

DISTRICT COUNCIL of MALLALA

General Purpose Financial Reports for the year ended 30 June 2015

TABLE OF CONTENTS

	<u>Page</u>
Council Certificate	1
Principal Financial Statements	
Statement of Comprehensive Income	2
Statement of Financial Position	3
Statement of Changes in Equity	4
Statement of Cash Flows	5
Notes to, and forming part of, the Principal Financial Statements	
Note 1 - Significant Accounting Policies	N1
Note 2 - Income	N6
Note 3 - Expenses	N8
Note 4 - Asset Disposal & Fair Value Adjustments	N10
Note 5 - Current Assets	N11
Note 6 - Non-Current Assets	N12
Note 7 - Infrastructure, Property, Plant & Equipment & Investment Property	N13
Note 8 - Liabilities	N17
Note 9 - Reserves	N18
Note 10 - Assets Subject to Restrictions	N19
Note 11 - Reconciliation of Cash Flow Statement	N20
Note 12 - Functions	N21
Note 13 - Financial Instruments	N23
Note 14 - Expenditure Commitments	N25
Note 15 - Financial Indicators	N26
Note 16 - Uniform Presentation of Finances	N27
Note 17 - Operating Leases	N28
Note 18 - Superannuation	N29
Note 19 - Interests in Other Entities	N30
Note 20 - Assets & Liabilities not Recognised	N33
Audit Report - Financial Statements	
Council Certificate of Audit Independence	
Audit Certificate of Audit Independence	

DISTRICT COUNCIL of MALLALA

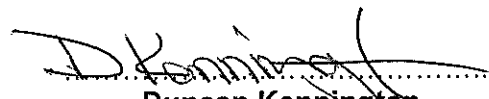
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2015

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 2015 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.


Katrina Marton
CHIEF EXECUTIVE OFFICER


Duncan Kennington
MAYOR/COUNCILLOR

Date: 19/11/15

DISTRICT COUNCIL of MALLALA

STATEMENT OF COMPREHENSIVE INCOME for the year ended 30 June 2015

	Notes	2015 \$	2014 \$
INCOME			
Rates	2	7,489,787	7,131,555
Statutory charges	2	354,715	319,762
User charges	2	86,767	83,300
Grants, subsidies and contributions	2	1,973,347	761,760
Investment income	2	5,082	11,958
Reimbursements	2	329,678	301,352
Other income	2	129,242	219,182
Total Income		10,368,618	8,828,869
EXPENSES			
Employee costs	3	4,256,643	3,923,400
Materials, contracts & other expenses	3	3,070,811	3,301,333
Depreciation, amortisation & impairment	3	2,334,552	1,883,096
Finance costs	3	445,964	331,660
Net loss - equity accounted Council businesses	19	104,936	56,400
Total Expenses		10,212,906	9,495,889
OPERATING SURPLUS / (DEFICIT)		155,712	(667,020)
Asset disposal & fair value adjustments	4	6,187	(4,230)
Amounts received specifically for new or upgraded assets	2	276,963	2,262,796
Physical resources received free of charge	2	560,080	528,114
NET SURPLUS / (DEFICIT)		998,942	2,119,660
transferred to Equity Statement			
Other Comprehensive Income			
<i>Amounts which will not be reclassified subsequently to operating result</i>			
Changes in revaluation surplus - infrastructure, property, plant & equipment	9	10,350,351	-
Share of other comprehensive income - equity accounted Council businesses	19	(22,594)	639,040
Impairment (expense) / recoupments offset to asset revaluation reserve	9	(695,955)	(42,718)
Total Other Comprehensive Income		9,631,802	596,322
TOTAL COMPREHENSIVE INCOME		10,630,744	2,715,982

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

DISTRICT COUNCIL of MALLALA

STATEMENT OF FINANCIAL POSITION

as at 30 June 2015

	Notes	2015 \$	2014 \$
ASSETS			
Current Assets			
Cash and cash equivalents	5	919,511	365,968
Trade & other receivables	5	1,345,984	1,395,369
Inventories	5	269,511	208,221
Total Current Assets		2,535,006	1,969,558
Non-current Assets			
Equity accounted investments in Council businesses	6	4,838,438	4,965,968
Infrastructure, property, plant & equipment	7	87,380,139	73,208,107
Other non-current assets	6	802,723	2,435,369
Total Non-current Assets		93,021,300	80,609,444
Total Assets		95,556,306	82,579,002
LIABILITIES			
Current Liabilities			
Trade & other payables	8	1,404,827	1,734,287
Borrowings	8	5,878,240	2,346,937
Provisions	8	1,088,876	1,455,434
Total Current Liabilities		8,371,943	5,536,658
Non-current Liabilities			
Borrowings	8	3,406,440	3,934,680
Provisions	8	73,229	33,714
Total Non-current Liabilities		3,479,669	3,968,394
Total Liabilities		11,851,612	9,505,052
NET ASSETS		83,704,694	73,073,950
EQUITY			
Accumulated Surplus		29,051,668	28,052,726
Asset Revaluation Reserves	9	54,558,076	44,926,274
Other Reserves	9	94,950	94,950
TOTAL EQUITY		83,704,694	73,073,950

