(65,117)	-
Marion Bay TV Maintenance	5,589	-	(5,589)	-
Minlaton Library Board	6,592	2,071	(8,663)	-
Minlaton RSL Trust Fund	1,627	57	-	1,684
Office Equipment	63,000	-	(63,000)	-
Open Space and recreation	60,687	37,870	-	98,557
Oval Watering	77,001	12,020	(89,021)	-
Plant Replacement	38,930	-	(38,930)	-

**DISTRICT COUNCIL OF YORKE PENINSULA**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
for the year ended 30 June 2011**

**Note 9 - RESERVES (continued)**

Port Julia Effluent Bond	10,303	363	(10,666 )	-
Point Souttar Effluent Augmentation	15,607	549	-	16,156
Point Turton Shack Freeholding	10,351	364	(10,715 )	-
Port Victoria Water Augmentation	222,051	7,818	(7,659 )	222,210
Port Victoria Footpath/Trees	32,739	1,139	(33,878 )	-
Port Vincent CWMS	41,851	-	(41,851 )	-
Port Vincent Effluent Augmentation	30,782	2,584	-	33,366
Port Vincent Marina Infrastructure	26,706	7,408	-	34,114
Rogues point Stormwater Augmentation	154,384	5,435	-	159,819
Stansbury CWMS	22,367	-	(9,795 )	12,572
Stansbury Footpath	40,455	1,424	(41,879 )	-
Stansbury Progress Committee	423,359	119,328	(542,687 )	-
Tourism Initiative Reserve	-	68,158	(68,158 )	-
Warooka RSL Trust Fund	5,017	177	(281 )	4,913
Yorke town Caravan Park	27,040	6,253	(3,395 )	29,898
Yorke town Library	25,638	903	(26,541 )	-
<b>TOTAL OTHER RESERVES</b> *	<u>5,197,073</u>	<u>1,130,654</u>	<u>(4,731,037 )</u>	<u>1,596,690</u>
<i>Comparatives</i>	<u>4,482,934</u>	<u>1,696,310</u>	<u>(982,171 )</u>	<u>5,197,073</u>

\*Accounting for reserves was reviewed by Council staff and amended to meet Council's resolution at it's meeting held on 11th May 2011:

**ITEM 14 –**

**Resolution 2**

"That all reserves not requiring reporting by either legislation or Council's Treasury Management Policy be removed from Council's Equity section of the General Ledger."

**Resolution 3**

"That Staff review Policy Number PO 116 Reserve Funds – Definition of Objectives of Use and make a recommendation to amend it so that it is consistent with PO 139 Treasury Management Policy."

Amended Policy Number PO 116 reserve Funds – Definition of Objectives of Use was approved by the Audit Committee at its meeting on 31st August 2011 and adopted by Council at its meeting on 14th September 2011.

As a result the number of Reserves carried in the General Ledger has been reduced to 19 from 51 in 2010.

**PURPOSES OF RESERVES**

**Warooka RSL Trust Fund**

Balance of RSL Funds transferred to Council. Funds cemetery plaques, funeral notices, ANZAC functions for local functions.

**Erichsen Heritage Trust Fund**

Transferred from DC of Yorketown. Founder of Trust, Ms Eleanor Witcombe continues to make donations which are used for the "Writer's Award" and "Erichsen Heritage Award", an annual award for environmental and local issues.

**Minlaton RSL Trust**

Balance of RSL Funds transferred to Council. Funds cemetery plaques, funeral notices, ANZAC functions for local functions.

## DISTRICT COUNCIL OF YORKE PENINSULA

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2011

#### Note 9 - RESERVES (continued)

##### **Curramulka RSL Trust Reserve**

Balance of RSL Funds transferred to Council. Funds cemetery plaques, funeral notices, ANZAC functions for local functions.

##### **Plant Replacement Reserve**

Funds carried forward from unexpended budget items of plant to be used in forthcoming budget, insurance reimbursements etc.

##### **Office Equipment Reserve**

Unspent budget monies carried forward to fund projects in Administration, IT & Records Management.

##### **Future Directions Reserve**

Monies to be used for entrepreneurial activities that make a contribution to the development of the area with the account generally being repaid from the financial return generated from these activities.

