Alexandrina Council

Financial Statements
30 June 2017

CONNECTING COMMUNITIES



Alexandrina Council

General Purpose Financial Statements
for the year ended 30 June 2017

Contents

	Page
1. Council Certificate	2
2. Primary Financial Statements:	
- Statement of Comprehensive Income	3
- Statement of Financial Position	4
- Statement of Changes in Equity	5
- Statement of Cash Flows	6
3. Notes to the Financial Statements	7
4. Independent Auditor's Report - Financial Statements	42
5. Independent Auditor's Report - Internal Controls	44
6. Certificates of Audit Independence	
- Council Certificate of Audit Independence	46
- Audit Certificate of Audit Independence	47

Alexandrina Council

General Purpose Financial Statements
for the year ended 30 June 2017

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 2017 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.

Glenn Rappensberg
CHIEF EXECUTIVE OFFICER

Keith Parkes
MAYOR

Date: 3/10/17

Alexandrina Council

Statement of Comprehensive Income
for the year ended 30 June 2017

$ '000	Notes	2017	2016
Income			
Rates Revenues	2a	36,719	34,656
Statutory Charges	2b	948	1,032
User Charges	2c	1,563	1,390
Grants, Subsidies and Contributions	2g	3,748	2,347
Investment Income	2d	20	23
Reimbursements	2e	461	515
Other Income	2f	406	458
Net Gain - Equity Accounted Council Businesses	19	17	10
Total Income		**43,882**	**40,431**
Expenses			
Employee Costs	3a	14,641	14,079
Materials, Contracts & Other Expenses	3b	17,441	16,040
Depreciation, Amortisation & Impairment	3c	10,290	10,127
Finance Costs	3d	1,493	1,454
Net loss - Equity Accounted Council Businesses	19	117	44
Total Expenses		**43,982**	**41,744**
Operating Surplus / (Deficit)		(100)	(1,313)
Asset Disposal & Fair Value Adjustments	4	(590)	(1,447)
Amounts Received Specifically for New or Upgraded Assets	2g	2,938	3,187
Physical Resources Received Free of Charge	2i	734	1,937
Net Surplus / (Deficit) [1]		2,982	2,364
Other Comprehensive Income			
Amounts which will not be reclassified subsequently to operating result			
Changes in Revaluation Surplus - I,PP&E	9a	8,300	(1,672)
Impairment (Expense) / Recoupments Offset to Asset Revaluation Reserve	9a	(674)	(35)
Total Other Comprehensive Income		**7,626**	**(1,707)**
Total Comprehensive Income		10,608	657

[1] Transferred to Equity Statement

Alexandrina Council

Statement of Financial Position
as at 30 June 2017

$ '000	Notes	2017	2016
ASSETS			
Current Assets			
Cash and Cash Equivalents	5a	410	671
Trade & Other Receivables	5b	4,132	3,806
Inventories	5c	15	18
Total Current Assets		**4,557**	**4,495**
Non-Current Assets			
Financial Assets	6a	305	238
Equity Accounted Investments in Council Businesses	6b	10,858	423
Infrastructure, Property, Plant & Equipment	7a	418,671	418,290
Total Non-Current Assets		**429,834**	**418,951**
TOTAL ASSETS		434,391	423,446
LIABILITIES			
Current Liabilities			
Trade & Other Payables	8a	5,921	4,871
Borrowings	8b	1,044	1,698
Provisions	8c	1,924	1,738
Total Current Liabilities		**8,889**	**8,307**
Non-Current Liabilities			
Trade & Other Payables	8a	-	-
Borrowings	8b	29,043	29,265
Provisions	8c	2,996	3,019
Total Non-Current Liabilities		**32,039**	**32,284**
TOTAL LIABILITIES		40,928	40,591
Net Assets		393,463	382,855
EQUITY			
Accumulated Surplus		150,882	158,156
Asset Revaluation Reserves	9a	231,433	223,807
Other Reserves	9b	11,148	892
Total Council Equity		393,463	382,855

Alexandrina Council

Statement of Changes in Equity
for the year ended 30 June 2017

$ '000	Notes	Accumulated Surplus	Asset Revaluation Reserve	Other Reserves	Total Equity
2017					
Balance at the end of previous reporting period		158,156	223,807	892	**382,855**
a. Net Surplus / (Deficit) for Year		2,982	-	-	**2,982**
b. Other Comprehensive Income					
- Gain (Loss) on Revaluation of I,PP&E	7a	-	8,300	-	**8,300**
- IPP&E Impairment (Expense) / Recoupments Offset to ARR	7a	-	(674)	-	**(674)**
Other Comprehensive Income		-	7,626	-	**7,626**
Total Comprehensive Income		**2,982**	**7,626**	**-**	**10,608**
c. Transfers between Reserves		(10,256)		10,256	**-**
Balance at the end of period		**150,882**	**231,433**	**11,148**	**393,463**
2016					
Balance at the end of previous reporting period		154,527	225,679	1,992	**382,198**
a. Net Surplus / (Deficit) for Year		2,364	-	-	**2,364**
b. Other Comprehensive Income					
- Gain (Loss) on Revaluation of I,PP&E	7a	-	(1,672)	-	**(1,672)**
- IPP&E Impairment (Expense) / Recoupments Offset to ARR	7a	-	(35)	-	**(35)**
Other Comprehensive Income		-	(1,707)	-	**(1,707)**
Total Comprehensive Income		**2,364**	**(1,707)**	**-**	**657**
c. Transfers between Reserves		1,265	(165)	(1,100)	**-**
Balance at the end of period		**158,156**	**223,807**	**892**	**382,855**

Alexandrina Council

Statement of Cash Flows
for the year ended 30 June 2017

$ '000	Notes	2017	2016
Cash Flows from Operating Activities			
Receipts			
Operating Receipts		43,498	42,907
Investment Receipts		20	23
Payments			
Operating Payments to Suppliers and Employees		(30,812)	(32,860)
Finance Payments		(1,507)	(1,442)
Net Cash provided by (or used in) Operating Activities	11b	**11,199**	**8,628**
Cash Flows from Investing Activities			
Receipts			
Amounts Received Specifically for New/Upgraded Assets		2,938	3,187
Sale of Replaced Assets		526	543
Repayments of Loans by Community Groups		172	102
Payments			
Expenditure on Renewal/Replacement of Assets		(4,671)	(6,030)
Expenditure on New/Upgraded Assets		(9,291)	(12,058)
Loans Made to Community Groups		(258)	-
Net Cash provided by (or used in) Investing Activities		**(10,584)**	**(14,256)**
Cash Flows from Financing Activities			
Receipts			
Proceeds from Borrowings		19,620	23,260
Payments			
Repayments of Borrowings		(20,496)	(18,079)
Net Cash provided by (or used in) Financing Activities		**(876)**	**5,181**
Net Increase (Decrease) in Cash Held		**(261)**	**(447)**
plus: **Cash & Cash Equivalents at beginning of period**	11	671	1,118
Cash & Cash Equivalents at end of period	11	410	671

Alexandrina Council

Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

Contents of the Notes accompanying the Financial Statements

Note	Details	Page
1	Significant Accounting Policies	8
2	Income	14
3	Expenses	17
4	Asset Disposal & Fair Value Adjustments	18
	Current Assets	
5a	Cash & Cash Equivalents	19
5b	Trade & Other Receivables	19
5c	Inventories	19
	Non-Current Assets	
6a	Financial Assets	19
6b	Equity Accounted Investments in Council's Businesses	19
	Fixed Assets	
7a	Infrastructure, Property, Plant & Equipment	20
7b	Valuation of Infrastructure, Property, Plant & Equipment	21
	Liabilities	
8a	Trade & Other Payables	23
8b	Borrowings	23
8c	Provisions	23
	Reserves	
9a	Asset Revaluation Reserve	24
9b	Other Reserves	24
10	Assets Subject to Restrictions	25
11	Reconciliation to Statement of Cashflows	26
12a	Functions	27
12b	Components of Functions	28
13	Financial Instruments	29
14	Commitments for Expenditure	33
15	Financial Indicators	34
16	Uniform Presentation of Finances	35
17	Operating Leases	35
18	Superannuation	36
19	Interests in Other Entities	37
20	Non Current Assets Held for Sale & Discontinued Operations	39 n/a
21	Contingencies & Assets/Liabilities Not Recognised in the Balance Sheet	39
22	Events After the Balance Sheet Date	40
23	Related Party Transactions	41

n/a - not applicable

Note 1. Summary of Significant Accounting Policies

The principal accounting policies adopted by Council in the preparation of these consolidated financial statements 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 on a going concern basis using the historical cost convention in accordance with Australian Accounting Standards as they apply to not-for-profit entities, other authoritative pronouncements of the Australian Accounting Standards Board, Interpretations and relevant South Australian legislation.