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 2015

		Accumulated Surplus	Asset Revaluation Reserve	Other Reserves	TOTAL EQUITY
2015	Notes	\$	\$	\$	\$
Balance at end of previous reporting period		28,052,726	44,926,274	94,950	73,073,950
Restated opening balance		28,052,726	44,926,274	94,950	73,073,950
Net Surplus / (Deficit) for Year		998,942			998,942
Other Comprehensive Income					
Gain on revaluation of infrastructure, property, plant & equipment			10,350,351		10,350,351
Impairment (expense) / recoupments offset to asset revaluation reserve			(695,955)		(695,955)
Share of other comprehensive income - equity accounted Council businesses			(22,594)		(22,594)
Balance at end of period		29,051,668	54,558,076	94,950	83,704,694
2014					
Balance at end of previous reporting period		25,937,499	44,329,952	90,517	70,357,968
Restated opening balance		25,937,499	44,329,952	90,517	70,357,968
Net Surplus / (Deficit) for Year		2,119,660			2,119,660
Other Comprehensive Income					
Impairment (expense) / recoupments offset to asset revaluation reserve			(42,718)		(42,718)
Share of other comprehensive income - equity accounted Council businesses			639,040		639,040
Transfers between reserves		(4,433)		4,433	-
Balance at end of period		28,052,726	44,926,274	94,950	73,073,950

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

DISTRICT COUNCIL of MALLALA

STATEMENT OF CASH FLOWS

for the year ended 30 June 2015

	Notes	2015 \$	2014 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
<u>Receipts</u>			
Rates - general & other		7,477,521	7,060,246
Fees & other charges		358,262	345,165
User charges		90,513	129,604
Investment receipts		6,040	14,516
Grants utilised for operating purposes		1,973,347	977,044
Reimbursements		354,404	331,487
Other revenues		207,254	986,379
<u>Payments</u>			
Employee costs		(4,185,767)	(3,803,932)
Materials, contracts & other expenses		(3,401,230)	(4,529,494)
Finance payments		(445,964)	(331,660)
Net Cash provided by (or used in) Operating Activities		2,434,380	1,179,355
 CASH FLOWS FROM INVESTING ACTIVITIES			
<u>Receipts</u>			
Amounts specifically for new or upgraded assets		103,963	1,462,796
Sale of replaced assets		112,767	37,545
<u>Payments</u>			
Expenditure on renewal/replacement of assets		(1,208,593)	(458,791)
Expenditure on new/upgraded assets		(3,892,037)	(3,988,722)
Net Cash provided by (or used in) Investing Activities		(4,883,900)	(2,947,172)
 CASH FLOWS FROM FINANCING ACTIVITIES			
<u>Receipts</u>			
Proceeds from borrowings		3,625,000	1,725,000
<u>Payments</u>			
Repayments of borrowings		(621,937)	(714,224)
Net Cash provided by (or used in) Financing Activities		3,003,063	1,010,776
Net Increase (Decrease) in cash held		553,543	(757,041)
 Cash & cash equivalents at beginning of period	11	365,968	1,123,009
Cash & cash equivalents at end of period	11	919,511	365,968

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 2015

Note 1 - SIGNIFICANT ACCOUNTING POLICIES

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

1 Basis of Preparation

1.1 Compliance with Australian Accounting Standards

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

The financial report was authorised for issue by certificate under regulation 14 of the Local Government (Financial Management) Regulations 2011.

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.

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.

In the month of June in recent years the Federal Government has paid amounts of untied financial assistance grants, which are recognised on receipt, in advance of the year of allocation. In June 2011 one quarter of the 2011/12 allocation amounting to \$298,747 was paid in advance; in June 2012, two quarters of the 2012/13 allocation: \$643,812 and in June 2013, again two quarters of the 2013/14 allocation: \$669,738. Accordingly, in the reporting period ended 30 June 2013, Council's operating surplus was effectively overstated by \$12,963. In the reporting period ending 30 June 2014 only half of the expected allocation effectively \$669,738 was received this resulted in an understatement of operating result and an operating deficit.

During the reporting year an amount of \$658,872 was received in advance representing approximately half of the 2015-16 allocation. Council's operating result for the year is effectively overstated by this amount resulting in an operating surplus.

The actual amount of untied grants received during the reporting period are disclosed in Note 2.

District Council of Mallala

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

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.

6 Infrastructure, Property, Plant & Equipment

6.1 Land under Roads

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.

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.

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".

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

District Council of Mallala

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 1 (cont) - SIGNIFICANT ACCOUNTING POLICIES

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 on a straight-line basis which, in the opinion of Council, best reflects the consumption of the service potential embodied in those assets.

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

Major depreciation periods for each class of asset are shown 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	4 to 10 years
> Office Furniture	10 to 25 years
> Vehicles and Road-making Equip	6 to 40 years
> Other Plant & Equipment	5 to 40 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

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
> Reticulation Pipes – PVC	70 to 80 years
> Reticulation Pipes – other	25 to 75 years
> Pumps & Telemetry	15 to 25 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.

District Council of Mallala

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 1 (cont) - SIGNIFICANT ACCOUNTING POLICIES

7 Payables

7.1 Goods & Services

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

7.2 Payments Received in Advance & Deposits

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

8 Borrowings

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

9 Employee Benefits

9.1 Salaries, Wages & Compensated Absences

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

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

Weighted average discount rate 1.7% (2014, 4.3%)

Weighted average settlement period 5 years (2013, 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. Council's interests in cooperative arrangements, which are only recognised if material, are accounted for in accordance with AASB 128 and set out in detail in Note 19.

District Council of Mallala

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 1 (cont) - SIGNIFICANT ACCOUNTING POLICIES

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.

14 Pending Accounting Standards

Certain new accounting standards and UIG interpretations have been published that are not mandatory for the 30 June 2015 reporting period and have not been used in preparing these reports.