##### **Infrastructure Reserve**

Unspent budget monies carried forward to fund specific projects in Works Construction that are carried forward into the next financial year.

##### **Minlaton Library Board Reserve**

Unspent budget monies carried forward (of Council's contribution) to Minlaton Library as per agreement concerning unspent monies.

##### **Black Point Water Supply**

Surplus funds from service charges levied are appropriated to assist with the maintenance and capital replacement of the scheme in the future.

##### **Yorke town Library**

Unspent budget monies carried forward (of Council's contribution) to Yorke town Library as per agreement concerning unspent monies.

##### **Dental Equipment Reserve**

Amount of \$2,500 is transferred each year from yearly rental payments to assist with replacement of dental equipment in the future.

##### **Oval Watering Reserve**

Unspent portion of water allocation for ovals is transferred and used to offset costs in drier years. Reviewed annually by Council.

##### **Curramulka Cemetery**

Proceeds from sale of building in Curramulka and donation received to be used to fund future development at Curramulka Cemetery.

##### **Art Exhibition Reserve**

Surplus funds from Council's Art Exhibitions held bi-annually. Funds utilised in future exhibitions.

##### **CYP School / Community Library**

Unspent budget monies carried forward (of Council's contribution) to Maitland Library as per agreement concerning unspent monies.

## DISTRICT COUNCIL OF YORKE PENINSULA

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2011

#### Note 9 - RESERVES (continued)

##### **Roads to Recovery**

Carrying forward amounts received in advance of Roads to Recovery money as per agreement.

##### **Port Vincent Marina Infrastructure**

Surplus funds from underlease fees are appropriated to assist with the maintenance of the scheme in the future.

##### **Balgowan (Gills) Water Augmentation**

Contribution from land division (as condition of approval) to assist future water supply infrastructure installation / upgrade.

##### **Marion Bay TV Maintenance**

Amount of \$1,000 is transferred each year to assist with future maintenance on communications shed which assists improved TV reception for Marion Bay.

##### **Ardrossan Library**

Unspent budget monies carried forward (of Council's contribution) to Ardrossan Library as per agreement concerning unspent monies.

##### **Port Victoria Water Augmentation**

Contribution from land division (as condition of approval) to assist future water supply infrastructure installation / upgrade.

##### **Point Turton Shack Freeholding Reserve**

Condition of approval for freeholding was to provide Council with bank guarantees. Two developers provided bank cheques which are to be invested for the five year period until redevelopment occurs.

##### **Hardwicke Bay Water**

Surplus funds from service charges levied are appropriated to assist with the maintenance and capital replacement of the scheme in the future.

##### **Open Space & Recreation**

Contribution of open space monies from land division (as condition of approval). Allocation is budgeted for expenditure in the following year.

##### **Grants**

Grants that have not been fully expended during the financial year are carried forward via Reserve Funds rather than treated as Grant Received in Advance.

##### **Boat Ramp**

Surplus funds from user charges are appropriated to assist with the maintenance and capital replacement of boat ramps in the future.

##### **Port Victoria Footpath/Trees Contribution**

Contribution from land division (as condition of approval). Council will undertake the necessary footpath construction and tree planting once development on the subdivision occurs.

##### **Maintenance of Jetties**

75% of the Caravan Park Levy is appropriated each year, which assists funding maintenance and capital works associated with the jetties under Council's care and control.

## DISTRICT COUNCIL OF YORKE PENINSULA

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2011

#### Note 9 - RESERVES (continued)

##### **Caravan Parks Reserve**

Surplus monies from Port Vincent, Marion Bay and Point Turton are appropriated to assist fund future projects.

##### **Stansbury Progress Committee**

Surplus monies from Stansbury Caravan Park & Progress Committee activities are appropriated to assist fund future projects.

##### **Yorke town Caravan Park**

Surplus monies from Yorke town Caravan Park are appropriated to assist fund future projects.

##### **Coobowie Progress Committee**

Surplus monies from Coobowie Caravan Park & Progress Committee activities are appropriated to assist funding capital works in the Caravan Park in future budgets.

