# The Barossa Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2018

# The Barossa Council

## General Purpose Financial Statements
for the year ended 30 June 2018

## Contents

# The Barossa Council

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for the year ended 30 June 2018

## 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 2018 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.

Martin McCarthy
**CHIEF EXECUTIVE OFFICER**

Bob Sloane
**MAYOR**

**Date:** 30 **October 2018**

# The Barossa Council

## Statement of Comprehensive Income
for the year ended 30 June 2018

| $ '000 | Notes | 2018 | 2017 |
|---|---|---|---|
| **Income** | | | |
| Rates Revenues | 2a | 29,413 | 28,365 |
| Statutory Charges | 2b | 675 | 708 |
| User Charges | 2c | 2,854 | 2,655 |
| Grants, Subsidies and Contributions | 2g | 3,430 | 4,000 |
| Investment Income | 2d | 326 | 293 |
| Reimbursements | 2e | 218 | 256 |
| Other Income | 2f | 1,473 | 1,624 |
| Net Gain - Equity Accounted Council Businesses | 19 | 13 | 2 |
| Total Income | | **38,402** | **37,903** |
| **Expenses** | | | |
| Employee Costs | 3a | 12,968 | 12,510 |
| Materials, Contracts and Other Expenses | 3b | 14,804 | 14,476 |
| Depreciation, Amortisation and Impairment | 3c | 7,503 | 6,971 |
| Finance Costs | 3d | 872 | 997 |
| Net loss - Equity Accounted Council Businesses | 19 | - | 29 |
| Total Expenses | | **36,147** | **34,983** |
| Operating Surplus / (Deficit) | | 2,255 | 2,920 |
| Asset Disposal and Fair Value Adjustments | 4 | (1,760) | (910) |
| Amounts Received Specifically for New or Upgraded Assets | 2g | 1,372 | 1,213 |
| Physical Resources Received Free of Charge | 2i | 2,455 | 228 |
| Net Surplus / (Deficit) [1] | | 4,322 | 3,451 |
| **Other Comprehensive Income** | | | |
| *Amounts which will not be reclassified subsequently to operating result* | | | |
| Changes in Revaluation Surplus - Infrastructure, Property, Plant and Equipment | 9a | 17,358 | (314) |
| Impairment (Expense) / Recoupments Offset to Asset Revaluation Reserve | 9a | 59 | (52) |
| Total Other Comprehensive Income | | **17,417** | **(366)** |
| Total Comprehensive Income | | 21,739 | 3,085 |

[1] Transferred to Statement of Changes in Equity

# The Barossa Council

## Statement of Financial Position
as at 30 June 2018

| $ '000 | Notes | 2018 | 2017 |
|---|---|---|---|
| **ASSETS** | | | |
| **Current Assets** | | | |
| Cash and Cash Equivalents | 5a | 14,528 | 11,497 |
| Trade and Other Receivables | 5b | 2,872 | 3,123 |
| Inventories | 5c | 255 | 117 |
| **Subtotal** | | 17,655 | 14,737 |
| Non-Current Assets Held for Sale | 20 | 52 | 52 |
| **Total Current Assets** | | **17,707** | **14,789** |
| **Non-Current Assets** | | | |
| Financial Assets | 6a | 830 | 644 |
| Equity Accounted Investments in Council Businesses | 6b | 1,669 | 1,656 |
| Infrastructure, Property, Plant and Equipment | 7a | 353,753 | 336,738 |
| Other Non-Current Assets | 6c | 2,556 | 1,341 |
| **Total Non-Current Assets** | | **358,808** | **340,379** |
| TOTAL ASSETS | | 376,515 | 355,168 |
| **LIABILITIES** | | | |
| **Current Liabilities** | | | |
| Trade and Other Payables | 8a | 4,745 | 3,573 |
| Borrowings | 8b | 1,878 | 1,998 |
| Provisions | 8c | 2,665 | 2,579 |
| **Total Current Liabilities** | | **9,288** | **8,150** |
| **Non-Current Liabilities** | | | |
| Borrowings | 8b | 10,737 | 12,338 |
| Provisions | 8c | 808 | 737 |
| **Total Non-Current Liabilities** | | **11,545** | **13,075** |
| TOTAL LIABILITIES | | 20,833 | 21,225 |
| Net Assets | | 355,682 | 333,943 |
| **EQUITY** | | | |
| Accumulated Surplus | | 74,468 | 71,647 |
| Asset Revaluation Reserves | 9a | 271,300 | 253,883 |
| Other Reserves | 9b | 9,914 | 8,413 |
| Total Council Equity | | 355,682 | 333,943 |

The above statement should be read in conjunction with the accompanying Notes and Significant Accounting Policies.

# The Barossa Council

## Statement of Changes in Equity
for the year ended 30 June 2018

| $ '000 | Notes | Accumulated Surplus | Asset Revaluation Reserve | Other Reserves | Total Equity |
|---|---|---|---|---|---|
| **2018** | | | | | |
| **Balance at the end of previous reporting period** | | 71,647 | 253,883 | 8,413 | **333,943** |
| **Restated Opening Balance** | | **71,647** | **253,883** | **8,413** | **333,943** |
| **a. Net Surplus / (Deficit) for Year** | | 4,322 | - | - | **4,322** |
| **b.** Other Comprehensive Income | | | | | |
| - Gain (Loss) on Revaluation of Infrastructure, Property, Plant and Equipment | 7a | - | 17,358 | - | **17,358** |
| - Infrastructure, Property, Plant and Equipment Impairment (Expense) / Recoupments Offset to Asset Revaluation Reserve | 7a | - | 59 | - | **59** |
| **Other Comprehensive Income** | | - | 17,417 | - | **17,417** |
| **Total Comprehensive Income** | | **4,322** | **17,417** | **-** | **21,739** |
| **c.** Transfers between Reserves | 9b | (1,501) | - | 1,501 | **-** |
| **Balance at the end of period** | | **74,468** | **271,300** | **9,914** | **355,682** |
| **2017** | | | | | |
| **Balance at the end of previous reporting period** | | 69,181 | 254,249 | 7,428 | **330,858** |
| **Restated Opening Balance** | | **69,181** | **254,249** | **7,428** | **330,858** |
| **a. Net Surplus / (Deficit) for Year** | | 3,451 | - | - | **3,451** |
| **b.** Other Comprehensive Income | | | | | |
| - Gain (Loss) on Revaluation of Infrastructure, Property, Plant and Equipment | 7a | - | (314) | - | **(314)** |
| - Infrastructure, Property, Plant and Equipment Impairment (Expense) / Recoupments Offset to Asset Revaluation Reserve | 7a | - | (52) | - | **(52)** |
| **Other Comprehensive Income** | | - | (366) | - | **(366)** |
| **Total Comprehensive Income** | | **3,451** | **(366)** | **-** | **3,085** |
| **c.** Transfers between Reserves | 9b | (985) | - | 985 | **-** |
| **Balance at the end of period** | | **71,647** | **253,883** | **8,413** | **333,943** |

The above statement should be read in conjunction with the accompanying Notes and Significant Accounting Policies.

# Statement of Cash Flows
for the year ended 30 June 2018

| $ '000 | Notes | 2018 | 2017 |
|---|---|---|---|
| **Cash Flows from Operating Activities** | | | |
| **Receipts** | | | |
| Rates Receipts | | 29,389 | 28,140 |
| Statutory Charges | | 729 | 736 |
| User Charges | | 3,139 | 2,840 |
| Grants, Subsidies and Contributions (operating purpose) | | 3,257 | 4,020 |
| Investment Receipts | | 326 | 293 |
| Reimbursements | | 237 | 281 |
| Other Receipts | | 3,301 | 3,253 |
| **Payments** | | | |
| Payments to Employees | | (12,871) | (12,608) |
| Payments for Materials, Contracts and Other Expenses | | (16,812) | (15,990) |
| Finance Payments | | (872) | (997) |
| **Net Cash provided by (or used in) Operating Activities** | 11b | **9,823** | **9,968** |
| **Cash Flows from Investing Activities** | | | |
| **Receipts** | | | |
| Amounts Received Specifically for New/Upgraded Assets | | 2,752 | 1,213 |
| Sale of Replaced Assets | | 628 | 350 |
| Sale of Surplus Assets | | - | 272 |
| Repayments of Loans by Community Groups | | 50 | 40 |
| **Payments** | | | |
| Expenditure on Renewal/Replacement of Assets | | (4,611) | (4,407) |
| Expenditure on New/Upgraded Assets | | (3,638) | (3,254) |
| Loans Made to Community Groups | | (260) | - |
| **Net Cash provided by (or used in) Investing Activities** | | **(5,079)** | **(5,786)** |
| **Cash Flows from Financing Activities** | | | |
| **Receipts** | | | |
| Proceeds from Borrowings | | 260 | - |
| Receipt of Funds from Finance Leases | | 27 | - |
| Proceeds from Bonds and Deposits | | 18 | 8 |
| **Payments** | | | |
| Repayments of Borrowings | | (1,988) | (1,932) |
| Repayment of Finance Lease Liabilities | | (20) | (16) |
| Repayment of Bonds and Deposits | | (10) | (44) |
| **Net Cash provided by (or used in) Financing Activities** | | **(1,713)** | **(1,984)** |
| **Net Increase (Decrease) in Cash Held** | | **3,031** | **2,198** |
| plus: **Cash and Cash Equivalents at beginning of period** | 11a | 11,497 | 9,299 |
| **Cash and Cash Equivalents at end of period** | 11a | 14,528 | 11,497 |

The above statement should be read in conjunction with the accompanying Notes and Significant Accounting Policies.