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

1.2 Historical Cost Convention

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

1.3 Critical Accounting Estimates

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates, and requires management to exercise its judgement in applying Council's accounting policies.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are specifically referred to in the relevant sections of these Notes.

1.4 Rounding

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

2 The Local Government Reporting Entity

Alexandrina Council is incorporated under the South Australian *Local Government Act 1999* and has its principal place of business at 11 Cadell Street, GOOLWA. These financial statements include the Council's direct operations and all entities through which Council controls resources to carry on its functions. In the process of reporting on the Council as a single unit, all transactions and balances between activity areas and controlled entities have been eliminated.

The principal activities and entities conducted other than in the Council's own name that have been included in these consolidated financial statements are:

1. Adelaide Hills Region Waste Management Authority
2. Fleurieu Regional Waste Authority
3. Fleurieu Regional Aquatic Centre Authority

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.

Note 1. Summary of Significant Accounting Policies (continued)

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

	Cash Payment Received	Annual Allocation	Difference
Amount in Thousand			
2014/15	$1,858	$1,207	+ $651
2015/16	$566	$1,217	- $651
2016/17	$1,854	$1,223	+$631

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

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

4 Cash, Cash Equivalents and other Financial Instruments

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

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

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

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

5 Inventories

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

6 Infrastructure, Property, Plant & Equipment

6.1 Initial Recognition

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

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

Road signs are not capitalised in infrastructure. Council has elected not to capitalise Library Book Stock.

6.2 Materiality

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

Infrastructure	$10,000
Land	$1
Land Improvements	$20,000
Buildings	$15,000
Furniture & Fittings	$5,000
Operational Equipment	$5,000

Note 1. Summary of Significant Accounting Policies (continued)

IT Equipment	$3,000
Other	$5,000
Plant	$15,000
Software	$50,000

6.3 Subsequent Recognition

All material asset classes are revalued on a regular basis such that the carrying values are not materially different from fair value. Significant uncertainties exist in the estimation of fair value of a number of asset classes including land, buildings and associated structures and infrastructure. Further detail of these uncertainties, and of existing valuations, methods and valuers are provided at Note 7.

6.4 Depreciation of Non-Current Assets

Other than land, all infrastructure, property, plant and equipment assets recognised are systematically depreciated over their useful lives 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 listed below. Depreciation periods for infrastructure assets have been estimated based on the best information available to Council, but appropriate records covering the entire life cycle of these assets are not available, and extreme care should be used in interpreting financial information based on these estimates.

Plant, Furniture & Equipment

Office Equipment	5 to 10 years
Office Furniture and Fittings	10 to 35 years
Office Electrical Equipment	4 to 10 years
Computer Equipment	3 to 10 years
Minor Equipment	5 to 25 years
Plant	units of usage
Software	10 years

Building & Other Structures

Structure	40 to 100 years
Roofing	40 to 60 years
Fit out	20 years
Services	40 to 50 years
Non-componentised Buildings & Structure	15 to 100 years

Infrastructure

Sealed Road Surfaces	13 to 40 years
Sealed Road Pavement	40 to 100 years
Sealed Road Sub-Base	160 to 400 years
Unsealed Road Surfaces	12 to 35 years
Bridges	80 years
Footpaths	20 to 70 years
Footpaths Sub-Base	60 to 280 years
Kerbing	50 to 70 years
Stormwater Drainage	10 to 100 years
Water	15 to 80 years
Common Effluent Treatment Plant	15 to 80 years

6.5 Impairment

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, are not subject to impairment testing.

Other 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 inflows or value in use).

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

7 Payables

7.1 Goods & Services

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

7.2 Payments Received in Advance & Deposits

Amounts other than grants 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.

Note 1. Summary of Significant Accounting Policies (continued)

8 Borrowings

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

9 Employee Benefits

9.1 Salaries, Wages & Compensated Absences

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

Council has recognised a provision for sick leave liabilities for the employees falling under the AWU enterprise bargaining agreement.

9.2 Superannuation

The Council makes employer superannuation contributions in respect of its employees to the Statewide 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 Provisions for Reinstatement, Restoration and Rehabilitation

Close down and restoration costs include the dismantling and demolition of infrastructure and the removal of residual materials and remediation and rehabilitation of disturbed areas. Estimated close down and restoration costs are provided for in the accounting period when the obligation arising from the related disturbance occurs, and are carried at the net present value of estimated future costs.

Although estimated future costs are based on a closure plan, such plans are based on current environmental requirements which may change. Council's policy to maximise recycling is extending the operational life of these facilities, and significant uncertainty exists in the estimation of the future closure date.

11 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".

12 Equity Accounted Council Businesses

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

The Adelaide Hills Region Waste Management Authority is a Local Government Authority Section 43 Regional Subsidiary under the control of Adelaide Hills Council, Alexandrina Council, The District Council of Mt Barker and Rural City of Murray Bridge, this organisation operates as a regional waste management authority within the combined area.

The Southern and Hills Local Government Association has been created as regional subsidiary to represent the interest of all Councils in the Southern Hills, Fleurieu Peninsula and Kangaroo Island, within Local Government in SA. The group meet on a monthly basis and discuss Local Government policy and procedures, and provide advice back to the LGA from a regional perspective.

The Fleurieu Regional Waste Authority is Local Government Authority Section 43 Regional Subsidiary under the control of Alexandrina Council, Kangaroo Island Council, Yankalilla Council and the City of Victor Harbor. This organisation operates as a

regional waste management authority within the combined area.

The Fleurieu Regional Aquatic Centre Authority is Local Government Authority Section 43 Regional Subsidiary under the control of Alexandrina Council, and the City of Victor Harbor. This organisation operates an aquatic centre.

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 New accounting standards and UIG interpretations

In the current year, Council adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current reporting period. The adoption of the new and revised Standards and Interpretations has not resulted in any material changes to Council's accounting policies.

Alexandrina Council has not applied any Australian Accounting Standards and Interpretations that have been issued but are not yet effective with the exception of AASB 2015-7 *Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities*. Generally Council applies standards and interpretations in accordance with their respective commencement dates. The retrospective application of AASB 2015-7 has exempted Council from the disclosure of quantitative information and sensitivity analysis for some valuations categorised within Level 3 of the fair value hierarchy.

This year Council has applied AASB 124 Related Party Disclosures for the first time. As a result Council has disclosed more information about related parties and transactions with those related parties. This information is presented in Note 23.

Other amended Australian Accounting Standards and Interpretations which were issued at the date of authorisation of the financial report, but have future commencement dates are not likely to have a material impact on the financial statements.

As at the date of authorisation of the financial statements, the standards and interpretations listed below were in issue but not yet effective.

