

# Yorke Peninsula Council

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2019

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*We will foster opportunities to support and enhance Yorke Peninsula which is valued for its natural beauty, rich agriculture, spectacular coastline and unique blend of seaside and rural lifestyles.*



# Yorke Peninsula Council

## General Purpose Financial Statements for the year ended 30 June 2019

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# Yorke Peninsula Council

## General Purpose Financial Statements

for the year ended 30 June 2019

### 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 2019 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.

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Andrew Cameron  
**CHIEF EXECUTIVE OFFICER**

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Darren Braund  
**MAYOR**

**Date:**

# Yorke Peninsula Council

## Statement of Comprehensive Income

for the year ended 30 June 2019

\$ '000	Notes	2019	2018
<b>Income</b>			
Rates Revenues	2a	23,021	21,994
Statutory Charges	2b	404	396
User Charges	2c	3,743	3,386
Grants, Subsidies and Contributions	2g	3,957	4,661
Investment Income	2d	231	217
Reimbursements	2e	277	713
Other Income	2f	217	395
<b>Total Income</b>		<b>31,850</b>	<b>31,762</b>
<b>Expenses</b>			
Employee Costs	3a	8,748	8,793
Materials, Contracts & Other Expenses	3b	13,049	13,571
Depreciation, Amortisation & Impairment	3c	10,591	9,186
Finance Costs	3d	386	376
<b>Total Expenses</b>		<b>32,774</b>	<b>31,926</b>
<b>Operating Surplus / (Deficit)</b>		<b>(924)</b>	<b>(164)</b>
Asset Disposal & Fair Value Adjustments	4	(1,254)	(1,177)
Amounts Received Specifically for New or Upgraded Assets	2g	36	22
Physical Resources Received Free of Charge	2i	49	-
<b>Net Surplus / (Deficit) <sup>1</sup></b>		<b>(2,093)</b>	<b>(1,319)</b>
<b>Other Comprehensive Income</b>			
<i>Amounts which will not be reclassified subsequently to operating result</i>			
Changes in Revaluation Surplus - I,PP&E	9a	14,253	211
Impairment (Expense) / Recoupments Offset to Asset Revaluation Reserve	9a	(54)	-
<b>Total Other Comprehensive Income</b>		<b>14,199</b>	<b>211</b>
<b>Total Comprehensive Income</b>		<b>12,106</b>	<b>(1,108)</b>

<sup>1</sup> Transferred to Statement of Changes in Equity

# Yorke Peninsula Council

## Statement of Financial Position

as at 30 June 2019

\$ '000	Notes	2019	2018
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	5a	7,771	6,155
Trade & Other Receivables	5b	2,068	1,993
Inventories	5d	376	372
<b>Total Current Assets</b>		<b>10,215</b>	<b>8,520</b>
<b>Non-Current Assets</b>			
Financial Assets	6a	635	605
Infrastructure, Property, Plant & Equipment	7a	304,731	293,281
<b>Total Non-Current Assets</b>		<b>305,366</b>	<b>293,886</b>
<b>TOTAL ASSETS</b>		<b>315,581</b>	<b>302,406</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade & Other Payables	8a	1,899	1,622
Borrowings	8b	831	688
Provisions	8c	2,361	2,210
<b>Total Current Liabilities</b>		<b>5,091</b>	<b>4,520</b>
<b>Non-Current Liabilities</b>			
Borrowings	8b	7,472	7,027
Provisions	8c	282	229
<b>Total Non-Current Liabilities</b>		<b>7,754</b>	<b>7,256</b>
<b>TOTAL LIABILITIES</b>		<b>12,845</b>	<b>11,776</b>
<b>Net Assets</b>		<b>302,736</b>	<b>290,630</b>
<b>EQUITY</b>			
Accumulated Surplus		(14,601)	(11,860)
Asset Revaluation Reserves	9a	315,100	300,901
Other Reserves	9b	2,237	1,589
<b>Total Council Equity</b>		<b>302,736</b>	<b>290,630</b>

Statement of Changes in Equity  
for the year ended 30 June 2019

\$ '000	Notes	Accumulated Surplus	Asset Revaluation Reserve	Other Reserves	Total Equity
<b>2019</b>					
<b>Balance at the end of previous reporting period</b>		(11,860)	300,901	1,589	<b>290,630</b>
<b>a. Net Surplus / (Deficit) for Year</b>		(2,093)	-	-	<b>(2,093)</b>
<b>b. Other Comprehensive Income</b>					
- Gain (Loss) on Revaluation of I,PP&E	7a	-	14,253	-	<b>14,253</b>
- IPP&E Impairment (Expense) / Recoupments Offset to ARR	7a	-	(54)	-	<b>(54)</b>
<b>Other Comprehensive Income</b>		-	14,199	-	<b>14,199</b>
<b>Total Comprehensive Income</b>		<b>(2,093)</b>	<b>14,199</b>	<b>-</b>	<b>12,106</b>
<b>c. Transfers between Reserves</b>		(648)	-	648	-
<b>Balance at the end of period</b>		<b>(14,601)</b>	<b>315,100</b>	<b>2,237</b>	<b>302,736</b>
<b>2018</b>					
<b>Balance at the end of previous reporting period</b>		(10,082)	300,690	1,130	<b>291,738</b>
<b>a. Net Surplus / (Deficit) for Year</b>		(1,319)	-	-	<b>(1,319)</b>
<b>b. Other Comprehensive Income</b>					
- Gain (Loss) on Revaluation of I,PP&E	7a	-	211	-	<b>211</b>
<b>Other Comprehensive Income</b>		-	211	-	<b>211</b>
<b>Total Comprehensive Income</b>		<b>(1,319)</b>	<b>211</b>	<b>-</b>	<b>(1,108)</b>
<b>c. Transfers between Reserves</b>		(459)	-	459	-
<b>Balance at the end of period</b>		<b>(11,860)</b>	<b>300,901</b>	<b>1,589</b>	<b>290,630</b>

# Yorke Peninsula Council

## Statement of Cash Flows

for the year ended 30 June 2019

\$ '000	Notes	2019	2018
<b>Cash Flows from Operating Activities</b>			
<u>Receipts</u>			
Rates Receipts		23,089	21,725
Statutory Charges		404	396
User Charges		3,743	3,386
Grants, Subsidies and Contributions (operating purpose)		3,957	4,661
Investment Receipts		231	217
Reimbursements		277	713
Other Receipts		167	675
<u>Payments</u>			
Payments to Employees		(8,765)	(8,854)
Payments for Materials, Contracts & Other Expenses		(12,640)	(13,692)
Finance Payments		(386)	(376)
<b>Net Cash provided by (or used in) Operating Activities</b>	11b	<b>10,077</b>	<b>8,851</b>
<b>Cash Flows from Investing Activities</b>			
<u>Receipts</u>			
Amounts Received Specifically for New/Upgraded Assets		36	22
Sale of Replaced Assets		348	408
Sale of Surplus Assets		818	26
Repayments of Loans by Community Groups		89	91
<u>Payments</u>			
Expenditure on Renewal/Replacement of Assets		(9,500)	(7,193)
Expenditure on New/Upgraded Assets		(713)	(2,499)
Loans Made to Community Groups		(128)	-
<b>Net Cash provided by (or used in) Investing Activities</b>		<b>(9,050)</b>	<b>(9,145)</b>
<b>Cash Flows from Financing Activities</b>			
<u>Receipts</u>			
Proceeds from Borrowings		1,916	182
Proceeds from Bonds & Deposits		1	-
<u>Payments</u>			
Repayments of Borrowings		(1,328)	(656)
Repayment of Bonds & Deposits		-	(3)
<b>Net Cash provided by (or used in) Financing Activities</b>		<b>589</b>	<b>(477)</b>
<b>Net Increase (Decrease) in Cash Held</b>		<b>1,616</b>	<b>(771)</b>
plus: <b>Cash &amp; Cash Equivalents at beginning of period</b>	11	<b>6,155</b>	<b>6,926</b>
<b>Cash &amp; Cash Equivalents at end of period</b>	11	<b>7,771</b>	<b>6,155</b>

## Notes to and forming part of the Financial Statements for the year ended 30 June 2019

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n/a - not applicable

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2019

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 13<sup>th</sup> November 2019.

