

District Council of Mallala

General Purpose Financial Reports for the year ended 30 June 2011

TABLE OF CONTENTS

	<u>Page</u>
Council Certificate	1
Principal Financial Statements	
Statement of Comprehensive Income	2
Balance Sheet	3
Statement of Changes in Equity	4
Cash Flow Statement	5
Notes to, and forming part of, the Principal Financial Statements	
Note 1 - Significant Accounting Policies	N1
Note 2 - Income	N7
Note 3 - Expenses	N10
Note 4 - Gain or Loss on Disposal of Assets	N12
Note 5 - Current Assets	N13
Note 6 - Non-Current Assets	N14
Note 7 - Infrastructure, Property, Plant & Equipment & Investment Property	N15
Note 8 - Liabilities	N18
Note 9 - Reserves	N19
Note 10 - Assets Subject to Restrictions	N20
Note 11 - Reconciliation of Cash Flow Statement	N21
Note 12 - Functions	N22
Note 13 - Financial Instruments	N24
Note 14 - Expenditure Commitments	N26
Note 15 - Financial Indicators	N27
Note 16 - Uniform Presentation of Finances	N28
Note 17 - Operating Leases	N29
Note 18 - Superannuation	N30
Note 19 - Joint Ventures & Associated Entities	N31
Note 20 - Assets & Liabilities not Recognised	N33
Audit Report	
Council Certificate of Audit Independence	
Audit Certificate of Audit Independence	

DISTRICT COUNCIL of MALLALA

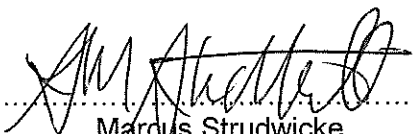
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2011

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.


.....
Charles Mansueto
CHIEF EXECUTIVE OFFICER


.....
Marcus Strudwicke
MAYOR/COUNCILLOR

Date: 29. 11. 11

District Council of Mallala

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 June 2011

	Notes	2011	2010
INCOME			
Rates	2	5,737,670	5,370,787
Statutory charges	2	255,724	253,923
User charges	2	87,887	135,565
Grants, subsidies and contributions	2	1,431,949	1,468,859
Investment income	2	68,198	38,044
Reimbursements	2	582,437	402,682
Other income	2	46,358	47,330
Net gain - joint ventures & associates	19	3,109	
Total Income		8,213,332	7,717,191
EXPENSES			
Employee costs	3	3,394,391	3,026,941
Materials, contracts & other expenses	3	3,658,046	2,989,634
Depreciation, amortisation & impairment	3	1,599,005	1,789,312
Finance costs	3	265,309	216,554
Net loss - joint ventures & associates	19		18,946
Total Expenses		8,916,751	8,041,386
OPERATING SURPLUS / (DEFICIT)		(703,419)	(324,196)
Asset disposal & fair value adjustments	4	(170,233)	(131,121)
Amounts received specifically for new or upgraded assets	2	260,397	184,419
NET SURPLUS / (DEFICIT)		(613,255)	(270,897)
transferred to Equity Statement			
Other Comprehensive Income			
Changes in revaluation surplus - infrastructure, property, plant & equipment	9	2,645,737	-
Adjustments to rectify accounting processing errors in 2009/10		-	25,420
Share of other comprehensive income - joint ventures and associates	19	124,758	-
Impairment (expense) / recoupments offset to asset revaluation reserve	9	(234,086)	-
Total Other Comprehensive Income		2,536,409	25,420
TOTAL COMPREHENSIVE INCOME		1,923,154	(245,477)
Share of Net Surplus / (Deficit)			
Council		(613,255)	(270,897)
		(613,255)	(270,897)
Share of Other Comprehensive Income			
Council		2,536,409	25,420
		2,536,409	25,420
TOTAL COMPREHENSIVE INCOME		1,923,154	(245,477)

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

District Council of Mallala

BALANCE SHEET as at 30 June 2011

		2011	2010
ASSETS	Notes		
Current Assets			
Cash and cash equivalents	5	1,073,736	1,259,408
Trade & other receivables	5	567,763	880,057
Inventories	5	27,466	17,136
		<u>1,668,965</u>	<u>2,156,601</u>
Total Current Assets		<u>1,668,965</u>	<u>2,156,601</u>
Non-current Assets			
Equity accounted investments in Council businesses	6	4,875,605	4,747,738
Infrastructure, Property, Plant & Equipment	7	51,400,501	49,510,622
Other Non-current Assets	6	441,745	59,198
		<u>56,717,851</u>	<u>54,317,558</u>
Total Non-current Assets		<u>56,717,851</u>	<u>54,317,558</u>
Total Assets		<u>58,386,816</u>	<u>56,474,159</u>
LIABILITIES			
Current Liabilities			
Trade & Other Payables	8	769,096	736,008
Borrowings	8	571,724	660,715
Provisions	8	833,834	287,961
		<u>2,174,654</u>	<u>1,684,684</u>
Total Current Liabilities		<u>2,174,654</u>	<u>1,684,684</u>
Non-current Liabilities			
Borrowings	8	2,978,983	3,487,561
Provisions	8	39,771	31,660
		<u>3,018,754</u>	<u>3,519,221</u>
Total Non-current Liabilities		<u>3,018,754</u>	<u>3,519,221</u>
Total Liabilities		<u>5,193,408</u>	<u>5,203,905</u>
NET ASSETS		<u>53,193,408</u>	<u>51,270,254</u>
EQUITY			
Accumulated Surplus		24,948,201	25,562,691
Asset Revaluation Reserves	9	27,668,073	25,131,664
Other Reserves	9	577,134	575,899
		<u>53,193,408</u>	<u>51,270,254</u>
Total Council Equity		<u>53,193,408</u>	<u>51,270,254</u>
TOTAL EQUITY		<u>53,193,408</u>	<u>51,270,254</u>

