

# Yorke Peninsula Council

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2017

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# Yorke Peninsula Council

## General Purpose Financial Statements for the year ended 30 June 2017

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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.

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Andrew Cameron  
**CHIEF EXECUTIVE OFFICER**

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Ray Agnew  
**MAYOR**

**Date: 8th November 2017**

Statement of Comprehensive Income  
for the year ended 30 June 2017

\$ '000	Notes	2017	2016
<b>Income</b>			
Rates Revenues	2a	21,269	19,998
Statutory Charges	2b	334	391
User Charges	2c	3,195	2,961
Grants, Subsidies and Contributions	2g	5,721	3,094
Investment Income	2d	234	251
Reimbursements	2e	1,052	577
Other Income	2f	225	284
<b>Total Income</b>		<b>32,030</b>	<b>27,556</b>
<b>Expenses</b>			
Employee Costs	3a	8,787	8,250
Materials, Contracts & Other Expenses	3b	13,362	11,652
Depreciation, Amortisation & Impairment	3c	9,376	9,513
Finance Costs	3d	394	411
<b>Total Expenses</b>		<b>31,919</b>	<b>29,826</b>
<b>Operating Surplus / (Deficit)</b>		<b>111</b>	<b>(2,270)</b>
Asset Disposal & Fair Value Adjustments	4	(3,201)	(4,111)
Amounts Received Specifically for New or Upgraded Assets	2g	2,288	1,968
Physical Resources Received Free of Charge	2i	-	100
<b>Net Surplus / (Deficit) <sup>1</sup></b>		<b>(802)</b>	<b>(4,313)</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	353	(35,118)
<b>Total Other Comprehensive Income</b>		<b>353</b>	<b>(35,118)</b>
<b>Total Comprehensive Income</b>		<b>(449)</b>	<b>(39,431)</b>

<sup>1</sup> Transferred to Equity Statement

# Yorke Peninsula Council

## Statement of Financial Position

as at 30 June 2017

\$ '000	Notes	2017	2016
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	5a	6,926	6,957
Trade & Other Receivables	5b	1,986	1,313
Inventories	5c	758	980
<b>Total Current Assets</b>		<b>9,670</b>	<b>9,250</b>
<b>Non-Current Assets</b>			
Financial Assets	6a	692	783
Infrastructure, Property, Plant & Equipment	7a	294,175	294,516
<b>Total Non-Current Assets</b>		<b>294,867</b>	<b>295,299</b>
<b>TOTAL ASSETS</b>		<b>304,537</b>	<b>304,549</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade & Other Payables	8a	2,101	1,448
Borrowings	8b	648	642
Provisions	8c	2,273	1,880
<b>Total Current Liabilities</b>		<b>5,022</b>	<b>3,970</b>
<b>Non-Current Liabilities</b>			
Borrowings	8b	7,541	7,980
Provisions	8c	236	412
<b>Total Non-Current Liabilities</b>		<b>7,777</b>	<b>8,392</b>
<b>TOTAL LIABILITIES</b>		<b>12,799</b>	<b>12,362</b>
<b>Net Assets</b>		<b>291,738</b>	<b>292,187</b>
<b>EQUITY</b>			
Accumulated Surplus		(10,082)	(8,841)
Asset Revaluation Reserves	9a	300,690	300,337
Other Reserves	9b	1,130	691
<b>Total Council Equity</b>		<b>291,738</b>	<b>292,187</b>

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

\$ '000	Notes	Accumulated Surplus	Asset Revaluation Reserve	Other Reserves	Total Equity
<b>2017</b>					
<b>Balance at the end of previous reporting period</b>		(8,841)	300,337	691	<b>292,187</b>
<b>a. Net Surplus / (Deficit) for Year</b>		(802)	-	-	<b>(802)</b>
<b>b. Other Comprehensive Income</b>					
- Gain (Loss) on Revaluation of I,PP&E	7a	-	353	-	<b>353</b>
<b>Other Comprehensive Income</b>		-	353	-	<b>353</b>
<b>Total Comprehensive Income</b>		<b>(802)</b>	<b>353</b>	<b>-</b>	<b>(449)</b>
<b>c. Transfers between Reserves</b>		(439)	-	439	<b>-</b>
<b>Balance at the end of period</b>		<b>(10,082)</b>	<b>300,690</b>	<b>1,130</b>	<b>291,738</b>
<b>2016</b>					
<b>Balance at the end of previous reporting period</b>		(4,594)	335,455	757	<b>331,618</b>
<b>a. Net Surplus / (Deficit) for Year</b>		(4,313)	-	-	<b>(4,313)</b>
<b>b. Other Comprehensive Income</b>					
- Gain (Loss) on Revaluation of I,PP&E	7a	-	(35,118)	-	<b>(35,118)</b>
<b>Other Comprehensive Income</b>		-	(35,118)	-	<b>(35,118)</b>
<b>Total Comprehensive Income</b>		<b>(4,313)</b>	<b>(35,118)</b>	<b>-</b>	<b>(39,431)</b>
<b>c. Transfers between Reserves</b>		66	-	(66)	<b>-</b>
<b>Balance at the end of period</b>		<b>(8,841)</b>	<b>300,337</b>	<b>691</b>	<b>292,187</b>