**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**

Yorke Peninsula Council is incorporated under the South Australian *Local Government Act 1999* and has its principal place of business at 8 Elizabeth Street, Maitland. These financial statements include the Council's direct operations and all entities through which Council controls resources to carry on its functions. In the process of reporting on the Council as a single unit, all transactions and balances between activity areas and controlled entities have been eliminated.

**3 Income Recognition**

Income is measured at the fair value of the consideration received or receivable. Income is recognised when the Council obtains control over the assets comprising the income, or when the amount due constitutes an enforceable debt, whichever first occurs.

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 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
2016/17	\$3,363,515	\$2,219,769	+\$1,143,746
2017/18	\$2,293,271	\$2,218,129	+\$75,142
2018/19	\$3,440,144	\$2,635,769	+\$804,375

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.

## Notes to and forming part of the Financial Statements for the year ended 30 June 2019

### Note 1. Summary of Significant Accounting Policies (continued)

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.

##### 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.

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

##### 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

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2019

Note 1. Summary of Significant Accounting Policies (continued)

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.

Useful life estimates since to 1 July 2018:

*Building & Other Structures*

Buildings (with components)	10 to 100 years
Buildings (no components)	20 to 100 years
Structures	5 to 100 years

*Stormwater Drainage*

Nodes	25 to 75 years
Pipes/Drains	30 to 100 years
Reuse & Storage	10 to 50 years

*Community Wastewater Management Schemes*

Nodes	20 to 70 years
Pipes	50 to 70 years
Pumping Stations	15 to 50 years
Wastewater Treatment Plants & Storage	10 to 100 years

*Transport Infrastructure*

Sealed Roads (Upper Surface)	17 to 30 years
Sealed Roads (Lower Surface)	80 to 90 years
Sealed Roads (Pavement)	80 to 90 years
Unsealed Roads (Wearing Surface)	15 to 50 years
Unsealed Roads (Low Base & Earthworks)	90 to 400 years
Paving & Footpaths	30 to 60 years
Drains, Kerb & Gutter	80 years
Walking Trails	30 years
Airfields	20 to 80 years

*Water Scheme Infrastructure*

Nodes	25 to 60 years
Pipes	60 to 100 years
Pumping, Storage and Treatment	15 to 50 years

*Plant, Equipment & Other Assets*

Fleet Vehicles	2 years (Residual 55%)
Major Plant	5 to 25 years (Residual 5-35%)
Minor Plant	5 to 60 years
Information Technology	3 to 20 years
Furniture & Other Equipment	5 to 100 years
Other Assets	5 to 100 years
Carparks	30 to 60 years

Useful life estimates prior to 1 July 2018:

*Building & Other Structures*

Buildings	20 to 100 years
Structures	15 to 100 years
Carparks	30 to 60 years

*Stormwater Drainage*

Nodes	25 to 75 years
Pipes/Drains	30 to 100 years
Pumping, Storage and Treatment	15 to 100 years

*Community Wastewater Management Schemes*

Nodes	20 to 70 years
Pipes	70 years
Pumping Stations	15 to 50 years
Wastewater Treatment Plants & Storage	15 to 100 years

*Transport Infrastructure*

Sealed Roads (Upper Surface)	17 to 30 years
Sealed Roads (Lower Surface)	80 to 90 years
Sealed Roads (Pavement)	80 to 90 years
Unsealed Roads (Wearing Surface)	15 to 50 years
Unsealed Roads (Low Base & Earthworks)	90 to 400 years
Paving & Footpaths	30 to 60 years
Drains, Kerb & Gutter	80 years
Culverts	50 to 75 years

*Water Scheme Infrastructure*

Nodes	25 to 60 years
Pipes	60 to 100 years
Pumping, Storage and Treatment	15 to 100 years

*Plant & Equipment*

Fleet Vehicles	3 years
Major Plant & Equipment	5 to 25 years
Minor Plant & Equipment	5 to 50 years

*Furniture & Fittings*

Office Equipment	5 to 15 years
Office Furniture & Fittings	5 to 20 years

*Other Assets*

Marine Assets	10 to 50 years
Caravan Park Assets	5 to 30 years
Park Structures / Playgrounds	5 to 30 years
Recreation Structures	50 to 80 years
Memorial Statue	100 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

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2019

Note 1. Summary of Significant Accounting Policies (continued)

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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.

### 6.6 Borrowing Costs

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

## 7 Payables

### 7.1 Goods & Services

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

### 7.2 Payments Received in Advance & Deposits

Amounts 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.

## 8 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred and are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method.

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.

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 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

Council has a recorded Provision for future restoration liability which facilitates for the rehabilitation of the following four closed landfill sites Arthurton, Ramsey, Warooka (including leachate monitoring) and Wool Bay. Council will annually review and update where deemed necessary the liability recorded to ensure the liability disclosed in

## Notes to and forming part of the Financial Statements for the year ended 30 June 2019

### Note 1. Summary of Significant Accounting Policies (continued)

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Note 8 accurately reflects the future landfill monitoring obligations of the Council.

Future estimates are based on historical rehabilitation and monitoring expenditure patterns, and are subject to environmental requirements which may change. Significant uncertainty exists in relation to estimated timeframe for which Council remains responsible for rehabilitation of the closed landfill sites.

#### 11 Leases

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

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

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

#### 12 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".

For works undertaken on a fixed price contract basis, revenues and expenses are recognised on a percentage of completion basis. Costs incurred in advance of a future claimed entitlement are classified as work in progress in inventory. When it is probable

that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

#### 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.

Yorke Peninsula Council has not applied any Australian Accounting Standards and Interpretations that have been issued but are not yet effective.

AASB 7 Financial Instruments - Disclosures and AASB 9 Financial Instruments commenced from 1 July 2018 and have the effect that non-contractual receivables (e.g. rates & charges) are now treated as financial instruments. Although the disclosures made in Note 13 Financial Instruments have changed, there are no changes to the amounts disclosed.

AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities, which will commence from 1 July 2019, affect the timing with which revenues, particularly special purpose grants, are recognised. Amounts received in relation to contracts with sufficiently specific

## Notes to and forming part of the Financial Statements for the year ended 30 June 2019

### Note 1. Summary of Significant Accounting Policies (continued)

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performance obligations will in future only be recognised as these obligations are fulfilled. In these Statements, the sum of \$17,000 has been recognised as revenue, in accordance with the current Standard. This amount relates to revenue generated by the sale of interment rights, in future this revenue will continued to be recognised on receipt as application of the new Standard will result in a non-material adjustment.