##### **Edithburgh Playground (Progress) Committee**

Surplus monies from Edithburgh Progress Committee fundraising activities are appropriated to assist funding a playground upgrade in the future and other community works.

##### **Edithburgh Caravan Park**

Surplus monies from Edithburgh Caravan Park are appropriated to assist fund future projects.

##### **Leisure Options Program**

Investment of monies generated through the programs run by Leisure Options.

##### **Port Vincent Effluent Scheme Augmentation**

Contribution from land division (as condition of approval) to assist future effluent infrastructure installation / upgrade.

##### **Point Souttar Effluent Scheme Augmentation**

Contribution (as condition of approval) to assist future effluent infrastructure installation / upgrade.

##### **Combined Effluent Reserve**

Surplus funds from service charges levied are appropriated to assist with the maintenance and capital replacement of the various schemes in the future as per motion of Council at 12th June 2007 meeting.

##### **Stansbury CWMS Reserve**

Grants funds received to investigate feasibility of expanding CWMS at Stansbury.

##### **Stansbury Footpath Reserve**

Contribution from land division (as condition of approval). Council will undertake the necessary footpath construction once development on the subdivision occurs.

##### **Friends of Yorke town Library**

Funds held for Friends of Yorke town Library to be spent on activities for the Yorke town Community Library.

##### **Port Vincent CWMS Reserve**

Grants funds received to investigate feasibility of CWMS at Port Vincent.

**DISTRICT COUNCIL OF YORKE PENINSULA**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
for the year ended 30 June 2011**

**Note 9 - RESERVES (continued)**

**Rogues Point Stormwater Augmentation**

Contribution from land division (as condition of approval) to assist future stormwater infrastructure installation / upgrade.

**Hardwicke Bay Water Augmentation**

Contribution from land division (as condition of approval) to assist future water infrastructure installation / upgrade.

**Hardwicke Bay Effluent Augmentation**

Contribution from land division (as condition of approval) to assist future effluent infrastructure installation / upgrade.

**Port Julia Effluent Bond**

Contribution from land division (as condition of approval) to assist future infrastructure installation / upgrade.

**Tourism Initiative Reserve**

Contribution from caravan parks levies to assist Tourism Initiatives

**Balgowan Water Supply**

Investment of surplus funds from water service charges levied for Balgowan, as required by legislation.

**Asset Revaluation Reserve**

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

**DISTRICT COUNCIL OF YORKE PENINSULA**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2011

**Note 10 - ASSETS SUBJECT TO RESTRICTIONS**

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

	Notes	2011 \$	2010 \$
<b>CASH &amp; FINANCIAL ASSETS</b>			
Developer Contributions		72,870	52,269
Unexpended amounts received from federal Government		639,482	552,839
CWMS/Water Schemes		147,262	102,211
		859,614	707,319
<b>INFRASTRUCTURE, PROPERTY, PLANT &amp; EQUIPMENT</b>			
Refer to below list		15,081,839	17,969,361
		15,081,839	17,969,361
<b>TOTAL ASSETS SUBJECT TO EXTERNALLY IMPOSED RESTRICTIONS</b>		15,941,453	18,676,680

Due to the nature of Local Government there are restrictions over many of the assets controlled by council. These restrictions are either by community use of the asset or externally imposed legislation.

The following major assets have been identified as restricted :-

Country Fire Service Stations

Ardrossan	136,000	136,000
Balgowan	150,000	150,000
Port Clinton	75,000	75,000
Curramulka	30,000	30,000
Maitland	60,000	60,000
Minlaton	55,000	55,000
Port Victoria	100,000	100,000
Stansbury	119,704	124,903
Yorke town	50,000	50,000

Caravan Parks

Ardrossan	615,622	631,285
Coobowie	3,239,272	3,186,838
Edithburgh	2,073,963	2,104,104
Minlaton	322,143	319,813
Pine Point	441,183	455,168
Port Clinton	435,000	435,000
Port Rickaby	1,483,162	1,447,347
Port Victoria	586,233	597,423
Stansbury/Oyster Point	3,388,825	3,464,732
Yorke town	896,135	905,021

Fauna & Wildlife Parks

Minlaton	127,394	2,913,035
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Parklands