# Yorke Peninsula Council

## Statement of Cash Flows

for the year ended 30 June 2017

\$ '000	Notes	2017	2016
<b>Cash Flows from Operating Activities</b>			
<u>Receipts</u>			
Rates Receipts		21,118	19,940
Statutory Charges		334	391
User Charges		3,195	2,961
Grants, Subsidies and Contributions (operating purpose)		5,721	3,094
Investment Receipts		234	251
Reimbursements		1,052	577
Other Receipts		225	406
<u>Payments</u>			
Payments to Employees		(8,447)	(8,410)
Payments for Materials, Contracts & Other Expenses		(13,144)	(12,601)
Finance Payments		(394)	(411)
<b>Net Cash provided by (or used in) Operating Activities</b>	11b	<b>9,894</b>	<b>6,198</b>
<b>Cash Flows from Investing Activities</b>			
<u>Receipts</u>			
Amounts Received Specifically for New/Upgraded Assets		2,288	1,968
Sale of Replaced Assets		472	480
Repayments of Loans by Community Groups		99	75
<u>Payments</u>			
Expenditure on Renewal/Replacement of Assets		(8,315)	(5,095)
Expenditure on New/Upgraded Assets		(4,040)	(4,653)
Loans Made to Community Groups		-	(520)
<b>Net Cash provided by (or used in) Investing Activities</b>		<b>(9,496)</b>	<b>(7,745)</b>
<b>Cash Flows from Financing Activities</b>			
<u>Receipts</u>			
Proceeds from Borrowings		209	1,630
Proceeds from Bonds & Deposits		4	3
<u>Payments</u>			
Repayments of Borrowings		(642)	(598)
<b>Net Cash provided by (or used in) Financing Activities</b>		<b>(429)</b>	<b>1,035</b>
<b>Net Increase (Decrease) in Cash Held</b>		<b>(31)</b>	<b>(512)</b>
plus: <b>Cash &amp; Cash Equivalents at beginning of period</b>	11	<b>6,957</b>	<b>7,469</b>
<b>Cash &amp; Cash Equivalents at end of period</b>	11	<b>6,926</b>	<b>6,957</b>

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

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

### Note 1. Summary of Significant Accounting Policies

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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.

AASB 2016-4 Recoverable Amount of Non Cash-Generating Specialised Assets of Not-for-Profit Entities has been adopted early in the preparation of these financial reports.

This Standard removes the requirement for impairment testing of non-cash generating specialised assets that are carried at fair value. The early adoption of this Standard has not resulted in any changes to any amounts disclosed in these reports.

The financial report was authorised for issue by certificate under regulation 14 of the *Local Government (Financial Management) Regulations 2011* dated 8<sup>th</sup> November 2017.

##### 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.

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

### 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
2014/15	\$3,417,961	\$2,239,436	+\$1,178,525
2015/16	\$1,063,202	\$2,235,365	- \$1,172,163
2016/17	\$3,363,515	\$2,219,769	+\$1,143,746

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.

##### 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
Road construction & reconstruction	\$10,000
Paving & footpaths, Kerb & Gutter	\$2,000
Drains & Culverts	\$5,000

##### 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

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

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

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.

Useful lives estimates in use from 1 July 2015:

#### *Plant, Furniture & Equipment*

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

#### *Building & Other Structures*

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

#### *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 & Earthwork	90 to 400 years
Paving & Footpaths	30 to 60 years
Drains, Kerb & Gutter	80 years
Culverts	50 to 75 years
Flood Control Structures	80 to 100 years
Reticulation Pipes – PVC	50 to 60 years
Reticulation Pipes – other	25 to 65 years

Pumps & Telemetry	15 to 25 years
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#### *Other Assets*

Reserve Furniture	5 to 15 years
Artworks	indefinite

### 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.

### 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

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

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

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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.

Weighted avg. discount rate	1.50% (2016, 1.75%)
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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 Waste Management which facilitates rehabilitation of the following six closed landfill sites – Price, Port Victoria, Arthurton, Ramsey, Warooka (including leachate monitoring) and Foul Bay. Council will review and update where deemed necessary the liability recorded (shown as a Provision) in Council's Statement of Financial Position to ensure the liability accurately reflects the future landfill monitoring obligations of the Council in accordance with its EPA licence requirements.

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 Leases

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

In respect of finance leases, where Council substantially carries all of the risks incident to ownership, the leased items are initially recognised as assets and liabilities equal in amount to the present value of the minimum lease payments. The assets are disclosed within the appropriate asset class, and are amortised to expense over the period

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

Note 1. Summary of Significant Accounting Policies (continued)

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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 excluding those listed in 1.1 above.

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*



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

Note 1. Summary of Significant Accounting Policies (continued)

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- 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*

**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 2016-8 *Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-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 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.

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

Note 2. Income

\$ '000	Notes	2017	2016
<b>(a). Rates Revenues</b>			
<b>General Rates</b>			
General Rates		16,229	15,413
Less: Mandatory Rebates		(104)	(100)
Less: Discretionary Rebates, Remissions & Write Offs		(20)	(63)
<b>Total General Rates</b>		<b>16,105</b>	<b>15,250</b>
<b>Other Rates (Including Service Charges)</b>			
Natural Resource Management Levy		954	753
Waste Collection		2,594	2,408
Water Supply		144	139
Community Wastewater Management Systems		1,407	1,361
<b>Total Other Rates</b>		<b>5,099</b>	<b>4,661</b>
<b>Other Charges</b>			
Penalties for Late Payment		65	57
Legal & Other Costs Recovered		-	30
<b>Total Other Charges</b>		<b>65</b>	<b>87</b>
<b>Total Rates Revenues</b>		<b>21,269</b>	<b>19,998</b>
<b>(b). Statutory Charges</b>			
Development Act Fees		180	188
Town Planning Fees		-	29
Health & Septic Tank Inspection Fees		34	32
Animal Registration Fees & Fines		78	86
Parking Fines / Expiation Fees		8	7
Other Registration Fees		11	12
Sundry		23	37
<b>Total Statutory Charges</b>		<b>334</b>	<b>391</b>
<b>(c). User Charges</b>			
Cemetery Fees		27	24
Commercial Activity Revenue		94	60
Hall & Equipment Hire		30	30
Property Lease		-	6
Sundry		97	77
Commercial Activity Revenue (Caravan Parks)		2,578	2,457
Boat Ramp Fees		147	144
Refuse Disposal		58	56
Water		164	107
<b>Total User Charges</b>		<b>3,195</b>	<b>2,961</b>