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

District Council of Mallala

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

		Accumulated Surplus	Asset Revaluation Reserve	Other Reserves	Total Council Equity	TOTAL EQUITY
2011	Notes					
Balance at end of previous reporting period		25,562,691	25,131,664	575,899	51,270,254	51,270,254
Restated opening balance		25,562,691	25,131,664	575,899	51,270,254	51,270,254
Net Surplus / (Deficit) for Year		(613,255)			(613,255)	(613,255)
Other Comprehensive Income						
Gain on revaluation of infrastructure, property, plant & equipment	9	-	2,645,737	-	2,645,737	2,645,737
Share of other comprehensive income - joint ventures and associates	19	-	124,758	-	124,758	124,758
Impairment (expense) / recoupments offset to asset revaluation reserve	9	-	(234,086)	-	(234,086)	(234,086)
Transfers between reserves	9	(1,235)	-	1,235	-	-
Balance at end of period		24,948,201	27,668,073	577,134	53,193,408	53,193,408
2010						
Balance at end of previous reporting period		25,785,895	25,131,664	598,172	51,515,731	51,515,731
Net Surplus / (Deficit) for Year		(270,897)			(270,897)	(270,897)
Other Comprehensive Income						
Adjustments to rectify accounting processing errors in 2009/10		25,420	-	-	25,420	25,420
Transfers between reserves		22,273		(22,273)	-	-
Balance at end of period		25,562,691	25,131,664	575,899	51,270,254	51,270,254

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

District Council of Mallala

CASH FLOW STATEMENT for the year ended 30 June 2011

	Notes	2011 0	2010 0
CASH FLOWS FROM OPERATING ACTIVITIES			
<u>Receipts</u>			
Operating receipts		8,767,849	7,836,535
Investment receipts		67,332	38,044
<u>Payments</u>			
Operating payments to suppliers & employees		(7,288,663)	(5,856,992)
Finance payments		(265,005)	(275,458)
Net Cash provided by (or used in) Operating Activities		1,281,513	1,742,129
CASH FLOWS FROM INVESTING ACTIVITIES			
<u>Receipts</u>			
Amounts specifically for new or upgraded assets		260,397	184,419
Sale of replaced assets		389,636	362,178
<u>Payments</u>			
Expenditure on renewal/replacement of assets		(1,036,664)	(2,410,159)
Expenditure on new/upgraded assets		(482,985)	(555,847)
Loans made to community groups		-	(7,917)
Net Cash provided by (or used in) Investing Activities		(869,616)	(2,427,326)
CASH FLOWS FROM FINANCING ACTIVITIES			
<u>Receipts</u>			
Proceeds from Borrowings		-	1,779,306
<u>Payments</u>			
Repayments of Borrowings		(597,569)	(678,943)
Repayment of Aged Care Facility deposits		-	(5,918)
Net Cash provided by (or used in) Financing Activities		(597,569)	1,094,445
Net Increase (Decrease) in cash held		(185,672)	409,248
Cash & cash equivalents at beginning of period	11	<u>1,259,408</u>	<u>850,160</u>
Cash & cash equivalents at end of period	11	<u>1,073,736</u>	<u>1,259,408</u>

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

District Council of Mallala

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 equivalents to International Financial Reporting Standards

This general purpose financial report has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS) as they apply to not-for-profit entities, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations (UIGs) and relevant South Australian legislation.

The financial report was authorised for issue by certificate under clause 11 of the Local Government (Financial Management) Regulations 1999 dated 29th November 2010.

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 AIFRS 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

The District Council of Mallala is incorporated under the SA Local Government Act 1999 and has its principal place of business at 2A Wasleys Road, Mallala. 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.

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

District Council of Mallala

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

Note 1 (cont) - SIGNIFICANT ACCOUNTING POLICIES

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.

5.1 Real Estate Assets Developments

Real Estate Assets developments have been classified as Inventory in accordance with AASB 102 and are valued at the lower of cost or net realisable value. Cost includes the costs of acquisition, development, borrowing and other costs incurred on financing of that acquisition and up to the time of sale. Any amount by which cost exceeds the net realisable value has been recognised as an expense.

Revenues arising from the sale of property are recognised in the operating statement when settlement is completed.

5.2 Other Real Estate held for resale

Properties not acquired for development, but which Council has decided to sell as surplus to requirements, are recognised at the carrying value at the time of that decision.

Certain properties, auctioned for non-payment of rates in accordance with the Local Government Act but which failed to meet the reserve set by Council and are available for sale by private treaty, are recorded at the lower of the unpaid rates and charges at the time of auction or the reserve set by Council. Holding costs in relation to these properties are recognised as an expense when incurred.

6 Infrastructure, Property, Plant & Equipment

6.1 Transitional Provisions

As at 1 July 2008, Council has elected not to recognise any values for land under roads acquired before the commencement of AASB 1051 Land Under Roads. Details of the effects of this election are given in Note 7.

All non-current assets purchased or constructed are capitalised as the expenditure is incurred and depreciated as soon as the asset is held "ready for use".

6.2 Initial Recognition

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

District Council of Mallala

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

Note 1 (cont) - SIGNIFICANT ACCOUNTING POLICIES

6.2 Initial Recognition (cont...)

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.

6.3 Materiality

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

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

6.4 Subsequent Recognition

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

6.5 Depreciation of Non-Current Assets

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

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

Plant, Furniture & Equipment

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

Building & Other Structures

> Buildings – masonry	50 to 100 years
> Buildings – other construction	20 to 40 years
> Park Structures – masonry	50 to 100 years
> Park Structures – other construction	20 to 40 years
> Playground equipment	5 to 15 years
> Benches, seats, etc	10 to 20 years

District Council of Mallala

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

Note 1 (cont) - SIGNIFICANT ACCOUNTING POLICIES

6.5 Depreciation of Non-Current Assets (cont...)

Infrastructure

> Sealed Roads – Surface	15 to 25 years
> Sealed Roads – Structure	20 to 50 years
> Unsealed Roads	10 to 20 years
> Bridges – Concrete	80 to 100 years
> Paving & Footpaths, Kerb & Gutter	80 to 100 years
> Drains	80 to 100 years
> Culverts	50 to 75 years
> Flood Control Structures	80 to 100 years
> Dams and Reservoirs	80 to 100 years
> Bores	20 to 40 years
> Reticulation Pipes – PVC	70 to 80 years
> Reticulation Pipes – other	25 to 75 years
> Pumps & Telemetry	15 to 25 years

Other Assets

> Library Books	10 to 15 years
-----------------	----------------

6.6 Impairment

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

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

6.7 Borrowing Costs

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

7 Payables

7.1 Goods & Services

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

7.2 Payments Received in Advance & Deposits

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

8 Borrowings

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

District Council of Mallala

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

Note 1 (cont) - SIGNIFICANT ACCOUNTING POLICIES

9 Employee Benefits

9.1 Salaries, Wages & Compensated Absences

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

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

Weighted average discount rate 5.73% (2010, 5.03%)

Weighted average settlement period 5 years (2010, 5 years)

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

9.2 Superannuation

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

10 Construction Contracts

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

11 Joint Ventures and Associated Entities

Council participates in cooperative arrangements with other Councils for the provision of services and facilities.