## Contents of the Notes accompanying the Financial Statements

# 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 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.

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. AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities have been adopted early in the preparation of these financial reports.

AASB 1058 and AASB 15 impact the timing of recognition of income such that it depends on whether a transaction gives rise to a liability or other performance obligation related to an asset received by the entity. The early adoption of these standards has resulted in special purpose grant and contribution income (for which there is a reasonable likelihood that the grants or contributions would have to be refunded if obligations are not discharged in accordance with terms and conditions of related agreements) being recognised as a liability until funds are expended in accordance with the relevant agreements. Therefore $1,818,423 in special purpose funding has been disclosed as a liability in Note 8.

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

### 1.2 Historical Cost Convention

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

### 1.3 Critical Accounting Estimates

The preparation of financial statements in conformity with 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

The Barossa Council is incorporated under the South Australian Local Government Act 1999 and has its principal place of business at 43-51 Tanunda Road, Nuriootpa. 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 Subsidiary Operation

Pursuant to the Local Government Act 1999, Section 42, The Barossa Council oversees the Nuriootpa Centennial Park Authority which is a subsidiary that operates and maintains both the Barossa Valley Tourist Park and its surrounding parklands. The Authority's information as at the reporting date has been consolidated in the accounts within this report.

## 4 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 occurs first.

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 included in these notes.

In June 2018 the Federal Government paid in advance of the year of allocation an amount of $604,588 of untied financial assistance grants (2 quarterly instalments). This amount was recognised on receipt in the 2017/18 financial year in Note 2. An early payment of $545,959 was also previously received in June 2017. Therefore, in the reporting period ended 30 June 2018, Council’s operating result is effectively overstated by the difference between these two amounts.

The Adjusted 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 grant entitlements allocated.

### 4.1 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”.

## 5 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.

## 6 Inventories

Inventories held in respect of Depot stores (Fuel and Rubble) have been valued by using the weighted average cost on a continual basis or at cost for the Barossa Regional Gallery, Barossa Visitor Centre and Nuriootpa Centennial Park Authority, 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 Inventories (continued)

### 6.1 Other Real Estate Held for Resale

Properties not acquired for development, but which Council has decided to sell as surplus to requirements, are recognised at the carrying value at the time of that decision. Further details are shown in Note 20.

Certain properties, auctioned for non-payment of rates in accordance with the Local Government Act but which failed to meet the reserve set by Council and are available for sale by private treaty, are recorded at the lower of the unpaid rates and charges at the time of auction or the reserve set by Council. Holding costs in relation to these properties are recognised as an expense when incurred. As at 30 June 2018, no such properties were held by Council.

## 7 Infrastructure, Property, Plant and Equipment

### 7.1 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 architect 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.

Capital works still in progress at balance date are recognised as other non-current assets and transferred to infrastructure, property, plant and equipment when completed ready for use.

### 7.2 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. Capitalisation thresholds applied during the year are as follows (no capitalisation threshold is applied to the acquisition of land or interests in land). Any new or upgrade work below these threshold amount(s) will be expensed as maintenance.

| | |
|---|---|
| ***Buildings **** | |
| - Buildings (including Toilets) | $20,000 |
| - Sheds, Pergolas, Cabins, Carports and Other Structures | $10,000 |
| - Buildings at Componentisation | $50,000 |
| ***Sealed Roads **** | |
| - Reconstruction and Renewal Work | $20,000 |
| ***Sheeted Roads*** | |
| - Resheeting, Major Patch Repair and Road Shoulders | $15,000 |
| ***Community Wastewater Management Systems (CWMS)*** | $5,000 |
| ***Footpaths, Kerbs and Carpark Surfaces*** | $10,000 |
| ***Stormwater and Drainage*** | $5,000 |
| ***Bridges, Floodways and Major Culverts*** | $15,000 |
| ***Parks and Reserves Development*** | $5,000 |
| ***Plant and Equipment*** | $5,000 |
| ***Furniture and Fittings*** | $5,000 |
| ***Core Software Programs*** | $15,000 |
| ***All Other Assets*** | $5,000 |

***** These assets are capitalised when replacing/renewing assets that are >10% of the Depreciable Replacement Value

## 7 Infrastructure, Property, Plant and Equipment (continued)

### 7.3 Subsequent Recognition

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

### 7.4 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 shown in the table following. 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.

**Depreciation Periods per Class of Asset**

| | | |
|---|---|---|
| ***Buildings*** | Complete | 20 to 100 years |
| | Substructure | 40 to 300 years |
| | Superstructure | 20 to 300 years |
| | Roof Structure | 40 to 60 years |
| | Internal Fit Out | 20 to 25 years |
| | Services | 20 to 100 years |
| | Town Hall Solid Flooring only | 150 years |
| ***Transport*** | Unformed Roads (Earthworks) • | Unlimited |
| | Sheeted Roads ***** | 12 to 50 years |
| | Sealed Roads - Pavement ***** | 45 to 200 years |
| | Sealed Roads - Surface ***** | 10 to 50 years |
| | Footpaths ***** | Up to 100 years |
| | Kerb | 50 to 100 years |
| | Car Park Surfaces ***** | 30 to 50 years |
| ***Bridges*** | Bridges ***** | Up to 100 years |
| | Major Culverts ***** | Up to 100 years |
| | Floodways ***** | Up to 100 years |
| | Footbridges ***** | Up to 100 years |
| ***CWMS*** | Pump Stations - Components | 10 to 50 years |
| | Lagoons - Components | 40 to 100 years |
| | Waste Water Treatment Plant - Components | 5 to 50 years |
| | Pipes | 60 to 100 years |
| ***Recreation/ Community Infrastructure*** | Fences | 40 years |
| | Monuments | 100 years |
| | Other | 10 to 100 years |
| ***Stormwater and Drainage*** | Drainage Channels | 25 to 150 years |
| | Other | 150 years |
| ***Equipment*** | Plant and Machines | 4 to 10 years |
| | Vehicles | 5 to 33 years |
| | Computer Equipment | 5 to 33 years |
| | Hill and Son Historic Pipe Organ | 300 years |
| ***Furniture and Fittings*** | | 10 to 25 years |

* These asset types are made up of two components. The useful lives listed above are for the first component. The second component being a long life asset with lives ranging from 150 to 750 years. Please refer to Council's adopted Asset Accounting Policy for further information.

• Road Earthworks should not be depreciated in line with AASB1055 (interpretation). Council Policy shows an unlimited useful life for these assets and current practice is not to depreciate them.

## 7 Infrastructure, Property, Plant and Equipment (continued)

### 7.5 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.

## 8 Payables

### 8.1 Goods and 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.

### 8.2 Payments Received in Advance and Deposits

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

## 9 Borrowings

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

## 10 Employee Benefits

### 10.1 Salaries, Wages and Compensated Absences

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

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

| | |
|---|---|
| Weighted average discount rate | 2.77% (2017: 2.62%) |
| Weighted average settlement period | 0.36 years (2017: 0.38 years) |

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

## 10 Employee Benefits (continued)

### 10.2 Superannuation

Council makes employer superannuation contributions in respect of its employees to schemes selected by employees under the “choice of fund” legislation. Council uses Statewide Super (formerly Local Government Superannuation Scheme) as its default superannuation fund. This Scheme has two types of membership, each of which is funded differently. Council's subsidiary, Nuriootpa Centennial Park Authority makes contributions to other superannuation schemes. 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.

## 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 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 Equity Accounted Council Businesses

Council participates in cooperative arrangements with other Councils for the provision of services and facilities. Council’s interests in cooperative arrangements, which are only recognised if material, are accounted for in accordance with AASB 128 and set out in detail in Note 19.

## 13 GST Implications

In accordance with UIG Abstract 1031 Accounting for the Goods and 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 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.

## 15 Disclaimer

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

## 16 Pending Accounting Standards

Certain new accounting standards and UIG interpretations have been published that are not mandatory for the reporting period 30 June 2018 and have not been used in preparing these reports.