AASB 16 Leases, which will commence from 1 July 2019, requires that the right of use conveyed by leasing contracts - except leases with a maximum term of 12 months and leases for non-material amounts - be recognised as a form of Infrastructure, Property, Plant and Equipment, and that the lease liability be disclosed as a liability. At 30 June 2019, Council has no leases to which this treatment will need to be applied.

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

- AASB 15 Revenue from Contracts with Customers
- AASB 16 Leases
- AASB 16 Leases (Appendix D)
- AASB 1058 Income of Not-for-Profit Entities
- AASB 1058 Income of Not-for-Profit Entities Appendix D)
- AASB 1059 Service Concession Arrangements: Grantors
- AASB 1059 Service Concession Arrangements: Grantors (Appendix D)
- AASB 2016-8 Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities
- AASB 2017-1 Amendments to Australian Accounting Standards - Transfers of Investment Property, Annual Improvements 2014-2016 Cycle and Other Amendments

- AASB 2017-4 Amendments to Australian Accounting Standards – Uncertainty over Income Tax Treatments
- AASB 2017-6 Amendments to Australian Accounting Standards – Prepayment Features with Negative Compensation
- AASB 2017-7 Amendments to Australian Accounting Standards – Long-term Interests in Associates and Joint Ventures
- AASB 2018-1 Amendments to Australian Accounting Standards – Annual Improvements 2015–2017 Cycle
- AASB 2018-2 Amendments to Australian Accounting Standards – Plan Amendment, Curtailment or Settlement
- AASB 2018-3 Amendments to Australian Accounting Standards – Reduced Disclosure Requirements
- AASB 2018-4 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Public Sector Licensors
- AASB 2018-5 Amendments to Australian Accounting Standards - Deferral of AASB 1059

#### **Effective for annual reporting periods beginning on or after 1 January 2021**

- AASB 17 Insurance Contracts
- AASB 17 Insurance Contracts (Appendix D)

### 15 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.

### 16 Disclaimer

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

# Yorke Peninsula Council

## Notes to and forming part of the Financial Statements for the year ended 30 June 2019

### Note 2. Income

\$ '000	Notes	2019	2018
<b>(a). Rates Revenues</b>			
<b>General Rates</b>			
General Rates		17,826	16,999
Less: Mandatory Rebates		(115)	(112)
Less: Discretionary Rebates, Remissions & Write Offs		(30)	(20)
<b>Total General Rates</b>		<b>17,681</b>	<b>16,867</b>
<b>Other Rates (Including Service Charges)</b>			
Natural Resource Management Levy		1,044	995
Waste Collection		2,476	2,373
Water Supply		163	159
Community Wastewater Management Systems		1,515	1,465
Separate & Special Rates		48	48
<b>Total Other Rates</b>		<b>5,246</b>	<b>5,040</b>
<b>Other Charges</b>			
Penalties for Late Payment		94	87
<b>Total Other Charges</b>		<b>94</b>	<b>87</b>
<b>Total Rates Revenues</b>		<b>23,021</b>	<b>21,994</b>
<b>(b). Statutory Charges</b>			
Development Act Fees		192	191
Health & Septic Tank Inspection Fees		34	30
Animal Registration Fees & Fines		105	113
Parking Fines / Expiation Fees		35	25
Other Registration Fees		11	10
Sundry		27	27
<b>Total Statutory Charges</b>		<b>404</b>	<b>396</b>
<b>(c). User Charges</b>			
Cemetery Fees		22	21
Commercial Activity Revenue		135	110
Hall & Equipment Hire / Property Lease		50	36
Sundry		74	69
Commercial Activity Revenue (Caravan Parks)		2,913	2,710
Boat Ramp Fees		157	164
Refuse Disposal		58	48
Water		194	169
Commercial Activity Revenue (Art Exhibition)		-	40
YP Leisure Options		140	19
<b>Total User Charges</b>		<b>3,743</b>	<b>3,386</b>

# Yorke Peninsula Council

## Notes to and forming part of the Financial Statements for the year ended 30 June 2019

### Note 2. Income (continued)

\$ '000	Notes	2019	2018
<b>(d). Investment Income</b>			
Interest on Investments			
- Local Government Finance Authority		189	169
- Banks & Other		6	7
- Loans to Community Groups		36	41
<b>Total Investment Income</b>		<b>231</b>	<b>217</b>
<b>(e). Reimbursements</b>			
Community Group Reimbursements		93	221
Insurance Reimbursements		87	126
Government Agencies Reimbursements		31	94
Public Corporations		-	183
Other		66	89
<b>Total Reimbursements</b>		<b>277</b>	<b>713</b>
<b>(f). Other Income</b>			
Rebates Received		178	346
Sundry		39	49
<b>Total Other Income</b>		<b>217</b>	<b>395</b>
<b>(g). Grants, Subsidies, Contributions</b>			
Amounts Received Specifically for New or Upgraded Assets		36	22
Other Grants, Subsidies and Contributions		3,957	4,661
<b>Total Grants, Subsidies, Contributions</b>		<b>3,993</b>	<b>4,683</b>
The functions to which these grants relate are shown in Note 12.			
<b>(i) Sources of grants</b>			
Commonwealth Government		36	1,259
State Government		3,885	3,261
Other		72	163
<b>Total</b>		<b>3,993</b>	<b>4,683</b>

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2019

Note 2. Income (continued)

\$ '000	Notes	2019	2018
<b>(h). Conditions over Grants &amp; Contributions</b>			
Grants and contributions which were obtained on the condition that they be expended for specified purposes or in a future period, but which are not yet expended in accordance with those conditions, are as follows:			
<b>Unexpended at the close of the previous reporting period</b>		1,408	1,335
<i>Less:</i>			
<i>Expended during the current period from revenues recognised in previous reporting periods</i>			
SLGIP - Main Township Footpath Replacement Program		(49)	-
National Science Week		(3)	-
Open Space and Places for People Grants		-	(46)
Regional Aviation Access Programme - Remote Airstrip Upgrade Grant		-	(5)
Untied - Financial Assistance Grants (Paid in Advance)		(1,216)	(1,144)
<b>Subtotal</b>		<b>(1,268)</b>	<b>(1,195)</b>
<i>Plus:</i>			
<i>Amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions</i>			
Regional Aviation Program Grant		43	-
CWMS Expansion Grant		40	-
Biosecurity Management of Pests and Weeds Grant		31	-
Untied - Financial Assistance Grants (Paid in Advance)		1,201	1,216
Supplementary Local Road Funding (Paid in Advance)		811	-
National Science Week		-	3
SLGIP - Main Township Footpath Replacement Program		-	49
<b>Subtotal</b>		<b>2,126</b>	<b>1,268</b>
<b>Unexpended at the close of this reporting period</b>		<b>2,266</b>	<b>1,408</b>
<b>Net increase (decrease) in assets subject to conditions in the current reporting period</b>		<b>858</b>	<b>73</b>
<b>(i). Physical Resources Received Free of Charge</b>			
Plant, Equipment and Other Assets		49	-
<b>Total Physical Resources Received Free of Charge</b>		<b>49</b>	<b>-</b>