# Yorke Peninsula Council

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

### Note 2. Income (continued)

\$ '000	Notes	2017	2016
<b>(d). Investment Income</b>			
Interest on Investments			
- Local Government Finance Authority		175	195
- Banks & Other		13	18
- Loans to Community Groups		46	38
<b>Total Investment Income</b>		<b>234</b>	<b>251</b>
<b>(e). Reimbursements</b>			
Roadworks		6	11
Private Works		2	-
Community Group Reimbursements		51	57
Insurance Reimbursements		180	295
Government Agencies Reimbursements		732	42
Other		81	172
<b>Total Reimbursements</b>		<b>1,052</b>	<b>577</b>
<b>(f). Other Income</b>			
Rebates Received		168	165
Sundry		57	119
<b>Total Other Income</b>		<b>225</b>	<b>284</b>
<b>(g). Grants, Subsidies, Contributions</b>			
Amounts Received Specifically for New or Upgraded Assets		2,288	1,968
Other Grants, Subsidies and Contributions		5,721	3,094
<b>Total Grants, Subsidies, Contributions</b>		<b>8,009</b>	<b>5,062</b>
The functions to which these grants relate are shown in Note 12.			
<b>(i) Sources of grants</b>			
Commonwealth Government		1,977	4,712
State Government		5,878	326
Other		154	24
<b>Total</b>		<b>8,009</b>	<b>5,062</b>



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

Note 2. Income (continued)

\$ '000	Notes	2017	2016
<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>		11	58
<i>Less:</i>			
<i>Expended during the current period from revenues recognised in previous reporting periods</i>			
Heritage & Cultural Services		(11)	(48)
<b>Subtotal</b>		<b>(11)</b>	<b>(48)</b>
<i>Plus:</i>			
<i>Amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions</i>			
Heritage & Cultural Services		-	1
Open Space and Places for People Grants		183	-
Regional Aviation Access Programme - Remote Airstrip Upgrade Grant		5	-
Road Safety Awareness Donation		3	-
Untied - Financial Assistance Grants (Paid in Advance)		1,144	-
<b>Subtotal</b>		<b>1,335</b>	<b>1</b>
<b>Unexpended at the close of this reporting period</b>		<b>1,335</b>	<b>11</b>
<b>Net increase (decrease) in assets subject to conditions in the current reporting period</b>		<b>1,324</b>	<b>(47)</b>

Note 3. Expenses

(a). Employee Costs

Salaries and Wages		7,423	7,427
Employee Leave Expense		845	579
Superannuation - Defined Contribution Plan Contributions	18	567	203
Superannuation - Defined Benefit Plan Contributions	18	192	540
Workers' Compensation Insurance		426	337
Other		280	316
Less: Capitalised and Distributed Costs		(946)	(1,152)
<b>Total Operating Employee Costs</b>		<b>8,787</b>	<b>8,250</b>
<b>Total Number of Employees (full time equivalent at end of reporting period)</b>		<b>118</b>	<b>114</b>

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

Note 3. Expenses (continued)

\$ '000	Notes	2017	2016
<b>(b). Materials, Contracts and Other Expenses</b>			
<b>(i) Prescribed Expenses</b>			
Auditor's Remuneration			
- Auditing the Financial Reports		25	18
Bad and Doubtful Debts		-	1
Elected Members' Expenses		287	319
Election Expenses		1	1
Operating Lease Rentals - Non-Cancellable Leases	17		
- Minimum Lease Payments		52	97
<b>Subtotal - Prescribed Expenses</b>		<b>365</b>	<b>436</b>
<b>(ii) Other Materials, Contracts and Expenses</b>			
Contractors		3,059	2,917
Energy		667	596
Roadside Vegetation Maintenance - Contractors		398	-
Legal Expenses		101	95
Levies Paid to Government - NRM levy		954	756
Levies - Other		55	65
Parts, Accessories & Consumables		1,361	1,347
Professional Services		435	331
Sundry		608	767
Water		556	579
Insurance		463	504
Professional Services - Waste Management		2,512	2,367
Community Grants / Donations / Sponsorship		199	200
Storm Damage Repairs - Jetty Infrastructure		705	-
Contribution - Community Seawall		209	-
License Fees - Information Technology		186	207
Subscriptions		69	63
Plant & Machinery - Registration		113	112
Contribution - Yorke Peninsula Community Transport		69	52
Contribution - Yorke Peninsula Tourism		46	44
Contribution - Regional Development Australia		29	28
Telephones		137	121
Bank Charges		66	65
<b>Subtotal - Other Material, Contracts &amp; Expenses</b>		<b>12,997</b>	<b>11,216</b>
<b>Total Materials, Contracts and Other Expenses</b>		<b>13,362</b>	<b>11,652</b>

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

Note 3. Expenses (continued)

\$ '000	Notes	2017	2016
<b>(c). Depreciation, Amortisation and Impairment</b>			
<b>(i) Depreciation and Amortisation</b>			
Buildings & Other Structures		2,157	2,177
Stormwater Drainage		163	163
CWMS		480	478
Transport Infrastructure		5,018	5,027
Water Scheme Infrastructure		70	73
Plant & Equipment		834	967
Furniture & Fittings		203	139
Other Assets		433	489
<b>Subtotal</b>		<b>9,358</b>	<b>9,513</b>
<b>(ii) Impairment</b>			
Plant & Equipment		6	-
Other Assets		12	-
<b>Subtotal</b>		<b>18</b>	<b>-</b>
<b>Total Depreciation, Amortisation and Impairment</b>		<b>9,376</b>	<b>9,513</b>
<b>(d). Finance Costs</b>			
Interest on Overdraft and Short-Term Drawdown		-	-
Interest on Loans		394	411
<b>Total Finance Costs</b>		<b>394</b>	<b>411</b>

Note 4. Asset Disposal & Fair Value Adjustments

Infrastructure, Property, Plant & Equipment

<b>(i) Assets Renewed or Directly Replaced</b>			
Proceeds from Disposal		472	480
Less: Carrying Amount of Assets Sold		(3,673)	(4,591)
<b>Gain (Loss) on Disposal</b>		<b>(3,201)</b>	<b>(4,111)</b>
<b>Net Gain (Loss) on Disposal or Revaluation of Assets</b>		<b>(3,201)</b>	<b>(4,111)</b>