12 Leases

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

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

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

13 GST Implications

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

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

District Council of Mallala

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

Note 1 (cont) - SIGNIFICANT ACCOUNTING POLICIES

14 New 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 117	Leases
AASB 118	Revenue
AASB 119	Employee Benefits
AASB 132	Financial Instruments: Presentation
AASB 136	Impairment of Assets
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 [AASBs 3, 7, 121, 128, 131, 132 & 139]
AASB 2010-5	Amendments to Australian Accounting Standards [AASBs 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042]
AASB 2010-6	Amendments to Australian Accounting Standards [AASBs 1 & 7]
AASB 2010-7	Amendments to Australian Accounting Standards arising from AASB 9 [AASBs 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023, & 1038 and Interpretations 2, 5, 10, 12, 19, & 127]
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

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 Mallala

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

Note 2 - INCOME

	2011	2010
Notes		
RATES REVENUES		
<u>General Rates</u>	5,584,204	5,221,167
Less: Mandatory rebates		
Less: Discretionary rebates, remissions & write offs	(52,955)	(52,390)
	<u>5,531,249</u>	<u>5,168,777</u>
<u>Other Rates</u> (including service charges)		
Natural Resource Management levy	124,298	118,563
Community wastewater management systems	17,770	17,250
	<u>142,068</u>	<u>135,813</u>
<u>Other Charges</u>		
Penalties for late payment	37,231	28,757
Legal & other costs recovered	27,122	37,440
	<u>64,353</u>	<u>66,197</u>
	<u>5,737,670</u>	<u>5,370,787</u>
 STATUTORY CHARGES		
Development Act fees	104,057	113,989
Animal registration fees & fines	108,244	107,459
Other fines, penalties & expiations	12,216	1,271
Septic Tank Fees	31,208	31,204
	<u>255,724</u>	<u>253,923</u>
 USER CHARGES		
Cemetery/crematoria fees	22,147	11,636
Aged Home Rent	1,784	21,202
Admission Charges for Museum	2,554	14,475
Rate Searches	8,875	10,092
Hall & equipment hire	2,861	2,853
Sales - general	1,032	5,390
Rubbish/Recycling collection Fees	40,171	58,359
Sundry	8,464	11,558
	<u>87,887</u>	<u>135,565</u>
 INVESTMENT INCOME		
Interest on investments		
Local Government Finance Authority	60,371	34,200
Banks & other	7,827	3,844
	<u>68,198</u>	<u>38,044</u>

District Council of Mallala

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

NOTE 2 - INCOME (continued)

	2011	2010
Notes		
REIMBURSEMENTS		
- for roadworks	353,528	321,557
- by joint undertakings	228,909	81,125
	<u>582,437</u>	<u>402,682</u>
OTHER INCOME		
Rebates received	18,934	0
Sundry	27,424	47,330
	<u>46,358</u>	<u>47,330</u>
GRANTS, SUBSIDIES, CONTRIBUTIONS		
Amounts received specifically for new or upgraded assets	260,397	184,419
Other grants, subsidies and contributions	1,431,949	1,468,859
	<u>1,692,346</u>	<u>1,653,278</u>
<i>The functions to which these grants relate are shown in Note 2.</i>		
Sources of grants		
Commonwealth government	260,397	125,021
State government	1,431,949	1,528,258
	<u>1,692,346</u>	<u>1,653,278</u>

District Council of Mallala

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

NOTE 2 - INCOME (continued)

	2011	2010
	Notes	
Conditions over grants & contributions		
<i>Grants and contributions which were obtained on the condition that they be expended for specified purposes or in a future period, but which are not yet expended in accordance with those conditions, are as follows:</i>		
<i>Unexpended at the close of the previous reporting period</i>		125,706
<i>Less: expended during the current period from revenues recognised in previous reporting periods</i>		
<i>Roads Infrastructure</i>		(125,706)
<i>Heritage & Cultural Services</i>		
<i>Subtotal</i>		(125,706)
<i>Roads Infrastructure</i>		
<i>Heritage & Cultural Services</i>		
<i>Subtotal</i>	79,000	
	79,000	
<i>Unexpended at the close of this reporting period</i>	79,000	
<i>Net increase (decrease) in assets subject to conditions in the current reporting period</i>	79,000	(125,706)

District Council of Mallala

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

Note 3 - EXPENSES

	Notes	2011	2010
EMPLOYEE COSTS			
Salaries and Wages		2,736,750	2,465,920
Employee leave expense		328,799	331,179
Superannuation - defined contribution plan contributions	18	294,839	241,315
Workers' Compensation Insurance		121,623	102,915
Less: Capitalised and distributed costs		(87,620)	(114,387)
Total Operating Employee Costs		3,394,391	3,026,941
Total Number of Employees		51	47
<i>(Full time equivalent at end of reporting period)</i>			
MATERIALS, CONTRACTS & OTHER EXPENSES			
<u>Prescribed Expenses</u>			
Auditor's Remuneration			
- Auditing the financial reports		5,740	5,580
Bad and Doubtful Debts		15,000	
Elected members' expenses		125,960	129,372
Election expenses			
Operating Lease Rentals - cancellable leases		5,488	6,971
Subtotal - Prescribed Expenses		152,188	141,923
<u>Other Materials, Contracts & Expenses</u>			
Contractors		617,231	548,075
Energy		372,453	400,302
Individually Significant Items		500,000	-
Maintenance		293,376	372,550
Legal Expenses		182,971	166,515
Levies paid to government - NRM levy		124,333	115,903
- Other Levies		52,398	48,302
Parts, accessories & consumables		401,159	364,605
Professional services		393,211	344,106
Sundry		568,726	487,354
Subtotal - Other Materials, Contracts & Expenses		3,505,858	2,847,711
		3,658,046	2,989,634
INDIVIDUALLY SIGNIFICANT ITEMS			
Provision for landfill remediation at Coleman Road site.		500,000	-