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2019

Note 3. Expenses

\$ '000	Notes	2019	2018
<b>(a). Employee Costs</b>			
Salaries and Wages		7,631	7,687
Employee Leave Expense		825	683
Superannuation - Defined Contribution Plan Contributions	18	615	598
Superannuation - Defined Benefit Plan Contributions	18	186	185
Workers' Compensation Insurance		246	303
Other		305	293
Less: Capitalised and Distributed Costs		(1,060)	(956)
<b>Total Operating Employee Costs</b>		<b>8,748</b>	<b>8,793</b>
Total Number of Employees (full time equivalent at end of reporting period)		115	114
<b>(b). Materials, Contracts and Other Expenses</b>			
<b>(i) Prescribed Expenses</b>			
Auditor's Remuneration			
- Auditing the Financial Reports		23	25
Bad and Doubtful Debts		-	10
Elected Members' Expenses		289	284
Election Expenses		62	4
Operating Lease Rentals - Non-Cancellable Leases	17		
- Minimum Lease Payments		78	87
<b>Subtotal - Prescribed Expenses</b>		<b>452</b>	<b>410</b>
<b>(ii) Other Materials, Contracts and Expenses</b>			
Contractors		3,119	3,192
Energy		785	772
Underground Power Lines		-	507
Legal Expenses		42	87
Levies Paid to Government - NRM levy		1,041	995
Levies - Other		53	55
Parts, Accessories & Consumables		1,394	1,174
Professional Services		541	358
Sundry		642	614
Water		652	630
Insurance		470	475
Professional Services - Waste Management		2,383	2,599
Community Grants / Donations / Sponsorship		187	239
Contribution - Community Seawall		-	182
License Fees - Information Technology		263	235
Subscriptions		55	63

(continued on next page)

# Yorke Peninsula Council

## Notes to and forming part of the Financial Statements for the year ended 30 June 2019

### Note 3. Expenses (continued)

\$ '000	Notes	2019	2018
<b>(b). Materials, Contracts and Other Expenses (continued)</b>			
<b>(ii) Other Materials, Contracts and Expenses (continued)</b>			
Telecommunications - Phones, Internet, Wireless Area Network		219	208
Contribution - Yorke Peninsula Community Transport		77	71
Plant & Machinery - Registration		128	112
Contribution - Regional Development Australia		31	30
Contribution - Yorke Peninsula Tourism		53	48
Bank Charges		69	70
Roadside Vegetation Maintenance - Contractors		393	445
<b>Subtotal - Other Material, Contracts &amp; Expenses</b>		<b>12,597</b>	<b>13,161</b>
<b>Total Materials, Contracts and Other Expenses</b>		<b>13,049</b>	<b>13,571</b>
<b>(c). Depreciation, Amortisation and Impairment</b>			
<b>(i) Depreciation and Amortisation</b>			
Buildings & Other Structures		2,672	1,619
Stormwater Drainage		165	165
CWMS		499	488
Transport Infrastructure		5,639	5,307
Water Scheme Infrastructure		70	71
Plant, Equipment & Other Assets		1,546	1,511
<b>Subtotal</b>		<b>10,591</b>	<b>9,161</b>
<b>(ii) Impairment</b>			
Plant & Equipment		-	25
Buildings & Structures		54	-
<b>Subtotal</b>		<b>54</b>	<b>25</b>
Less: Impairment Expense Offset to Asset Revaluation Reserve	9	(54)	-
<b>Total Depreciation, Amortisation and Impairment</b>		<b>10,591</b>	<b>9,186</b>
<b>(d). Finance Costs</b>			
Interest on Loans		386	376
<b>Total Finance Costs</b>		<b>386</b>	<b>376</b>

## Yorke Peninsula Council

### Notes to and forming part of the Financial Statements for the year ended 30 June 2019

#### Note 4. Asset Disposal & Fair Value Adjustments

\$ '000	Notes	2019	2018
<b>Infrastructure, Property, Plant &amp; Equipment</b>			
<b>(i) Assets Renewed or Directly Replaced</b>			
Proceeds from Disposal		348	408
Less: Carrying Amount of Assets Sold		(1,708)	(1,475)
<b>Gain (Loss) on Disposal</b>		<b>(1,360)</b>	<b>(1,067)</b>
<b>(ii) Assets Surplus to Requirements</b>			
Proceeds from Disposal*		818	26
Less: Carrying Amount of Assets Sold*		(712)	(136)
<b>Gain (Loss) on Disposal</b>		<b>106</b>	<b>(110)</b>
<b>Net Gain (Loss) on Disposal or Revaluation of Assets</b>		<b>(1,254)</b>	<b>(1,177)</b>

\* Includes the disposal of a property which settled on 5 July 2019.

#### Note 5. Current Assets

##### (a). Cash & Cash Equivalents

Cash on Hand at Bank	376	94
Deposits at Call	7,395	6,061
<b>Total Cash &amp; Cash Equivalents</b>	<b>7,771</b>	<b>6,155</b>

##### (b). Trade & Other Receivables

Rates - General & Other	795	863
Accrued Revenues	61	60
Debtors - General	377	468
GST Recoupment	224	235
Prepayments	306	280
Loans to Community Organisations	96	87
Debtors - Land Sales	209	-
<b>Total Trade &amp; Other Receivables</b>	<b>2,068</b>	<b>1,993</b>

##### (c). Inventories

Stores & Materials	369	365
Trading Stock	7	7
<b>Total Inventories</b>	<b>376</b>	<b>372</b>

#### Note 6. Non-Current Assets

##### (a). Financial Assets

Loans to Community Organisations	635	605
<b>Total Financial Assets</b>	<b>635</b>	<b>605</b>