AASB 7	Financial Instruments - Disclosures
AASB 9	Financial Instruments
AASB 15	Revenue from Contracts with customers
AASB 124	Related Party Disclosures

Standards containing consequential amendments to other Standards and Interpretations arising from the above - AASB 2010-7, AASB 2014-1, AASB 2014-3, AASB 2014-4, AASB 2014-5, AASB 2014-6, AASB 2014-7, AASB 2014-8, AASB2014-9, AASB 2014-10, AASB 15-1, AASB 15-2, AASB 15-3, AASB 15-4, AASB 15-5 and AASB 2015-6.
(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 2015

Note 2 - INCOME

	Notes	2015 \$	2014 \$
RATES REVENUES			
<u>General Rates</u>		6,770,321	6,412,712
Less: Discretionary rebates, remissions & write offs		<u>(50,746)</u>	<u>(48,342)</u>
		6,719,575	6,364,370
<u>Other Rates</u> (including service charges)			
Natural Resource Management levy		149,160	144,136
Waste collection		506,472	506,115
Community wastewater management systems		<u>19,660</u>	<u>19,140</u>
		675,292	669,391
<u>Other Charges</u>			
Penalties for late payment		60,931	55,880
Legal & other costs recovered		<u>34,069</u>	<u>41,914</u>
		95,000	97,794
Less: Discretionary rebates, remissions & write offs		<u>(80)</u>	<u>-</u>
		<u>7,489,787</u>	<u>7,131,555</u>
STATUTORY CHARGES			
Development Act fees		167,787	127,944
Health & Septic Tank Inspection fees		29,091	24,719
Animal registration fees & fines		155,372	166,230
Parking fines / expiation fees		560	-
Other licences, fees, & fines		<u>1,905</u>	<u>869</u>
		354,715	319,762
USER CHARGES			
Cemetery/crematoria fees		19,813	13,334
Museum Admission Fees		3,884	4,431
Hall & equipment hire		2,201	2,574
Rubbish/Recycling Collection Fees		26,697	27,869
Sales - general		13,771	9,824
Sundry		<u>20,401</u>	<u>25,268</u>
		86,767	83,300
INVESTMENT INCOME			
Interest on investments			
Local Government Finance Authority		4,721	10,807
Banks & other		<u>361</u>	<u>1,151</u>
		5,082	11,958

DISTRICT COUNCIL of MALLALA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2015

NOTE 2 - INCOME (continued)

	Notes	2015 \$	2014 \$
REIMBURSEMENTS			
- for roadworks		79,397	48,418
- by joint undertakings		244,963	252,934
- other		5,318	-
		<u>329,678</u>	<u>301,352</u>
OTHER INCOME			
Rebates received		103,570	137,016
Sundry		25,672	82,166
		<u>129,242</u>	<u>219,182</u>
GRANTS, SUBSIDIES, CONTRIBUTIONS			
Amounts received specifically for new or upgraded assets		276,963	2,262,796
Other grants, subsidies and contributions		1,314,475	761,760
Individually significant item -	see		
additional Grants Commission payment	below	658,872	-
		<u>2,250,310</u>	<u>3,024,556</u>
<i>The functions to which these grants relate are shown in Note 12.</i>			
Sources of grants			
Commonwealth government		-	362,796
State government		1,973,347	761,760
Other		276,963	1,900,000
		<u>2,250,310</u>	<u>3,024,556</u>
Individually Significant Item			
On 30 June 2015, Council received payment of the first two instalments of the 2015/16 Grant Commission (FAG) grant.			
This has materially increased Council's operating results in the current year, as these amounts are recognised as income upon receipt.			
		658,872	-
Similarly material <u>adverse</u> effects will be experienced when the timing of these grant payments is restored to normal schedule. It is not known when this will occur.			
PHYSICAL RESOURCES RECEIVED FREE OF CHARGE			
Roads, Bridges & Footpaths		427,083	394,158
Stormwater Drainage		132,997	133,956
TOTAL PHYSICAL RESOURCES RECEIVED		<u>560,080</u>	<u>528,114</u>

DISTRICT COUNCIL of MALLALA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 3 - EXPENSES

	Notes	2015 \$	2014 \$
EMPLOYEE COSTS			
Salaries and Wages		3,510,416	3,232,312
Employee leave expense		564,300	550,152
Superannuation - defined contribution plan contributions	18	278,537	253,105
Superannuation - defined benefit plan contributions	18	83,571	92,735
Workers' Compensation Insurance		188,700	181,348
Less: Capitalised and distributed costs		(368,881)	(386,252)
Total Operating Employee Costs		4,256,643	3,923,400
 Total Number of Employees		 56	 55
<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		9,000	9,000
Elected members' expenses		152,360	140,111
Election expenses		28,375	-
Operating Lease Rentals - cancellable leases		11,638	14,172
Subtotal - Prescribed Expenses		201,373	163,283
<u>Other Materials, Contracts & Expenses</u>			
Contractors		366,672	306,517
Energy		427,498	499,928
Individually Significant Items		(334,588)	-
Maintenance		385,248	303,395
Legal Expenses		173,549	190,944
Levies paid to government - NRM levy		149,414	144,244
- Other Levies		83,780	42,863
Parts, accessories & consumables		519,166	459,154
Professional services		376,187	501,604
Sundry		722,512	689,401
Subtotal - Other Materials, Contracts & Expenses		2,869,438	3,138,050
		3,070,811	3,301,333
 INDIVIDUALLY SIGNIFICANT ITEMS			
A provision for landfill remediation for Councils Coleman Road facility was taken up in the 2011-12 financial year based on estimates by Tonkin Engineering. The work has largely been completed as of this financial year and the value of the remaining provision reassessed.		(334,588)	-