District Council of Mallala

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

Note 3 - EXPENSES (cont)

		2011	2010
	Notes		
DEPRECIATION, AMORTISATION & IMPAIRMENT			
Depreciation			
Land & Landscaping		13,465	9,455
Buildings, Pavements & Structures		303,589	273,081
Roads Infrastructure		852,004	1,097,426
Other Infrastructure		92,549	92,417
Equipment & Furniture		337,398	316,933
Impairment			
Buildings, Pavements & Structures		9,500	-
Roads Infrastructure		224,586	-
		<u>1,833,091</u>	<u>1,789,312</u>
Less: Impairment expense offset to asset revaluation reserve	9	<u>(234,086)</u>	<u>-</u>
		<u>1,599,005</u>	<u>1,789,312</u>
 FINANCE COSTS			
Interest on Loans		<u>265,309</u>	<u>216,554</u>
		<u>265,309</u>	<u>216,554</u>

District Council of Mallala

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

Note 4 - ASSET DISPOSAL & FAIR VALUE ADJUSTMENTS

	2011	2010
	Notes	
INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT		
<i>Assets renewed or directly replaced</i>		
Proceeds from disposal	389,636	553,567
Less: Carrying amount of assets sold	<u>559,869</u>	<u>684,688</u>
Gain (Loss) on disposal	<u>(170,233)</u>	<u>(131,121)</u>
 NET GAIN (LOSS) ON DISPOSAL OR REVALUATION OF ASSETS	 <u>(170,233)</u>	 <u>(131,121)</u>

District Council of Mallala

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

Note 5 - CURRENT ASSETS

	2011	2010
CASH & EQUIVALENT ASSETS		
Cash on Hand and at Bank	139,384	220,929
Deposits at Call	934,352	1,038,479
	<u>1,073,736</u>	<u>1,259,408</u>
 TRADE & OTHER RECEIVABLES		
Rates - General & Other	280,487	244,635
Accrued Revenues - Interest	12,853	11,987
Debtors - general	53,988	276,287
GST Recoupment	134,439	182,651
Prepayments	85,996	164,497
Total	<u>567,763</u>	<u>880,057</u>
	<u>567,763</u>	<u>880,057</u>
 INVENTORIES		
Stores & Materials	27,466	17,136
	<u>27,466</u>	<u>17,136</u>

District Council of Mallala

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

Note 6 - NON-CURRENT ASSETS

		2011	2010
FINANCIAL ASSETS	Notes		
EQUITY ACCOUNTED INVESTMENTS IN COUNCIL BUSINESSES			
<i>Gawler River Flood Plain Authority</i>	19	<u>4,875,605</u>	<u>4,747,738</u>
		<u>4,875,605</u>	<u>4,747,738</u>
OTHER NON-CURRENT ASSETS			
Inventories			
Capital Works-in-Progress		<u>441,745</u>	<u>59,198</u>
		<u>441,745</u>	<u>59,198</u>

District Council of Mallala

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 & Landscaping	9,098,267	81,298	(434,266)	8,745,299	9,098,267	118,133	(447,731)	8,768,669
Buildings, Pavements & Structures	12,310,392	797,500	(8,321,794)	4,786,098	12,249,392	1,000,061	(8,611,100)	4,638,353
Roads Infrastructure	45,930,022	3,289,637	(19,576,570)	29,643,089	46,689,290	725,622	(15,486,554)	31,928,358
Other Infrastructure	1,564,145	3,968,804	(2,734,732)	2,798,217	1,564,145	3,976,734	(2,827,281)	2,713,598
Equipment & Furniture	-	5,711,044	(2,173,125)	3,537,919	-	5,769,761	(2,418,238)	3,351,523
TOTAL PROPERTY, PLANT & EQUIPMENT	68,902,826	13,848,283	(33,240,487)	49,510,622	69,601,094	11,590,311	(29,790,904)	51,400,501
Comparatives	68,929,526	11,516,450	(31,615,353)	48,830,623	68,902,826	13,848,283	(33,240,487)	49,510,622

This Note continues on the following pages.

District Council of Mallala

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

Note 7 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

	2010	CARRYING AMOUNT MOVEMENTS DURING YEAR						2011
	CARRYING AMOUNT	Additions		Disposals	Depreciation	Transfers	Net Revaluation	CARRYING AMOUNT
		New/Upgrade	Renewals					
Land & Landscaping	8,745,299	36,835	-	-	(13,465)	-	-	8,768,669
Buildings, Pavements & Structures	4,786,098	172,602	29,959	(46,717)	(303,589)	-	-	4,638,353
Roads Infrastructure	29,643,089	199,465	526,157	-	(852,004)	(234,086)	2,645,737	31,928,358
Other Infrastructure	2,798,217	7,930	-	-	(92,549)	-	-	2,713,598
Equipment & Furniture	3,537,919	66,153	598,001	(513,152)	(337,398)	-	-	3,351,523
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT	49,510,622	482,985	1,154,117	(559,869)	(1,599,005)	(234,086)	2,645,737	51,400,501
Comparatives	48,830,623	555,847	2,406,762	(493,299)	(1,789,311)			49,510,622

This Note continues on the following page.

District Council of Mallala

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 for the purposes of AIFRS.

Land & Landscaping

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

Land improvements, including bulk earthworks with an assessed unlimited useful life, are recognised on the cost basis, originally deriving from a valuation at 30 June 1997 at current replacement cost. A revaluation was done at fair value as at 1 June 2007. Acquisitions after that are recognised at cost. Estimated future costs of reinstatement of land, capitalised in accordance with AASB 116.16(c), are reviewed annually (see Note 1) and depreciated over the estimated remaining life of the relevant asset.

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.

Buildings, Pavement & Structures

A revaluation was done at fair value as at 1 June 2007. Pursuant to Council's election, buildings and other structures are recognised on the cost basis. The weighted average depreciation period is 32.7 years (2007 - 32.7 years).