Ardrossan Scout Hall	95,000	95,000
Minlaton Basketball Stadium and Courts	368,050	385,266
Edithburgh Oval	25,233	26,168
Yorke town Lions Clubrooms	169,475	181,084
Warooka Museum	39,445	41,174
	15,081,839	17,969,361



## DISTRICT COUNCIL OF YORKE PENINSULA

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2011

#### 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	2011 \$	2010 \$
Total cash & equivalent assets	5	4,954,601	6,205,068
Less: Short-term borrowings	8	(44,530)	-
Balances per Cash Flow Statement		4,910,071	6,205,068

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

Net Surplus (Deficit)		(3,598,249)	(3,082,721)
Non-cash items in Income Statement			
Depreciation, amortisation & impairment		8,751,047	8,551,441
Net increase (decrease) in unpaid employee benefits		184,126	(165,868)
Change in allowances for under-recovery		5,476	-
Non-cash asset acquisitions		(562,087)	-
Grants for capital acquisitions treated as Investing Activity		(651,766)	(694,012)
Net (Gain) Loss on Disposals		453,120	665,332
		4,581,667	5,274,172
Add (Less): Changes in Net Current Assets			
Net (increase) decrease in receivables		(441,521)	180,482
Net (increase) decrease in inventories		(47,251)	(14,312)
Net increase (decrease) in trade & other payables		311,811	83,176
Net increase (decrease) in other provisions		-	(132,595)
<b>Net Cash provided by (or used in) operations</b>		<b>4,404,706</b>	<b>5,390,923</b>

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

Acquisition of assets by means of:

- Physical resources received free of charge	2	562,087	-
		562,087	-

**(d) Financing Arrangements**

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

Bank Overdrafts	2,000	2,000
Corporate Credit Cards	17,000	17,000
LGFA - Cash Advance Debenture	3,000,000	3,000,000

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

**DISTRICT COUNCIL OF YORKE PENINSULA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2011

**Note 12 - FUNCTIONS**

	INCOMES, EXPENSES AND ASSETS HAVE BEEN DIRECTLY ATTRIBUTED TO THE FOLLOWING FUNCTIONS & ACTIVITIES									
	INCOME		EXPENSES		OPERATING SURPLUS (DEFICIT)		GRANTS INCLUDED IN INCOME		TOTAL ASSETS HELD (CURRENT & NON-CURRENT)	
	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	2011	2010	2011	2010
2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Business Undertakings *	3,509,655	15,557	3,659,792	17,397	(150,137)	(1,840)	-	21,819,375	21,849,570	
Community Services	561,811	615,631	1,475,489	2,091,351	(913,678)	(1,475,720)	499,429	2,404,243	2,405,682	
Culture	241,128	138,313	1,295,416	886,988	(1,054,288)	(748,675)	104,387	25,682,498	25,807,990	
Community Wastewater Management	1,269,547	963,314	1,234,475	869,168	35,072	94,146	-	12,112,880	9,426,112	
Economic Development *	-	3,884,835	1,198,770	2,968,002	(1,198,770)	916,833	-	-	-	
Environment	841,958	646,389	1,245,264	849,501	(403,306)	(203,112)	172,998	7,234	8,035	
Recreation	256,746	569,708	1,745,102	2,753,867	(1,488,356)	(2,184,159)	-	57,290,901	58,355,319	
Regulatory Services	458,545	381,825	416,354	650,705	42,191	(268,880)	-	691,000	691,000	
Tourism	54,223	103,657	287,764	361,621	(233,541)	(257,964)	-	62,151	62,151	
Transport & Communication	1,792,405	2,831,153	8,086,832	7,983,699	(6,294,427)	(5,152,546)	1,027,906	128,125,327	104,187,769	
Waste Management	1,863,891	1,897,737	2,183,169	2,190,677	(319,278)	(292,940)	-	751,000	751,000	
Water Supply	267,715	266,547	255,119	247,678	12,596	18,869	-	2,370,884	2,246,176	
Council Administration	12,428,936	10,067,490	4,821,996	3,622,903	7,606,940	6,444,587	1,361,459	11,511,026	13,105,495	
<b>TOTALS</b>	<b>23,546,560</b>	<b>22,382,156</b>	<b>27,905,542</b>	<b>25,493,557</b>	<b>(4,358,982)</b>	<b>(3,111,401)</b>	<b>3,166,179</b>	<b>262,828,519</b>	<b>238,896,299</b>	

\* In 2010, caravan park income, expenditure and assets were included in the classification "Economic Development" - in 2011 these items have been included in the "Business Undertakings" classification as designated by the LGA SA South Australia Model Financial Statements 2011.