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 2018:**

• AASB 9 Financial Instruments

• AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 Financial Instruments (December 2010)

• AASB 2014-1 Amendments to Australian Accounting Standards (Part E)

• AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 Financial Instruments (December 2014) AASB 1057 Application of Australian Accounting Standards

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

• AASB 16 Leases

• AASB 16 Leases (Appendix D)

• AASB 2016-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities

# Note 2. Income

| $ '000 | Notes | 2018 | 2017 |
|---|---|---|---|
| **(a). Rates Revenues** | | | |
| **General Rates** | | | |
| General Rates | | 24,747 | 23,896 |
| Less: Mandatory Rebates | | (467) | (451) |
| Less: Discretionary Rebates, Remissions, Write Offs and Valuation/ Land Use Objections | | (141) | (144) |
| **Total General Rates** | | 24,139 | 23,301 |
| **Other Rates (Including Service Charges)** | | | |
| Natural Resource Management Levy | | 522 | 498 |
| Waste and Recycling Collection | | 1,950 | 1,837 |
| Community Wastewater Management Systems | | 2,631 | 2,530 |
| **Total Other Rates** | | 5,103 | 4,865 |
| **Other Charges** | | | |
| Penalties for Late Payment | | 150 | 151 |
| Legal and Other Costs Recovered | | 21 | 48 |
| **Total Other Charges** | | 171 | 199 |
| **Total Rates Revenues** | | 29,413 | 28,365 |
| **(b). Statutory Charges** | | | |
| Development Act Fees | | 127 | 126 |
| Town Planning Fees | | 213 | 275 |
| Septic Tank Inspection Fees | | 90 | 72 |
| Animal Registration Fees and Fines | | 222 | 213 |
| Parking Fines and Expiation Fees | | 1 | 1 |
| Other Licences, Fees and Fines | | 22 | 21 |
| **Total Statutory Charges** | | 675 | 708 |
| **(c). User Charges** | | | |
| Bushgarden Seed/Seedling Sales | | 31 | 36 |
| Caravan Park Fees | | 1,942 | 1,750 |
| Cemetery Fees | | 98 | 99 |
| CWMS Reuse Water Sales | | 181 | 170 |
| Hall and Equipment Hire | | 39 | 45 |
| Immunisation Fees | | 15 | 13 |
| Lease Fees | | 85 | 78 |
| Photocopying Fees | | 23 | 26 |
| Property Search Fees | | 42 | 46 |
| Recreation Park Fees | | 51 | 43 |
| Sundry | | 67 | 85 |
| Swimming Pool Fees | | - | 11 |
| Tourism - Souvenir and Other Sales | | 105 | 101 |
| Transport Scheme Fees | | 134 | 127 |
| Waste Collection Bins | | 22 | 15 |
| Waste Disposal/Transfer Station Fees | | 19 | 10 |
| **Total User Charges** | | 2,854 | 2,655 |

## Note 2. Income (continued)

| $ '000 | Notes | 2018 | 2017 |
|---|---|---|---|
| **(d). Investment Income** | | | |
| Interest on Investments | | | |
| - Local Government Finance Authority | | 201 | 180 |
| - Banks and Other | | 81 | 70 |
| - Loans to Community Groups | | 44 | 43 |
| **Total Investment Income** | | **326** | **293** |
| **(e). Reimbursements** | | | |
| Employee Costs | | 82 | 130 |
| Green Waste | | 29 | 32 |
| Other | | 107 | 94 |
| **Total Reimbursements** | | **218** | **256** |
| **(f). Other Income** | | | |
| Insurance and Other Recoupments - Infrastructure, Property, Plant and Equipment | | 166 | 284 |
| Rebates Received | | 47 | 53 |
| Workers Compensation Rebate | | 206 | 174 |
| Donations Received | | 8 | 36 |
| Contributions | | 264 | 441 |
| Sundry | | 782 | 636 |
| **Total Other Income** | | **1,473** | **1,624** |

# Note 2. Income (continued)

| $ '000 | Notes | 2018 | 2017 |
|---|---|---|---|
| **(g). Grants, Subsidies and Contributions** | | | |
| Amounts Received Specifically for New or Upgraded Assets | | 1,372 | 1,213 |
| **Total Amounts Received Specifically for New or Upgraded Assets** | | 1,372 | 1,213 |
| | | | |
| Other Grants, Subsidies and Contributions | | 2,825 | 3,454 |
| Additional Grants Commission Payment | 1 | 605 | 546 |
| **Total Other Grants, Subsidies and Contributions** | | 3,430 | 4,000 |
| | | | |
| **Total Grants, Subsidies and Contributions** | | 4,802 | 5,213 |

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

| **Sources of grants** | | | |
|---|---|---|---|
| Commonwealth Government | | 1,042 | 1,714 |
| State Government | | 3,253 | 2,998 |
| Other | | 507 | 501 |
| **Total** | | 4,802 | 5,213 |

## (h). Conditions over Grants and Contributions

Grants and contributions which were obtained on the condition that they be expended for specified purposes or in a future period, but which are not yet expended in accordance with those conditions, are as follows:

| | | 2018 | 2017 |
|---|---|---|---|
| **Unexpended at the close of the previous reporting period** | | 608 | 472 |
| ***Less:*** | | | |
| *Expended during the current period from revenues recognised in previous reporting periods* | | | |
| Roads Infrastructure | | (191) | (122) |
| Recreation | | (63) | (132) |
| Cultural | | - | (1) |
| Community Services | | (9) | (3) |
| Environment | | (3) | (7) |
| Tourism | | (100) | (5) |
| **Subtotal** | | **(366)** | **(270)** |
| ***Plus:*** | | | |
| *Amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions* | | | |
| Roads Infrastructure | | 320 | 185 |
| Recreation | | 1,146 | 71 |
| Community Services | | 26 | 8 |
| Environment | | 36 | 42 |
| Shared Services | | 7 | - |
| Stormwater | | 31 | - |
| Tourism | | 10 | 100 |
| **Subtotal** | | **1,576** | **406** |
| **Unexpended at the close of this reporting period** | | 1,818 | 608 |
| **Net increase in assets subject to conditions in the current reporting period** | | **1,210** | **136** |

# Note 2. Income (continued)

## (i). Physical Resources Received Free of Charge

| $ '000 | Notes | 2018 | 2017 |
|---|---|---|---|
| Land and Land Improvements | | 369 | 10 |
| Roads, Bridges and Footpaths | | 1,511 | 119 |
| Stormwater and Drainage | | 487 | 57 |
| Community Wastewater Management Scheme | | 88 | - |
| Plant and Equipment | | - | 42 |
| Total Physical Resources Received Free of Charge | | 2,455 | 228 |

# Note 3. Expenses

| $ '000 | Notes | 2018 | 2017 |
|---|---|---|---|
| **(a). Employee Costs** | | | |
| Salaries and Wages | | 11,494 | 11,371 |
| Employee Leave Expense Movement | | 166 | (38) |
| Superannuation - Defined Contribution Plan Contributions | 18 | 798 | 764 |
| Superannuation - Defined Benefit Plan Contributions | 18 | 246 | 262 |
| Workers Compensation Insurance | | 547 | 521 |
| Less: Capitalised and Distributed Costs | | (283) | (370) |
| Total Operating Employee Costs | | 12,968 | 12,510 |
| Total Number of Employees (full time equivalent at end of reporting period) | | 137.62 | 131.48 |
| **(b). Materials, Contracts and Other Expenses** | | | |
| **(i) Prescribed Expenses** | | | |
| Auditor Remuneration | | | |
| - Auditing the Financial Reports | | 37 | 23 |
| Bad and Doubtful Debts | | 1 | 1 |
| Elected Members Expenses | | 256 | 253 |
| Operating Lease Rentals - Non-Cancellable Leases | 17 | | |
| - Minimum Lease Payments | | 120 | 119 |
| **Subtotal - Prescribed Expenses** | | **414** | **396** |
| **(ii) Other Materials, Contracts and Expenses** | | | |
| Contractors | | 5,135 | 5,481 |
| Bank Charges | | 107 | 96 |
| Energy (including Fuel) | | 1,754 | 1,533 |
| Maintenance | | 1,633 | 1,710 |
| Legal Expenses | | 177 | 312 |
| Levies Paid to Government - NRM levy | | 522 | 498 |
| Levies - Other | | 129 | 81 |
| Parts, Accessories and Consumables | | 994 | 804 |
| Professional Services | | 505 | 432 |
| Communications and Information Technology | | 723 | 759 |
| Contributions and Donations | | 655 | 430 |
| Water | | 525 | 467 |
| Advertising and Printing | | 170 | 148 |
| Insurance | | 663 | 635 |
| Sundry | | 791 | 832 |
| Less: Capitalised and Distributed Costs | | (93) | (138) |
| **Subtotal - Other Material, Contracts and Expenses** | | **14,390** | **14,080** |
| Total Materials, Contracts and Other Expenses | | 14,804 | 14,476 |

# Note 3. Expenses (continued)

| $ '000 | Notes | 2018 | 2017 |
|---|---|---|---|
| **(c). Depreciation, Amortisation and Impairment** | | | |
| **(i) Depreciation and Amortisation** | | | |
| Buildings and Other Structures | | 1,421 | 1,411 |
| *Infrastructure* | | | |
| - Transport | | 2,899 | 2,469 |
| - Bridges, Floodways and Major Culverts | | 470 | 396 |
| - Community Wastewater Management System | | 996 | 976 |
| - Stormwater and Drainage | | 331 | 280 |
| - Recreation | | 228 | 229 |
| - Community Infrastructure | | 24 | 24 |
| Plant and Equipment | | 1,096 | 1,139 |
| Furniture and Fittings | | 38 | 47 |
| **Subtotal** | | **7,503** | **6,971** |
| **(ii) Impairment** | | | |
| Buildings and Other Structures | | - | 52 |
| **Subtotal** | | - | 52 |
| Less: Impairment Expense Offset to Asset Revaluation Reserve | 9a | - | (52) |
| Total Depreciation, Amortisation and Impairment | | 7,503 | 6,971 |

## (d). Finance Costs

| $ '000 | Notes | 2018 | 2017 |
|---|---|---|---|
| Interest on Loans | | 870 | 995 |
| Charges on Finance Leases | | 2 | 2 |
| Total Finance Costs | | 872 | 997 |

# Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

## Note 4. Asset Disposal and Fair Value Adjustments

| $ '000 | Notes | 2018 | 2017 |
|---|---|---|---|
| **Infrastructure, Property, Plant and Equipment** | | | |
| **(i) Assets Renewed or Directly Replaced** | | | |
| Proceeds from Disposal | | 628 | 350 |
| Less: Carrying Amount of Assets Sold | | (1,279) | (1,284) |
| **Gain (Loss) on Disposal** | | **(651)** | **(934)** |
| **(ii) Assets Surplus to Requirements** | | | |
| Proceeds from Disposal | | - | 272 |
| Less: Carrying Amount of Assets Sold | | (1,109) | (248) |
| **Gain (Loss) on Disposal** | | **(1,109)** | **24** |
| Net Gain (Loss) on Disposal or Revaluation of Assets | | (1,760) | (910) |

# Note 5. Current Assets

| $ '000 | Notes | 2018 | 2017 |
|---|---|---|---|
| **(a). Cash and Cash Equivalents** | | | |
| Cash on Hand at Bank | | 3,504 | 1,964 |
| Deposits at Call | | 11,000 | 9,512 |
| Short Term Deposits | | 24 | 21 |
| Total Cash and Cash Equivalents | | 14,528 | 11,497 |
| **(b). Trade and Other Receivables** | | | |
| Rates - General and Other | | 1,614 | 1,582 |
| Rates - Postponement Scheme | | 50 | 58 |
| Accrued Revenues | | 363 | 465 |
| Debtors - General | | 394 | 625 |
| GST Recoupment | | 298 | 265 |
| Prepayments | | 87 | 86 |
| Loans to Community Organisations | | 66 | 42 |
| Total Trade and Other Receivables | | 2,872 | 3,123 |

Amounts included in receivables that are not expected to be received within 12 months of reporting date are disclosed in Note 13.

| $ '000 | Notes | 2018 | 2017 |
|---|---|---|---|
| **(c). Inventories** | | | |
| Stores and Materials | | 181 | 48 |
| Trading Stock | | 74 | 69 |
| Total Inventories | | 255 | 117 |

# Note 6. Non-Current Assets

| $ '000 | Notes | 2018 | 2017 |
|---|---|---|---|
| **(a). Financial Assets** | | | |
| **Receivables** | | | |
| Loans to Community Organisations | | 830 | 644 |
| **Total Receivables** | | **830** | **644** |
| Total Financial Assets | | 830 | 644 |
| **(b). Equity Accounted Investments in Council Businesses** | | | |
| Gawler River Flood Management Authority | 19 | 1,614 | 1,608 |
| Central Local Government Association | 19 | 55 | 48 |
| Total Equity Accounted Investments in Council Businesses | | 1,669 | 1,656 |
| **(c). Other Non-Current Assets** | | | |
| **Other** | | | |
| Capital Works-in-Progress | | 2,556 | 1,341 |
| **Total Other** | | 2,556 | 1,341 |
| Total Other Non-Current Assets | | 2,556 | 1,341 |

## Note 7a. Infrastructure, Property, Plant and Equipment

| | | as at 30/6/2017 | | | | Asset Movements during the Reporting Period | | | | | | | | | as at 30/6/2018 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Asset Additions | | | | | | | | | | | | |
| $ '000 | Fair Value Level | At Fair Value | At Cost | Less: Accum Depreciation | Carrying Value | New / Upgrade | Renewals | WDV of Asset Disposals | Depreciation Expense (Note 3c) | Impairment Loss (recognised in Equity) (Note 9) | Impairment Reversal (via Equity) (Note 9) | Adjustments and Transfers | Revaluation Decrements to Equity (Asset Revaluation Reserve) (Note 9) | Revaluation Increments to Equity (Asset Revaluation Reserve) (Note 9) | At Fair Value | At Cost | Less: Accum Depreciation | Carrying Value |
| Land - Community | 3 | 53,801 | 166 | - | 53,967 | 369 | - | (499) | - | - | - | - | - | 31 | 53,302 | 566 | - | 53,868 |
| Land - Other | 2 | 2,560 | 1,683 | - | 4,243 | - | - | - | - | - | - | - | - | - | 2,560 | 1,683 | - | 4,243 |
| Buildings and Other Structures | 3 | 72,023 | 2,297 | 38,054 | 36,266 | 322 | 45 | (8) | (1,336) | - | - | - | - | - | 71,969 | 2,664 | 39,344 | 35,289 |
| Buildings and Other Structures | 2 | 3,495 | 164 | 303 | 3,356 | - | 67 | (67) | (85) | - | 59 | - | - | - | 3,435 | 222 | 327 | 3,330 |
| *Infrastructure* | | | | | | | | | | | | | | | | | | |
| - Transport | 3 | 189,657 | 13,058 | 58,561 | 144,154 | 2,535 | 3,178 | (829) | (2,899) | - | - | 299 | - | 7,053 | 206,383 | 5,712 | 58,604 | 153,491 |
| - Bridges, Floodways and Major Culverts | 3 | 39,852 | 313 | 20,371 | 19,794 | 104 | 30 | (557) | (470) | - | - | - | - | 5,073 | 44,897 | 133 | 21,056 | 23,974 |
| - Community Wastewater Management System | 3 | 45,811 | 8,110 | 22,380 | 31,541 | 154 | 44 | (12) | (996) | - | - | - | - | 344 | 53,502 | 198 | 22,625 | 31,075 |
| - Stormwater and Drainage | 3 | 40,890 | 2,838 | 12,456 | 31,272 | 845 | 40 | (31) | (331) | - | - | - | - | 4,857 | 44,736 | 885 | 8,969 | 36,652 |
| - Recreation | 3 | 9,679 | 1,067 | 4,738 | 6,008 | 64 | 241 | (19) | (228) | - | - | (277) | - | - | 9,065 | 1,319 | 4,595 | 5,789 |
| - Community Infrastructure | 3 | 1,043 | 471 | 488 | 1,026 | - | - | - | (24) | - | - | (22) | - | - | 1,003 | 471 | 494 | 980 |
| Plant and Equipment | - | - | 12,360 | 7,401 | 4,959 | 77 | 1,366 | (366) | (1,096) | - | - | - | - | - | - | 12,276 | 7,336 | 4,940 |
| Furniture and Fittings | - | - | 1,026 | 874 | 152 | 8 | - | - | (38) | - | - | - | - | - | - | 1,034 | 912 | 122 |
| **Total Infrastructure, Property, Plant and Equipment** | | **458,811** | **43,553** | **165,626** | **336,738** | **4,478** | **5,011** | **(2,388)** | **(7,503)** | **-** | **59** | **-** | **-** | **17,358** | **490,852** | **27,163** | **164,262** | **353,753** |
| ***Comparatives*** | | *460,790* | *38,409* | *160,707* | *338,492* | *3,083* | *3,941* | *(1,532)* | *(6,971)* | *(59)* | *7* | *91* | *(376)* | *62* | *458,811* | *43,553* | *165,626* | *336,738* |

# Note 7b. Valuation of Infrastructure, Property, Plant and Equipment

## 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

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.

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.

There is normally no known market for Council buildings, infrastructure and other assets (with the exception of seven properties at level 2 valued using Market Fair Value inputs). 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 Council, or on industry construction guides where these are more appropriate.

### Other Information

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.

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

## Valuation of Assets (continued)

### Highest and best use

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

### Transition to *AASB 13 - Fair Value Measurement*

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

### Land and Land Improvements

- Basis of valuation: Fair Value Level 3, Market Value Level 2; additions are recognised at cost
- Date of valuation: 1 July 2013
- Valuer: Opteon (valuer engaged by Opus International Consultants (Australia) Pty Ltd)

Land improvements - bulk earthworks with an assessed unlimited useful life, are not recognised

### Buildings and Other Structures

- Basis of valuation: Fair Value Level 3, Market Value Level 2; additions are recognised at cost
- Date of valuation: 1 July 2015
- Valuer: Council Officers using Rawlinsons Australian Construction Handbook Edition 34, 2016
- Condition Assessment: Opus International Consultants (Australia) Pty Ltd in 2013/14

### Transport

- Basis of valuation: Written down current replacement cost; additions are recognised at cost
- Date of valuation: 1 July 2017
- Valuer: Tonkin Consulting
- Condition Assessment: Council Officers assessed Sealed Roads, Kerb and Gutter in 2017/18
  Sheeted Roads and Car Parks were assessed in 2015/16

### Bridges, Floodways and Major Culverts

- Basis of valuation: Written down current replacement cost; additions are recognised at cost
- Date of valuation: 1 July 2017
- Valuer: WSP Australia Pty Ltd for Bridges, Footbridges and some Major Culverts
  Council Officers applied LGPI (Local Government Price Index) 3.4% on the previous valuation of 1 July 2015 for Floodways and the remaining Major Culverts
  Condition Assessment: WSP Australia Pty Ltd assessed Bridges, Footbridges and some Major Culverts in 2017/18

### Community Wastewater Management System

- Basis of valuation: Written down current replacement cost; additions are recognised at cost
- Date of valuation: 1 July 2017
- Valuer: Council Officers and Tonkin Consulting (pipe network only)
- Condition Assessment: Council Officers assessed CWMS Assets with an expiry date of 30 June 2020 (excluding pipe network)
  Waste Water Treatment Plant and Lagoons were assessed in 2013/14

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

## Valuation of Assets (continued)

**Stormwater**

- Basis of valuation: Written down current replacement cost; additions are recognised at cost
- Date of valuation: 1 July 2017
- Valuer: Tonkin Consulting

**Recreation Infrastructure**

- Basis of valuation: Written down current replacement cost; additions are recognised at cost
- Date of valuation: 1 July 2014
- Valuer: Council Officers using Rawlinsons Australian Construction Handbook Edition 33, 2015
- Condition Assessment: Calibre Consulting in 2015/16

**Community Infrastructure**

- Basis of valuation: Written down current replacement cost; additions are recognised at cost
- Date of valuation: 1 July 2010
- Valuer: Asset and Valuation Consulting Pty Ltd

This asset class is immaterial to the total asset value representing only 0.30% of the total value so revaluations are not necessary and should not occur. Only periodic audits will be conducted to ensure the assets are required for Council business and in the condition needed.