Effective for annual reporting periods beginning on or after 1 January 2017

- AASB 2014-5 *Amendments to Australian Accounting Standards arising from AASB 15*
- AASB 2015-8 *Amendments to Australian Accounting Standards – Effective Date of AASB 15*
- AASB 2016-1 *Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses [AASB 112]*
- AASB 2016-2 *Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107*
- AASB 2016-4 *Amendments to Australian Accounting Standards – Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities*
- AASB 2016-7 *Amendments to Australian Accounting Standards - Deferral of AASB 15 for Not-for-Profit Entities*

Effective for annual reporting periods beginning on or after 13 February 2017

- AASB 2017-2 *Amendments to Australian Accounting Standards - Further Annual Improvements 2014- 16 Cycle*

Note 1. Summary of Significant Accounting Policies (continued)

Effective for annual reporting periods beginning on or after 13 December 2017

- AASB 2017-1 *Amendments to Australian Accounting Standards - Transfers of Investment Property, Annual Improvements 2014-2016 Cycle and Other Amendments*

Effective for annual reporting periods beginning on or after 1 January 2018

- AASB 9 *Financial Instruments (December 2009)*
- AASB 15 *Revenue from Contracts with Customers*
- AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)*
- AASB 2014-1 *Amendments to Australian Accounting Standards (Part E)*
- AASB 2014-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)*AASB 1057 *Application of Australian Accounting Standards*
- AASB 2016-3 *Amendments to Australian Accounting Standards – Clarifications to AASB 15*
- AASB 2016-5 *Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions*
- AASB 2016-6 *Amendments to Australian Accounting Standards - Applying AASB 9 Financial Instruments with AASB 4 Insurance Contracts*

Effective for annual reporting periods beginning on or after 1 January 2019

- AASB 16 *Leases*
- AASB 16 *Leases (Appendix D)*
- AASB 2016-8 *Amendments to Australian Accounting Standards – Australian Implementation Guidance for Nor-for-Profit Entities*
- AASB 1058 *Income of Not-for-Profit Entities*
- AASB 2016-8 *Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities*

15 Full Cost Attribution

In reviewing Council's allocation of each type of cost and the reliability of that allocation, costs are allocated directly wherever possible. This has resulted in a reduction in the type of costs allocated indirectly to a function.

16 Comparative Figures

To ensure comparability with the current reporting period's figures, some comparative period line items and amounts may have been reclassified or individually reported for the first time within these financial statements and/or the notes.

17 Disclaimer

Nothing contained within these statements may be taken to be an admission of any liability to any person under any circumstance.

Note 2. Income

$ '000	Notes	2017	2016
(a). Rates Revenues			
General Rates			
General Rates		31,230	30,085
Less: Discretionary Rebates, Remissions & Write Offs		(382)	(319)
Total General Rates		30,848	29,766
Other Rates (Including Service Charges)			
Natural Resource Management Levy		1,499	684
Water Supply		5	5
Community Wastewater Management Systems		4,179	4,023
Total Other Rates		5,683	4,712
Other Charges			
Penalties for Late Payment		188	178
Total Other Charges		188	178
Total Rates Revenues		36,719	34,656
(b). Statutory Charges			
Development Act Fees		171	257
Town Planning Fees		196	218
Health & Septic Tank Inspection Fees		140	144
Animal Registration Fees & Fines		299	278
Sundry		142	135
Total Statutory Charges		948	1,032
(c). User Charges			
Cemetery Fees		145	106
Hall & Equipment Hire		119	104
Sundry		422	370
Community Wastewater Management Fees (CWMS)		257	228
Lease / Rental - Non-Investment Properties		562	557
Waste Management Fees		47	6
Water Supply		11	19
Total User Charges		1,563	1,390

Note 2. Income (continued)

$ '000	Notes	2017	2016
(d). Investment Income			
Interest on Investments			
- Local Government Finance Authority		15	23
- Banks & Other		5	-
Total Investment Income		20	23
(e). Reimbursements			
Roadworks		42	34
Private Works		26	11
Other		393	470
Total Reimbursements		461	515
(f). Other Income			
Insurance & Other Recoupments - Infrastructure, IPP&E		2	12
Sundry		398	446
Remeasurement of Capping Provision		6	-
Total Other Income		406	458

Council keeps provisions for capping costs associated with the closure of landfills pits.
The provision is based on the estimated cost required for the capping of these pits.
During 2016-17 Council remeasured the capping cost and reversed the excess amount.

(g). Grants, Subsidies, Contributions			
Amounts Received Specifically for New or Upgraded Assets		2,938	3,187
Other Grants, Subsidies and Contributions		3,748	2,347
Total Grants, Subsidies, Contributions		6,686	5,534

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

(i) Sources of grants			
Commonwealth Government		3,668	3,753
State Government		2,270	1,317
Other		748	464
Total		6,686	5,534
(ii) Individually Significant Items			
Grant Commission (FAG) Grant Recognised as Income		631	-

On 9 June 2017 Council received payment of the first two installments of the 2017/2018 Grants Commission (FAG) grant. As has been done in previous years, these amounts are recognised as income upon receipt. None of 2016/2017 grant was paid in advance in 2015/2016 and this has had material impact on Council's operating results.

Note 2. Income (continued)

$ '000	Notes	2017	2016
(h). Conditions over Grants & Contributions			
Grants and contributions which were obtained on the condition that they be expended for specified purposes or in a future period, but which are not yet expended in accordance with those conditions, are as follows:			
Unexpended at the close of the previous reporting period		102	1,084
Less:			
Expended during the current period from revenues recognised in previous reporting periods			
Heritage & Cultural Services		(49)	-
Other Services		(48)	(1,035)
Subtotal		**(97)**	**(1,035)**
Plus:			
Amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions			
Other Services		21	53
Subtotal		**21**	**53**
Unexpended at the close of this reporting period		26	102
Net increase (decrease) in assets subject to conditions in the current reporting period		**(76)**	**(982)**
(i). Physical Resources Received Free of Charge			
Infrastructure - Roads		110	361
Infrastructure - Stormwater		116	792
Infrastructure - CWMS & Water		365	429
Infrastructure - Footpaths		80	161
Infrastructure - Kerbs		63	194
Total Physical Resources Received Free of Charge		734	1,937

Note 3. Expenses

$ '000	Notes	2017	2016
(a). Employee Costs			
Salaries and Wages		11,508	11,096
Employee Leave Expense		1,592	1,615
Superannuation - Defined Contribution Plan Contributions	18	988	945
Superannuation - Defined Benefit Plan Contributions	18	261	278
Workers' Compensation Insurance		623	594
Accident & Sickness Insurance		205	199
Less: Capitalised and Distributed Costs		(536)	(648)
Total Operating Employee Costs		14,641	14,079
Total Number of Employees (full time equivalent at end of reporting period)		165	170
(b). Materials, Contracts and Other Expenses			
(i) Prescribed Expenses			
Auditor's Remuneration			
- Auditing the Financial Reports		18	16
Elected Members' Expenses		497	475
Election Expenses - LG Election was held in Nov-2014		8	8
Subtotal - Prescribed Expenses		**523**	**499**
(ii) Other Materials, Contracts and Expenses			
Contractors		4,311	4,213
- Waste Management		2,183	2,222
- Professional Services		809	855
- Legal Expenses		223	226
- Roadside Vegetation		306	337
- Community Wastewater Management Schemes		218	185
Communications (Phone, Fax, Mobiles, Internet & Postage)		539	419
Donations & Contributions		1,861	1,488
Energy		1,132	1,109
Insurance		483	482
Levies Paid to Government - NRM levy		1,492	680
Levies - Other		28	22
Sundry		3,028	2,790
Remeasurement of Capping Provision		-	208
Water		305	305
Subtotal - Other Material, Contracts & Expenses		**16,918**	**15,541**
Total Materials, Contracts and Other Expenses		17,441	16,040

Note 3. Expenses (continued)