DISTRICT COUNCIL of MALLALA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 3 - EXPENSES (cont)

	Notes	2015 \$	2014 \$
DEPRECIATION, AMORTISATION & IMPAIRMENT			
Depreciation			
Land Improvements		15,681	14,096
Buildings & Other Structures		553,512	599,161
Infrastructure			
- Roads, Kerbing & Footpaths		1,400,392	896,420
- Stormwater Drainage		86,131	104,118
Plant & Equipment		388,658	384,616
Furniture & Equipment		34,355	26,863
Impairment			
Roads, Kerbing & Footpaths		488,897	41,645
Stormwater & structures		207,058	-
		<u>3,174,684</u>	<u>2,066,919</u>
Less: Capitalised and distributed costs		(144,177)	(142,178)
Less: Impairment expense offset to asset revaluation reserve	9	(695,955)	(41,645)
		<u>2,334,552</u>	<u>1,883,096</u>
FINANCE COSTS			
Interest on overdraft and short-term drawdown		1,461	-
Interest on Loans		444,503	331,660
		<u>445,964</u>	<u>331,660</u>

DISTRICT COUNCIL of MALLALA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 4 - ASSET DISPOSAL & FAIR VALUE ADJUSTMENTS

	2015	2014
Notes	\$	\$
INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT		
<i>Assets renewed or directly replaced</i>		
Proceeds from disposal	112,767	37,545
Less: Carrying amount of assets sold	106,580	41,775
NET GAIN (LOSS) ON DISPOSAL OR REVALUATION OF ASSETS	6,187	(4,230)

DISTRICT COUNCIL of MALLALA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 5 - CURRENT ASSETS

	2015	2014
	\$	\$
CASH & EQUIVALENT ASSETS		
Cash on Hand and at Bank	120,789	152,083
Deposits at Call	798,722	213,885
	<u>919,511</u>	<u>365,968</u>
 TRADE & OTHER RECEIVABLES		
Rates - General & Other	569,560	557,294
Accrued Revenues	792	1,750
Debtors - general	63,745	22,159
GST Recoupment	176,126	315,232
Prepayments	535,761	498,934
	<u>1,345,984</u>	<u>1,395,369</u>
 INVENTORIES		
Stores & Materials	269,511	208,221
	<u>269,511</u>	<u>208,221</u>

DISTRICT COUNCIL of MALLALA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 6 - NON-CURRENT ASSETS

FINANCIAL ASSETS	Notes	2015 \$	2014 \$
EQUITY ACCOUNTED INVESTMENTS IN COUNCIL BUSINESSES			
<i>Gawler River Floodplain Management Authority</i>	19	<u>4,838,438</u>	<u>4,965,968</u>
		<u>4,838,438</u>	<u>4,965,968</u>
OTHER NON-CURRENT ASSETS			
Capital Works-in-Progress		<u>802,723</u>	<u>2,435,369</u>
		<u>802,723</u>	<u>2,435,369</u>

DISTRICT COUNCIL of MALLALA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 7 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

	Fair Value Level	2014 \$				2015 \$			
		AT FAIR VALUE	AT COST	ACCUM DEP'N	CARRYING AMOUNT	AT FAIR VALUE	AT COST	ACCUM DEP'N	CARRYING AMOUNT
Land - Community	3	11,061,381	-	-	11,061,381	11,061,381	-	-	11,061,381
Land - Other	2	1,655,160	-	-	1,655,160	1,655,160	262,258	-	1,917,418
Land Improvements	3	547,167	146,598	(490,019)	203,746	547,166	146,598	(505,699)	188,065
Buildings & Other Structures	3	18,716,864	2,427,464	(10,127,133)	11,017,195	18,658,812	2,752,320	(10,648,132)	10,763,000
Infrastructure									
- Roads, Kerbing & Footpaths	3	50,114,815	5,906,259	(13,639,664)	42,381,410	65,810,811	1,946,028	(14,984,286)	52,772,553
- Stormwater Drainage	3	2,033,645	4,688,716	(3,174,975)	3,547,386	5,272,584	244,727	(2,145,988)	3,371,323
- CWMS	2	-	-	-	-	240,220	4,103,418	(87,080)	4,256,558
Plant & Equipment			5,887,595	(2,696,210)	3,191,385	-	5,878,466	(2,985,204)	2,893,262
Furniture & Equipment		-	351,995	(201,551)	150,444	-	392,487	(235,908)	156,579
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT		84,129,032	19,408,627	(30,329,552)	73,208,107	103,246,134	15,726,302	(31,592,297)	87,380,139
Comparatives		84,408,629	16,668,658	(28,797,388)	72,279,899	84,129,032	19,408,627	(30,329,552)	73,208,107