**Plant, Equipment, Furniture and Fittings**

- Basis of valuation: Cost basis

# Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

## Note 8. Liabilities

| $ '000 | Notes | 2018 Current | 2018 Non Current | 2017 Current | 2017 Non Current |
|---|---|---|---|---|---|
| **(a). Trade and Other Payables** | | | | | |
| Goods and Services | | 2,254 | - | 2,223 | - |
| Payments Received in Advance | | 1,818 | - | 685 | - |
| Accrued Expenses - Employee Entitlements | | 288 | - | 283 | - |
| Accrued Expenses - Other | | 343 | - | 348 | - |
| Deposits, Retentions and Bonds | | 42 | - | 34 | - |
| Total Trade and Other Payables | | 4,745 | - | 3,573 | - |

Amounts included in trade and other payables that are not expected to be settled within 12 months of reporting date are disclosed in Note 13.

### (b). Borrowings

| $ '000 | Notes | 2018 Current | 2018 Non Current | 2017 Current | 2017 Non Current |
|---|---|---|---|---|---|
| Loans | | 1,874 | 10,717 | 1,981 | 12,338 |
| Finance Leases | 14c | 4 | 20 | 17 | - |
| Total Borrowings | | 1,878 | 10,737 | 1,998 | 12,338 |

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

### (c). Provisions

| $ '000 | Notes | 2018 Current | 2018 Non Current | 2017 Current | 2017 Non Current |
|---|---|---|---|---|---|
| Employee Entitlements (including oncosts) | | 2,255 | 808 | 2,179 | 737 |
| Future Reinstatement - Landfill | | 410 | - | 400 | - |
| Total Provisions | | 2,665 | 808 | 2,579 | 737 |

**Movements in Provisions**

| $ '000 | Future Reinstatement - Landfill |
|---|---|
| **2018 (current and non-current)** | |
| **Opening Balance** | 400 |
| Additional Amounts Recognised | 10 |
| **Closing Balance** | **410** |

The future reinstatement for the Angaston landfill is for capping and remediation works of the site. Although estimated future costs are based on a closure plan, such plans are based on current environmental requirements which may change in the future.

# Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

## Note 9. Reserves

| $ '000 | 1/7/2017 | Increments (Decrements) | Transfers | Impairments | 30/6/2018 |
|---|---|---|---|---|---|
| **(a). Asset Revaluation Reserve** | | | | | |
| Land - Community | 44,240 | 31 | - | - | 44,271 |
| Buildings and Other Structures | 17,326 | - | - | 59 | 17,385 |
| *Infrastructure* | | | | | |
| - Transport | 132,256 | 7,053 | - | - | 139,309 |
| - Bridges, Floodways and Major Culverts | 9,020 | 5,073 | - | - | 14,093 |
| - Community Wastewater Management System | 18,962 | 344 | - | - | 19,306 |
| - Stormwater and Drainage | 25,498 | 4,857 | - | - | 30,355 |
| - Recreation | 5,824 | - | - | - | 5,824 |
| - Community Infrastructure | 493 | - | - | - | 493 |
| Joint Ventures - Other Comprehensive Income | 264 | - | - | - | 264 |
| **Total Asset Revaluation Reserve** | 253,883 | 17,358 | - | 59 | 271,300 |
| **Comparatives** | 254,249 | (314) | - | (52) | 253,883 |

| $ '000 | 1/7/2017 | Transfers to Reserve | Transfers from Reserve | Other Movements | 30/6/2018 |
|---|---|---|---|---|---|
| **(b). Other Reserves** | | | | | |
| Community Wastewater Management | 6,079 | 1,591 | (173) | - | 7,497 |
| Refuse and Recycling | 327 | 31 | (70) | - | 288 |
| Recreation Facilities | 259 | 40 | (12) | - | 287 |
| Cultural Services | 385 | 59 | (32) | - | 412 |
| Caravan Parks | 296 | - | (31) | - | 265 |
| Economic Development | 217 | - | (31) | - | 186 |
| Environmental Projects | 24 | 7 | (24) | - | 7 |
| Plant and Equipment Replacement | 178 | 27 | (51) | - | 154 |
| Building Maintenance | 15 | - | - | - | 15 |
| Other Reserves | 633 | 209 | (39) | - | 803 |
| **Total Other Reserves** | 8,413 | 1,964 | (463) | - | 9,914 |
| **Comparatives** | 7,428 | 1,905 | (920) | - | 8,413 |

# Note 9. Reserves (continued)

## 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).

**Community Wastewater Management**

Wastewater Management Scheme services charges raised under Section 155.

**Refuse and Recycling**

Collection of Refuse and Recycling service charges raised under Section 155.

**Recreation Facilities**

Recreation Facilities reserves are used to fund Capital Improvements at Council owned Recreation Parks.

**Cultural Services**

Cultural Facilities reserves are used to fund Capital Improvements at Council owned Community Halls.

**Caravan Parks**

Caravan Park Reserves are used towards the upgrade of Caravan Park and surrounding Recreation Park Facilities.

**Economic Development**

Economic Development Reserves are used to fund specific initiatives including Council Main Streets.

**Environmental Projects**

Environmental Project Reserves are used towards funding specific environmental projects and programs.

**Plant and Equipment Replacement**

Plant and Equipment Replacement Reserves are used to fund the replacement of Council's Community Transport cars and buses, funded by grants.

**Building Maintenance**

Building Maintenance Reserves are used towards funding specific disability access to Council owned Buildings.

**Other Reserves**

Other Reserves are used to account for developer contributions received towards future Capital Works, funds held in Trust and other minor reserves not elsewhere allocated.

# Note 10. Assets Subject to Restrictions

| $ '000 | Notes | 2018 | 2017 |
|---|---|---|---|

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.

Grant funding or contributions which were received during the year ended 30 June 2018 (or in previous years) but which remain unspent, are also subject to restrictions - these funds would need to be repaid if the required expenditure does not go ahead in the future.

## Cash and Financial Assets

| | | | |
|---|---|---|---|
| **Unexpended amounts received** | | | |
| Open Space Contributions | | 184 | 181 |
| Developer Contributions | | 594 | 397 |
| Grant Funding - Commonwealth | | 12 | 1 |
| Grant Funding - State | | 1,702 | 599 |
| Grant Funding - Other | | - | 8 |
| **Total Cash and Financial Assets** | | **2,492** | **1,186** |
| | | | |
| **Total Assets Subject to Externally Imposed Restrictions** | | **2,492** | **1,186** |

# Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

## Note 11. Reconciliation to Statement of Cash Flows

| $ '000 | Notes | 2018 | 2017 |
|---|---|---|---|

### (a). Reconciliation of Cash

Cash Assets comprise highly liquid investments with short periods to maturity subject to insignificant risk of changes of value. Cash at the end of the reporting period as shown in the Statement of Cash Flows is reconciled to the related items in the Balance Sheet as follows:

| $ '000 | Notes | 2018 | 2017 |
|---|---|---|---|
| Total Cash and Equivalent Assets | 5a | 14,528 | 11,497 |
| **Balances per Statement of Cash Flows** | | **14,528** | **11,497** |

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

| $ '000 | Notes | 2018 | 2017 |
|---|---|---|---|
| **Net Surplus/(Deficit)** | | **4,322** | **3,451** |
| Non-Cash Items in Income Statements | | | |
| Depreciation, Amortisation and Impairment | | 7,503 | 6,971 |
| Equity Movements in Equity Accounted Investments (Increase)/Decrease | | (13) | 27 |
| Non-Cash Asset Acquisitions | | (2,455) | (228) |
| Grants for Capital Acquisitions (Treated as Investing Activity Receipts) | | (2,752) | (1,213) |
| Net (Gain) Loss on Disposals | | 1,760 | 910 |
| | | **8,365** | **9,918** |
| **Add (Less): Changes in Net Current Assets** | | | |
| Net (Increase)/Decrease in Receivables | | 275 | (432) |
| Net (Increase)/Decrease in Inventories | | (138) | 153 |
| Net Increase/(Decrease) in Trade and Other Payables | | 1,164 | 408 |
| Net Increase/(Decrease) in Unpaid Employee Benefits | | 147 | (71) |
| Net Increase/(Decrease) in Other Provisions | | 10 | (8) |
| **Net Cash provided by (or used in) operations** | | **9,823** | **9,968** |

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

| $ '000 | Notes | 2018 | 2017 |
|---|---|---|---|
| **Acquisition of assets by means of:** | | | |
| - Physical Resources Received Free of Charge | 2i | 2,455 | 228 |
| **Amounts recognised in Income Statement** | | **2,455** | **228** |
| - Finance Leases | | 20 | - |
| - Estimated Future Reinstatement - Landfill | | 10 | (8) |
| **Total Non-Cash Financing and Investing Activities** | | **2,485** | **220** |

### (d). Financing Arrangements

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

| $ '000 | Notes | 2018 | 2017 |
|---|---|---|---|
| Bank Overdrafts | | 300 | 300 |
| Corporate Credit Cards | | 79 | 79 |
| LGFA Cash Advance Debenture Facility | | 2,160 | 2,160 |