$ '000	Notes	2017	2016
(c). Depreciation, Amortisation and Impairment			
(i) Depreciation and Amortisation			
Buildings & Other Structures (Level 2)		219	224
Buildings & Other Structures (Level 3)		1,105	1,104
- Stormwater		747	727
- CWMS		1,085	1,041
- Footpaths		325	305
- Kerbs		385	381
- Bridges & Major Culverts		336	329
- Water		16	16
- Roads		4,443	4,498
- Rec & Open Space		427	450
Furniture & Fittings		117	53
Plant		536	514
Equipment		538	474
Other Assets		11	11
Total Depreciation, Amortisation and Impairment		10,290	10,127
(d). Finance Costs			
Interest on Loans		1,493	1,454
Total Finance Costs		1,493	1,454

Note 4. Asset Disposal & Fair Value Adjustments

Infrastructure, Property, Plant & Equipment

Assets Renewed or Directly Replaced			
Proceeds from Disposal		526	543
Less: Carrying Amount of Assets Sold		(1,116)	(1,990)
Gain (Loss) on Disposal		**(590)**	**(1,447)**
Net Gain (Loss) on Disposal or Revaluation of Assets		(590)	(1,447)

Note 5. Current Assets

$ '000	Notes	2017	2016
(a). Cash & Cash Equivalents			
Cash on Hand at Bank		122	214
Deposits at Call		288	457
Total Cash & Cash Equivalents		410	671
(b). Trade & Other Receivables			
Rates - General & Other		1,773	1,634
Accrued Revenues		4	4
Debtors - General		2,036	1,794
Prepayments		303	377
Loans to Community Organisations		55	36
Subtotal		**4,171**	**3,845**
Less: Allowance for Doubtful Debts		(39)	(39)
Total Trade & Other Receivables		4,132	3,806
(c). Inventories			
Stores & Materials		15	18
Total Inventories		15	18

Note 6. Non-Current Assets

(a). Financial Assets			
Receivables			
Loans to Community Organisations		290	223
Other - Deferred Debtors		15	15
Total Receivables		**305**	**238**
Total Financial Assets		305	238
(b). Equity Accounted Investments in Council Businesses			
Adelaide Hills Regional Waste Management Authority	19	106	187
Fleurieu Regional Waste Authority	19	253	236
Fleurieu Regional Aquatic Centre Authority	19	10,499	-
Total Equity Accounted Investments in Council Businesses		10,858	423

Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

Note 7a. Infrastructure, Property, Plant & Equipment

		as at 30/6/2016					Asset Movements during the Reporting Period									as at 30/6/2017				
							Asset Additions													
$ '000	Fair Value Level	At Fair Value	At Cost	Accumulated Dep'n	Accumulated Impairment	Carrying Value	New / Upgrade	Renewals	WDV of Asset Disposals	Depreciation Expense (Note 3c)	Impairment Loss (recognised in Equity) (Note 9)	WIP Transfers	Adjustments & Transfers	Revaluation Decrements to Equity (ARR) (Note 9)	Revaluation Increments to Equity (ARR) (Note 9)	At Fair Value	At Cost	Accumulated Dep'n	Accumulated Impairment	Carrying Value
Capital Work in Progress		-	8,606	-	-	8,606	-	-	-	-	-	(5,738)	-	-	-	-	2,868	-	-	2,868
Land - Community	2	97,506	537	-	-	98,043	-	-	-	-	-	-	-	-	-	97,506	537	-	-	98,043
Land Improvements		-	6,126	-	-	6,126	-	-	-	-	-	-	-	-	-	-	6,126	-	-	6,126
Buildings & Other Structures	2	14,907	2,276	7,177	-	10,006	4,132	164	-	(219)	-	6,451	(10,529)	-	-	14,908	2,494	7,397	-	10,005
Buildings & Other Structures	3	54,939	1,356	21,696	-	34,599	271	161	-	(1,105)	-	(154)	(245)	(79)	49	54,859	1,390	22,751	-	33,498
Infrastructure																				
- Stormwater	3	57,250	-	13,245	-	44,005	343	38	(14)	(747)	(39)	112	(38)	(296)	1,279	58,964	-	14,321	-	44,643
- CWMS	3	56,908	-	19,414	-	37,494	1,085	-	(31)	(1,085)	-	(514)	220	(1,209)	1,517	58,105	-	20,627	-	37,478
- Footpaths	3	15,722	-	3,770	-	11,952	1,151	229	(134)	(325)	-	(48)	-	(106)	4,063	20,704	-	3,922	-	16,782
- Kerbs	3	26,611	-	11,703	-	14,908	330	28	(9)	(385)	-	-	-	(386)	598	27,346	-	12,264	-	15,082
- Bridges & Major Culverts	3	31,518	-	10,233	-	21,285	59	10	-	(336)	(118)	-	-	(225)	1,053	32,641	-	10,914	-	21,727
- Water	3	1,256	-	697	-	559	-	-	-	(16)	-	-	-	(15)	26	1,282	-	728	-	554
- Roads	3	159,150	-	43,934	-	115,216	1,583	2,107	(348)	(4,443)	(482)	(269)	-	-	1,727	163,156	-	48,064	-	115,092
- Rec & Open Space	3	12,027	-	3,677	-	8,350	682	53	(89)	(427)	(35)	(3)	20	(70)	374	12,999	-	4,145	-	8,854
Furniture & Fittings		-	1,220	749	-	471	181	15	-	(117)	-	141	-	-	-	-	1,557	866	-	691
Plant		-	7,590	2,729	-	4,861	39	1,427	(491)	(536)	-	-	38	-	-	-	7,805	2,467	-	5,338
Equipment		-	3,782	2,217	-	1,565	169	439	-	(538)	-	22	-	-	-	-	4,412	2,755	-	1,657
Capping & Reinstatement		-	856	856	-	-	-	-	-	-	-	-	-	-	-	-	856	856	-	-
Other Assets		-	672	428	-	244	-	-	-	(11)	-	-	-	-	-	-	672	439	-	233
Total Infrastructure, Property, Plant & Equipment		**527,794**	**33,021**	**142,525**	**-**	**418,290**	**10,025**	**4,671**	**(1,116)**	**(10,290)**	**(674)**	**-**	**(10,534)**	**(2,386)**	**10,686**	**542,470**	**28,717**	**152,516**	**-**	**418,671**
Comparatives		525,074	17,682	130,614	-	**412,142**	13,995	6,030	(1,990)	(10,127)	(35)	(53)	-	(3,278)	1,606	527,794	33,021	142,525	-	**418,290**

* Transfer of Building & Other Structure of $10.53 million relates to the asset transferred to "Equity Accounted Investments in Council Buisness". The transfer was made to Fleurieu Regional Aquatic Centre Authority, jointly owned by Alexandrina Council and City of Victor Harbor. Additional information related to Fleurieu Regional Aquatic Centre Authority is disclosed in note 19.

Note 7b. Valuation of Infrastructure, Property, Plant & Equipment & Investment Property

$ '000

Valuation of Assets

The fair value of assets and liabilities must be estimated in accordance with various Accounting Standards for either recognition and measurement requirements or for disclosure purposes.

AASB 13 Fair Value Measurement requires all assets and liabilities measured at fair value to be assigned to a "level" in the fair value hierarchy as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Refer to Note 7a for the disclosure of the Fair Value Levels of Infrastructure, Property, Plant and Equipment Assets.

Information on Valuations

At 1 July 2004 upon the transition to AIFRS, Council elected pursuant to AASB 1.D5 to retain a previously established deemed cost under GAAP as its deemed cost. With subsequent addition at cost, this remains as the basis of recognition of non-material asset classes.

Upon revaluation, the current new replacement cost and accumulated depreciation are re-stated such that the difference represents the fair value of the asset deter-mined 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, current replacement cost is taken to be the fair value.

Highest and best use

All of Council's non financial assets are considered as being utilised for their highest and best use.

Transition to *AASB 13 - Fair Value Measurement*

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.

