

The Barossa Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2019



TheBarossaCouncil



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The Barossa Council

General Purpose Financial Statements for the year ended 30 June 2019

Contents	Page
1. Council Certificate	2
2. Primary Financial Statements:	
- Statement of Comprehensive Income	3
- Statement of Financial Position	4
- Statement of Changes in Equity	5
- Statement of Cash Flows	6
3. Notes to the Financial Statements	7
4. Independent Auditor's Report - Financial Statements	49
5. Independent Auditor's Report - Internal Controls	51
6. Certificates of Audit Independence	
- Council Certificate of Audit Independence	53
- Audit Certificate of Audit Independence	54

General Purpose Financial Statements
for the year ended 30 June 2019

Certification of Financial Statements

We have been authorised by the Council to certify the financial statements in their final form.

In our opinion:

- the accompanying financial statements comply with the *Local Government Act 1999, Local Government (Financial Management) Regulations 2011 and Australian Accounting Standards*,
- the financial statements present a true and fair view of the Council's financial position at 30 June 2019 and the results of its operations and cash flows for the financial year,
- internal controls implemented by the Council provide a reasonable assurance that the Council's financial records are complete, accurate and reliable and were effective throughout the financial year,
- the financial statements accurately reflect the Council's accounting and other records.



Joanne Thomas
ACTING CHIEF EXECUTIVE OFFICER



Michael (Bim) Lange
MAYOR

Date: 29 October, 2019

The Barossa Council

Statement of Comprehensive Income for the year ended 30 June 2019

\$ '000	Notes	2019	2018
Income			
Rates Revenues	2a	30,192	29,413
Statutory Charges	2b	678	675
User Charges	2c	2,957	2,854
Grants, Subsidies and Contributions	2g	3,242	3,430
Investment Income	2d	393	326
Reimbursements	2e	117	218
Other Income	2f	1,245	1,267
Net Gain - Equity Accounted Council Businesses	19	28	13
Total Income		38,852	38,196
Expenses			
Employee Costs	3a	13,419	12,762
Materials, Contracts and Other Expenses	3b	15,071	14,804
Depreciation, Amortisation & Impairment	3c	7,717	7,503
Finance Costs	3d	802	872
Total Expenses		37,009	35,941
Operating Surplus / (Deficit)		1,843	2,255
Asset Disposal & Fair Value Adjustments	4	(640)	(1,760)
Amounts Received Specifically for New or Upgraded Assets	2g	1,526	1,372
Physical Resources Received Free of Charge	2i	4,762	2,455
Net Surplus / (Deficit) ¹		7,491	4,322
Other Comprehensive Income			
<i>Amounts which will not be reclassified subsequently to operating result</i>			
Changes in Revaluation Surplus - Infrastructure and Property	9a	16,426	17,358
Share of Other Comprehensive Income - Equity Accounted Council Businesses	19	574	-
Impairment (Expense) / Recoupments Offset to Asset Revaluation Reserve	9a	(6)	59
Total Other Comprehensive Income		16,994	17,417
Total Comprehensive Income		24,485	21,739

¹ Transferred to Statement of Changes in Equity

The Barossa Council

Statement of Financial Position

as at 30 June 2019

\$ '000	Notes	2019	2018
ASSETS			
Current Assets			
Cash and Cash Equivalents	5a	12,817	14,528
Trade and Other Receivables	5b	2,773	2,822
Inventories	5c	224	255
Subtotal		15,814	17,605
Non-Current Assets Held for Sale	20	-	52
Total Current Assets		15,814	17,657
Non-Current Assets			
Financial Assets	6a	944	880
Equity Accounted Investments in Council Businesses	6b	2,271	1,669
Infrastructure, Property, Plant and Equipment	7a	377,898	353,753
Other Non-Current Assets	6c	3,607	2,556
Total Non-Current Assets		384,720	358,858
TOTAL ASSETS		400,534	376,515
LIABILITIES			
Current Liabilities			
Trade and Other Payables	8a	4,160	4,745
Borrowings	8b	1,923	1,878
Provisions	8c	2,970	2,665
Total Current Liabilities		9,053	9,288
Non-Current Liabilities			
Borrowings	8b	10,490	10,737
Provisions	8c	824	808
Total Non-Current Liabilities		11,314	11,545
TOTAL LIABILITIES		20,367	20,833
Net Assets		380,167	355,682
EQUITY			
Accumulated Surplus		80,385	74,468
Asset Revaluation Reserves	9a	288,294	271,300
Other Reserves	9b	11,488	9,914
Total Council Equity		380,167	355,682