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 2015

Note 7 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

	CARRYING AMOUNT MOVEMENTS DURING YEAR										2015
	2014 \$	\$								Net Revaluation	CARRYING AMOUNT
		CARRYING AMOUNT	Additions		Disposals	Depreciation	Impairment	Transfers			
			New/Upgrade	Renewals				In	Out		
Land - Community	11,061,381	-	-	-	-	-	-	-	-	11,061,381	
Land - Other	1,655,160	262,258	-	-	-	-	-	-	-	1,917,418	
Land Improvements	203,746	-	-	-	(15,681)	-	-	-	-	188,065	
Buildings & Other Structures	11,017,195	189,247	135,609	-	(553,512)	(25,539)	-	-	-	10,763,000	
Infrastructure	-	-	-	-	-	-	-	-	-	-	
- Roads, Kerbing & Footpaths	42,381,410	1,070,061	860,020	-	(1,400,392)	(488,897)	-	-	10,350,351	52,772,553	
- Stormwater Drainage	3,547,386	244,727	-	-	(86,131)	(181,519)	87,080	(240,220)	-	3,371,323	
- CWMS	-	4,103,418	-	-	-	-	240,220	(87,080)	-	4,256,558	
Plant & Equipment	3,191,385	-	197,115	(106,580)	(388,658)	-	-	-	-	2,893,262	
Furniture & Equipment	150,444	30,568	9,922	-	(34,355)	-	-	-	-	156,579	
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT	73,208,107	5,900,279	1,202,666	(106,580)	(2,478,729)	(695,955)	327,300	(327,300)	10,350,351	87,380,139	
Comparatives	72,279,899	2,579,185	458,791	(41,776)	(2,025,274)	(42,718)	-	-	-	73,208,107	

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 2015

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.

General Valuation Principles

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

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

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

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

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

Transition to AASB 13: The requirements of AASB 13 *Fair Value Measurement* have been applied to all valuations undertaken since 1 July 2013 as shown by the valuation dates by individual asset classes below.

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

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

Fair value hierarchy level 3 valuations of buildings, infrastructure and other assets: There is no known market for these assets and they are valued at depreciated current replacement cost. This method involves: The determination of the cost to construct the asset (or its modern engineering equivalent) using current prices for materials and labour, the quantities of each being estimated based on recent experience of this or similar Councils, or on industry construction guides where these are more appropriate. The calculation of the depreciation that would have accumulated since original construction using current estimates of residual value and useful life under the prime cost depreciation method adopted by Council. This method has significant inherent uncertainties, relying on estimates of quantities of materials and labour, residual values and useful lives, and the possibility of changes in prices for materials and labour, and the potential for development of more efficient construction techniques.

District Council of Mallala

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

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

Land & Landscaping

Pursuant to Council's election, freehold land and land over which Council has control, but does not have title, are initially recognised on the cost basis. A revaluation of land was done at fair value as at 01 July 2011 by Maloney Field Services.

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.

Building & Other Structures

Buildings and other structures generally are recognised at fair value, based on current market values. However, special purpose buildings (such as public toilets) for which there is no market are valued at depreciated current replacement cost. Buildings which Council does not intend to replace at the end of their useful life are valued at the market value of the "highest and best" use. These assets were revalued as at 01 July 2011 by Graham L Martin, BBus Property (Val) AAPI, CPV, of Maloney Field Services.

Road Infrastructure

Road Infrastructure assets, kerbing and footpaths were revalued by Council officers with external assistance by Tonkin Engineering at written down current replacement cost as at 1 July 2014, all acquisitions after that date are recorded at cost.

Other Infrastructure

Stormwater drainage infrastructure were valued by Council officers as at 1 July 2014 at written down current replacement cost, based on replacement costs and surveys during the reporting period ended 30 June 2014 and pursuant to Council's election are disclosed at fair value. All acquisitions made after the respective dates of valuation are recorded at cost.

Bridges were revalued as at 01 July 2011 by Graham L Martin, BBus Property (Val) AAPI, CVP, of Maloney Field Services.

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 had been estimated by Tonkins Engineering on May 8, 2012 at \$464,232 based on an environmental survey. The provision for remediation has been adjusted down with expected completion in the 2015-16 year.

DISTRICT COUNCIL of MALLALA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 8 - LIABILITIES

		2015		2014	
		\$		\$	
TRADE & OTHER PAYABLES	Notes	Current	Non-current	Current	Non-current
Goods & Services		885,013		1,103,293	
Payments received in advance		39,258		173,000	
Accrued expenses - employee entitlements		150,928		130,925	
Accrued expenses - other		72,372		125,704	
Other		257,256		201,365	
		<u>1,404,827</u>	<u>-</u>	<u>1,734,287</u>	<u>-</u>
BORROWINGS					
Loans		5,878,240	3,406,440	2,346,937	3,934,680
		<u>5,878,240</u>	<u>3,406,440</u>	<u>2,346,937</u>	<u>3,934,680</u>
<i>All interest bearing liabilities are secured over the future revenues of the Council.</i>					
PROVISIONS					
Employee entitlements (including oncosts)		988,876	73,229	977,518	33,714
Future reinstatement / restoration, etc		100,000	-	477,916	-
		<u>1,088,876</u>	<u>73,229</u>	<u>1,455,434</u>	<u>33,714</u>

Movements in Provisions - 2015 year only
(current & non-current)

	Future Reinstatement
Opening Balance	477,916
(Less) Payments	(43,328)
Unused amounts reversed	<u>(334,588)</u>
Closing Balance	<u>100,000</u>

DISTRICT COUNCIL of MALLALA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 9 - RESERVES

ASSET REVALUATION RESERVE	1/7/2014	Net Increments (Decrements)	Transfers, Impairments	30/6/2015
Notes	\$	\$	\$	\$
Land - Community	8,904,630			8,904,630
Land - Other	2,600,375			2,600,375
Land Improvements	6,924,606		(25,539)	6,899,067
Infrastructure				
- Roads, Kerbing & Footpaths	25,732,865	10,350,351	(670,416)	35,412,800
Joint Ventures - Other	763,798	(22,594)		741,204
Comprehensive Income				
TOTAL	44,926,274	10,327,757	(695,955)	54,558,076
<i>Comparatives</i>	<u>44,329,952</u>	<u>639,040</u>	<u>(42,718)</u>	<u>44,926,274</u>

OTHER RESERVES	1/7/2014	Transfers to Reserve	Transfers from Reserve	30/6/2015
CWMS Reserve - Middle Beach	48,917			48,917
Footpath Construction Reserve	46,033			46,033
TOTAL OTHER RESERVES	94,950			94,950
<i>Comparatives</i>	<u>90,517</u>	<u>32,075</u>	<u>(27,642)</u>	<u>94,950</u>

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).