Road Infrastructure

Road Infrastructure assets, kerbing and footpaths were valued by Council officers at written down current replacement cost as at 1 July 2010, all acquisitions after that date are recorded at cost. Bridges and culverts are also included here, but were not subject to revaluation. All acquisitions made after the respective dates of valuation are recorded at cost.

Other Infrastructure

Stormwater drainage infrastructure was valued by Council officers as at 1 July 2010 at written down current replacement cost, based on actual costs incurred during the reporting period ended 30 June 2010 and pursuant to Council's election are disclosed at deemed cost. All acquisitions made after the respective dates of valuation are recorded at cost.

Community wastewater management scheme at Middle Beach was valued by Environmental Water Services at written down current replacement cost during the reporting period ended 30 June 2010 and pursuant to Council's election are disclosed at Depreciated replacement cost. No change in value has resulted but useful life has been reassessed with a corresponding change in rate of depreciation.

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

Equipment & Furniture and All other Assets

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

Future Reinstatement Costs

The remediation of a landfill site on Coleman Road has been estimated by Council staff based on previous remediation of a similar nature. More accurate costs will be available after the results of an environmental survey become available within the next 12 months.

District Council of Mallala

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

Note 8 - LIABILITIES

		2011 0		2010 0	
TRADE & OTHER PAYABLES	Notes	Current	Non-current	Current	Non-current
Goods & Services		248,054		280,749	
Payments received in advance		-		18,182	
Accrued expenses - employee entitlements		354,143		304,955	
Accrued expenses - other		110,855		110,551	
Deposits, Retentions & Bonds		38,349			
GST Payable		17,695		21,571	
		<u>769,096</u>	-	<u>736,008</u>	-

BORROWINGS

Loans	571,724	2,978,983	660,715	3,487,561
	<u>571,724</u>	<u>2,978,983</u>	<u>660,715</u>	<u>3,487,561</u>

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

PROVISIONS

Employee entitlements (including oncosts)	333,834	39,771	287,961	31,660
Future remediation Coleman Road landfill site.	500,000	-	-	-
	<u>833,834</u>	<u>39,771</u>	<u>287,961</u>	<u>31,660</u>

Movements in Provisions - 2011 year only (current & non-current)

Future Reinstatement

		Other Provision
Opening Balance		319,622
Add Unwinding of present value discounts		13,327
Additional amounts recognised	500,000	113,257
(Less) Payments		(15,829)
Unused amounts reversed		(35,589)
Add (Less) Remeasurement Adjustments		(21,183)
Closing Balance	500,000	373,605

District Council of Mallala

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 & Landscaping	4,812,165			4,812,165
Buildings, Pavements & Structures	2,609,875		(9,500)	2,600,375
Roads Infrastructure	16,695,275	2,645,737	(224,586)	19,116,426
Other Infrastructure	585,951	428,398		1,014,349
Equipment & Furniture	428,398		(428,398)	0
Joint Ventures - Other		124,758		124,758
Comprehensive Income				
TOTAL	25,131,664	3,198,893	(662,484)	27,668,073
Building Maintenance Reserve	25,843			25,843
Equus Park Reserve	22,248		(22,248)	0
Home for the Aged Reserve	89,565		(22,594)	66,971
CWMS Reserve - Middle Beach	46,195	2,722		48,917
Community Infrastructure Reserve	132,987	9,000		141,987
Unexpected Specific Grants Reserve	11,032			11,032
Drainage Fund Reserve	231,859	33,402		265,261
Roads Contribution Reserve	16,170	953		17,123
TOTAL OTHER RESERVES	575,899	46,077	(44,842)	577,134
<i>Comparatives</i>	<i>598,172</i>	<i>40,702</i>	<i>(62,976)</i>	<i>575,899</i>

PURPOSES OF RESERVES

Asset Revaluation Reserve

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

Available-for-sale Investments Reserve

The Building Maintenance Reserve is used for adhoc expenditure for buildings

The Equus Park Reserve was received from the developer for tree planting at the Equus Park subdivision

The Home for the Aged Reserve is funds received from residents of the aged units in Mallala, these funds may need to be returned to tenants upon their departure

The CWMS Reserve [previously STEDS] is rate revenue received in excess of annual expenditure held for future maintenance of the scheme

The Community Infrastructure Reserve is funds held pending for CWMS studies.

The Unexpected Specific Grants Reserve is funds received from the developer for reserve development in the Aunger subdivision

Drainage Fund Reserve is funds received from developers and held for future construction of drainage

Roads Contribution Reserve is funds received from developers and held for future provision of roads

District Council of Mallala

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
CASH & FINANCIAL ASSETS		0	0
Developer Contributions			22,247
Unexpended amounts received from other levels of Government		11,032	11,032
CWMS Scheme		48,917	46,195
Homes for the Aged		66,971	89,565
		<u>126,920</u>	<u>169,039</u>
TOTAL ASSETS SUBJECT TO EXTERNALLY IMPOSED RESTRICTIONS		<u>126,920</u>	<u>169,039</u>

District Council of Mallala

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	<u>1,073,736</u>	<u>1,259,408</u>
Balances per Cash Flow Statement		<u>1,073,736</u>	<u>1,259,408</u>

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

Net Surplus (Deficit)	(613,255)	(270,897)
Non-cash items in Income Statement		
Depreciation, amortisation & impairment	1,599,005	1,789,312
Equity movements in equity accounted investments (increase) decrease	(3,109)	18,946
Net increase (decrease) in unpaid employee benefits	103,172	3,334
Premiums & discounts recognised & unwound	-	-
Adjustment to Opening Accumulated Surplus	-	25,420
Grants for capital acquisitions treated as Investing Activity	(260,397)	(184,419)
Net (Gain) Loss on Disposals	<u>170,233</u>	<u>131,121</u>
	995,649	1,512,817
Add (Less): Changes in Net Current Assets		
Net (increase) decrease in receivables	312,294	35,404
Net (increase) decrease in inventories	(10,330)	144,556
Net increase (decrease) in trade & other payables	(16,100)	49,352
Net increase (decrease) in other provisions	-	-
Net Cash provided by (or used in) operations	<u>1,281,513</u>	<u>1,742,129</u>

Notes

(c) Non-Cash Financing and Investing Activities

- Estimated future reinstatement landfill.