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

# 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 12b | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | INCOME | | EXPENSES | | OPERATING SURPLUS (DEFICIT) | | GRANTS AND CONTRIBUTIONS INCLUDED IN OPERATING INCOME | | TOTAL ASSETS HELD (CURRENT AND NON-CURRENT) | |
| $ '000 | **Actual 2018** | Actual 2017 | **Actual 2018** | Actual 2017 | **Actual 2018** | Actual 2017 | **Actual 2018** | Actual 2017 | **Actual 2018** | Actual 2017 |
| Business Undertakings | **4,991** | 4,695 | **4,487** | 4,286 | **504** | 409 | **-** | - | **39,294** | 39,994 |
| Community Services | **1,261** | 1,465 | **2,748** | 2,922 | **(1,487)** | (1,457) | **891** | 1,042 | **8,669** | 9,351 |
| Culture | **286** | 288 | **2,254** | 2,239 | **(1,968)** | (1,951) | **166** | 164 | **14,202** | 14,307 |
| Economic Development | **195** | 200 | **925** | 922 | **(730)** | (722) | **1** | 5 | **1,123** | 1,147 |
| Environment | **3,093** | 3,105 | **5,673** | 5,490 | **(2,580)** | (2,385) | **183** | 163 | **53,114** | 46,635 |
| Recreation | **525** | 504 | **4,827** | 4,740 | **(4,302)** | (4,236) | **-** | - | **54,894** | 56,047 |
| Regulatory Services | **591** | 639 | **2,435** | 2,410 | **(1,844)** | (1,771) | **-** | - | **446** | 205 |
| Transport | **1,206** | 1,811 | **5,512** | 5,030 | **(4,306)** | (3,219) | **1,188** | 1,766 | **177,573** | 163,243 |
| Plant Hire and Depot/Indirect | **177** | 165 | **430** | 443 | **(253)** | (278) | **-** | - | **3,969** | 3,995 |
| Council Administration | **26,064** | 25,029 | **6,856** | 6,472 | **19,208** | 18,557 | **1,001** | 860 | **21,562** | 18,588 |
| Joint Ventures | **13** | 2 | **-** | 29 | **13** | (27) | **-** | - | **1,669** | 1,656 |
| **Total Functions/Activities** | **38,402** | **37,903** | **36,147** | **34,983** | **2,255** | **2,920** | **3,430** | **4,000** | **376,515** | **355,168** |

Revenues and expenses exclude amounts received specifically for new or upgraded assets and physical resources received free of charge. 'Council Administration' includes all rates income.

# Note 12b. Components of Functions

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

### BUSINESS UNDERTAKINGS

Caravan Parks, Gravel Pits/Quarries, Development of Land for Resale, Private Works and Sewerage/CWMS.

### COMMUNITY SERVICES

Public Order and Safety, Emergency Services, Other Fire Protection, Other Public Order and Safety, Health Services, Pest Control – Health, Immunisation, Preventive Health Services, Other Health Services, Community Support, Elderly Citizens Facilities, Home Assistance Scheme, Other Services for the Aged and Disabled, Children and Youth Services, Community Assistance, Community Transport, Other Community Support, Community Amenities, Bus Shelters, Cemeteries, Public Conveniences, Car Parking – non-fee-paying 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.

### ECONOMIC DEVELOPMENT

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

### ENVIRONMENT

Agricultural Services, Landcare, Other Agricultural Services, Waste Management, Domestic Waste, Green Waste, Recycling, Transfer Stations, Waste Disposal Facility, Other Waste Management, Other Environment, Stormwater and Drainage, Street Cleaning, Street Lighting, Streetscaping, Natural Resource Management Levy and Other Environment.

### RECREATION

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

### REGULATORY SERVICES

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

### TRANSPORT

Bridges, Footpaths and Kerbing, Roads – Sealed, Roads – Formed, Roads – Natural Formed, Roads – Unformed, Traffic Management, LGGC – roads (formula funded) and Other Transport.

### PLANT HIRE AND DEPOT

Plant, Machinery and Depot.

### COUNCIL ADMINISTRATION

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

### JOINT VENTURES

Gawler River Floodplain Management Authority and Central Local Government Association.

# Note 13. Financial Instruments

## 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 and Conditions:**

Deposits returned fixed interest rates between 1.60% and 2.20% (2017: 1.65% and 2.15%). Short term deposits returned interest rates between 1.50% and 2.00% (2017: 1.50% and 2.25%).

**Carrying Amount:**

Approximates fair value due to the short term to maturity.

### Receivables

**Rates and Associated Charges**

(including legals and 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 and Conditions:**

Secured over the subject land, arrears attract interest of 6.60% (2017: 7.00%). 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 and 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 and Conditions:**

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

**Carrying Amount:**

Approximates fair value (after deduction of any allowance).

## Note 13. Financial Instruments (continued)

**Recognised Financial Instruments**

**Receivables**
**Other Levels of Government**

**Accounting Policy:**
Carried at nominal value.

**Terms and 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 and 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 and Conditions:**
Secured over future revenues, fixed borrowings are repayable by equal 6 monthly instalments of principal and interest; interest is charged at fixed rates between 4.25% and 7.02% (2017: 4.75% and 7.02%). Variable borrowings were payable on a quarterly basis for interest only at the current Local Government Finance Authority cash advance debenture rates between 3.60% and 3.70% (2017: 3.75% and 4.00%).

**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 2018

## Note 13. Financial Instruments (continued)

| $ '000 | Due < 1 year | Due > 1 year and ≤ 5 years | Due > 5 years | Total Contractual Cash Flows | Carrying Values |
|---|---|---|---|---|---|
| **2018** | | | | | |
| **Financial Assets** | | | | | |
| Cash and Equivalents | 14,528 | - | - | 14,528 | 14,528 |
| Receivables | 872 | 429 | 728 | 2,029 | 1,653 |
| **Total Financial Assets** | **15,400** | **429** | **728** | **16,557** | **16,181** |
| **Financial Liabilities** | | | | | |
| Payables | 4,103 | - | - | 4,103 | 4,103 |
| Current Borrowings | 2,656 | - | - | 2,656 | 1,878 |
| Non-Current Borrowings | - | 7,928 | 5,351 | 13,279 | 10,737 |
| **Total Financial Liabilities** | **6,759** | **7,928** | **5,351** | **20,038** | **16,718** |

| $ '000 | Due < 1 year | Due > 1 year and ≤ 5 years | Due > 5 years | Total Contractual Cash Flows | Carrying Values |
|---|---|---|---|---|---|
| **2017** | | | | | |
| **Financial Assets** | | | | | |
| Cash and Equivalents | 11,497 | - | - | 11,497 | 11,497 |
| Receivables | 1,193 | 325 | 635 | 2,153 | 1,776 |
| **Total Financial Assets** | **12,690** | **325** | **635** | **13,650** | **13,273** |
| **Financial Liabilities** | | | | | |
| Payables | 2,917 | - | - | 2,917 | 2,916 |
| Current Borrowings | 2,895 | - | - | 2,895 | 1,998 |
| Non-Current Borrowings | - | 8,927 | 6,789 | 15,716 | 12,338 |
| **Total Financial Liabilities** | **5,812** | **8,927** | **6,789** | **21,528** | **17,252** |

| The following interest rates were applicable to Council Borrowings at balance date: | 30 June 2018 Weighted Avg Interest Rate | 30 June 2018 Carrying Value | 30 June 2017 Weighted Avg Interest Rate | 30 June 2017 Carrying Value |
|---|---|---|---|---|
| Other Variable Rates | 3.72% | 1,260 | 5.47% | 1,260 |
| Fixed Interest Rates | 6.56% | 11,355 | 6.57% | 13,076 |
| | | **12,615** | | **14,336** |

### Net Fair Value

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

# Note 13. Financial Instruments (continued)

### 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 and 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.

# Note 14. Commitments for Expenditure

| $ '000 | Notes | 2018 | 2017 |
|---|---|---|---|
| **(a). Capital Commitments** | | | |
| **Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:** | | | |
| Bridges | | 21 | - |
| Buildings | | 86 | - |
| Community Wastewater Management System | | 93 | 133 |
| Culture | | 6 | 99 |
| Environment | | - | 7 |
| Footpaths | | 1,031 | 568 |
| Plant | | 220 | 374 |
| Recreation | | 1,598 | 542 |
| Roads | | 2,761 | 4,644 |
| Software | | 51 | 16 |
| Stormwater and Drainage | | 430 | 735 |
| | | **6,297** | **7,118** |
| **These expenditures are payable:** | | | |
| Not later than one year | | 6,297 | 5,424 |
| Later than one year and not later than 5 years | | - | 1,694 |
| | | **6,297** | **7,118** |
| **(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 | | 115 | 138 |
| Buildings | | 14 | 5 |
| Caretaking Services | | 289 | 215 |
| Community Services | | 67 | 49 |
| Consulting Services | | 66 | 150 |
| Culture | | 3 | 36 |
| Economic Development | | - | 100 |
| Environmental Projects | | 64 | 63 |
| Maintenance Projects | | 3,094 | 2,748 |
| Photocopier Rental | | 77 | 99 |
| Printing Services | | 186 | 11 |
| Recreation Projects | | 163 | 246 |
| Roads | | 63 | 77 |
| Septic Tank Desludging | | 202 | 385 |
| Shared Services Projects | | 7 | 31 |
| Software | | 14 | - |
| Stormwater and Drainage | | - | 37 |
| Tourism | | 10 | - |
| Waste Management Services | | 24,002 | 1 |
| | | **28,436** | **4,391** |
| **These expenditures are payable:** | | | |
| Not later than one year | | 3,184 | 1,847 |
| Later than one year and not later than 5 years | | 8,857 | 2,520 |
| Later than 5 years | | 16,395 | 24 |
| | | **28,436** | **4,391** |

# Note 14. Commitments for Expenditure (continued)

## (c). Finance Lease Commitments

Council leases various plant and equipment with a carrying amount of $24,362 (2017 - $17,000) under finance leases expiring within 2 years. At expiry, Council may re-lease, return or acquire the leased assets.