(Other Reserves)

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

Footpath Construction Reserve is funds received from developers and held for future footpath construction.

DISTRICT COUNCIL of MALLALA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

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.

		2015	2014
CASH & FINANCIAL ASSETS	Notes	\$	\$
Developer Contributions		155,060	132,060
CWMS - Middle Beach Scheme		48,917	48,917
TOTAL ASSETS SUBJECT TO EXTERNALLY IMPOSED RESTRICTIONS		203,977	180,977

Developer Contributions are restricted to either open space landscaping or footpaths in the applicable developments.

CWMS Scheme are restricted to maintenance of CWMS facilities.

DISTRICT COUNCIL of MALLALA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

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	2015 \$	2014 \$
Total cash & equivalent assets	5	919,511	365,968
Balances per Cash Flow Statement		<u>919,511</u>	<u>365,968</u>

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

Net Surplus (Deficit)	998,942	2,119,660
Non-cash items in Income Statement		
Depreciation, amortisation & impairment	2,334,552	1,883,096
Equity movements in equity accounted investments (increase) decrease	104,936	56,400
Net increase (decrease) in unpaid employee benefits	70,876	119,468
Non-cash asset acquisitions	(560,080)	(528,114)
Grants for capital acquisitions treated as Investing Activity	(103,963)	(1,462,796)
Net (Gain) Loss on Disposals	(6,187)	4,230
	<u>2,839,076</u>	<u>2,191,944</u>
Add (Less): Changes in Net Current Assets		
Net (increase) decrease in receivables	49,385	(490,243)
Net (increase) decrease in inventories	(61,290)	(79,463)
Net increase (decrease) in trade & other payables	(349,463)	(420,799)
Net increase (decrease) in other provisions	(43,328)	(22,084)
Net Cash provided by (or used in) operations	<u>2,434,380</u>	<u>1,179,355</u>

(c) Non-Cash Financing and Investing Activities

Acquisition of assets by means of:

- Physical resources received free of charge	2	560,080	528,114
<i>Amounts recognised in Income Statement</i>		560,080	528,114
- Estimated future reinstatement etc. costs		(377,916)	(22,084)
		<u>182,164</u>	<u>506,030</u>

(d) Financing Arrangements

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

Corporate Credit Cards	16,000	12,000
LGFA Cash Advance Debenture facility	1,150,000	5,000,000

DISTRICT COUNCIL of MALLALA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

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	ACTUAL	2015	2014	2015	2014
2015	2014	2015	2015	2014	2015	2014	\$	\$	\$	\$
353,741	301,352	358,133	334,047	(4,392)	(32,695)		921,451		916,875	
4,741	4,039	56,494	52,695	(51,753)	(48,656)		301,524		299,871	
390	332	53,349	49,761	(52,959)	(49,429)		-		-	
-	-	409,332	381,803	(409,332)	(381,803)		2,352,526		2,352,526	
109,168	93,000	187,177	174,589	(78,009)	(81,589)		7,337,608		3,232,188	
34,153	29,095	314,831	293,657	(280,678)	(264,562)	26,259	53,415		51,085	
8,223	7,005	93,716	87,413	(85,493)	(80,408)		1,357,891		1,437,654	
2,092	1,782	163,429	152,438	(161,337)	(150,656)		-		-	
47,779	40,703	614,353	573,035	(566,574)	(532,332)		947,687		985,497	
-	-	299,668	279,514	(299,668)	(279,514)		11,370,471		12,938,794	
3,021	2,574	228,830	213,440	(225,809)	(210,866)		8,465,111		8,415,333	
380,227	319,762	1,152,045	1,074,566	(771,818)	(754,804)		208,555		208,555	
637,468	543,059	2,689,394	2,519,841	(2,051,926)	(1,976,782)		52,771,553	602,234	42,381,410	
2,282	1,944	81,645	76,154	(79,363)	(74,210)		5,201,769		5,191,385	
-	-	1,003,155	935,689	(1,003,155)	(935,689)		2,438,777		2,439,776	
8,785,333	7,484,222	2,402,419	2,240,847	6,382,914	5,243,375		1,456,816	495,137	1,827,968	1,728,053
10,368,618	8,828,869	10,107,970	9,439,489	260,648	(610,620)		1,973,347	1,124,556	95,556,306	82,579,002
TOTALS										

Business Undertakings
Public Order & Safety
Health Services
Community Support
Community Amenities
Library Services
Cultural Services
Economic Development
Enviro - Waste Management
Other Environment
Recreation
Regulatory Services
Transport
Plant Hire & Depot/Indirect
Governance
Support Services
TOTALS