500,000	-
<u>500,000</u>	<u>-</u>

(d) Financing Arrangements

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

Cash advance facility LGFA of SA	1,000,000	1,000,000
Corporate Credit Cards	15,000	10,000

Council 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 Mallala

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 2011	ACTUAL 2010	ACTUAL 2011	ACTUAL 2010	ACTUAL 2011	ACTUAL 2010	ACTUAL 2011	ACTUAL 2010	2011	2010	2011	2010
Business Undertakings	261,174	245,397	327,620	295,457	(66,446)	(50,060)	-	53,210	671,185	649,198	0	0
Public Order & Safety	2,926	2,749	49,382	44,534	(46,457)	(41,786)	-	-	221,023	213,783	-	-
Health Services	241	227	46,632	42,054	(46,391)	(41,827)	-	-	-	-	-	-
Community Support	67,893	63,791	467,814	421,888	(399,921)	(358,097)	-	20,297	1,724,915	1,668,410	-	-
Community Amenities	25,000	23,490	151,160	136,320	(126,160)	(112,830)	58,000	-	577,356	558,443	-	-
Library Services	30,506	28,663	280,053	252,560	(249,547)	(223,896)	28,111	6,141	37,396	36,171	-	-
Cultural Services	6,919	6,501	107,410	96,866	(100,491)	(90,364)	-	-	1,096,465	1,060,547	-	-
Economic Development	1,023	961	148,098	133,559	(147,075)	(132,598)	-	-	-	-	-	-
Enviro - Agricultural Services	-	-	29,571	26,668	(29,571)	(26,668)	-	-	-	-	-	-
Enviro - Waste Management	73,497	69,057	1,006,096	907,327	(932,599)	(838,270)	-	14,794	738,558	714,364	-	-
Other Environment	-	-	419,459	378,280	(419,459)	(378,280)	-	-	9,403,170	9,095,137	-	-
Recreation	48,236	45,322	346,820	312,772	(298,584)	(267,450)	21,000	9,710	6,067,227	5,868,475	-	-
Regulatory Services	255,084	239,675	1,025,186	924,543	(770,103)	(684,868)	-	51,346	159,846	154,610	-	-
Transport	614,670	577,540	2,453,120	2,212,295	(1,838,450)	(1,634,755)	422,126	124,331	31,034,102	30,017,475	-	-
Plant Hire & Depot/Indirect	887	833	67,914	61,246	(67,027)	(60,413)	-	-	3,985,015	3,854,472	-	-
Governance	2,111	1,984	1,104,154	995,759	(1,102,043)	(993,775)	-	-	1,765,664	1,707,824	-	-
Support Services	6,823,165	6,410,999	886,262	799,257	5,936,903	5,611,742	1,163,109	1,373,449	904,892	875,249	-	-
TOTALS	8,213,332	7,717,191	8,916,751	8,041,386	(703,419)	(324,196)	1,692,346	1,653,278	58,386,816	56,474,159	-	-

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

District Council of Mallala

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

Note 12 (cont) - COMPONENTS of FUNCTIONS

The activities relating to Council functions are as follows:

Business Undertakings

Abattoirs, camping facilities, Gravel Pits/Quarries, Markets/Saleyards, Private Works, and Sewerage/CWMS,

Public Order & Safety

Crime Prevention, Emergency Services, Other Fire Protection

Health Services

Pest Control – Health, Immunisation, Nursing Homes, Preventive Health Services

Community Support

Elderly Citizens Facilities, Home Assistance Scheme, Other Services for the Aged and Disabled, Child and youth Services, Community Assistance, Community Transport, Family and Neighbourhood Support,

Community Amenities

Cemeteries/Crematoria, public Conveniences, Car Parking – non-fee-paying and Other Community Amenities.

Library Services

Provision of three static facilities

Cultural Services

Cultural Services, Cultural Venues, Heritage, Museums and Art Galleries, and Other Cultural Services.

Economic Development

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

Environment - Agricultural Services

Agricultural Services, Agricultural Water, Animal/Plant Boards, Landcare, Other Agricultural Services.

Environment - Waste Management

Domestic Waste, Green Waste, Recycling, Transfer Stations, Waste Disposal Facility, Other Waste Management

Other Environment

Coastal Protection, Stormwater and Drainage, Street Cleaning, Street Lighting, Streetscaping, Natural Resource Management Levy, and Other Environment.

Recreation

Parks and Gardens, Sports Facilities – Indoor, Sports Facilities – Outdoor,

Regulatory Services

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

Transport

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

Plant Hire & Depot /Indirect

Plant and equipment, indirect expenditure and depot operations

Governance

Council Administration n.e.c., Elected Members, Organisational.

Support Services

Accounting/Finance, Payroll, Human Resources, Information Technology, Communication, Rates Administration, Records, Occupancy, Contract Management, Customer Service, Other Support Services, Revenues, LGGC – General Purpose, and Separate and Special Rates.