**DISTRICT COUNCIL OF YORKE PENINSULA**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
for the year ended 30 June 2011**

**Note 13 - FINANCIAL INSTRUMENTS**

**Recognised Financial Instruments**

<b>Bank, Deposits at Call, Short Term Deposits</b>	<b>Accounting Policy:</b> Carried at lower of cost and net realisable value; Interest is recognised when earned. <b>Terms &amp; conditions:</b> Deposits are returning fixed interest rates between 4.75% and 5.15% (2010: 4% and 4.5%). Short term deposits have an average maturity of 0 days and an average interest rates of 4.75% (2010: 0 days, 4.5%). <b>Carrying amount:</b> approximates fair value due to the short term to maturity.
<b>Receivables - Rates &amp; Associated Charges (including legals &amp; penalties for late payment)</b> Note: These receivables do not meet the definition of "financial instruments" and have been excluded from the following disclosures.	<b>Accounting Policy:</b> Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable. <b>Terms &amp; conditions:</b> Secured over the subject land, arrears attract interest. Although Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries in the State. <b>Carrying amount:</b> approximates fair value (after deduction of any allowance).
<b>Receivables - Fees &amp; other charges</b>	<b>Accounting Policy:</b> Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable. <b>Terms &amp; conditions:</b> Unsecured, and do not bear interest. Although Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries. <b>Carrying amount:</b> approximates fair value (after deduction of any allowance).
<b>Receivables - other levels of government</b>	<b>Accounting Policy:</b> Carried at nominal value. <b>Terms &amp; conditions:</b> Amounts due have been calculated in accordance with the terms and conditions of the respective programs following advice of approvals, and do not bear interest. All amounts are due by Departments and Agencies of the Governments of the Commonwealth & State. <b>Carrying amount:</b> approximates fair value.
<b>Receivables - Retirement Home Contributions</b>	<b>Accounting Policy:</b> Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable. <b>Terms &amp; conditions:</b> Amounts due have been calculated in accordance with the terms and conditions of the respective legislation. <b>Carrying amount:</b> approximates fair value (after deduction of any allowance).
<b>Liabilities - Creditors and Accruals</b>	<b>Accounting Policy:</b> Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Council. <b>Terms &amp; conditions:</b> Liabilities are normally settled on 30 day terms. <b>Carrying amount:</b> approximates fair value.
<b>Liabilities - Retirement Home Contributions</b>	<b>Accounting Policy:</b> To avoid inconvenience when complying with the separate audit requirements imposed by the relevant legislation, amounts are carried at <b>Terms &amp; conditions:</b> Pursuant to Commonwealth legislation certain intending residents are required to contribute amounts on an interest free basis. The amounts are subject to certain deductions as prescribed by the legislation, the balance being repaid on termination of tenancy. <b>Carrying amount:</b> approximates fair value for short tenancies; may be non-materially over-stated for longer tenancies.
<b>Liabilities - Interest Bearing Borrowings</b>	<b>Accounting Policy:</b> Carried at the principal amounts. Interest is charged as an expense as it accrues. <b>Terms &amp; conditions:</b> secured over future revenues, borrowings are repayable principal and interest; interest is charged at fixed rates between 5.85% and 8.30% (2010: 5.85% and 8.30%) <b>Carrying amount:</b> approximates fair value.
<b>Liabilities - Finance Leases</b>	<b>Accounting Policy:</b> accounted for in accordance with AASB 117 Leases.