**Commitments under finance leases at the reporting date are as follows:**

| $ '000 | Notes | 2018 | 2017 |
|---|---|---|---|
| Not later than one year | | 5 | 17 |
| Later that one year and not later that 5 years | | 21 | - |
| **Minimum Lease Payments** | | **26** | **17** |
| Less: Future Finance Charges | | (2) | - |
| **Net Lease Liability** | | **24** | **17** |
| | | | |
| **Representing lease liabilities:** | | | |
| Current | 8b | 4 | 17 |
| Non-Current | 8b | 20 | - |
| | | **24** | **17** |

# Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

## Note 15. Financial Indicators

| $ '000 | Amounts 2018 | Indicator 2018 | Prior Periods 2017 | Prior Periods 2016 |
|---|---|---|---|---|

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

| | Amounts 2018 | Indicator 2018 | 2017 | 2016 |
|---|---|---|---|---|
| Operating Surplus | **2,255** | **5.87%** | 7.70% | 3.18% |
| Total Operating Income | **38,402** | | | |

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

### 2. Net Financial Liabilities Ratio

| | Amounts 2018 | Indicator 2018 | 2017 | 2016 |
|---|---|---|---|---|
| Net Financial Liabilities | **2,603** | **7%** | 16% | 29% |
| Total Operating Income | **38,402** | | | |

*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.*

### Adjustments to Ratios

*In recent years the Federal Government has made advance payments prior to 30 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.*

| | 2018 | 2017 | 2016 |
|---|---|---|---|
| **Adjusted Operating Surplus Ratio** | 5.73% | 6.26% | 4.69% |
| **Adjusted Net Financial Liabilities Ratio** | 8% | 16% | 29% |

### 3. Asset Sustainability Ratio

| | Amounts 2018 | Indicator 2018 | 2017 | 2016 |
|---|---|---|---|---|
| Asset Renewals | **4,611** | **61%** | 58% | 36% |
| Infrastructure and Asset Management Plan required expenditure/Depreciation | **7,503** | | | |

*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.*

*A substantial amount of 'Upgraded' asset work completed each year (and for this financial year includes capital work on Springton roads and district wide footpaths) are partly renewing components of existing assets. For normal work cycles, components of these assets would need to be replaced when the depreciation or consumption of them had reduced their remaining life to zero, but as they are being upgraded to a better service level, they are effectively replacing asset components that would normally need to be replaced as/when due.*

*The calculation to compile the Asset Sustainability Ratio does not include any upgrade costs as it is not considered to be 'renewal/replacement'. This is then effectively understating the expenditure for asset replacement and the ratio is not then reflecting the true actual net asset renewals.*

*Infrastructure and Asset Management Plan (IAMP) required expenditure was sourced from Council's adopted plan, where applicable, and actual depreciation.*

# Note 16. Uniform Presentation of Finances

The following is a high level summary of both operating and capital investment activities of the Council prepared on a simplified Uniform Presentation Framework basis.

All Councils in South Australia have agreed to summarise annual budgets and long-term financial plans on the same basis.

The arrangements ensure that all Councils provide a common 'core' of financial information, which enables meaningful comparisons of each Council's finances.

| $ '000 | 2018 | 2017 |
|---|---|---|
| Income | 38,402 | 37,903 |
| *less* Expenses | (36,147) | (34,983) |
| **Operating Surplus / (Deficit)** | **2,255** | **2,920** |
| **Net Outlays on Existing Assets** | | |
| Capital Expenditure on Renewal and Replacement of Existing Assets | (4,611) | (4,407) |
| *add back* Depreciation, Amortisation and Impairment | 7,503 | 6,971 |
| *add back* Proceeds from Sale of Replaced Assets | 628 | 350 |
| **Subtotal** | **3,520** | **2,914** |
| **Net Outlays on New and Upgraded Assets** | | |
| Capital Expenditure on New and Upgraded Assets | (3,638) | (3,254) |
| *add back* Amounts Received Specifically for New and Upgraded Assets | 2,752 | 1,213 |
| *add back* Proceeds from Sale of Surplus Assets | - | 272 |
| **Subtotal** | **(886)** | **(1,769)** |
| **Net Lending / (Borrowing) for Financial Year** | **4,889** | **4,065** |

# Note 17. Operating Leases

| $ '000 | 2018 | 2017 |
|---|---|---|

## Leases Providing Revenue to the Council

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

| | | |
|---|---|---|
| Not later than one year | 57 | 48 |
| Later than one year and not later than 5 years | 130 | 140 |
| Later than 5 years | 268 | 282 |
| | **455** | **470** |

## Lease Payment Commitments of Council

Council has entered into non-cancellable operating leases for various items of computer and other 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 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 | 98 | 85 |
| Later than one year and not later than 5 years | 98 | 101 |
| | **196** | **186** |

# Note 18. Superannuation

Council makes employer superannuation contributions in respect of its employees to schemes selected by employees under "choice of fund" legislation. Council uses Statewide Super (formerly Local Government Superannuation Scheme - Local Super) as its default superannuation fund. With Statewide Super, 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 who are Statewide Super members (including casuals) have all contributions allocated to the Accumulation section (Marketlink).

### Accumulation only Members (including Statewide Marketlink)

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 2017/18; 9.50% in 2016/17). 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.

### Statewide Super 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, 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 2016/17) 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 members' benefits, as defined in the Trust Deed, as they accrue.

The Salarylink section is a multi-employer sponsored plan. As the Salarylink sections 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 (including its subsidiary, Nuriootpa Centennial Park Authority) also makes contributions to other superannuation schemes selected by employees under the "choice of fund" legislation. All such schemes are of the accumulation type, where the superannuation benefits accruing to the employee are represented by their share of the net assets of the scheme, and no further liability attaches to the Council.

# Note 19. Interests in Other Entities

**$ '000**

All Joint Ventures and Associates are required to prepare Annual Financial Statements that comply with the SA Local Government Model Financial Statements.

| | Council's Share of Net Assets 2018 | 2017 |
|---|---|---|
| Joint Ventures | 1,669 | 1,656 |
| **Total** | **1,669** | **1,656** |

## JOINT VENTURES, ASSOCIATES AND JOINT OPERATIONS

### (a) Carrying Amounts

| Name of Entity | Principal Activity | 2018 | 2017 |
|---|---|---|---|
| Gawler River Floodplain Management Authority | Flood Mitigation | 1,614 | 1,608 |
| Central Local Government Association | Local Government Regional Collaboration | 55 | 48 |
| Southern and Hills Local Government Association | Membership ceased as of June 2016 | - | - |
| **Total Carrying Amounts - Joint Ventures and Associates** | | **1,669** | **1,656** |

**Gawler River Floodplain Management Authority**

Established in 2002, this organisation is responsible for the construction, operation and maintenance of flood mitigation infrastructure in the Gawler River area.

**Central Local Government Association** (Trading as Legatus Group)

Established in 1998, this organisation is formed under Section 43 of the Local Government Act to allow membership Councils to approach regional issues in a collaborative manner.

**Southern and Hills Local Government Association**

Established in 1998, this organisation is formed under Section 43 of the Local Government Act to allow membership Councils to approach regional issues in a collaborative manner. Council ceased membership of this Association as of 30 June 2016.

### (b) Relevant Interests

| Name of Entity | Interest in Operating Result 2018 | 2017 | Ownership Share of Equity 2018 | 2017 | Proportion of Voting Power 2018 | 2017 |
|---|---|---|---|---|---|---|
| Gawler River Floodplain Management Authority | 9.66% | 9.49% | 9.66% | 9.49% | 15.38% | 15.38% |
| Central Local Government Association | 6.67% | 6.67% | 6.67% | 6.67% | 6.67% | 6.67% |
| Southern and Hills Local Government Association | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |

### (c) Movement in Investment in Joint Venture or Associate

| | Gawler River Floodplain Management Authority 2018 | 2017 | Central Local Government Association 2018 | 2017 |
|---|---|---|---|---|
| Opening Balance | 1,608 | 1,630 | 48 | 46 |
| Share in Operating Result | (22) | (36) | 7 | 2 |
| Adjustments to Equity | 28 | 14 | - | - |
| **Council's Equity Share in the Joint Venture or Associate** | **1,614** | **1,608** | **55** | **48** |

| | Southern and Hills Local Government Association 2018 | 2017 |
|---|---|---|
| Opening Balance | - | 7 |
| Adjustments to Equity | - | (7) |
| **Council's Equity Share in the Joint Venture or Associate** | **-** | **-** |