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2019

Note 7a. Infrastructure, Property, Plant & Equipment

\$ '000	Fair Value Level	as at 30/6/2018				Asset Movements during the Reporting Period										as at 30/6/2019			
		At Fair Value	At Cost	Acc. Dep'n	Carrying Value	Asset Additions		WDV of Asset Disposals	Depreciation Expense (Note 3c)	Impairment Loss (recognised in P/L) (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	Acc. Dep'n	Carrying Value
						New / Upgrade	Renewals												
Capital Work in Progress		-	334	-	334	124	473	-	-	-	-	(318)	-	-	-	-	613	-	613
Land	2	73,436	406	-	73,842	86	-	(712)	-	-	-	-	-	3,773	76,904	85	-	76,989	
Buildings & Other Structures	2	5,342	2,230	1,483	6,089	-	-	-	(4)	-	-	-	(5,673)	(407)	482	-	477	5	
Buildings & Other Structures	3	84,517	2,817	49,514	37,820	165	312	(450)	(2,668)	-	(54)	44	5,347	-	96,179	521	53,471	43,229	
Stormwater Drainage	3	12,050	146	3,753	8,443	17	5	-	(165)	-	-	231	-	-	12,050	398	3,917	8,531	
CWMS	3	24,788	1,360	9,727	16,421	45	214	(87)	(499)	-	-	-	-	-	24,612	1,619	10,137	16,094	
Transport Infrastructure	3	222,970	19,734	110,033	132,671	150	6,774	(686)	(5,639)	-	-	16	-	-	255,487	6,939	120,966	141,460	
Water Scheme Infrastructure	3	3,672	116	946	2,842	-	49	(6)	(70)	-	-	-	-	-	3,664	163	1,012	2,815	
Plant & Equipment		-	13,384	5,742	7,642	-	-	-	-	-	-	-	(7,642)	-	-	-	-	-	
Furniture & Fittings		-	2,615	993	1,622	-	-	-	-	-	-	-	(1,622)	-	-	-	-	-	
Plant, Equipment & Other Assets		-	-	-	-	126	1,722	(479)	(1,546)	-	-	27	15,145	-	-	25,374	10,379	14,995	
Other Assets		-	8,892	3,337	5,555	-	-	-	-	-	-	-	(5,555)	-	-	-	-	-	
<b>Total Infrastructure, Property, Plant &amp; Equipment</b>		<b>426,775</b>	<b>52,034</b>	<b>185,528</b>	<b>293,281</b>	<b>713</b>	<b>9,549</b>	<b>(2,420)</b>	<b>(10,591)</b>	<b>-</b>	<b>(54)</b>	<b>-</b>	<b>-</b>	<b>(407)</b>	<b>469,378</b>	<b>35,712</b>	<b>200,359</b>	<b>304,731</b>	
<b>Comparatives</b>		<b>431,571</b>	<b>44,937</b>	<b>182,333</b>	<b>294,175</b>	<b>2,499</b>	<b>7,193</b>	<b>(1,611)</b>	<b>(9,161)</b>	<b>(25)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(570)</b>	<b>426,775</b>	<b>52,034</b>	<b>185,528</b>	<b>293,281</b>	

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2019

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

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\$ '000

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### 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

#### *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 Buildings, Infrastructure and Other Assets*

There is no known market for buildings, infrastructure and other assets. These assets 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.

### Highest and best use

The following non financial assets of Council are being utilised at other than their 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.

## Notes to and forming part of the Financial Statements for the year ended 30 June 2019

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

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\$ '000

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#### Valuation of Assets (continued)

##### Highest and best use (continued)

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.

##### Land

- Basis of valuation: Fair Value
- Date of valuation: 01 July 2018
- Date of next valuation: 01 July 2022
- Valuer: Jones Lang LaSalle

The resultant increase to asset carrying values due to revaluation was \$3.8 million.

##### Buildings & Other Structures

- Basis of valuation: Fair Value
- Date of valuation: 01 July 2018
- Date of next valuation: 01 July 2022
- Valuer: Jones Lang LaSalle

As a result of unit rate increases and changes in assumptions relating to the estimated useful lives of assets, applied as at 1 July 2018 the written down value of assets increased by \$2.3 million with a corresponding increase to annual depreciation of \$1.0 million.

##### Infrastructure

###### **Transport Infrastructure**

- Basis of valuation: Written down current replacement cost
- Date of valuation: 1 July 2018
- Date of next valuation: 01 July 2019
- Valuer: Tonkin Consulting

As a result of unit rate increases the written down value of assets increased by \$8.2 million as at 1 July 2018, with a corresponding estimated increase to annual depreciation of \$330,000.

###### **Stormwater Drainage**

- Basis of valuation: Written down current replacement cost
- Date of valuation: 1 July 2014
- Date of next valuation: 01 July 2019
- Valuer: Tonkin Consulting

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2019

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

\$ '000

Valuation of Assets (continued)

**Community Wastewater Management Schemes**

- Basis of valuation: Written down current replacement cost
- Date of valuation: 1 July 2014
- Date of next valuation: 01 July 2019
- Valuer: Tonkin Consulting

**Water Supply Schemes**

- Basis of valuation: Written down current replacement cost
- Date of valuation: 1 July 2015
- Date of next valuation: 01 July 2019
- Valuer: Tonkin Consulting

**Plant, Equipment and Other Assets**

The following asset classes are recognised on the cost basis and were amalgamated into the Plant, Equipment and Other Assets class for financial reporting purposes as at 1 July 2018:

- Plant and Equipment
- Furniture & Fittings
- Other Assets

These assets continue to be recognised on the cost basis. The consolidation of these asset classes has no impact on the financial performance or financial position of Council.

Note 8. Liabilities

\$ '000	Notes	2019 Current	2019 Non Current	2018 Current	2018 Non Current
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(a). Trade and Other Payables

Goods & Services		1,255	-	999	-
Payments Received in Advance		65	-	7	-
Accrued Expenses - Employee Entitlements		306	-	306	-
Accrued Expenses - Other		262	-	300	-
Deposits, Retentions & Bonds		11	-	10	-
<b>Total Trade and Other Payables</b>		<b>1,899</b>	<b>-</b>	<b>1,622</b>	<b>-</b>

(b). Borrowings

Loans		831	7,472	688	7,027
<b>Total Borrowings</b>		<b>831</b>	<b>7,472</b>	<b>688</b>	<b>7,027</b>

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

## Yorke Peninsula Council

### Notes to and forming part of the Financial Statements

for the year ended 30 June 2019

#### Note 8. Liabilities (continued)

\$ '000	Notes	2019 Current	2019 Non Current	2018 Current	2018 Non Current
<b>(c). Provisions</b>					
Future Reinstatement / Restoration, etc		15	125	15	94
Employee Entitlements - Annual Leave		773	-	790	-
Employee Entitlements - Long Service Leave		1,573	157	1,405	135
<b>Total Provisions</b>		<b>2,361</b>	<b>282</b>	<b>2,210</b>	<b>229</b>

#### Note 9. Reserves

\$ '000	1/7/2018	Increments (Decrements)	Transfers	Impairments	30/6/2019
<b>(a). Asset Revaluation Reserve</b>					
Land	73,286	3,773	-	-	77,059
Buildings & Other Structures	48,425	2,306	-	(54)	50,677
Stormwater Drainage	9,758	-	-	-	9,758
CWMS	15,420	-	-	-	15,420
Transport Infrastructure	151,939	8,174	-	-	160,113
Water Scheme Infrastructure	2,073	-	-	-	2,073
<b>Total Asset Revaluation Reserve</b>	<b>300,901</b>	<b>14,253</b>	<b>-</b>	<b>(54)</b>	<b>315,100</b>
<b>Comparatives</b>	<b>300,690</b>	<b>211</b>	<b>-</b>	<b>-</b>	<b>300,901</b>

#### (b). Other Reserves

Combined Water Supply Reserve	355	252	(170)	-	437
Combined Effluent Reserve	949	1,738	(1,182)	-	1,505
Hardwicke Bay Effluent Augmentation	192	6	-	-	198
Hardwicke Bay Water Augmentation	41	-	-	-	41
Point Souttar Effluent Augmentation	52	4	-	-	56
<b>Total Other Reserves</b>	<b>1,589</b>	<b>2,000</b>	<b>(1,352)</b>	<b>-</b>	<b>2,237</b>
<b>Comparatives</b>	<b>1,130</b>	<b>1,759</b>	<b>(1,300)</b>	<b>-</b>	<b>1,589</b>

#### 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).

##### Combined Water Supply Reserve

Balance of historic cash flows associated with operation of Council's water supply schemes in Balgowan, Black Point and Hardwicke Bay. This balance does not represent the under or over-recovery of costs for the scheme. This reserve is not cash backed.