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

DISTRICT COUNCIL of MALLALA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

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 2015

Note 13 - FINANCIAL INSTRUMENTS

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

Accounting Policies - Recognised Financial Instruments

Bank, Deposits at Call, Short Term Deposits	<p>Accounting Policy: Carried at lower of cost and net realisable value; interest is recognised when earned.</p> <p>Terms & conditions: Deposits are returning fixed interest rates between 0.1% and 2.0% (2014: 0.25% and 2.5%). Short term deposits have an average maturity of 30 days and an average interest rates of 2.0% (2014: 30 days, 2.5 %).</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 7.25% (2014: 7.75%) Although Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries in the State.</p> <p>Carrying amount: approximates fair value (after deduction of any allowance).</p>
Receivables - Fees & other charges	<p>Accounting Policy: Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable.</p> <p>Terms & conditions: Unsecured, and do not bear interest. Although Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries.</p> <p>Carrying amount: approximates fair value (after deduction of any allowance).</p>
Receivables - other levels of government	<p>Accounting Policy: Carried at nominal value.</p> <p>Terms & conditions: Amounts due have been calculated in accordance with the terms and conditions of the respective programs following advice of approvals, and do not bear interest. All amounts are due by Departments and Agencies of State and Federal Governments.</p> <p>Carrying amount: approximates fair value.</p>
Liabilities - Creditors and Accruals	<p>Accounting Policy: Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Council.</p> <p>Terms & conditions: Liabilities are normally settled on 30 day terms.</p> <p>Carrying amount: approximates fair value.</p>
Liabilities - Interest Bearing Borrowings	<p>Accounting Policy: Carried at the principal amounts. Interest is charged as an expense as it accrues.</p> <p>Terms & conditions: secured over future revenues, borrowings are repayable on both credit foncier and cash advance; interest is charged at fixed rates between 5.9% and 8.4% for credit foncier (2014: 5.9% and 8.4%) and the cash advance at variable rate between 4.25% and 4.75%.</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 2015

Note 13 (cont) - FINANCIAL INSTRUMENTS

Liquidity Analysis

2015	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
	\$	\$	\$	\$	\$
Financial Assets					
Cash & Equivalents	919,511			919,511	919,511
Receivables	776,424	-	-	776,424	776,424
Total	1,695,935	-	-	1,695,935	1,695,935
Financial Liabilities					
Payables	1,142,269	-	-	1,142,269	1,181,527
Current Borrowings	1,118,251	-	5,000,000	6,118,251	5,878,240
Non-Current Borrowings	-	3,049,955	1,026,687	4,076,642	3,406,440
Total	2,260,520	3,049,955	6,026,687	11,337,162	10,466,207

2014	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
	\$	\$	\$	\$	\$
Financial Assets					
Cash & Equivalents	365,968			365,968	365,968
Receivables	838,075	-	-	838,075	838,075
Total	1,204,043	-	-	1,204,043	1,204,043
Financial Liabilities					
Payables	1,477,658	-	-	1,477,658	1,477,658
Current Borrowings	901,253	409,688	1,725,000	3,035,941	2,346,937
Non-Current Borrowings	-	3,818,206	1,026,687	4,844,893	3,934,680
Total	2,378,911	4,227,894	2,751,687	9,358,492	7,759,275

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

	30 June 2015		30 June 2014	
	Weighted Average Interest Rate	Carrying Value	Weighted Average Interest Rate	Carrying Value
	%	\$	%	\$
Other Variable Rates	4.25	5,350,000	4.75	1,725,000
Fixed Interest Rates	6.3	3,934,680	6.4	4,556,617
		<u>9,284,680</u>		<u>6,281,617</u>

Net Fair Value

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

Risk Exposures

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

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

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

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

DISTRICT COUNCIL of MALLALA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 14 - COMMITMENTS FOR EXPENDITURE

	2015	2014
<u>Notes</u>	\$	\$
Capital Commitments		
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Buildings	-	2,013,938
Plant & Equipment	<u>30,266</u>	<u>-</u>
	<u>30,266</u>	<u>2,013,938</u>
These expenditures are payable:		
Not later than one year	<u>30,266</u>	<u>2,013,938</u>
	<u>30,266</u>	<u>2,013,938</u>

DISTRICT COUNCIL of MALLALA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 15 - FINANCIAL INDICATORS

	2015	2014	2013
--	------	------	------

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

Operating Surplus Ratio

Operating Surplus	2%	(10%)	4%
Rates - general & other less NRM levy			

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

Adjusted Operating Surplus Ratio

	(7%)	0%	4%
--	------	----	----

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

Net Financial Liabilities Ratio

Net Financial Liabilities	92%	88%	68%
Total Operating Revenue			

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

Asset Sustainability Ratio

Net Asset Renewals	209%	22%	56%
Infrastructure & Asset Management Plan required expenditure		*	*

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

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

DISTRICT COUNCIL of MALLALA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

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

	2015 \$	2014 \$
Income	10,368,618	8,828,869
less Expenses	<u>10,212,906</u>	<u>9,495,889</u>
Operating Surplus / (Deficit)	155,712	(667,020)
less Net Outlays on Existing Assets		
Capital Expenditure on renewal and replacement of Existing Assets	1,208,593	458,791
Depreciation, Amortisation and Impairment	(2,334,552)	(1,883,096)
Proceeds from Sale of Replaced Assets	<u>(112,767)</u>	<u>(37,545)</u>
	(1,238,726)	(1,461,850)
less Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets <i>(including investment property & real estate developments)</i>	3,892,037	3,988,722
Amounts received specifically for New and Upgraded Assets	(103,963)	(1,462,796)
	<u>3,788,074</u>	<u>2,525,926</u>
Net Lending / (Borrowing) for Financial Year	<u>(2,393,636)</u>	<u>(1,731,096)</u>

DISTRICT COUNCIL of MALLALA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 17 - OPERATING LEASES

Lease payment commitments of Council

Council has entered into non-cancellable operating leases for 3 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:

	2015	2014
	\$	\$
Not later than one year	9,504	11,838
Later than one year and not later than 5 years	8,872	18,376
	<u>18,376</u>	<u>30,214</u>

District Council of Mallala

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 18 - SUPERANNUATION

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

Accumulation only Members

Accumulation only members receives both employer and employee contributions on a progressive basis. Employer contributions based on a fixed percentage of ordinary time earnings in accordance with superannuation guarantee legislation (9.50% in 2014/15; 9.25% in 2013/14). No further liability accrues to the Council as the superannuation benefits accruing to employees are represented by their share of the net assets of the fund.