\* The new Asset Management System records disposal of assets where capital work upgrade/renewal has been undertaken. Under this system disposals were recorded against CWMS (\$50,000 - disposals), Transport Infrastructure (\$521,000 - disposals), Water Scheme Infrastructure (\$8,000 - disposals), Plant & Equipment (\$333,000 - disposals), Furniture & Fittings (\$50,000 - write off obsolete information technology assets) and Other Assets (\$2,711,000 - disposals and write off of duplicate assets capitalised in Buildings & Structures)

## Yorke Peninsula Council

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

#### Note 5. Current Assets

\$ '000	Notes	2017	2016
<b>(a). Cash &amp; Cash Equivalents</b>			
Cash on Hand at Bank		289	1,098
Deposits at Call		6,637	5,859
<b>Total Cash &amp; Cash Equivalents</b>		<b>6,926</b>	<b>6,957</b>
<b>(b). Trade &amp; Other Receivables</b>			
Rates - General & Other		594	443
Accrued Revenues		55	86
Debtors - General		751	172
GST Recoupment		237	230
Prepayments		258	283
Loans to Community Organisations		91	99
<b>Total Trade &amp; Other Receivables</b>		<b>1,986</b>	<b>1,313</b>
<b>(c). Inventories</b>			
Stores & Materials		737	953
Trading Stock		21	27
<b>Total Inventories</b>		<b>758</b>	<b>980</b>

#### Note 6. Non-Current Assets

##### Financial Assets

##### Receivables

Loans to Community Organisations		692	783
<b>Total Financial Assets</b>		<b>692</b>	<b>783</b>

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

Note 7a (i). Infrastructure, Property, Plant & Equipment

\$ '000	Fair Value Level	as at 30/6/2016				Asset Movements during the Reporting Period									as at 30/6/2017			
		At Fair Value	At Cost	Accumulated Dep'n	Carrying Value	Asset Additions		WDV of Asset Disposals	Depreciation Expense (Note 3c)	Impairment Loss (recognised in P/L) (Note 3c)	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	Carrying Value
						New / Upgrade	Renewals											
Capital Work in Progress		-	796	-	796	299	97	-	-	-	(796)	-	-	-	-	396	-	396
Land	2	73,572	296	-	73,868	110	-	-	-	-	-	-	-	-	73,572	406	-	73,978
Buildings & Other Structures	2	5,251	2,182	1,109	6,324	140	-	-	(196)	-	-	-	-	-	5,253	2,322	1,307	6,268
Buildings & Other Structures	3	86,704	1,093	47,808	39,989	66	501	-	(1,961)	-	61	230	-	-	86,704	1,951	49,769	38,886
Stormwater Drainage	3	12,050	61	3,426	8,685	85	-	-	(163)	-	-	-	-	-	12,050	146	3,588	8,608
CWMS	3	24,872	513	8,862	16,523	86	254	(50)	(480)	-	-	-	-	90	24,855	853	9,284	16,424
Transport Infrastructure	3	229,544	4,433	106,355	127,622	2,969	5,813	(521)	(5,018)	-	560	174	-	263	225,351	13,949	107,438	131,862
Water Scheme Infrastructure	3	3,801	41	845	2,997	14	19	(8)	(70)	-	-	-	-	-	3,786	74	909	2,951
Plant & Equipment		-	11,978	4,741	7,237	96	1,344	(333)	(834)	(6)	-	83	-	-	-	12,256	4,670	7,586
Furniture & Fittings		-	2,820	1,369	1,451	73	140	(50)	(203)	-	175	47	-	-	-	2,866	1,233	1,633
Other Assets		-	13,742	4,718	9,024	102	147	(2,711)	(433)	(12)	-	(534)	-	-	-	9,718	4,135	5,583
Total Infrastructure, Property, Plant & Equipment		435,794	37,955	179,233	294,516	4,040	8,315	(3,673)	(9,358)	(18)	-	-	-	353	431,571	44,937	182,333	294,175
Comparatives		493,191	31,394	190,695	333,890	4,752	5,097	(4,592)	(9,513)	-	-	-	(35,817)	699	435,794	37,955	179,233	294,516

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

### 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 Land*

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

##### *Fair Value Hierarchy Level 3 Valuations of Buildings, Infrastructure and Other Assets*

There is no known market for 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.

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

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

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\$ '000

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Valuation of Assets (continued)

**Other Information**

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 determined in accordance with AASB 13 Fair Value Measurement: accumulated depreciation is taken to be the difference between current new replacement cost and fair value. In the case of land, current replacement cost is taken to be the fair value.

Following introduction of the Conquest Asset Management System, partial disposal of capital assets during upgrade and renewal has been recorded for the first time in 2014-15 in Council's Statement of Comprehensive Income.

**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.

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

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

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

**Transition to AASB 13 - 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.

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

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

\$ '000

Valuation of Assets (continued)

Land & Land Improvements

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

Freeholdland and land over which Council has control, but does not have title, is recognised on the cost basis. No capitalisation threshold is applied to the acquisition of land or interests in land. Estimated future costs of reinstatement of land, capitalised in accordance with AASB 116.16(c), are reviewed annually (see Note 1) and depreciated over the estimated remaining life of the relevant asset.

- Basis of valuation: Fair Value
- Date of valuation: 1 July 2013
- Date of next valuation: 1 July 2018
- Valuer: Andrea Carolan, Maloney Field Services

Buildings & Other Structures

Buildings and other structures were revalued as at 1 July 2013 by Maloney Field Services in accordance with AASB 13: Fair Value Measurement. AASB 13 requires the disclosure of fair value information according to the relevant level in the fair value hierarchy. The following tables provide the fair values of the entity's assets measured and recognised on a recurring basis after initial recognition, categorised within the fair value hierarchy.