# Yorke Peninsula Council

## Notes to and forming part of the Financial Statements for the year ended 30 June 2019

### Note 9. Reserves (continued)

\$ '000

#### (b). Other Reserves (continued)

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

Balance of historic cash flows associated with operation of Council's combined Community Wastewater Management Schemes (CWMS). This balance does not represent the under or over-recovery of costs for the combined schemes. This reserve is not cash backed.

##### **Hardwicke Bay Effluent Augmentation**

Contributions made under land management agreements quarantined for potential expansion/upgrade of CWMS infrastructure to specific properties in Hardwicke Bay. This reserve is not cash backed.

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

Contribution from land division (as condition of approval) quarantined for potential expansion/upgrade of water supply infrastructure to specific properties in Hardwicke Bay. This reserve is not cash backed.

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

Contributions made under land management agreements quarantined for potential expansion/upgrade of CWMS infrastructure to specific properties in Point Souttar. This reserve is not cash backed.

### Note 10. Assets Subject to Restrictions

\$ '000

Notes

2019

2018

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**

Open Space Contributions	134	143
CWMS Subsidy Funding	53	-
<b>Total Cash &amp; Financial Assets</b>	<b>187</b>	<b>143</b>

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2019

Note 11. Reconciliation to Statement of Cash Flows

\$ '000	Notes	2019	2018
<b>(a). Reconciliation of Cash</b>			
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	7,771	6,155
<b>Balances per Statement of Cash Flows</b>		<b>7,771</b>	<b>6,155</b>
<b>(b). Reconciliation of Change in Net Assets to Cash from Operating Activities</b>			
<b>Net Surplus/(Deficit)</b>		<b>(2,093)</b>	<b>(1,319)</b>
Non-Cash Items in Income Statements			
Depreciation, Amortisation & Impairment		10,591	9,186
Non-Cash Asset Acquisitions		(49)	-
Grants for Capital Acquisitions (Treated as Investing Activity Receipts)		(36)	(22)
Net (Gain) Loss on Disposals		1,254	1,177
		<b>9,667</b>	<b>9,022</b>
<b>Add (Less): Changes in Net Current Assets</b>			
Net (Increase)/Decrease in Receivables		(66)	(11)
Net (Increase)/Decrease in Inventories		(4)	386
Net Increase/(Decrease) in Trade & Other Payables		276	(557)
Net Increase/(Decrease) in Unpaid Employee Benefits		(17)	(68)
Net Increase/(Decrease) in Other Provisions		221	79
<b>Net Cash provided by (or used in) operations</b>		<b>10,077</b>	<b>8,851</b>
<b>(c). Non-Cash Financing and Investing Activities</b>			
<b>Acquisition of assets by means of:</b>			
- Physical Resources Received Free of Charge	2i	49	-
<b>Total Non-Cash Financing &amp; Investing Activities</b>		<b>49</b>	<b>-</b>
<b>(d). Financing Arrangements</b>			
<b>Unrestricted access was available at balance date to the following lines of credit:</b>			
Bank Overdrafts		100	100
Corporate Credit Cards		41	31
LGFA Cash Advance Debenture Facility		3,000	3,000

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

## Yorke Peninsula Council

### Notes to and forming part of the Financial Statements

for the year ended 30 June 2019

#### 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)	
	Actual 2019	Actual 2018	Actual 2019	Actual 2018	Actual 2019	Actual 2018	Actual 2019	Actual 2018	Actual 2019	Actual 2018
<b>\$ '000</b>										
Business Undertakings	3,139	3,088	2,582	2,896	557	192	77	76	(68,802)	22,516
Community Services	418	297	3,414	2,578	(2,996)	(2,281)	120	139	32,969	32,586
Culture	15	64	206	200	(191)	(136)	14	21	2,091	2,063
Community Wastewater Management	1,744	1,517	1,366	1,154	378	363	220	52	17,088	17,344
Environment	1,075	1,176	2,262	2,245	(1,187)	(1,069)	31	14	102,498	11,283
Recreation	240	252	2,377	2,314	(2,137)	(2,062)	17	64	55,471	52,431
Regulatory Services	396	389	1,671	1,672	(1,275)	(1,283)	-	11	-	-
Tourism	22	25	224	331	(202)	(306)	-	-	107	106
Transport & Communication	2,081	2,844	9,059	8,848	(6,978)	(6,004)	-	1,538	149,953	140,297
Waste Management	2,548	2,427	2,514	2,730	34	(303)	10	-	1,536	1,277
Water Supply	356	328	217	276	139	52	-	-	2,861	2,883
Council Administration	19,816	19,355	6,882	6,682	12,934	12,673	3,468	2,746	19,809	19,620
<b>Total Functions/Activities</b>	<b>31,850</b>	<b>31,762</b>	<b>32,774</b>	<b>31,926</b>	<b>(924)</b>	<b>(164)</b>	<b>3,957</b>	<b>4,661</b>	<b>315,581</b>	<b>302,406</b>

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

## Notes to and forming part of the Financial Statements for the year ended 30 June 2019

### Note 12b. Components of Functions

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\$ '000

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**The activities relating to Council functions are as follows:**

#### **BUSINESS UNDERTAKINGS**

Caravan Parks, Electricity Supply, Gravel Pits / Quarries, Marinas / Boat Havens, Private Works, Property Portfolio, and Other.

#### **COMMUNITY SERVICES**

Public Order and Safety, Crime Prevention, Emergency Services, Other Fire Protection, Other Public Order and Safety, Health Services, Pest Control – Health, Immunisation, Nursing Homes, Preventive Health Services, Other Health Services, Community Support, Elderly Citizens Facilities, Home Assistance Scheme, Other Services for the Aged and Disabled, Child Care Centres, Children and Youth Services, Community Assistance, Family and Neighbourhood Support, Other Community Support, Community Amenities, Bus Shelters, Cemeteries / Crematoria, Public Conveniences, Car Parking – non-fee-paying, Telecommunications Networks, and Other Community Amenities.

#### **CULTURE**

Library Services, Mobile Libraries and Housebound Services, Static Libraries, Other Library Services, Cultural Services, Cultural Venues, Heritage, Museums and Art Galleries, and Other Cultural Services.

#### **COMMUNITY WASTEWATER MANAGEMENT**

Community Wastewater Management Schemes.

#### **ENVIRONMENT**

Agricultural Services, Agricultural Water, Animal/Plant Boards, Landcare, Other Agricultural Services, Other Environment, Coastal Protection, Stormwater and Drainage, Street Cleaning, Street Lighting, Streetscaping, Natural Resource Management Levy, and Other Environment.

#### **RECREATION**

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

#### **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**

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

#### **WASTE MANAGEMENT**

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

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2019

Note 12b. Components of Functions (continued)

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\$ '000

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**WATER SUPPLY**

Water Supply - domestic.

**COUNCIL ADMINISTRATION**

Governance, Administration n.e.c., Elected Members, Organisational, Support Services, Accounting/Finance, Payroll, Housing for Council Employees, 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.

Note 13. Financial Instruments

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**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 1.25% and 2.15% (2018: 1.5% and 2.15%). Short term deposits have an average maturity of 60 days and an average interest rate of 2% (2018: 60 days and 1.71%).