**DISTRICT COUNCIL OF YORKE PENINSULA**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
for the year ended 30 June 2011**

**Note 13 - FINANCIAL INSTRUMENTS (continued)**

**Liquidity Analysis**

2011	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
	\$	\$	\$	\$	\$
<b>Financial Assets</b>					
Cash & Equivalents	4,954,601	-	-	4,954,601	4,954,601
Receivables	649,553	-	-	649,553	649,553
Other Financial Assets	-	295,937	-	295,937	295,937
<b>Total</b>	<b>5,604,154</b>	<b>295,937</b>	<b>-</b>	<b>5,900,091</b>	<b>5,900,091</b>
<b>Financial Liabilities</b>					
Overdraft	44,530	-	-	44,530	44,530
Payables	1,106,550	-	-	1,106,550	1,106,550
Current Borrowings	1,187,680	-	-	1,187,680	1,187,680
Non-Current Borrowings	-	2,557,166	1,069,379	3,626,545	3,626,545
<b>Total</b>	<b>2,294,230</b>	<b>2,557,166</b>	<b>1,069,379</b>	<b>5,965,305</b>	<b>5,965,305</b>
2010	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
	\$	\$	\$	\$	\$
<b>Financial Assets</b>					
Cash & Equivalents	6,205,068	-	-	6,205,068	6,205,068
Receivables	299,580	-	-	299,580	299,580
Other Financial Assets	-	296,954	-	296,954	296,954
<b>Total</b>	<b>6,504,648</b>	<b>296,954</b>	<b>-</b>	<b>6,801,602</b>	<b>6,801,602</b>
<b>Financial Liabilities</b>					
Payables	852,526	-	-	852,526	852,526
Current Borrowings	1,325,929	-	-	1,325,929	1,325,929
Non-Current Borrowings	-	3,156,724	1,657,501	4,814,225	4,814,225
<b>Total</b>	<b>2,178,455</b>	<b>3,156,724</b>	<b>1,657,501</b>	<b>6,992,680</b>	<b>6,992,680</b>

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

	30 June 2011		30 June 2010	
	Weighted Average Interest Rate	Carrying Value	Weighted Average Interest Rate	Carrying Value
	%	\$	%	\$
Other Variable Rates	4.75	1,151,080	4.50	852,526
Fixed Interest Rates	6.93	4,814,225	6.87	6,140,154
		<b>5,965,305</b>		<b>6,992,680</b>

**Net Fair Value**

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

**Risk Exposures**

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

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

**Liquidity Risk** is the risk that Council will encounter difficulty in meeting obligations with financial liabilities. In accordance with the model Treasury Policy (LGA Information Paper 15), liabilities have a range of maturity dates. 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 YORKE PENINSULA**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
for the year ended 30 June 2011**

**Note 14 - COMMITMENTS FOR EXPENDITURE**

	<u>Notes</u>	2011 \$	2010 \$
<b>Capital Commitments</b>			
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
Buildings		<u>444,882</u>	<u>41,412</u>
		<u>444,882</u>	<u>41,412</u>
These expenditures are payable:			
Not later than one year		212,382	41,412
Later than one year and not later than 5 years		<u>232,500</u>	-
		<u>444,882</u>	<u>41,412</u>

**Other Expenditure Commitments**

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

Audit Services		28,800	30,000
Waste Management Services		4,156,710	5,998,610
Employee Remuneration Contracts		2,376,222	1,611,370
Other		<u>83,500</u>	<u>283,750</u>
		<u>6,645,232</u>	<u>7,923,730</u>
These expenditures are payable:			
Not later than one year		2,407,160	2,296,846
Later than one year and not later than 5 years		4,238,072	5,067,178
Later than 5 years		-	559,706
		<u>6,645,232</u>	<u>7,923,730</u>

**Finance Lease Commitments**

Council leases various plant and equipment with a carrying amount of \$120,404 (2010 - \$54,000) under finance leases expiring within 1 to 5 years. At expiry, Council may re-lease, or return or acquire the leased assets.