Salarylink (Defined Benefit) 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 appointed Actuary. The rate is currently 6.3% (6.3% in 2013/14) of "superannuation" salary.

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

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

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

Contributions to Other Superannuation Schemes

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

DISTRICT COUNCIL of MALLALA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 19 - INTERESTS IN OTHER ENTITIES

Joint Operations

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 "Regional 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 2014-15 year Council Subsidiary contributions were \$10,164.

Equity accounted Council Businesses

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

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 2014-15 year Council's Regional Subsidiary contributions were for a subscription of \$14,203.

This note is continued on the next page.

DISTRICT COUNCIL of MALLALA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 19 (cont) - INTERESTS IN OTHER ENTITIES

	2015	2014
Gawler River Floodplain Management Authority	\$	\$
Council's respective interests are:		
- interest in the operating result	28%	28%
- ownership share of equity	28%	28%
- the proportion of voting power	28%	28%
 <u>Movements in Investment in Joint Operation</u>	 <u>\$</u>	 <u>\$</u>
Opening Balance	4,965,968	4,383,328
Share in Operating Result	(104,936)	(56,400)
Share in other comprehensive income	(22,594)	639,040
Share in Equity of Joint Operation	<u>4,838,438</u>	<u>4,965,968</u>
 Summarised financial information of the equity accounted business		
<u>Statement of Financial Position</u>		
Cash and cash equivalents	211,938	372,774
Other current assets	3,072	5,932
Non-current assets	<u>17,205,152</u>	<u>17,436,364</u>
Total assets	<u>17,420,162</u>	<u>17,815,070</u>
 Current trade and other payables	<u>3,180</u>	<u>20,348</u>
Total liabilities	<u>3,180</u>	<u>20,348</u>
Net Assets	<u>17,416,982</u>	<u>17,794,722</u>
 <u>Statement of Comprehensive Income</u>		
Contributions from constituent Councils	72,501	70,732
Interest income	<u>8,859</u>	<u>10,344</u>
Total Income	<u>81,360</u>	<u>81,076</u>
 Materials, contracts & other expenses	227,887	91,645
Depreciation, amortisation & impairment	<u>231,213</u>	<u>191,510</u>
Total expenses	<u>459,100</u>	<u>283,155</u>
Operating Result	<u>(377,740)</u>	<u>(202,079)</u>
 Other comprehensive income	<u>-</u>	<u>2,363,737</u>
Total Comprehensive Income	<u>(377,740)</u>	<u>2,161,658</u>

DISTRICT COUNCIL of MALLALA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 19 (cont) - INTERESTS IN OTHER ENTITIES

Gawler River Floodplain Management Authority (cont)

6

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

Operating Expenditures payable
Not later than one year

3,180	20,348
<u>3,180</u>	<u>20,348</u>

DISTRICT COUNCIL of MALLALA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

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

The following assets and liabilities do not qualify for recognition in the 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) (2014: \$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

We have audited the accompanying financial report of the District Council of Mallala which comprises the statement of financial position, statement of comprehensive income, statement of changes in equity, statement of cash flows, summary of significant accounting policies, other explanatory notes and the certification of financial statement for the year ended 30 June 2015.

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 2011. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

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

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

Independence

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

Auditor's Opinion

In our opinion, the financial report presents fairly, in all material respects, the financial position of the District Council of Mallala as of 30 June 2015, 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 2011

A handwritten signature in black ink, appearing to read 'Ian McDonald'.

Ian G McDonald FCA
Chartered Accountant
Registered Company Auditor 16458

Liability limited by a scheme approved under Professional Standards Legislation

Signed this 25th day of November 2015 at Adelaide, South Australia

234 Waymouth St
Adelaide SA 5000

PO Box 75
Henley Beach SA 5022

☎ 0419 620 906 / 0408 832 848
☎ 08 8356 6397

DISTRICT COUNCIL of MALLALA


ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2015

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 Mallala for the year ended 30 June 2015, 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*.


Katrina Marton
CHIEF EXECUTIVE OFFICER


John Comrie
PRESIDING MEMBER
AUDIT COMMITTEE

Date: 19/11/15



District Council of Mallala

**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2015**

STATEMENT BY AUDITOR

I confirm that, for the audit of the financial statements of the District Council of Mallala for the year ended 30 June 2015, 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 G McDonald'.

Ian G McDonald FCA

Dated this 4th day of September 2015

Liability limited by a scheme approved under Professional Standards Legislation

234 Waymouth St
Adelaide SA 5000

PO Box 75
Henley Beach SA 5022

☎ 0419 620 906 / 0408 832 848
📠 08 8356 6397

✉ ianmcdonald@creativeauditing.com.au

✉ nancytran@creativeauditing.com.au