Note 7b. Valuation of Infrastructure, Property, Plant & Equipment & Investment Property (continued)

$ '000

Valuation of Assets (continued)

Land
- Basis of valuation: Fair Value (Market Value as required)
- Date of valuation: 30 June 2013.
- Valuer: Office of the Valuer General

Land Improvements
- Basis of valuation: Recognised at Cost

Buildings & Other Structures
- Basis of valuation: Fair Value (Market Value as required)
- Date of valuation: 1 July 2013.
- Valuer: Maloney Field Services Pty Ltd

Alexandrina Council have identified assets which are required to be valued under a market approach, in accordance with AASB 13 - Fair Value Measurement. The assets were subsequently valued by Maloney Field Services as at 1 July 2013. Council plans to undertake next market valuation during 2017/18. The balance of the assets were valued at Depreciated Replacement Cost.

Infrastructure
- Basis of valuation: Fair Value (Replacement Cost). Additions at cost.
- Date of valuation: 30 June 2017.
- Valuer: Council valuation using unit rates and benchmarked by W&G Engineering.

Council's unit rates were indexed using the Local Government Price Index for 31 March 2017 of 2.1%.

Council plans to undertake condition based assessments of its Infrastructure assets on a four-yearly rolling program according to the following schedule in consultation with its external asset management consultants.

Bridges & Major Culverts	2019/20
Parks & Open Spaces	2019/20
Roads, Carparks	2017/18
Kerbs & Footpaths	2020/21
CWMS & Water Supply	2017/18
Stormwater	2018/19

Plant
Recognised at Cost

Equipment
Recognised at Cost

Furniture & Fittings
Recognised at Cost

Capping and Reinstatement
Recognised at Cost

Other Assets
Recognised at Cost

Note 8. Liabilities

$ '000	Notes	2017 Current	2017 Non Current	2016 Current	2016 Non Current
(a). Trade and Other Payables					
Goods & Services		4,492	-	3,495	-
Payments Received in Advance		403	-	369	-
Accrued Expenses - Employee Entitlements		446	-	390	-
Accrued Expenses - Finance Costs		490	-	504	-
Accrued Expenses - Other		25	-	25	-
Deposits, Retentions & Bonds		65	-	88	-
Total Trade and Other Payables		5,921	-	4,871	-
(b). Borrowings					
Loans		1,044	29,043	1,698	29,265
Total Borrowings		1,044	29,043	1,698	29,265

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

(c). Provisions				
Employee Entitlements				
Long Service Leave (including oncosts)	280	1,779	280	1,818
Annual & Sick Leave (including oncosts)	1,323	264	1,331	234
Future Reinstatement / Restoration, etc	62	953	97	967
Other	259	-	30	-
Total Provisions	1,924	2,996	1,738	3,019

Movements in Provisions

2017 (current & non-current)	Employee Entitlements (including oncosts)	Future Reinstatement	Other
Opening Balance	3,663	1,064	30
Add Additional Amounts Recognised	1,429	(43)	254
(Less) Payments	(1,442)	-	(25)
Add (Less) Remeasurement Adjustments	(4)	(6)	-
Closing Balance	**3,646**	**1,015**	**259**

Note 9. Reserves

$ '000	1/7/2016	Increments (Decrements)	Transfers	Impairments	30/6/2017
(a). Asset Revaluation Reserve					
Land - Other	75,589	-	-	-	75,589
Buildings & Other Structures	16,927	(30)	-	-	16,897
- Stormwater	34,205	983	-	(39)	35,149
- CWMS	4,876	308	-	-	5,184
- Footpaths	4,130	3,957	-	-	8,087
- Kerbs	7,563	212	-	-	7,775
- Bridges & Major Culverts	17,700	828	-	(118)	18,410
- Water	564	11	-	-	575
- Roads	61,438	1,727	-	(482)	62,683
- Rec & Open Space	815	304	-	(35)	1,084
Total Asset Revaluation Reserve	223,807	8,300	-	(674)	231,433
Comparatives	225,679	(1,672)	(165)	(35)	223,807
(b). Other Reserves					
Open Space	125	32	-	-	157
AHRWMA	187	-	(82)	-	105
FRWA	236	17	-	-	253
CWMS	-	4,556	(4,556)	-	-
Car Parking	82	1	-	-	83
Library	9	5	(14)	-	-
FRACA	-	10,499	-	-	10,499
Other Reserves	253	985	(1,187)	-	51
Total Other Reserves	892	16,095	(5,839)	-	11,148
Comparatives	1,992	6,231	(7,331)	-	892

PURPOSES OF RESERVES

Asset Revaluation Reserves

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).

Open Space

In compliance with Div 4 s50(10)(a) of the Development Act 1993, Council has created a reserve for Open Space Contributions.

Note 9. Reserves (continued)

AHRWMA - Adelaide Hills Regional Waste Management Authority
Alexandrina Council's interest in the Adelaide Hills Regional Waste Management Authority.

FRWA - Fleurieu Regional Waste Authority
Alexandrina Council's interest in the Fleurieu Regional Waste Authority.

FRACA - Fleurieu Regional Aquatic Centre Authority
Alexandrina Council's interest in the Fleurieu Regional Aquatic Centre Authority.

CWMS - Community Wastewater Management Scheme
In compliance with s155(6)(a)&(b) of the Local Government Act 1993, Council has created a reserve for Community Wastewater Management Schemes.

Car Parking
In compliance with Div 4 s50A(1) of the Development Act 1993, Council has created a reserve for Car Parking Contributions.

Library
Friends of Goolwa Library funds held in reserve for Section 41 Committee of Council.

Other
Strathalbyn Woodshed, Oscar W, Strategic Projects, and ACPA Support Committee funds held in reserve and unspent grants and contributions.

Note 10. Assets Subject to Restrictions

$ '000	Notes	2017	2016
The uses of the following assets are restricted, wholly or partially, by legislation or other externally imposed requirements. The assets are required to be utilised for the purposes for which control was transferred to Council, or for which the revenues were originally obtained.			
Cash & Financial Assets			
Unexpended amounts received from Federal Government			
Unexpended amounts received from Other Levels of Government		26	102
Total Cash & Financial Assets		**26**	**102**
Total Assets Subject to Externally Imposed Restrictions		**26**	**102**

Note 11. Reconciliation to Statement of Cash Flows

$ '000	Notes	2017	2016
(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 Statement of Cash Flows is reconciled to the related items in the Balance Sheet as follows:			
Total Cash & Equivalent Assets	5	410	671
Balances per Statement of Cash Flows		**410**	**671**
(b). Reconciliation of Change in Net Assets to Cash from Operating Activities			
Net Surplus/(Deficit)		**2,982**	**2,364**
Non-Cash Items in Income Statements			
Depreciation, Amortisation & Impairment		10,290	10,127
Equity Movements in Equity Accounted Investments (Increase)/Decrease		100	34
Non-Cash Asset Acquisitions		(734)	(1,937)
Grants for Capital Acquisitions (Treated as Investing Activity Receipts)		(2,938)	(3,187)
Net (Gain) Loss on Disposals		590	1,447
Work In Progress WIP Adjustment		-	53
		10,290	**8,901**
Add (Less): Changes in Net Current Assets			
Net (Increase)/Decrease in Receivables		(307)	(142)
Change in Allowances for Under-Recovery of Receivables		-	(28)
Net (Increase)/Decrease in Inventories		3	1
Net (Increase)/Decrease in Other Current Assets		-	56
Net Increase/(Decrease) in Trade & Other Payables		1,050	(284)
Net Increase/(Decrease) in Unpaid Employee Benefits		-	168
Net Increase/(Decrease) in Other Provisions		163	(44)
Net Cash provided by (or used in) operations		**11,199**	**8,628**
(c). Non-Cash Financing and Investing Activities			
Acquisition of assets by means of:			
- Physical Resources Received Free of Charge	2i	734	1,937
Amounts recognised in Income Statement		**734**	**1,937**
Total Non-Cash Financing & Investing Activities		**734**	**1,937**
(d). Financing Arrangements			
Unrestricted access was available at balance date to the following lines of credit:			
Bank Overdrafts		1,200	1,200
Corporate Credit Cards		41	41
LGFA Cash Advance Debenture Facility		22,070	27,070

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

During 2016-17 Council has converted a cash advance facility of $5 million from Local Government Finance Authority to a fixed term debenture at a fixed interest rate for a period of three years. At the expiry of the fixed term the facility will revert back to a cash advance facility.

Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

Note 12a. Functions

Functions/Activities	Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 12(b).									
	INCOME		EXPENSES		OPERATING SURPLUS (DEFICIT)		GRANTS INCLUDED IN INCOME		TOTAL ASSETS HELD (CURRENT & NON-CURRENT)	
$ '000	**Actual 2017**	Actual 2016	**Actual 2017**	Actual 2016	**Actual 2017**	Actual 2016	**Actual 2017**	Actual 2016	**Actual 2017**	Actual 2016
Office of the Chief Executive	**-**	-	**1,248**	1,022	**(1,248)**	(1,022)	**-**	-	**171**	143
Organisation & Culture	**35,119**	32,425	**9,454**	8,999	**25,665**	23,426	**1,630**	933	**5,217**	4,097
Infrastructure & Assets	**988**	1,130	**7,240**	6,851	**(6,252)**	(5,721)	**41**	9	**77,098**	74,431
Engineering & Environment	**7,758**	6,866	**25,923**	24,828	**(18,165)**	(17,962)	**2,077**	1,405	**351,942**	344,775
Total Functions/Activities	**43,865**	**40,421**	**43,865**	**41,700**	**-**	**(1,279)**	**3,748**	**2,347**	**434,391**	**423,446**

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.

Note 12b. Components of Functions

$ '000

The activities relating to Council functions are as follows:

OFFICE OF THE CHIEF EXECUTIVE

Elected members, Chief Executive's Office.

ORGANISATION & CULTURE

Work Health & Safety, Risk Management, General Administration, Human Resource Management, Payroll, Audit, Strategic Management, Communications, Signal Point Interpretive Centre, Cultural Services and Regional Art Centre.,Rate Revenue, Finance General, Rate Processing, Debtors, Creditors, Loans & Investments Management, Libraries (Goolwa and Strathalbyn) & Customer Service, Centre for Positive Ageing, Aged/Disabled/Disadvantaged Homes, Community bus, Community Aid Services, Fleurieu Families/Family Links, Home Assist, Community Services and Youth Services., Tourism and Events, Oscar W, Wooden Boat Festival, Goolwa Visitor Information Centre and Strathalbyn Visitor Centre.

INFRASTRUCTURE & ASSETS

Records Management, Information Technology,Management of Council Owned Properties (inc Halls, Administration Centres, Public Conveniences, Caravan Parks etc), Economic Development, Infrastructure/Assets/Contracts Management, Development Assessment (Planning & Building), Swimming Centres.

ENGINEERING & ENVIRONMENT

Health Prevention Services, Noxious Insects, Health Services, General Inspectors (Dog & Cat Management, Impounding Livestock, Parking), Fire Protection, Natural Resources,Public Conveniences, Street Lighting, Parking Off Street, Sport and Recreation Facilities, Private Works, Foreshore Protection, Alexandrina Riverfront, Recreational Boating, Parks and Gardens, Playgrounds, Road Reserves, Cemeteries, Water Supply Scheme, Community Wastewater Management Schemes, Sanitary and Garbage, Street Cleaning, Stormwater Drainage, Traffic Control, Road Maintenance, Resheeting, Footpath/Cycle Tracks, Vandalism, Plant Operations, Works Depot, and Technical Services.

Note 13. Financial Instruments

$ '000

Recognised Financial Instruments

Bank, Deposits at Call, Short Term Deposits

Accounting Policy:
Carried at lower of cost and net realisable value; Interest is recognised when earned.

Terms & Conditions:
Deposits are returning fixed interest rates between 1.5% and 1.75% (2016: 1.75% and 2%).

Carrying Amount:
Approximates fair value due to the short term to maturity.

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.

Accounting Policy:
Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable.

Terms & Conditions:
Secured over the subject land, arrears attract interest of 0.5625% (2016: 0.5833%). Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries in the State.

Carrying Amount:
Approximates fair value (after deduction of any allowance).

Receivables

Fees & Other Charges

Accounting Policy:
Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable.

Terms & Conditions:
Unsecured, and do not bear interest. Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries.

Carrying Amount:
Approximates fair value (after deduction of any allowance).

Note 13. Financial Instruments (continued)

$ '000

Recognised Financial Instruments

Receivables
Other Levels of Government

Accounting Policy:
Carried at nominal value.

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.

Carrying Amount:
Approximates fair value.

Liabilities
Creditors and Accruals

Accounting Policy:
Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Council.

Terms & Conditions:
Liabilities are normally settled on 30 day terms.

Carrying Amount:
Approximates fair value.

Liabilities
Interest Bearing Borrowings

Accounting Policy:
Carried at the principal amounts. Interest is charged as an expense as it accrues.

Terms & Conditions:
Secured over future revenues, borrowings are repayable (describe basis); interest is charged at fixed (or variable - describe) rates between 3.75% and 6.7% (2016: 4% and 7.2%).

Carrying Amount:
Approximates fair value.

Liabilities
Finance Leases

Accounting Policy:
Accounted for in accordance with AASB 117.

Note 13. Financial Instruments (continued)

$ '000	Due < 1 year	Due > 1 year & ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
2017					
Financial Assets					
Cash & Equivalents	410	-	-	410	410
Receivables	3,868	305	-	4,173	4,134
Total Financial Assets	**4,278**	**305**	**-**	**4,583**	**4,544**
Financial Liabilities					
Payables	4,960	-	-	4,960	4,960
Current Borrowings	2,401	-	-	2,401	1,044
Non-Current Borrowings	-	24,252	11,524	35,776	29,043
Total Financial Liabilities	**7,361**	**24,252**	**11,524**	**43,137**	**35,047**

$ '000	Due < 1 year	Due > 1 year & ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
2016					
Financial Assets					
Cash & Equivalents	671	-	-	671	671
Receivables	3,468	238	-	3,706	3,667
Total Financial Assets	**4,139**	**238**	**-**	**4,377**	**4,338**
Financial Liabilities					
Payables	3,952	-	-	3,952	3,952
Current Borrowings	2,553	-	-	2,553	1,698
Non-Current Borrowings	-	16,978	21,598	38,576	29,265
Total Financial Liabilities	**6,505**	**16,978**	**21,598**	**45,081**	**34,915**

The following interest rates were applicable to Council's Borrowings at balance date:	30 June 2017		30 June 2016	
	Weighted Avg Interest Rate	**Carrying Value**	**Weighted Avg Interest Rate**	**Carrying Value**
Other Variable Rates	3.75%	11,552	4.00%	15,780
Fixed Interest Rates	5.10%	18,535	5.73%	15,183
		30,087		**30,963**

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.

Note 13. Financial Instruments (continued)

$ '000

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 Mangement 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.