District Council of Mallala

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

Note 13 - FINANCIAL INSTRUMENTS

Recognised Financial Instruments

Bank, Deposits at Call, Short Term Deposits	<p>Accounting Policy: Carried at lower of cost and net realisable value; Interest is recognised when earned.</p> <p>Terms & conditions: Deposits are returning fixed interest rates between 1.3% and 4.75% (2010: 1.75% and 4.50%). Short term deposits have an average maturity of 30 days and an average interest rates of 1.75% (2010: 30 days, 2.75%).</p> <p>Carrying amount: approximates fair value due to the short term to maturity.</p>
Receivables - Rates & Associated Charges (including legals & penalties for late payment) Note: These receivables do not meet the definition of "financial instruments" and have been excluded from the following disclosures.	<p>Accounting Policy: Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable.</p> <p>Terms & conditions: Secured over the subject land, arrears attract interest of 9% (2010: 7.0%) Although Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries in the State.</p> <p>Carrying amount: approximates fair value (after deduction of any allowance).</p>
Receivables - Fees & other charges	<p>Accounting Policy: Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable.</p> <p>Terms & conditions: Unsecured, and do not bear interest. Although Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries.</p> <p>Carrying amount: approximates fair value (after deduction of any allowance).</p>
Receivables - other levels of government	<p>Accounting Policy: Carried at nominal value.</p> <p>Terms & conditions: Amounts due have been calculated in accordance with the terms and conditions of the respective programs following advice of approvals, and do not bear interest. All amounts are due by Departments and Agencies of the Governments of the Commonwealth & State.</p> <p>Carrying amount: approximates fair value.</p>
Receivables - Retirement Home Contributions	<p>Accounting Policy: Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable.</p> <p>Terms & conditions: Amounts due have been calculated in accordance with the terms and conditions of the respective legislation.</p> <p>Carrying amount: approximates fair value (after deduction of any allowance).</p>
Liabilities - Creditors and Accruals	<p>Accounting Policy: Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Council.</p> <p>Terms & conditions: Liabilities are normally settled on 30 day terms.</p> <p>Carrying amount: approximates fair value.</p>
Liabilities - Retirement Home Contributions	<p>Accounting Policy: To avoid inconvenience when complying with the separate audit requirements imposed by the relevant legislation, amounts are carried at nominal values.</p> <p>Terms & conditions: 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.</p> <p>Carrying amount: approximates fair value for short tenancies; may be non-materially over-stated for longer tenancies.</p>
Liabilities - Interest Bearing Borrowings	<p>Accounting Policy: Carried at the principal amounts. Interest is charged as an expense as it accrues.</p> <p>Terms & conditions: secured over future revenues, borrowings are repayable on credit foncier terms; interest is charged at fixed rates between 5.55% and 8.40% (2010: 5.55% and 8.40%)</p> <p>Carrying amount: approximates fair value.</p>
Liabilities - Finance Leases	<p>Accounting Policy: accounted for in accordance with AASB 117.</p>

District Council of Mallala

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

Note 13 (cont) - FINANCIAL INSTRUMENTS

Liquidity Analysis

2011	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
Financial Assets	\$	\$	\$	\$	\$
Cash & Equivalents	1,073,736			1,073,736	1,073,736
Receivables	287,276			287,276	287,276
Total	1,361,012	-	-	1,361,012	1,361,012
Financial Liabilities					
Payables	564,496			564,496	304,098
Current Borrowings	804,957			804,957	571,724
Non-Current Borrowings		2,183,813	1,668,048	3,851,861	2,978,983
Total	1,369,453	2,183,813	1,668,048	5,221,314	3,854,805
2010	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
Financial Assets	\$	\$	\$	\$	\$
Cash & Equivalents				-	1,259,408
Receivables				-	635,422
Total	-	-	-	-	1,894,830
Financial Liabilities					
Payables	320,502			320,502	320,502
Current Borrowings	932,278			932,278	660,715
Non-Current Borrowings		2,563,279	2,030,393	4,593,672	3,487,561
Total	1,252,780	2,563,279	2,030,393	5,846,452	4,468,778

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
	%	\$	%	\$
Fixed Interest Rates	6.91	3,487,561	6.7	4,068,971
		<u>3,487,561</u>		<u>4,068,971</u>

Net Fair Value

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

Risk Exposures

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

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

Liquidity Risk is the risk that Council will encounter difficulty in meeting obligations with financial liabilities. In accordance with the model Treasury 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 Mallala

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

Note 14 - COMMITMENTS FOR EXPENDITURE

	2011	2010
	<u>Notes</u>	
Capital Commitments		
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Buildings		59,197
Plant & Equipment	<u>70,760</u>	<u>59,197</u>
	<u>70,760</u>	<u>59,197</u>
These expenditures are payable:		
Not later than one year	<u>70,760</u>	<u>59,197</u>
	<u>70,760</u>	<u>59,197</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	45,000	5,500
Waste Management Services	139,745	122,130
Employee Remuneration Contracts	380,243	54,047
Other	<u>176,090</u>	<u>167,049</u>
	<u>741,078</u>	<u>348,726</u>
These expenditures are payable:		
Not later than one year	705,078	348,726
Later than one year and not later than 5 years	<u>36,000</u>	<u>348,726</u>
	<u>741,078</u>	<u>348,726</u>

District Council of Mallala

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

Operating Surplus	\$	(703,419)	(324,196)	322,739
--------------------------	----	-----------	-----------	---------

Being the operating surplus (deficit) before capital amounts .

Adjusted Operating Surplus		(728,419)	(324,196)	322,739
-----------------------------------	--	-----------	-----------	---------

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.

Operating Surplus Ratio				
<u>Operating Surplus</u>		(13%)	(6%)	7%
Rates - general & other less NRM levy				

Adjusted Operating Surplus Ratio		(13%)	(6%)	7%
---	--	-------	------	----

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

Net Financial Liabilities	\$	3,551,909	3,064,440	2,299,070
----------------------------------	----	-----------	-----------	-----------

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

Net Financial Liabilities Ratio				
<u>Net Financial Liabilities</u>		44%	40%	31%
Total Operating Revenue less NRM levy				

Interest Cover Ratio				
<u>Net Interest Expense</u>		2.5%	2.4%	2.7%
Total Operating Revenue less NRM levy less Investment Income				

Asset Sustainability Ratio				
<u>Net Asset Renewals</u>		40%	114%	107%
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.

Asset Consumption Ratio				
<u>Carrying value of depreciable assets</u>		59%	55%	56%
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 Mallala

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 0	2010 0
Income	8,213,332	7,717,191
less Expenses	<u>8,916,751</u>	<u>8,041,386</u>
Operating Surplus / (Deficit)	(703,419)	(324,196)
less Net Outlays on Existing Assets		
Capital Expenditure on renewal and replacement of Existing Assets	1,036,664	2,410,159
less Depreciation, Amortisation and Impairment	1,599,005	1,789,312
less Proceeds from Sale of Replaced Assets	<u>389,636</u>	<u>362,178</u>
	(951,977)	258,669
less Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets (including investment property & real estate developments)	482,985	555,847
less Amounts received specifically for New and Upgraded Assets	260,397	184,419
	<u>222,588</u>	<u>371,428</u>
Net Lending / (Borrowing) for Financial Year	<u>25,970</u>	<u>(954,293)</u>

District Council of Mallala

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

Note 17 - OPERATING LEASES

Lease payment commitments of Council

Council has entered into non-cancellable operating leases for 2 photocopiers.
No lease imposes any additional restrictions on Council in relation to additional debt or further leasing.