		Fair Value Measurement using:			Total
	Date	Level 1	Level 2	Level 3	
	of latest	Quoted	Significant	Significant	
	valuation	prices in	observable	unobservable	
		active mkts	inputs	inputs	
		\$'000	\$'000	\$'000	\$'000
<b>2017</b>					
Land	01/07/13	-	73,978	-	73,978
Buildings and Structures	01/07/13	-	7,575	88,655	96,230
<b>Total Property, Plant and Equipment</b>		<b>-</b>	<b>81,553</b>	<b>88,655</b>	<b>170,208</b>
<b>2016</b>					
Land	01/07/13	-	73,868	-	73,868
Buildings and Structures	01/07/13	-	7,434	87,797	95,231
<b>Total Property, Plant and Equipment</b>		<b>-</b>	<b>81,302</b>	<b>87,797</b>	<b>169,099</b>

- Basis of valuation: Fair Value
- Date of valuation: 01 July 2013
- Date of next valuation: 01 July 2018
- Valuer: Andrea Carolan, Maloney Field Services



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

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

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\$ '000

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Valuation of Assets (continued)

**Infrastructure**

*Transport Infrastructure*

Transportation Infrastructure assets were valued by Tonkin Consulting as at 1 July 2015. This revaluation was based on an update to the 1 July 2013 transport valuation to take into consideration the changes Council has made to road categories and service levels in the Transport Asset Management Plan adopted by Council in October 2015 and the componentisation of asset types, which involved the removal of residuals. The resultant decrease in transport asset of \$35.82 million was driven by the review of construction, maintenance and renewal standards for the road network undertaken in the Transport Asset Management Plan which was adopted following community consultation in October 2015. Conversely the resultant increase in depreciation of \$790,000 when compared to 2014-2015 has occurred due to review and reduction of the estimated useful lives of long-life components following detailed analysis of parameters in relation to these assets. During the 2016-17 financial year (as at 1 July 2016) approximately 1.8km of sealed road not previously captured as a Council asset was added to Transport Infrastructure through revaluation utilising the 1 July 2015 valuation rates. This addition resulted in an increased to depreciation of \$4,302 per annum.

- Basis of valuation: Written down current replacement cost
- Date of valuation: 1 July 2015
- Date of next valuation: 01 July 2018
- Valuer: Rod Ellis, Tonkin Consulting

*Stormwater Drainage*

Stormwater drainage infrastructure assets were valued by Tonkin Consulting at 1 July 2014 at written down current replacement cost. During this revaluation Stormwater infrastructure assets not previously valued were located in various townships and locations across the district as a result of the introduction of GIS mapping. Additional assets were valued at approximately \$5.1m. All acquisitions made after the respective dates of valuation are recorded at cost.

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

*Community Wastewater Management Schemes*

Community Wastewater Management Schemes infrastructure assets were valued by Tonkin Consulting at 1 July 2014 at written down current replacement cost. During this revaluation CWMS Infrastructure assets not previously valued were identified in five townships from land divisions undertaken by developers, amounting to approximately \$3.9m. During the 2016-17 financial year (as at 1 July 2016) a number of CWMS home connections and gravity drains not previously captured as a Council asset was added to Transport Infrastructure through revaluation utilising the 1 July 2014 valuation rates. These additions resulted in an increased to depreciation of \$1,886 per annum. All acquisitions made after the respective dates of valuation are recorded at cost.

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

# Yorke Peninsula Council

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

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

\$ '000

#### Valuation of Assets (continued)

##### Infrastructure (continued)

###### Water Supply Schemes

Water Supply Schemes infrastructure assets were valued by Tonkin Consulting at 1 July 2015 at written down current replacement cost. All acquisitions made after the respective dates of valuation are recorded at cost.

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

##### Plant & Equipment

These assets are recognised on the cost basis.

##### All other Assets

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

These include Other Assets and Minor Plant.

### Note 8. Liabilities

\$ '000	Notes	2017 Current	2017 Non Current	2016 Current	2016 Non Current
<b>(a). Trade and Other Payables</b>					
Goods & Services		1,555	-	961	-
Payments Received in Advance		7	-	41	-
Accrued Expenses - Employee Entitlements		218	-	166	-
Accrued Expenses - Other		308	-	271	-
Deposits, Retentions & Bonds		13	-	9	-
<b>Total Trade and Other Payables</b>		<b>2,101</b>	<b>-</b>	<b>1,448</b>	<b>-</b>

#### (b). Borrowings

Loans	648	7,541	642	7,980
<b>Total Borrowings</b>	<b>648</b>	<b>7,541</b>	<b>642</b>	<b>7,980</b>

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

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

Note 8. Liabilities

		2017	2017	2016	2016
\$ '000	Notes	Current	Non Current	Current	Non Current
(c). Provisions					
Employee Entitlements (including oncosts)		2,258	129	1,880	219
Future Reinstatement / Restoration, etc		15	107	-	193
Total Provisions		2,273	236	1,880	412

Note 9. Reserves

\$ '000	1/7/2016	Increments (Decrements)	Transfers	Impairments	30/6/2017
(a). Asset Revaluation Reserve					
Land	73,286	-	-	-	73,286
Buildings & Other Structures	48,995	-	-	-	48,995
Stormwater Drainage	9,758	-	-	-	9,758
CWMS	15,330	90	-	-	15,420
Transport Infrastructure	150,895	263	-	-	151,158
Water Scheme Infrastructure	2,073	-	-	-	2,073
<b>Total Asset Revaluation Reserve</b>	<b>300,337</b>	<b>353</b>	<b>-</b>	<b>-</b>	<b>300,690</b>
<b>Comparatives</b>	<b>335,455</b>	<b>(35,118)</b>	<b>-</b>	<b>-</b>	<b>300,337</b>

\$ '000	1/7/2016	Tfrs to Reserve	Tfrs from Reserve	Other Movements	30/6/2017
(b). Other Reserves					
Balgowan Water Supply	32	66	(38)	-	60
Black Point Water Supply	58	65	(48)	-	75
Combined Effluent Reserve	251	1,422	(1,083)	-	590
Hardwicke Bay Effluent Augmentation	182	5	-	-	187
Hardwicke Bay Water Supply	76	72	(25)	-	123
Hardwicke Bay Water Augmentation	41	-	-	-	41
Point Souttar Effluent Augmentation	51	3	-	-	54
<b>Total Other Reserves</b>	<b>691</b>	<b>1,633</b>	<b>(1,194)</b>	<b>-</b>	<b>1,130</b>
<b>Comparatives</b>	<b>757</b>	<b>18</b>	<b>(84)</b>	<b>-</b>	<b>691</b>

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

Note 9. Reserves (continued)

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\$ '000

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**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).