**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. 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).

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2019

Note 13. Financial Instruments (continued)

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\$ '000

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**Recognised Financial Instruments**

**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).

**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 on a six monthly basis; interest is charged at fixed rates between 3.49% and 7.95% (2018: 4.00% and 7.95%).

**Carrying Amount:**

Approximates fair value.

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2019

Note 13. Financial Instruments (continued)

\$ '000	Due < 1 year	Due > 1 year & ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
<b>2019</b>					
<b>Financial Assets</b>					
Cash & Equivalents	7,771	-	-	7,771	7,771
Receivables	2,102	-	-	2,102	1,908
Other Financial Assets	-	485	246	731	635
<b>Total Financial Assets</b>	<b>9,873</b>	<b>485</b>	<b>246</b>	<b>10,604</b>	<b>10,314</b>
<b>Financial Liabilities</b>					
Payables	1,331	-	-	1,331	1,331
Current Borrowings	1,193	-	-	1,193	831
Non-Current Borrowings	-	4,418	4,626	9,044	7,472
<b>Total Financial Liabilities</b>	<b>2,524</b>	<b>4,418</b>	<b>4,626</b>	<b>11,568</b>	<b>9,634</b>
<b>2018</b>					
<b>Financial Assets</b>					
Cash & Equivalents	6,155	-	-	6,155	6,155
Receivables	2,026	-	-	2,026	1,735
Other Financial Assets	-	433	284	717	605
<b>Total Financial Assets</b>	<b>8,181</b>	<b>433</b>	<b>284</b>	<b>8,898</b>	<b>8,495</b>
<b>Financial Liabilities</b>					
Payables	1,017	-	-	1,017	1,016
Current Borrowings	1,041	-	-	1,041	688
Non-Current Borrowings	-	3,934	4,788	8,722	7,027
<b>Total Financial Liabilities</b>	<b>2,058</b>	<b>3,934</b>	<b>4,788</b>	<b>10,780</b>	<b>8,731</b>

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

	30 June 2019		30 June 2018	
	Weighted Avg Interest Rate	Carrying Value	Weighted Avg Interest Rate	Carrying Value
Fixed Interest Rates	4.48%	8,303	4.58%	7,715
		<b>8,303</b>		<b>7,715</b>

**Net Fair Value**

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

**Risk Exposures**

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

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2019

Note 13. Financial Instruments (continued)

\$ '000

**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.

Note 14. Commitments for Expenditure

\$ '000

Notes

2019

2018

(a). Capital Commitments

**Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:**

CWMS	40	-
Plant & Equipment	-	301
Transport Infrastructure	421	1,200
	<b>460</b>	<b>1,501</b>

**These expenditures are payable:**

Not later than one year	460	1,501
Later than one year and not later than 5 years	-	-
Later than 5 years	-	-
	<b>460</b>	<b>1,501</b>

(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	67	87
Employee Remuneration Contracts	1,498	1,080
Other Externally Contracted Services	13,791	1,718
	<b>15,356</b>	<b>2,885</b>

**These expenditures are payable:**

Not later than one year	3,151	2,112
Later than one year and not later than 5 years	9,427	773
Later than 5 years	2,778	-
	<b>15,356</b>	<b>2,885</b>

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2019

Note 15. Financial Indicators

\$ '000	Amounts 2019	Indicator 2019	Prior Periods 2018	Prior Periods 2017
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These Financial Indicators have been calculated in accordance with *Information paper 9 - Local Government Financial Indicators* prepared as part of the LGA Financial Sustainability Program for the Local Government Association of South Australia.

**1. Operating Surplus Ratio**

Operating Surplus	(924)			
Total Operating Income	31,850	(2.9%)	(0.5%)	0.3%

*This ratio expresses the operating surplus as a percentage of total operating revenue.*

**Adjustments to Ratios**

*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. These Adjusted Ratios correct for the resulting distortion in key ratios for each year and provide a more accurate basis for comparison.*

<b>Adjusted Operating Surplus Ratio</b>		(5.4%)	(0.7%)	(3.2%)
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**2. Net Financial Liabilities Ratio**

Net Financial Liabilities	2,371			
Total Operating Income	31,850	7%	10%	10%

*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 Renewal Funding Ratio**

Net Asset Renewals	9,152			
Infrastructure & Asset Management Plan required expenditure	10,591	86%	74%	84%
		*	*	*

*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 show above an asterisk (\*) indicate that depreciation expense has been used as a proxy, pending finalisation of the Infrastructure and Asset Management Plans.*

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2019

Note 15. Financial Indicators - Graphs (continued)

<p><b>1. Operating Surplus Ratio</b></p> <table border="1"> <caption>Operating Surplus Ratio Data</caption> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2017</td> <td>0.4%</td> </tr> <tr> <td>2018</td> <td>-0.5%</td> </tr> <tr> <td>2019</td> <td>-2.9%</td> </tr> </tbody> </table>	Year	Ratio %	2017	0.4%	2018	-0.5%	2019	-2.9%	<p><b>Purpose of Operating Surplus Ratio</b></p> <p>This indicator is to determine the percentage the operating revenue varies from operating expenditure</p>	<p><b>Commentary on 2018/19 Result</b></p> <p><b>2018/19 Ratio -2.9%</b></p> <p>Operating Surplus Ratio negatively impacted by increased depreciation of \$1.4M following revaluation of both Transport Infrastructure and Land, Buildings &amp; Other Structures asset classes.</p>
Year	Ratio %									
2017	0.4%									
2018	-0.5%									
2019	-2.9%									
<p><b>Adjusted Operating Surplus Ratio</b></p> <table border="1"> <caption>Adjusted Operating Surplus Ratio Data</caption> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2017</td> <td>-3.2%</td> </tr> <tr> <td>2018</td> <td>-0.7%</td> </tr> <tr> <td>2019</td> <td>-5.4%</td> </tr> </tbody> </table>	Year	Ratio %	2017	-3.2%	2018	-0.7%	2019	-5.4%	<p><b>Purpose of Adjusted Operating Surplus Ratio</b></p> <p>This indicator is to determine the percentage the operating revenue (adjusted for timing differences in the Financial Assistance Grant) varies from operating expenditure</p>	<p><b>Commentary on 2018/19 Result</b></p> <p><b>2018/19 Ratio -5.4%</b></p> <p>Adjusted Operating Surplus Ratio matches Financial Assistance Grant income to the relevant year resulting in an \$804k reduction to operating income.</p>
Year	Ratio %									
2017	-3.2%									
2018	-0.7%									
2019	-5.4%									
<p><b>2. Net Financial Liabilities Ratio</b></p> <table border="1"> <caption>Net Financial Liabilities Ratio Data</caption> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2017</td> <td>10%</td> </tr> <tr> <td>2018</td> <td>10%</td> </tr> <tr> <td>2019</td> <td>7%</td> </tr> </tbody> </table>	Year	Ratio %	2017	10%	2018	10%	2019	7%	<p><b>Purpose of Net Financial Liabilities Ratio</b></p> <p>This indicator shows the significance of the net amount owed to others, compared to operating revenue</p>	<p><b>Commentary on 2018/19 Result</b></p> <p><b>2018/19 Ratio 7%</b></p> <p>Net Financial Liabilities Ratio positively impacted by \$804k advanced Financial Assistance Grant income.</p>
Year	Ratio %									
2017	10%									
2018	10%									
2019	7%									
<p><b>3. Asset Renewal Funding Ratio</b></p> <table border="1"> <caption>Asset Renewal Funding Ratio Data</caption> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2017</td> <td>84%</td> </tr> <tr> <td>2018</td> <td>74%</td> </tr> <tr> <td>2019</td> <td>86%</td> </tr> </tbody> </table>	Year	Ratio %	2017	84%	2018	74%	2019	86%	<p><b>Purpose of Asset Renewal Funding Ratio</b></p> <p>This indicator aims to determine if assets are being renewed and replaced in an optimal way</p>	<p><b>Commentary on 2018/19 Result</b></p> <p><b>2018/19 Ratio 86%</b></p> <p>Asset Sustainability Ratio positively impacted by \$2.4M increase to Net Asset Renewal which has been offset somewhat by a \$1.4M increase to Depreciation.</p>
Year	Ratio %									
2017	84%									
2018	74%									
2019	86%									