Leases in relation to the photocopier 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	7,608	7,172
Later than one year and not later than 5 years	19,020	5,145
	<u>26,628</u>	<u>12,317</u>

District Council of Mallala

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, with employer contributions 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 6.3% (6% in 2009/10) of "superannuation" salary. Given that Employer contributions are based on a fixed percentage of employee earnings in accordance with the 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 contribution rates at some future time.

District Council of Mallala

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

Note 19 - JOINT VENTURES & ASSOCIATED ENTITIES

All joint ventures and associated entities are required to prepare Annual Financial Statements that comply with the SA Local Government Model Financial Statements.

Section 43 of the Local Government Act 1999, provides that Councils may establish a regional subsidiary to carry out joint projects, functions or activities of the Councils

Central Local Government Region of South Australia

The District Council of Mallala is a member of the Central Local Government Region of South Australia, referred to in this report as the "Subsidiary".

- undertake co-ordinating, advocacy and representational roles on behalf of its Constituent Councils at a regional level
- facilitate and co-ordinate activities of local government at a regional level related to community and economic development with the object of achieving improvement for the benefit of the communities of its Constituent Councils.
- develop, encourage, promote, foster and maintain consultation and co-operation and to strengthen the representation and status of local government when dealing with other governments, private enterprise and the community;
- develop further co-operation between its Constituent Councils for the benefit of the communities of the region;
- develop and manage policies which guide the conduct of programs and projects in the region with the objective of securing the best outcomes for the communities of the region;
- undertake projects and activities that benefit the region and its communities;
- associate, collaborate and work in conjunction with other regional local government bodies for the advancement of matters of common interest.

During the 2010-11 year Council Subsidiary contributions were \$9,307

Gawler River Floodplain Management Authority (GRFMA)

The GRFMA has been established for the following purposes:

1. To coordinate the construction, operation and maintenance of flood mitigation infrastructure in the Gawler River area (the Floodplain);
2. To raise finance for the purpose of developing, managing and operating and maintaining flood mitigation works within the Floodplain;
3. To provide a forum for the discussion and consideration of topics relating to the Constituent Council's obligations and responsibilities in relation to management of flood mitigation within the Floodplain;
4. To enter into agreements with Constituent Councils for the purpose of managing and developing the Floodplain.

During the 2010-11 year Council Subsidiary contributions were for a subscription of \$5,000.

District Council of Mallala

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

Note 19 (cont) - JOINT VENTURES & ASSOCIATED ENTITIES

	2011	2010
Gawler River Floodplain Management Authority		
Council's respective interests are:		
- interest in outputs of the joint operation	28%	28%
- ownership interest in the joint operation	28%	28%
- the proportion of voting power in the joint operation	28%	28%
<u>Movements in Investment in Joint Operation</u>		
Opening Balance	4,747,738	4,766,684
Share in Operating Result	3,109	(5,286)
Share in other comprehensive income	124,758	
Adjustment to Equity Share		(13,660)
Share in Equity of Joint Operation	<u>4,875,605</u>	<u>4,747,738</u>

District Council of Mallala

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

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

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

1 LAND UNDER ROADS

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

At reporting date, Council controlled 957 km of road reserves of average width 9 metres.

2 BANK GUARANTEES

Council has guaranteed an amount of \$36,000 for a lease on a rubble pit (6143 EML) (2010: \$36,000) at reporting date.

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

3 LEGAL EXPENSES

Council is the planning consent authority for its area under the Development Act 1993 (as amended). Pursuant to that Act, certain persons aggrieved by a planning decision of the Council may appeal. It is normal practice that parties bear their own legal costs. At the date of these reports, Council is unaware of any appeals against planning decisions made prior to reporting date.

4 POTENTIAL INSURANCES 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.

**INDEPENDENT AUDIT REPORT TO THE MEMBERS OF THE DISTRICT COUNCIL OF MALLALA**

I have audited the accompanying financial report of the District Council of Mallala which comprises the balance sheet as at 30 June 2011 and the statement of comprehensive income, statement of changes in equity, cash flow statement, summary of significant accounting policies, other explanatory notes and the certification of financial statement for the year ended 30 June 2011.

Chief Executive Officer's Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

In conducting my audit I followed applicable independence requirements of Australian professional and ethical pronouncements and the Local Government Act 1999.

Auditor's Opinion

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

**IAN G MC DONALD FCA
CHARTERED ACCOUNTANT
REGISTERED COMPANY AUDITOR**

Liability limited by a scheme approved under Professional Standards Legislation

Signed 30th day of November 2011, at Eastwood, South Australia

1st Floor,
206 Greenhill Road,
Eastwood, SA, 5063

PO Box 75
Henley Beach
SA 5022

Mobile: 0419 620 906
Residence: 8356 0825
Facsimile: 8356 6397

Email: imd1962@bigpond.net.au

DISTRICT COUNCIL of MALLALA

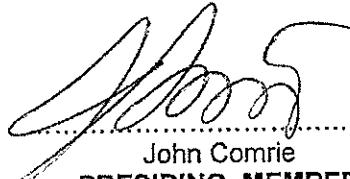
**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2011**

CERTIFICATION OF AUDITOR INDEPENDENCE

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of the District Council of Mallalal for the year ended 30 June 2011, the Council's Auditor, Ian McDonald, 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*.


.....
Charles Mansteto
CHIEF EXECUTIVE OFFICER


.....
John Comrie
PRESIDING MEMBER
AUDIT COMMITTEE

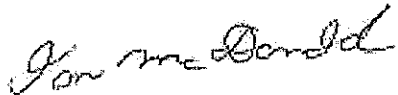
Date:

DISTRICT COUNCIL OF MALLALA
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

STATEMENT BY AUDITOR

I confirm that, for the audit of the financial statements of District Council of Mallala 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*.

A handwritten signature in black ink, appearing to read 'Ian McDonald', is written in a cursive style.

Ian G McDonald FCA

Dated this 21 day of November 2011