**Balgowan Water Supply**

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

**Black Point Water Supply**

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

**Combined Effluent Reserve**

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

**Hardwicke Bay Effluent Augmentation**

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

**Hardwicke Bay Water Supply**

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

**Hardwicke Bay Water Augmentation**

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

**Point Souttar Effluent Augmentation**

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

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

Note 10. Assets Subject to Restrictions

\$ '000	Notes	2017	2016
<p>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.</p>			
<b>Infrastructure, Property, Plant &amp; Equipment</b>			
<i>Country Fire Service Stations</i>			
Ardrossan		56	56
Balgowan		150	150
Port Clinton		77	77
Curramulka		29	29
Maitland		60	60
Minlaton		54	54
Port Victoria		109	109
<i>Caravan Parks</i>			
Ardrossan		591	597
Coobowie		2,835	2,893
Edithburgh		1,625	1,669
Minlaton		294	300
Pine Point		402	409
Port Clinton		436	436
Port Rickaby		1,305	1,331
Port Victoria		545	556
Stansbury / Oyster Point		3,185	3,262
Yorke town		808	808
<i>Fauna &amp; Wildlife Parks</i>			
Minlaton		120	120
<i>Parklands</i>			
Ardrossan Scout Hall		94	94
Minlaton Basketball Stadium and Courts		286	286
Edithburgh Oval		209	209
Yorke town Lions Clubrooms		640	643
Warooka Museum		96	96
<b>Total Infrastructure, Property, Plant &amp; Equipment</b>		<b>14,006</b>	<b>14,244</b>
<b>Total Assets Subject to Externally Imposed Restrictions</b>		<b>14,006</b>	<b>14,244</b>

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

Note 11. Reconciliation to Statement of Cash Flows

\$ '000	Notes	2017	2016
<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	6,926	6,957
<b>Balances per Statement of Cash Flows</b>		<b>6,926</b>	<b>6,957</b>

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

<b>Net Surplus/(Deficit)</b>		<b>(802)</b>	<b>(4,313)</b>
Non-Cash Items in Income Statements			
Depreciation, Amortisation & Impairment		9,376	9,513
Non-Cash Asset Acquisitions		-	(100)
Grants for Capital Acquisitions (Treated as Investing Activity Receipts)		(2,288)	(1,968)
Net (Gain) Loss on Disposals		3,201	4,111
		<b>9,487</b>	<b>7,243</b>
<b>Add (Less): Changes in Net Current Assets</b>			
Net (Increase)/Decrease in Receivables		(681)	36
Net (Increase)/Decrease in Inventories		222	(203)
Net Increase/(Decrease) in Trade & Other Payables		649	(1,052)
Net Increase/(Decrease) in Unpaid Employee Benefits		288	123
Net Increase/(Decrease) in Other Provisions		(71)	51
<b>Net Cash provided by (or used in) operations</b>		<b>9,894</b>	<b>6,198</b>

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

<b>Acquisition of assets by means of:</b>			
- Physical Resources Received Free of Charge	2i	-	100
<b>Amounts recognised in Income Statement</b>		<b>-</b>	<b>100</b>
<b>Total Non-Cash Financing &amp; Investing Activities</b>		<b>-</b>	<b>100</b>

**(d). Financing Arrangements**

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

Bank Overdrafts	100	100
Corporate Credit Cards	36	37
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 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)	
	Actual 2017	Actual 2016	Actual 2017	Actual 2016	Actual 2017	Actual 2016	Actual 2017	Actual 2016	Actual 2017	Actual 2016
<b>\$ '000</b>										
Business Undertakings	2,646	2,516	2,071	2,119	575	397	-	-	22,407	22,642
Community Services	342	242	2,742	1,254	(2,400)	(1,012)	158	170	33,501	9,011
Culture	136	312	235	1,018	(99)	(706)	106	84	2,208	20,952
Community Wastewater Management	1,430	1,381	1,118	1,327	312	54	22	24	17,410	17,463
Environment	954	845	2,175	1,409	(1,221)	(564)	80	65	10,871	15,647
Recreation	256	95	2,919	1,893	(2,663)	(1,798)	70	-	52,898	56,705
Regulatory Services	331	314	1,516	284	(1,185)	30	-	-	187	182
Tourism	20	67	276	292	(256)	(225)	-	-	113	41
Transport & Communication	3,112	2,074	8,817	8,221	(5,705)	(6,147)	3,111	1,980	140,189	136,940
Waste Management	2,657	2,470	2,631	2,456	26	14	-	-	1,379	1,407
Water Supply	308	240	240	317	68	(77)	-	-	2,992	3,069
Council Administration	19,838	17,000	7,179	9,236	12,659	7,764	2,174	771	20,382	20,490
<b>Total Functions/Activities</b>	<b>32,030</b>	<b>27,556</b>	<b>31,919</b>	<b>29,826</b>	<b>111</b>	<b>(2,270)</b>	<b>5,721</b>	<b>3,094</b>	<b>304,537</b>	<b>304,549</b>

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.

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

### 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

#### **ECONOMIC DEVELOPMENT**

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

#### **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.

#### **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.



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

Note 13. Financial Instruments

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\$ '000

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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 1.5% and 1.59% (2016: 1.9% and 2.45%). Short term deposits have an average maturity of 60 days and an average interest rate of 1.94% (2016: 60 days and 1.96%).

**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).

**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).

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

Note 13. Financial Instruments (continued)

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\$ '000

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**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 on a monthly basis; interest is charged at fixed rates between 4.00% and 7.95% (2016: 4.00% and 7.95%).