## Yorke Peninsula Council

### Notes to and forming part of the Financial Statements for the year ended 30 June 2019

#### Note 16. Uniform Presentation of Finances

\$ '000	2019	2018
<p>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.</p> <p>All Councils in South Australia have agreed to summarise annual budgets and long-term financial plans on the same basis.</p> <p>The arrangements ensure that all Councils provide a common 'core' of financial information, which enables meaningful comparisons of each Council's finances.</p>		
Income	31,850	31,762
<i>less</i> Expenses	(32,774)	(31,926)
<b>Operating Surplus / (Deficit)</b>	<b>(924)</b>	<b>(164)</b>
<b>Net Outlays on Existing Assets</b>		
Capital Expenditure on Renewal and Replacement of Existing Assets	(9,500)	(7,193)
<i>add back</i> Depreciation, Amortisation and Impairment	10,591	9,186
<i>add back</i> Proceeds from Sale of Replaced Assets	348	408
<b>Subtotal</b>	<b>1,439</b>	<b>2,401</b>
<b>Net Outlays on New and Upgraded Assets</b>		
Capital Expenditure on New and Upgraded Assets (including Investment Property & Real Estate Developments)	(713)	(2,499)
<i>add back</i> Amounts Received Specifically for New and Upgraded Assets	36	22
<i>add back</i> Proceeds from Sale of Surplus Assets (including Investment Property, Real Estate Developments and Non-Current Assets Held for Resale)	818	26
<b>Subtotal</b>	<b>141</b>	<b>(2,451)</b>
<b>Net Lending / (Borrowing) for Financial Year</b>	<b>656</b>	<b>(214)</b>

# Yorke Peninsula Council

## Notes to and forming part of the Financial Statements for the year ended 30 June 2019

### Note 17. Operating Leases

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\$ '000	2019	2018
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#### 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.

#### Leases commitments under all non-cancellable lease agreements, including those relating to Investment Property, are as follows:

Not later than one year	57	52
Later than one year and not later than 5 years	140	125
Later than 5 years	89	89
	<u>285</u>	<u>267</u>

#### (ii) Lease Payment Commitments of Council

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

No contingent rentals were paid during the current or previous reporting periods.

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

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

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

Not later than one year	43	76
Later than one year and not later than 5 years	75	115
Later than 5 years	-	-
	<u>118</u>	<u>191</u>

## Notes to and forming part of the Financial Statements for the year ended 30 June 2019

### Note 18. Superannuation

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\$ '000

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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 2018/19; 9.50% in 2017/18). 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 2017/18) 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, Louise Campbell, FIAA, of Willie Towers Watson as at 30 June 2017. 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.

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2019

**Note 19. Contingencies & Assets/Liabilities Not Recognised in the Balance Sheet**

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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.

At reporting date, Council controlled 3,890 km of road reserves with widths ranging 4-8 metres.

**2. POTENTIAL INSURANCE LOSSES**

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

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

**3. COMMUNITY SEAWALL LOANS FUNDED BY SEPARATE RATE REQUEST**

During the 2016/17 financial year Council resolved to contribute towards the construction of seawalls for two separate groups of ratepayers. It was resolved that these contributions were to be funded by new loans to be taken out by Council with both principle and interest to be repaid to Council by the affected ratepayers via a separate rate levied against their properties over the next 10 years (being the term of the loan). Council is confident that all amounts owed under the agreement will be recovered.

The value of loans (inclusive of principle and interest) to be repaid via separate rate over 10 year period are listed below:

- Chinaman Wells Seawall \$206,664 (2018: \$232,497)
- Point Turton Seawall \$192,052 (2018: \$214,646)

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2019

Note 20. Related Party Transactions

\$ '000	2019	2018
<b>Key Management Personnel</b>		
<b>Transactions with Key Management Personnel</b>		
<p>The Key Management Personnel of the Council include the Mayor, Councillors, CEO and certain prescribed officers under section 112 of the <i>Local Government Act 1999</i>. In all, 21 persons were paid the following total compensation:</p>		
<b>The compensation paid to Key Management Personnel comprises:</b>		
Short-Term Employee Benefits	898	895
Post-Employment Benefits	107	105
<b>Total</b>	<u>1,005</u>	<u>1,000</u>

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

Two close family members of key management personnel are employed by Council in accordance with the terms of the Award, and as recorded in the public Register of Salaries maintained in accordance with section 105 of the *Local Government Act 1999*.

Key management personnel or close family members (including related parties) lodged a total of four planning and building application during the year. These persons took no part in the assessment or approval process for these applications.

Two planning and building approvals, with and without conditions, were granted during the year. Total fees for these applications (all of which were payable subsequent to lodgement) amounted to \$2,753.58.

A past elected member owns a business from which various supplies and services were purchased as required on account in accordance with Council's Purchasing and Procurement Policy. Total purchases amounted to \$7,739 (GST Inclusive) for the period prior to 16th November 2018 when the elected member was not returned to office following Council elections. No amounts remained unpaid at the end of year.

A relative of an elected member owns a business from which various supplies and services were purchased as required on account in accordance with Council's Purchasing and Procurement Policy. Total purchases amounted to \$8,000 (GST Inclusive) for the financial year, with a further \$3,600 (GST inclusive) committed for next financial year. An amount of \$8,000 remained unpaid at the end of year.

No key management personnel or parties related to them had any transactions during the year on terms more favourable than those available to the general public.

# Yorke Peninsula Council

## General Purpose Financial Statements for the year ended 30 June 2019

### Auditor's Report - Financial Statements

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# Yorke Peninsula Council

## General Purpose Financial Statements for the year ended 30 June 2019

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## Yorke Peninsula Council

### General Purpose Financial Statements for the year ended 30 June 2019

### Auditor's Report - Internal Controls

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## Yorke Peninsula Council

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## Yorke Peninsula Council

### General Purpose Financial Statements

for the year ended 30 June 2019

### Certification of Auditor Independence

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of Yorke Peninsula Council for the year ended 30 June 2019, 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*.

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Andrew Cameron  
**CHIEF EXECUTIVE OFFICER**

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Peter Brass  
**PRESIDING MEMBER, AUDIT COMMITTEE**

**Date:**