Note 14. Commitments for Expenditure

$ '000	Notes	2017	2016
(a). Capital Commitments			
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
Buildings		4,983	3,278
Infrastructure		2,696	1,920
Plant & Equipment		426	278
		8,105	**5,476**
These expenditures are payable:			
Not later than one year		7,011	4,476
Later than one year and not later than 5 years		1,094	1,000
		8,105	**5,476**
(b). Other Expenditure Commitments			
Other expenditure committed for (excluding inventories) at the reporting date but not recognised in the financial statements as liabilities:			
Audit Services		-	16
Waste Management Services		6,582	6,315
Other		2,605	999
		9,187	**7,330**
These expenditures are payable:			
Not later than one year		3,701	2,853
Later than one year and not later than 5 years		5,486	4,477
		9,187	**7,330**

Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

Note 15. Financial Indicators

$ '000	Amounts 2017	Indicator 2017	Prior Periods 2016	2015
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.				
1. Operating Surplus Ratio				
Operating Surplus / Total Operating Revenue	**(100) / 43,882**	**(0.2%)**	(3.2%)	2.4%
This ratio expresses the operating surplus as a percentage of total operating revenue.				
1a. Adjusted Operating Surplus Ratio				
In recent years the Federal Government has made advance payments prior to 30th June from future year allocations of financial assistance grants, as explained in Note 1. The Adjusted Operating Surplus Ratio adjusts for the resulting distortion in the disclosed operating result for each year.	**(731) / 43,882**	**(1.7%)**	(1.6%)	0.8%
2. Net Financial Liabilities Ratio				
Net Financial Liabilities / Total Operating Revenue	**36,081 / 43,882**	**82%**	89%	75%
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.				
3. Asset Sustainability Ratio				
Net Asset Renewals / Infrastructure & Asset Management Plan required expenditure	**4,145 / 5,363**	**77%**	107%	50%
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.				

Note 16. Uniform Presentation of Finances

$ '000	2017	2016
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.		
Income	43,882	40,431
less Expenses	(43,982)	(41,744)
Operating Surplus / (Deficit)	**(100)**	**(1,313)**
less **Net Outlays on Existing Assets**		
Capital Expenditure on Renewal and Replacement of Existing Assets	4,671	6,030
less Depreciation, Amortisation and Impairment	(10,290)	(10,127)
less Proceeds from Sale of Replaced Assets	(526)	(543)
Subtotal	**(6,145)**	**(4,640)**
less **Net Outlays on New and Upgraded Assets**		
Capital Expenditure on New and Upgraded Assets (including Investment Property & Real Estate Developments)	9,291	12,058
less Amounts Received Specifically for New and Upgraded Assets	(2,938)	(3,187)
Subtotal	**6,353**	**8,871**
Net Lending / (Borrowing) for Financial Year	**(308)**	**(5,544)**

Note 17. Operating Leases

Leases Providing Revenue to the Council

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

Note 18. Superannuation

$ '000

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

Accumulation only Members

Accumulation only members receive both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of ordinary time earnings in accordance with superannuation guarantee legislation (9.50% in 2016/17; 9.50% in 2015/16). No further liability accrues to the Council as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

Salarylink (Defined Benefit Fund) Members

Salarylink is a defined benefit scheme where the benefit payable is based on a formula determined by the member's contribution rate, number of years and level of contribution and final average salary. Council makes employer contributions to Salarylink as determined by the Fund's Trustee based on advice from the appointed Actuary. The rate is currently 6.3% (6.3% in 2015/16) of "superannuation" salary.

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

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

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

Contributions to Other Superannuation Schemes

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

Note 19. Interests in Other Entities

$ '000

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

	Council's Share of Net Income		Council's Share of Net Assets	
	2017	2016	2017	2016
Joint Ventures	(100)	(34)	10,858	423
Total	(100)	(34)	10,858	423

(i) JOINT VENTURES, ASSOCIATES AND JOINT OPERATIONS

(a) Carrying Amounts

Name of Entity	Principal Activity	2017	2016
Adelaide Hills Regional Waste Management Authority	Waste Management	105	187
Southern and Hills Local Government Association	Local Government Policies & Procedures	-	-
Fleurieu Regional Aquatic Centre Authority	Aquatic Centre	10,500	-
Fleurieu Regional Waste Authority	Waste Management	253	236
Total Carrying Amounts - Joint Ventures & Associates		**10,858**	**423**

Adelaide Hills Regional Waste Management Authority
The Authority is a Local Government Authority Section 43 Regional Subsidiary under the control of Adelaide Hills Council, Alexandrina Council, The District of Mount Barker and Rural City of Murray Bridge. This organisaiton operates as a regional waste management authority within the combined area.

The Authority has recorded the following disclosure included in Note 13 in their 2016/17 Financial Statements pertaining to the details of the Contingent Liability disclosed:

The Authority as at 30 June 2017 is a defendant in Supreme Court proceedings in which it is asserted that the Authority made misleading representations at the time that it transferred its interests in the Hartley Landfill to a third party. The Authority is defending the claim and legal costs will continue to be incurred. The claim for damages is approximately $2.5 million. The Authority's legal advisors have stated the claim is denied and has been fully defended.

Southern and Hills Local Government Association
The Southern and Hills Local Government Association is a regional subsidiary to represent the interests of all Councils in the Southern Hills, Fleurieu Peninsula and Kangaroo Island, within Local Government in SA. The group meet on a monthly basis and discuss Local Government policy and procedures, and provide advice back to the LGA from a regional perspective.

Alexandrina Councils interest in the Southern & Hills Local Government Association for 2016-17 is deemed to be immaterial in amount and has not been recognised. This will be reviewed annually.

Note 19. Interests in Other Entities (continued)

$ '000

Fleurieu Regional Aquatic Centre Authority
The Fleurieu Regional Aquatic Centre Authority is a Local Government Authority Section 43 Regional Subsidiary under the control of Alexandrina Council and the City of Victor Harbor. This organisation operates an aquatic centre.

During the year Council has transferred partially owned aquatic centre building to the Authority as disclosed in Note 7. The value of building share transferred is $10.53 million.

Fleurieu Regional Waste Authority
The Authority is a Local Government Authority Section 43 Regional Subsidiary under the control of Victor Harbour, Alexandrina Council, Kangaroo Island Council and Yankalilla District Council. This organisation operates as a regional waste management authority within the combined area.

(b) Relevant Interests

	Interest in Operating Result		Ownership Share of Equity		Proportion of Voting Power	
Name of Entity	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**
Adelaide Hills Regional Waste Management Authority	9%	11%	11%	10%	25%	25%
Southern and Hills Local Government Association			14%	14%	14%	14%
Fleurieu Regional Aquatic Centre Authority			50%	0%	50%	0%
Fleurieu Regional Waste Authority			35%	35%	22%	22%

(c) Movement in Investment in Joint Venture or Associate

	Adelaide Hills Regional Waste Management Authority		Southern and Hills Local Government Association	
	2017	**2016**	**2017**	**2016**
Opening Balance	187	231	-	-
Share in Operating Result	(82)	(44)	-	-
Council's Equity Share in the Joint Venture or Associate	**105**	**187**	**-**	**-**

	Fleurieu Regional Aquatic Centre Authority		Fleurieu Regional Waste Authority	
	2017	**2016**	**2017**	**2016**
Opening Balance	-	-	236	226
Share in Operating Result	(35)	-	17	10
New Capital Contributions	10,534	-	-	-
Council's Equity Share in the Joint Venture or Associate	**10,499**	**-**	**253**	**236**

(d). Transactions with Council

Aggregate amount of transactions with Council	**2017**	**2016**
- payments to Council	162	146
- receipts from Council	2,938	2,779
Aggregate amounts owed to/ owed by Council		
- Amounts owed to Council	37	17
- Amounts owed by Council	44	98

Note 19. Interests in Other Entities (continued)

$ '000

(e) Basham Beach Trust

Trust monies and property held by Council but subject to the control of other persons have been excluded from these reports. Council performs a custodial role in respect of Basham Beach Trust monies, and because the monies cannot be used for Council purposes, they are not brought to account in the financial report, but are disclosed for information purposes.

	Basham Beach Trust	
	2017	**2016**
Opening Balance	849	790
Add Port Elliot Caravan Park Lease (55%)	106	105
Interest	13	15
	968	910
Less Reimbursed Expenditure	336	61
	632	**849**

Note 20. Non-Current Assets Held for Sale & Discontinued Operations

Council does not have any Non-Current Assets Held for Sale or any Discontinued Operations

Note 21. 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 & is considered relevant to the users of the financial report in making and evaluating decisions about the allocation of scarce resources.