**Carrying Amount:**

Approximates fair value.

**Liabilities**

**Finance Leases**

**Accounting Policy:**

Accounted for in accordance with AASB 117.

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

Note 13. Financial Instruments (continued)

\$ '000	Due < 1 year	Due > 1 year & ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
<b>2017</b>					
<b>Financial Assets</b>					
Cash & Equivalents	6,926	-	-	6,926	6,926
Receivables	1,396	-	-	1,396	2,084
Other Financial Assets	-	497	378	875	692
<b>Total Financial Assets</b>	<b>8,322</b>	<b>497</b>	<b>378</b>	<b>9,197</b>	<b>9,702</b>

<b>Financial Liabilities</b>					
Payables	1,575	-	-	1,575	1,575
Current Borrowings	1,026	-	-	1,026	648
Non-Current Borrowings	-	3,975	5,572	9,547	7,541
<b>Total Financial Liabilities</b>	<b>2,601</b>	<b>3,975</b>	<b>5,572</b>	<b>12,148</b>	<b>9,764</b>

\$ '000	Due < 1 year	Due > 1 year & ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
<b>2016</b>					
<b>Financial Assets</b>					
Cash & Equivalents	6,957	-	-	6,957	6,957
Receivables	913	-	-	913	1,653
Other Financial Assets	-	475	491	966	783
<b>Total Financial Assets</b>	<b>7,870</b>	<b>475</b>	<b>491</b>	<b>8,836</b>	<b>9,393</b>

<b>Financial Liabilities</b>					
Payables	1,011	-	-	1,011	1,011
Current Borrowings	1,044	-	-	1,044	642
Non-Current Borrowings	-	3,944	6,372	10,316	7,980
<b>Total Financial Liabilities</b>	<b>2,055</b>	<b>3,944</b>	<b>6,372</b>	<b>12,371</b>	<b>9,633</b>

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
Fixed Interest Rates	4.72%	8,189	4.76%	8,622
		<b>8,189</b>		<b>8,622</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.

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

Note 13. Financial Instruments (continued)

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\$ '000

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**Risk Exposures**

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

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

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

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

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

Note 14. Commitments for Expenditure

\$ '000	Notes	2017	2016
<b>(a). Capital Commitments</b>			
<b>Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:</b>			
Transport Infrastructure		8	1,817
Other assets		275	100
Furniture & Fittings		-	13
Buildings & Structures		699	7
CWMS		199	-
Stormwater Infrastructure		3	-
		<b>1,184</b>	<b>1,937</b>
<b>These expenditures are payable:</b>			
Not later than one year		1,184	1,937
Later than one year and not later than 5 years		-	-
Later than 5 years		-	-
		<b>1,184</b>	<b>1,937</b>
<b>(b). Other Expenditure Commitments</b>			
<b>Other expenditure committed for (excluding inventories) at the reporting date but not recognised in the financial statements as liabilities:</b>			
Audit Services		24	45
Waste Management Services		4,230	7,059
Employee Remuneration Contracts		1,642	1,289
Consulting Service Agreement		30	-
Roadside Vegetation Management		-	172
		<b>5,926</b>	<b>8,565</b>
<b>These expenditures are payable:</b>			
Not later than one year		3,500	3,526
Later than one year and not later than 5 years		2,426	5,039
Later than 5 years		-	-
		<b>5,926</b>	<b>8,565</b>

**(c). Finance Lease Commitments**

Council has no Finance Leases.

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

Note 15. Financial Indicators

	Amounts	Indicator	Prior Periods	
\$ '000	2017	2017	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	111	0.35%	(8.24%)	(6.05%)
Total Operating Revenue	32,030			

*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.

(1,033)	(3.23%)	(3.96%)	(10.29%)
32,030			

**2. Net Financial Liabilities Ratio**

Net Financial Liabilities	3,195	9.98%	12.01%	10.99%
Total Operating Revenue	32,030			

*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	7,843	83.81%	48.51%	52.60%
Infrastructure & Asset Management Plan required expenditure	9,358			

\* \* \*

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

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

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

Note 15. Financial Indicators - Graphs (continued)

<div><div>1. Operating Surplus Ratio</div><div><div>Ratio %</div><div><div><div>2015</div><div>2016</div><div>2017</div></div><div><div>-6.05%</div><div>-8.24%</div><div>0.35%</div></div></div></div></div>	<div><div>Purpose of Operating Surplus Ratio</div><div><div>This indicator is to determine the percentage the operating revenue varies from operating expenditure</div></div></div>	<div><div>Commentary on 2016/17 Result</div><div><div>2016/17 Ratio0%</div></div><div><div>Operating Surplus Ratio for 2017 impacted positively as a result of 50% of the Financial Assistance Grant received in advance.</div></div></div>
<div><div>1a. Adjusted Operating Surplus Ratio</div><div><div>Ratio %</div><div><div><div>2015</div><div>2016</div><div>2017</div></div><div><div>-10.29%</div><div>-3.96%</div><div>-3.23%</div></div></div></div></div>	<div><div>Purpose of Adjusted Operating Surplus Ratio</div><div><div>This indicator is to determine the percentage the operating revenue (adjusted for timing differences in the Financial Assistance Grant) varies from operating expenditure</div></div></div>	<div><div>Commentary on 2016/17 Result</div><div><div>2016/17 Ratio-3%</div></div><div><div>Adjusted Operating Surplus Ratio matches Financial Assistance Grant income to the relevant year returning a modest improvement in underlying financial performance for 2017 compared to 2016.</div></div></div>
<div><div>2. Net Financial Liabilities Ratio</div><div><div>Ratio %</div><div><div><div>2015</div><div>2016</div><div>2017</div></div><div><div>10.99%</div><div>12.01%</div><div>9.98%</div></div></div></div></div>	<div><div>Purpose of Net Financial Liabilities Ratio</div><div><div>This indicator shows the significance of the net amount owed to others, compared to operating revenue</div></div></div>	<div><div>Commentary on 2016/17 Result</div><div><div>2016/17 Ratio10%</div></div><div><div>Net Financial Liabilities Ratio is slightly better than 2016 due to increased cash primarily due to advance payment of Financial Assistance Grant.</div></div></div>
<div><div>3. Asset Sustainability Ratio</div><div><div>Ratio %</div><div><div><div>2015</div><div>2016</div><div>2017</div></div><div><div>52.60%</div><div>48.51%</div><div>83.81%</div></div></div></div></div>	<div><div>Purpose of Asset Sustainability Ratio</div><div><div>This indicator aims to determine if assets are being renewed and replaced in an optimal way</div></div></div>	<div><div>Commentary on 2016/17 Result</div><div><div>2016/17 Ratio84%</div></div><div><div>Increased focus on asset renewal compared to previous years and availability of additional funding has resulted in this ratio being significantly higher than previous years.</div></div></div>