The Barossa Council

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

\$ '000	Notes	Accumulated Surplus	Asset Revaluation Reserve	Other Reserves	Total Equity
2019					
Balance at the end of previous reporting period		74,468	271,300	9,914	355,682
Restated Opening Balance		74,468	271,300	9,914	355,682
d. Net Surplus / (Deficit) for Year		7,491	-	-	7,491
e. Other Comprehensive Income					
- Gain (Loss) on Revaluation of Infrastructure and Property	7a	-	16,426	-	16,426
- Infrastructure, Property, Plant and Equipment Impairment (Expense) / Recoupments Offset to Asset Revaluation Reserve	7a	-	(6)	-	(6)
- Share of Other Comprehensive Income - Equity Accounted Council Businesses	19	-	574	-	574
Other Comprehensive Income		-	16,994	-	16,994
Total Comprehensive Income		7,491	16,994	-	24,485
f. Transfers between Reserves					
	9	(1,574)	-	1,574	-
Balance at the end of period		80,385	288,294	11,488	380,167
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 and Property	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					
	9	(1,501)	-	1,501	-
Balance at the end of period		74,468	271,300	9,914	355,682

The Barossa Council

Statement of Cash Flows for the year ended 30 June 2019

\$ '000	Notes	2019	2018
Cash Flows from Operating Activities			
<u>Receipts</u>			
Rates Receipts		30,234	29,389
Statutory Charges		718	729
User Charges		3,130	3,139
Grants, Subsidies and Contributions (operating purpose)		3,350	3,257
Investment Receipts		411	326
Reimbursements		124	237
Other Receipts		3,146	3,301
<u>Payments</u>			
Payments to Employees		(13,134)	(12,871)
Payments for Materials, Contracts and Other Expenses		(17,636)	(16,812)
Finance Payments		(811)	(872)
Net Cash provided by (or used in) Operating Activities	11b	9,532	9,823
Cash Flows from Investing Activities			
<u>Receipts</u>			
Amounts Received Specifically for New/Upgraded Assets		1,147	2,752
Sale of Replaced Assets		340	628
Sale of Surplus Assets		105	-
Repayments of Loans by Community Groups		67	50
<u>Payments</u>			
Expenditure on Renewal/Replacement of Assets		(4,989)	(4,611)
Expenditure on New/Upgraded Assets		(7,775)	(3,638)
Loans Made to Community Groups		(25)	(260)
Net Cash provided by (or used in) Investing Activities		(11,130)	(5,079)
Cash Flows from Financing Activities			
<u>Receipts</u>			
Proceeds from Borrowings		1,750	260
Receipt of Funds from Finance Leases		-	27
Proceeds from Bonds and Deposits		98	18
<u>Payments</u>			
Repayments of Borrowings		(1,947)	(1,988)
Repayment of Finance Lease Liabilities		(5)	(20)
Repayment of Bonds and Deposits		(9)	(10)
Net Cash provided by (or used in) Financing Activities		(113)	(1,713)
Net Increase (Decrease) in Cash Held		(1,711)	3,031
plus: Cash and Cash Equivalents at beginning of period	11a	14,528	11,497
Cash and Cash Equivalents at end of period	11a	12,817	14,528

The Barossa Council

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

Contents of the Notes accompanying the Financial Statements

Note	Details	Page
1	Significant Accounting Policies	8
2	Income	15
3	Expenses	18
4	Asset Disposal and Fair Value Adjustments	20
	Current Assets	
5a	Cash and Cash Equivalents	21
5b	Trade and Other Receivables	21
5c	Inventories	21
	Non-Current Assets	
6a	Financial Assets	22
6b	Equity Accounted Investments in Council's Businesses	22
6c	Other Non-Current Assets	22
	Fixed Assets	
7a	Infrastructure, Property, Plant and Equipment	23
7b	Valuation of Infrastructure, Property, Plant and Equipment	24
	Liabilities	
8a	Trade and Other Payables	27
8b	Borrowings	27
8c	Provisions	27
	Reserves	
9a	Asset Revaluation Reserve	28
9b	Other Reserves	28
10	Assets Subject to Restrictions	30
11	Reconciliation to Statement of Cash Flows	31
12a	Functions	32
12b	Components of Functions	33
13	Financial Instruments	34
14	Commitments for Expenditure	38
15	Financial Indicators	40
16	Uniform Presentation of Finances	41
17	Operating Leases	42
18	Superannuation	43
19	Interests in Other Entities	44
20	Non Current Assets Held for Sale	46
21	Contingencies and Assets/Liabilities Not Recognised in the Balance Sheet	47
22	Related Party Transactions	48

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

Note 1. Summary of Significant Accounting Policies

The principal accounting policies adopted by Council in the preparation of these consolidated financial statements are set out below.

These policies have been consistently applied to all the years presented, unless otherwise stated.

1 Basis of Preparation

1.1 Compliance with Australian Accounting Standards

This general purpose financial report has been prepared 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 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 \$1,325,582 in special purpose funding has been disclosed as a liability in Note 8.