1. LAND UNDER ROADS

As reported in the Financial 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 the reports. Land acquired for road purposes during the year is initially recognised at cost, but transferred to fair value at reporting date, effectively writing off the expenditure.

2. POTENTIAL INSURANCE LOSSES

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

Council insures against all known insurable risks using a range of insurance policies, each of which is subject to deductable "insurance excesses", 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.

Note 21. Contingencies & Assets/Liabilities Not Recognised in the Balance Sheet

3. BANK GUARANTEES
Council has guaranteed certain loans and other banking facilities advanced to community organisations and sporting bodies, amounting to $120,000 (2016: $120,000) at reporting date.

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

4. LEGAL MATTERS
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.

All known costs have been recognised, but the amount of further costs cannot be known until the appeals are determined.

Note 22. Events after the Balance Sheet Date

Events that occur after the reporting date of 30 June 2017, up to and including the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

Council has adopted the date of certification of the Statements as the appropriate "authorised for issue" date relating to these General Purpose Financial Statements.

Accordingly, the "authorised for issue" date is 03/10/17.

Council is unaware of any material or significant "non adjusting events" that should be disclosed.

Note 23. Related Party Transactions

$ '000	2017

Key Management Personnel

Transactions with Key Management Personel (KMP)

The KMP of the Council include the Mayor, Councillors, CEO and certain prescribed officers under section 112 of the *Local Government Act 1999* . In all, **19** persons were paid the following total compensation:

The compensation paid to KMP comprises:

Short-Term Employee Benefits	932
Post-Employment Benefits	269
Long-Term Benefits	5
Termination Benefits	156
Total	1,362

Amounts paid as direct reimbursement of expenses incurred on behalf of Council have not been included above.

One close family member of KMP is employed by Council in accordance with the terms of the Award, and as recorde in the public Register of Salaries maintained in accordance with section 105 of the Local Government Act 1999.

A family member of a KMP lodged a planning and building application during the year. In accordance with the Local Government Act 1999, this person declared conflict of interest and took no part in the assessment or approval processes for this application.

Total fee for this application (payable on lodgement) amounted to $60.

A KMP owns a business from which sign writing services were purchased as required on 7 days account. Total purchases amounted to $17,287/- were made during 2016-17. No balance is outstanding at the end of year.

A family member of a KMP owns a business from which printing services were purchased as required on 14 days account. Total purchases amounted to $5,713/- were made during 2016-17. No balance is outstanding at the end of year.

Dean Newbery & Partners
CHARTERED ACCOUNTANTS ABN 30 164 612 890

INDEPENDENT AUDITOR'S REPORT

To the members of the Alexandrina Council

Report on the Audit of the Financial Report

Opinion

We have audited the accompanying financial report, being a general purpose financial report, of the Alexandrina Council (the Council), which comprises the Certification of Financial Statements on the annual statements giving a true and fair view of the financial position and performance, the Statement of Comprehensive Income, the Statement of Financial Position, the Statements of Changes in Equity, the Statement of Cash Flows for the year then ended 30 June 2017 and the notes comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial report of the Council is in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulation 2011*, including*;*

(i) giving a true and fair view of the Council's financial position as at 30 June 2017 and of its performance and cash flows for the year then ended; and

(ii) that the financial records kept by the Council are such as to enable financial statements to be prepared in accordance with Australian Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described as in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Council in accordance with the auditor independence requirements of the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Responsibilities of the Chief Executive Officer for the Financial Report

The Chief Executive Officer is responsible for the preparation and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations), the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011*. This responsibility includes determining that the basis of preparation described in Note 1 is appropriate to meet the need of the members. The Chief Executive Officer's responsibility also includes designing, implementing and maintaining internal controls relevant to enable the preparation of the financial report to be free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Chief Executive Officer is responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Council or to cease operations, or has no realistic alternative but to do so.

The Chief Executive Officer of the Council is responsible for overseeing the Council's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that the audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Council to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

DEAN NEWBERY & PARTNERS
CHARTERED ACCOUNTANTS



JIM KEOGH
PARTNER

Signed on the 6th day of October 2017,
at 214 Melbourne Street, North Adelaide

INDEPENDENT ASSURANCE REPORT ON THE INTERNAL CONTROLS OF THE ALEXANDRINA COUNCIL

We have audited the Internal Controls of the Alexandrina Council (Council) under the requirements of *Section 129(1)(b) of the Local Government Act 1999* in relation only to the Internal Controls established by the Council to ensure that financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities for the period 1 July 2016 to 30 June 2017 have been conducted properly and in accordance with law.

The Council's Responsibility for the Internal Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Council's compliance with *Section 129(1)(b) of the Local Government Act 1999* in relation only to the Internal Controls established by the Council to ensure that financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities, based on our procedures have been conducted properly and in accordance with law. Our engagement has been conducted in accordance with applicable Australian Standards on Assurance Engagements ASAE 3100 *Compliance Engagements*, issued by the Australian Auditing and Assurance Standards Board, in order to state whether, in all material respects, the Council has complied with *Section 125 of the Local Government Act 1999* in relation only to the Internal Controls specified above for the period 1 July 2016 to 30 June 2017. ASAE 3100 also requires us to comply with the relevant ethical requirements of the Australian professional accounting bodies.

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

Limitation on Use

This report has been prepared for the members of the Council in accordance with *Section 129(1)(b) of the Local Government Act 1999* in relation to the Internal Controls specified above. We disclaim any assumption of responsibility for any reliance on this report to any persons or users other than the members of the Council, or for any purpose other than that for which it was prepared.

Limitations of Controls

Because of the inherent limitations of any internal control structure it is possible that, even if the controls are suitably designed and operating effectively, the control objectives may not be achieved so that fraud, error, or non-compliance with laws and regulations may occur and not be detected.

An assurance engagement on internal controls is not designed to detect all instances of controls operating ineffectively as it is not performed continuously throughout the period and the tests performed are on a sample basis. Any projection of the outcome of the evaluation of controls to future periods is subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

Independence

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

Opinion

In our opinion, the Council has complied, in all material respects, with *Section 129(1)(b) of the Local Government Act 1999* in relation to Internal Controls established by the Council relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities so as to provide reasonable assurance that the financial transactions of the Council have been conducted properly and in accordance with law for the period 1 July 2016 to 30 June 2017.

DEAN NEWBERY & PARTNERS
CHARTERED ACCOUNTANTS



JIM KEOGH
PARTNER

Signed on the 6th day of October 2017
at 214 Melbourne Street, North Adelaide, South Australia, 5006

Alexandrina Council

General Purpose Financial Statements
for the year ended 30 June 2017

Certification of Auditor Independence

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of Alexandrina Council for the year ended 30 June 2017, the Council's Auditor, Dean Newbery & Partners has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

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

Glenn Rappensberg
CHIEF EXECUTIVE OFFICER

John Comrie
PRESIDING MEMBER, AUDIT COMMITTEE

Date: 25/09/17

Dean Newbery & Partners
CHARTERED ACCOUNTANTS

Certification of Auditor's Independence

I confirm that, for the audit of the financial statements of the Alexandrina Council for the year ended 30 June 2017, 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.*



JIM KEOGH

Partner

DEAN NEWBERY & PARTNERS

CHARTERED ACCOUNTANTS

Dated this 28th day of September 2017

Office:
214 Melbourne Street
North Adelaide SA 5006

All Correspondence:
PO Box 755
North Adelaide SA 5006

T: (08) 8267 4777
F: (08) 8239 0895
E: admin©deannewbery.com.au

Liability limited by a scheme approved under Professional Standards Legislation