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

Note 16. Uniform Presentation of Finances

\$ '000	2017	2016
<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	32,030	27,556
less Expenses	(31,919)	(29,826)
<b>Operating Surplus / (Deficit)</b>	<b>111</b>	<b>(2,270)</b>
less <b>Net Outlays on Existing Assets</b>		
Capital Expenditure on Renewal and Replacement of Existing Assets	8,315	5,095
less Depreciation, Amortisation and Impairment	(9,376)	(9,513)
less Proceeds from Sale of Replaced Assets	(472)	(480)
<b>Subtotal</b>	<b>(1,533)</b>	<b>(4,898)</b>
less <b>Net Outlays on New and Upgraded Assets</b>		
Capital Expenditure on New and Upgraded Assets (including Investment Property & Real Estate Developments)	4,040	4,653
less Amounts Received Specifically for New and Upgraded Assets	(2,288)	(1,968)
less Proceeds from Sale of Surplus Assets (including Investment Property & and Real Estate Developments)	-	-
<b>Subtotal</b>	<b>1,752</b>	<b>2,685</b>
<b>Net Lending / (Borrowing) for Financial Year</b>	<b>(108)</b>	<b>(57)</b>



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

Note 17. Operating Leases

\$ '000

2017

2016

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.

(i) Investment Property

Rentals received, and outgoings reimbursed, in relation to Investment Property are also disclosed in Note 2. These lease agreements, all of which are classified as operating leases, are made on a non-cancellable basis wherever practicable

Council has not classified any Land or Buildings as "Investment Property".

Leases commitments under all non-cancellable lease agreements,  
are as follows:

Not later than one year	334	329
Later than one year and not later than 5 years	582	804
Later than 5 years	238	153
	<u>1,154</u>	<u>1,286</u>

(ii) Lease Payment Commitments of Council

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

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

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

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

No lease contains any escalation clause.

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

Not later than one year	34	44
Later than one year and not later than 5 years	37	71
Later than 5 years	-	-
	<u>71</u>	<u>115</u>

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

### 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 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.

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

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.

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

During the 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 \$258,329.80
- Point Turton Seawall \$225,943.60

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

Note 20. Related Party Transactions

\$ '000

2017

Key Management Personnel

**Transactions with Key Management Personnel**

The Key Management Personnel of the Council include the Mayor, Councillors, CEO and certain prescribed officers under section 112 of the *Local Government Act 1999*. In all, 16 persons were paid the following total compensation:

**The compensation paid to Key Management Personnel comprises:**

Salaries, Allowances & Other Short Term Benefits	864
Post-Employment Benefits	64
<b>Total</b>	<b>928</b>

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

**Receipts from Key Management Personnel comprise:**

Other than amounts paid as ratepayers or residents (e.g. rates, swimming pool entry fees, etc.), Council received the following amounts in total:

Contributions for Fringe Benefits Tax purposes	8
<b>Total</b>	<b>8</b>

Four 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 three planning and building applications during the year. In accordance with the *Local Government Act 1999*, these persons declared conflicts of interest and took no part in the assessment or approval process for these applications.

Four planning and building approvals, with and without conditions, were granted during the year (including 2 lodged the previous year); 1 remains to be finalised at the end of the year. Total fees for these applications (all of which were payable subsequent to lodgement) amounted to \$567.47.

Key management personnel own a business from which various supplies and services were purchased as required or account in accordance with Council's Purchasing and Procurement Policy. Total purchases amounted to \$8,496 (GST Inclusive) for the financial year with no amounts unpaid at the end of year.

A relative of key management personnel is a director of a business awarded a construction contract during the year. The construction contract was awarded through a quotation process undertaken during the year in accordance with Council's Purchasing and Procurement Policy. Total payment for services rendered under this contract amounted to \$40,433.51 (GST Inclusive) with no amounts outstanding at the end of the year. Services in addition to this contract were also provided to Council during the financial year to the value of \$2,345.04 (GST Inclusive) with no amounts outstanding for payment at year end.

## Yorke Peninsula Council

### General Purpose Financial Statements for the year ended 30 June 2017

### Auditor's Report - Financial Statements

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## Yorke Peninsula Council

### General Purpose Financial Statements for the year ended 30 June 2017

### Auditor's Report - Financial Statements

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## Yorke Peninsula Council

### General Purpose Financial Statements for the year ended 30 June 2017

#### Auditor's Report - Internal Controls

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## Yorke Peninsula Council

### General Purpose Financial Statements for the year ended 30 June 2017

#### Auditor's Report - Internal Controls

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## Yorke Peninsula 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 Yorke Peninsula 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*.

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Andrew Cameron

**CHIEF EXECUTIVE OFFICER**

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Peter Brass

**PRESIDING MEMBER, AUDIT COMMITTEE**

**Date: 8th November 2017**

## Yorke Peninsula Council

### General Purpose Financial Statements

for the year ended 30 June 2017

### Statement by Auditor

I confirm that, for the audit of the financial statements of Yorke Peninsula 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*.

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Jim Keogh  
Dean Newbery & Partners

Dated this            day of            2017.