Commitments under finance leases at the reporting date are as follows:

Not later than one year		71,252	18,000
Later than one year and not later than 5 years		<u>49,152</u>	<u>36,000</u>
Minimum lease payments		120,404	54,000
Less: future finance charges		-	-
Net Lease Liability		<u>120,404</u>	<u>54,000</u>
Representing lease liabilities:			
Current		71,252	18,000
Non-Current		<u>49,152</u>	<u>36,000</u>
		<u>120,404</u>	<u>54,000</u>

## DISTRICT COUNCIL OF YORKE PENINSULA

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2011

#### Note 15 - FINANCIAL INDICATORS

	2011	2010	2009
These Financial Indicators have been calculated in accordance with <i>Information Paper 9 - Local Government Financial Indicators</i> prepared as part of the LGA Financial Sustainability Program for the Local Government Association of South Australia. Detailed methods of calculation are set out in the SA Model Statements.			
<b>Operating Surplus</b>	<b>\$ (4,358,982)</b>	<b>(3,111,401)</b>	<b>(2,821,201)</b>
<i>Being the operating surplus (deficit) before capital amounts .</i>			
<b>Adjusted Operating Surplus</b>	<b>\$ (4,400,799)</b>	<b>(3,154,505)</b>	<b>(3,289,524)</b>

*In each of June 2009, 2010 and 2011 the Commonwealth Government made an advance payment of one quarterly payment of the Financial Assistance Grant (see Note 3). Accordingly there were five "quarterly" payments in 2009, and four payments in each of 2010 and 2011. The Adjusted Operating Surplus and Adjusted Operating Surplus Ratio adjust for this distortion.*

<b>Operating Surplus Ratio</b>			
<u>Operating Surplus</u>	<b>(32%)</b>	<b>(24%)</b>	<b>(24%)</b>
Rates - general & other less NRM levy			
<b>Adjusted Operating Surplus Ratio</b>	<b>(32%)</b>	<b>(28%)</b>	<b>(28%)</b>

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

<b>Net Financial Liabilities</b>	<b>\$ 1,692,300</b>	<b>1,663,532</b>	<b>2,208,186</b>
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*Net Financial Liabilities are defined as total liabilities less financial assets (excluding equity accounted investments in Council businesses).*

<b>Net Financial Liabilities Ratio</b>			
<u>Net Financial Liabilities</u>	<b>7%</b>	<b>8%</b>	<b>10%</b>
Total Operating Revenue less NRM levy			

<b>Interest Cover Ratio</b>			
<u>Net Interest Expense</u>	<b>0.6%</b>	<b>1.1%</b>	<b>1.1%</b>
Total Operating Revenue less NRM levy less Investment Income			

<b>Asset Sustainability Ratio</b>			
<u>Net Asset Renewals</u>	<b>20%</b>	<b>22%</b>	<b>27%</b>
Depreciation Expense			

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

<b>Asset Consumption Ratio</b>			
<u>Carrying value of depreciable assets</u>	<b>53%</b>	<b>52%</b>	<b>49%</b>
Gross value of depreciable assets			

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

**DISTRICT COUNCIL OF YORKE PENINSULA**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2011

**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

	2011	2010
	\$	\$
Income	23,546,560	22,382,156
less Expenses	<u>27,905,542</u>	<u>25,493,557</u>
<b>Operating Surplus / (Deficit)</b>	<b>(4,358,982)</b>	<b>(3,111,401)</b>
<b>less Net Outlays on Existing Assets</b>		
Capital Expenditure on renewal and replacement of Existing Assets	2,116,361	2,612,075
less Depreciation, Amortisation and Impairment	8,751,047	8,551,441
less Proceeds from Sale of Replaced Assets	<u>355,303</u>	<u>719,969</u>
	<b>(6,989,989)</b>	<b>(6,659,335)</b>
<b>less Net Outlays on New and Upgraded Assets</b>		
Capital Expenditure on New and Upgraded Assets <i>(including investment property &amp; real estate developments)</i>	3,527,928	3,682,980
less Amounts received specifically for New and Upgraded Assets	651,766	694,012
less Proceeds from Sale of Surplus Assets <i>(including investment property and real estate developments)</i>	<u>263,636</u>	-
	<u>2,612,526</u>	<u>2,988,968</u>
<b>Net Lending / (Borrowing) for Financial Year</b>	<b><u>18,481</u></b>	<b><u>558,966</u></b>

**DISTRICT COUNCIL OF YORKE PENINSULA**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
for the year ended 30 June 2011**

**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:

	2011	2010
	\$	\$
Not later than one year	175,351	56,191
Later than one year and not later than 5 years	338,000	94,566
Later than 5 years	21,078	3,060
	<b>534,429</b>	<b>153,817</b>