# Note 19. Interests in Other Entities (continued)

**$ '000**

### (d) Summarised Financial Information of the Equity Accounted Business

| Statement of Financial Position | Gawler River Floodplain Management Authority | | Central Local Government Association | |
|---|---|---|---|---|
| | 2018 | 2017 | 2018 | 2017 |
| Cash and Cash Equivalents | 2 | - | 809 | 720 |
| Investments | 57 | 163 | - | - |
| Other Current Assets | 2 | 52 | 9 | 25 |
| Non-Current Assets | 16,651 | 16,743 | 17 | 24 |
| **Total Assets** | 16,712 | 16,958 | 835 | 769 |
| | | | | |
| Current Trade and Other Payables | - | - | 6 | 48 |
| Current Financial Liabilities | - | 16 | - | - |
| Current Provisions | - | - | 7 | 5 |
| Non-Current Provisions | - | - | 1 | - |
| **Total Liabilities** | - | 16 | 14 | 53 |
| **Net Assets** | **16,712** | **16,942** | **821** | **716** |

| Statement of Comprehensive Income | Gawler River Floodplain Management Authority | | Central Local Government Association | |
|---|---|---|---|---|
| | 2018 | 2017 | 2018 | 2017 |
| Other Income | 20 | 136 | 196 | 195 |
| Subscriptions, Grants, Subsidies and Other Contributions | 82 | 80 | 346 | 349 |
| Reimbursements | - | - | 4 | 25 |
| Investment Income | - | - | 14 | 12 |
| **Total Income** | 102 | 216 | 560 | 581 |
| | | | | |
| Employee Costs | - | - | 219 | - |
| Materials, Contracts and Other Expenses | 86 | 197 | 230 | - |
| Depreciation, Amortisation and Impairment | 231 | 231 | 6 | - |
| Finance Costs | 15 | 21 | - | - |
| **Total Expenses** | 332 | 449 | 455 | - |
| **Operating Result** | **(230)** | **(233)** | **105** | **581** |

### (e). Share of Joint Operations Expenditure Commitments

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

| Operating Expenditures Payable | | |
|---|---|---|
| Not later than one year | 25 | 14 |
| | **25** | **14** |

# Note 20. Non-Current Assets Held for Sale

| $ '000 | 2018 | 2017 |
|---|---|---|
| **Non-Current Assets Held for Sale** | | |
| Vacant Land, Nuriootpa | 52 | 52 |
| Total Non Current Assets and Disposal Group Assets | 52 | 52 |

**Details of Assets Held for Sale**

Council has resolved to sell a number of Land Assets to reduce the burden on rate payers in relation to the construction of the Barossa Aquatic and Fitness Centre (the Rex).

Assets are currently either held under contract for sale or are available for sale on the open market.

| | 2018 | 2017 |
|---|---|---|
| **Carrying Amounts of Assets** | | |
| Infrastructure, Property, Plant and Equipment | 52 | 52 |
| **Total Assets** | **52** | **52** |

As the consideration expected to be received exceeds the carrying amount, these assets have been recognised at the carrying amount.

# Note 21. Contingencies and Assets/Liabilities Not Recognised in the Statement of Financial Position

The following assets and liabilities do not qualify for recognition in the Statement of Financial Position, but knowledge of those items 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**

Council has elected not to recognise land under roads as an asset in accordance with AASB 1051 Land Under Roads. Council is of the opinion that it is not possible to attribute a value sufficiently reliably for these assets to qualify for recognition, and accordingly land under roads has not been recognised in these reports. Land acquired for road purposes during the year is initially recognised at cost, but transferred to fair value at reporting date, effectively writing off the expenditure.

At reporting date, Council controlled 985km of road reserves of average width of 20 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 deductable "insurance excesses", the amount of which varies according to the class of insurance.

Council has recognised the potential losses arising from claims known at reporting date based on average historical net cost (including insurance excess) of similar types of claims. Other potential claims not reported to Council may have existed at reporting date.

**3. LEGAL MATTERS**

Council is the planning consent authority for its area under the Development Act 1993 (as amended). Pursuant to that Act, certain persons aggrieved by a planning decision of the Council may appeal. It is normal practice that parties bear their own legal costs. A number of appeals were conducted during the year by persons aggrieved as a result of decisions by Council, or by Council on behalf of residents in relation to enforcement of use conditions, or by Council acting on behalf of the community in relation to proposed development that would adversely affect the region. Not all appeals were finalised as at 30 June 2018.

# Note 22. Related Party Transactions

| $ '000 | 2018 | 2017 |
|---|---|---|

## Key Management Personnel

The Key Management Personnel of the Council includes the Mayor, 11 Councillors, CEO and 9 Employees of the Executive Management Team (Total 22). This includes employees temporarily acting as CEO or Executive Management during periods of leave.

### Transactions with Key Management Personnel

All close family members of Key Management Personnel were employed through an arm's length process. They are paid in accordance with the Award for the job they perform. The Council employs 137 (FTE) staff of which only 2 are close family members of Key Management Personnel.

| | 2018 | 2017 |
|---|---|---|
| Key Management Personnel Employee Expenses for Close Family Members | 119 | 89 |
| Total | 119 | 89 |

One person included in Key Management Personnel has a close family member who is on the board of two separate businesses which provide Council with consulting, maintenance and other services. The total amount invoiced to Council by these businesses during this financial year totalled $91,220 (excluding GST).

**Compensation paid to Key Management Personnel**

22 Key Management Personnel were paid the following total compensation:

| | 2018 | 2017 |
|---|---|---|
| Short-Term Councillor/Employee Benefits | 1,444 | 1,333 |
| Long-Term Employee Benefits | 8 | 38 |
| Total | 1,452 | 1,371 |

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

## Other Related Party Transactions

Council provides work and support in-kind for accounting, governance, asset management and executive services, along with being the conduit for electricity, insurance, loans, CWMS and other services for its subsidiary Nuriootpa Centennial Park Authority. The Authority maintains a Council Recreation Park at Nuriootpa for community benefit purposes including various sporting activities. The Authority's information as at the reporting date has been included in the accounts within this report and any inter-company transactions have been consolidated.

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# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE BAROSSA COUNCIL

## Opinion

We have audited the accompanying financial report of the Barossa Council, which comprises the statement of financial position as at 30 June 2018, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and the Certification of the Financial Statements.

In our opinion, the financial report gives a true and fair view of the financial position of the Barossa Council as of 30 June 2018, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards and the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011*.

## Basis for Opinion

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

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

## Responsibilities of Management and Those Charged with Governance for the Financial Report

Management is responsible for the preparation of the financial report, which gives a true and fair view in accordance with Australian Accounting Standards and the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011*, and for such internal control as the committee and management determines is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the entity's financial reporting process.

**Auditor's Responsibilities for the Audit of the Financial Report**

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at http://www.auasb.gov.au/Home.aspx. This description forms part of our auditor's report.

**BENTLEYS SA AUDIT PARTNERSHIP**

DAVID PAPA
PARTNER

Dated at Adelaide this 30th day of October 2018

**Bentleys SA Audit Partnership**

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# INDEPENDENT ASSURANCE REPORT ON INTERNAL CONTROLS OF THE BAROSSA COUNCIL

## Opinion

We have audited the compliance of the Barossa Council (the Council) with the requirements of *Section 125 of the Local Government Act 1999* in relation to the Internal Controls established by the Council to ensure that financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities for the period 1 July 2017 to 30 June 2018 are in accordance with legislative provisions.

In our opinion, the Council has complied, in all material respects, with *Section 125 of the Local Government Act 1999* in relation to Internal Controls, established by the Council in relation to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities so as to provide reasonable assurance that the financial transactions of the Council have been conducted properly and in accordance with legislative provisions for the period 1 July 2017 to 30 June 2018.

## Limitation on Use

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

## Limitations of Controls

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

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

## Independence

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

**The Council's Responsibility for the Internal Controls**

The Council is responsible for implementing and maintaining an adequate system of internal controls, in accordance with *Section 125 of the Local Government Act 1999* in relation to Internal Controls, to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property, and incurring of liabilities are in accordance with legislative provisions.

**Our Responsibility**

Our responsibility is to express an opinion on the Council's compliance with *Section 125 of the Local Government Act 1999* in relation only to the Internal Controls established by the Council to ensure that financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities, based on our procedures. Our engagement has been conducted in accordance with applicable Australian Standards on Assurance Engagements ASAE 3100 *Compliance Engagements*, issued by the Australian Auditing and Assurance Standards Board, in order to state whether, in all material respects, the *Council* has complied with *Section 125 of the Local Government Act 1999* in relation only to the Internal Controls specified above for the period 1 July 2017 to 30 June 2018. ASAE 3100 also requires us to comply with the relevant ethical requirements of the Australian professional accounting bodies.

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

**BENTLEYS SA AUDIT PARTNERSHIP**

DAVID PAPA
PARTNER

Dated at Adelaide this 30th day of October 2018

# Certification of Auditor Independence

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of The Barossa Council for the year ended 30 June 2018, the Council's Auditor, Bentleys SA Pty Ltd 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.*

Martin McCarthy
**CHIEF EXECUTIVE OFFICER**

Peter Brass
**PRESIDING MEMBER, AUDIT COMMITTEE**

**Date: 30 October 2018**

Bentleys
THINKING AHEAD

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**Certification of Auditor Independence**

I confirm that, for the audit of the financial statements of the Barossa Council for the year ended 30 June 2018, 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.

**Bentleys SA Audit Partnership**

David Papa
Partner

**Dated at Adelaide this 24th day of October 2018**