***Lease payment commitments of Council***

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

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:

	2011	2010
	\$	\$
Not later than one year	71,252	33,931
Later than one year and not later than 5 years	49,152	43,482
Later than 5 years	-	-
	<b>120,404</b>	<b>77,413</b>



## DISTRICT COUNCIL OF YORKE PENINSULA

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2011

#### Note 18 – SUPERANNUATION

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

##### Marketlink (Accumulation Fund) Members

Marketlink receives both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of employee earnings in accordance with superannuation guarantee legislation (9% in 2010/11 for Marketlink members and 3% for Salarylink members; 9% and 3% respectively in 2009/10). No further liability accrues to the employer as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

##### Salarylink (Defined Benefit) Members

Salarylink is a defined benefit scheme where the benefit payable is based on a formula determined by the member's contribution rate, number of years of contribution and final average salary. Council makes employer contributions to Salarylink as determined by the Scheme's Trustee based on advice from the Scheme's Actuary. The rate is currently 6% (6% in 2009/2010) of "superannuation" salary. Given that Employer contributions are based on a fixed percentage of employee earnings in accordance with superannuation guarantee legislation, the remaining 3% for Salarylink members is allocated to their Marketlink account. Employees also make member contributions to the Fund. As such, assets accumulate in the Fund to meet the member's benefits, as defined in the Trust Deed, as they accrue.

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

The most recent full actuarial investigation conducted by the Scheme's actuary, L C Brett, BSc., FIA, FIAA, of Brett and Watson Pty Ltd as at 30 June 2008, the Trustee has determined that the current funding arrangements are adequate for the expected Defined Benefit Plan liabilities. However, future financial and economic circumstances may require changes to Council's contribution rates at some future time.

**DISTRICT COUNCIL OF YORKE PENINSULA**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
for the year ended 30 June 2011**

**Note 19 - CONTINGENCIES & ASSETS & LIABILITIES NOT RECOGNISED IN  
THE BALANCE SHEET**

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

**1. LAND UNDER ROADS**

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

At reporting date, Council controlled 2,485 km of road reserves of average width 20 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. BANK GUARANTEES**

Council has guaranteed certain loans and other banking facilities advanced to community organisations and sporting bodies, amounting to \$291,954 (2009/10: \$329,764) at reporting date.

Council does not expect to incur any loss arising from these guarantees.

**4. 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 2 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE DISTRICT COUNCIL OF YORKE PENINSULA**

We have audited the accompanying financial report of the District Council of Yorke Peninsula, which comprises the balance sheet as at 30 June 2011 and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the Certification of Financial Statements statement.

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

The Chief Executive Officer of the District Council of Yorke Peninsula is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the Local Government Act 1999 and Local Government (Financial Management) Regulations 2011. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

***Auditor's Responsibility***

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

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

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

**Independence**

In conducting our audit, we have complied with the independence requirements of the Local Government Act 1999 and Local Government (Financial Management) Regulations 2011 and the Australian professional ethical pronouncements.

**Auditor's Opinion**

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

**DEAN NEWBERY & PARTNERS  
CHARTERED ACCOUNTANTS**



**SAMANTHA ALLARD  
PARTNER**

Signed on the 16<sup>th</sup> day of November 2011,  
at 214 Melbourne Street, North Adelaide, South Australia 5006.

# DISTRICT COUNCIL OF YORKE PENINSULA


## ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2011

### 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 Yorke Peninsula for the year ended 30 June 2011, the Council's Auditor, Dean Newberry & Partners, 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 Cameron  
CHIEF EXECUTIVE OFFICER

  
.....  
Cr Robert Nicholls  
PRESIDING MEMBER  
AUDIT COMMITTEE

Date: 8<sup>th</sup> September 2011

**Auditor's Independence Declaration under Section 22 of the Local Government  
(Financial Management) Regulations 2011 to the District Council of Yorke  
Peninsula.**

I confirm that, for the audit of the financial statements of the District Council of Yorke Peninsula for the year ended 30 June 2011, 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*.



**SAMANTHA ALLARD**

**Partner**

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

**Dated this 16<sup>th</sup> day of August 2011**