AASB 16 Leases, which will commence from 1 July 2019, requires that the right of use conveyed by leasing contracts - except leases with a maximum term of 12 months and leases for non-material amounts - be recognised as a form of Infrastructure, Property, Plant and Equipment, and that the lease liability be disclosed as a liability. As a result of the new accounting procedure, the following changes will be made to balance sheet amounts as at 1 July 2019:

	\$
Property, Plant and Equipment right-of-use asset increase	470,718
Lease liability increase	(258,881)
Accumulated Surplus increase/decrease	211,837

The effect on profit and loss in future years will be non-material.

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).

The Barossa Council

Notes to and forming part of the Financial Statements

for the year ended 30 June 2019

Note 1. Summary of Significant Accounting Policies (continued)

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

Year	Cash Payment Received	Annual Allocation	Difference
2016/17	\$1,540,283	\$994,324	\$545,959
2017/18	\$1,383,712	\$1,325,083	\$58,629
2018/19	\$2,041,448	\$1,451,846	\$589,602

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

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 (including community loans) 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.

Note 1. Summary of Significant Accounting Policies (continued)

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.

6.1 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.

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
Footpaths, Kerbs and Carpark Surfaces	10,000
Community Wastewater Management Systems (CWMS)	5,000
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

Note 1. Summary of Significant Accounting Policies (continued)

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 *	40 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	3 to 10 years
	Vehicles	3 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.

Note 1. Summary of Significant Accounting Policies (continued)

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	1.08% (2018: 2.77%)
Weighted average settlement period	0.53 years (2018: 0.36 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.

The Barossa Council

Notes to and forming part of the Financial Statements

for the year ended 30 June 2019

Note 1. Summary of Significant Accounting Policies (continued)

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 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.

Note 1. Summary of Significant Accounting Policies (continued)

16 Pending Accounting Standards

Certain new accounting standards and UIG interpretations have been published that are not mandatory for the reporting period 30 June 2019 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. The standards are not expected to have a material impact upon Council's future financial statements.

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
- AASB 2017-1 Amendments to Australian Accounting Standards - Transfers of Investment Property, Annual Improvements 2014-2016 Cycle and Other Amendments
- AASB 2017-7 Amendments to Australian Accounting Standards – Long-term Interests in Associates and Joint Ventures
- AASB 2018-3 Amendments to Australian Accounting Standards – Reduced Disclosure Requirements

Effective for annual reporting periods beginning on or after 1 January 2020:

- AASB 1059 Service Concession Arrangements: Grantors
- AASB 1059 Service Concession Arrangements: Grantors (Appendix D)

The Barossa Council

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

Note 2. Income

\$ '000	Notes	2019	2018
(a). Rates Revenues			
General Rates			
General Rates		25,628	24,747
Less: Mandatory Rebates		(476)	(467)
Less: Discretionary Rebates, Remissions, Write Offs and Valuation/Land Use Objections		(146)	(141)
Total General Rates		25,006	24,139
Other Rates (Including Service Charges)			
Natural Resource Management Levy		530	522
Waste and Recycling Collection		1,732	1,950
Community Wastewater Management Systems		2,722	2,631
Total Other Rates		4,984	5,103
Other Charges			
Penalties for Late Payment		152	150
Legal and Other Costs Recovered		50	21
Total Other Charges		202	171
Total Rates Revenues		30,192	29,413
(b). Statutory Charges			
Development Act Fees		113	127
Town Planning Fees		212	213
Septic Tank Inspection Fees		87	90
Animal Registration Fees and Fines		236	222
Parking Fines and Expiation Fees		3	1
Other Licences, Fees and Fines		27	22
Total Statutory Charges		678	675
(c). User Charges			
Bushgardens Seed/Seedling Sales		25	31
Caravan Park Fees		1,906	1,942
Cemetery Fees		102	98
CWMS Reuse Water Sales		187	181
Hall and Equipment Hire		38	39
Immunisation Fees		27	15
Lease Fees		45	85
Photocopying Fees		20	23
Property Search Fees		44	42
Recreation Park Fees		52	51
Sundry		59	67
Tourism - Souvenir and Other Sales		106	105
Transport Scheme Fees		139	134
Waste Collection Bins		188	22
Waste Disposal/Transfer Station Fees		19	19
Total User Charges		2,957	2,854

The Barossa Council

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

Note 2. Income (continued)

\$ '000	Notes	2019	2018
(d). Investment Income			
Interest on Investments			
- Local Government Finance Authority		274	201
- Banks and Other		70	81
- Loans to Community Groups		49	44
Total Investment Income		393	326
(e). Reimbursements			
Employee Costs		54	82
Green Waste		-	29
Other		63	107
Total Reimbursements		117	218
(f). Other Income			
Insurance and Other Recoupments-including Infrastructure, Property, Plant and Equipment		176	166
Rebates Received		69	47
Donations Received		27	8
Contributions		243	264
Sundry		730	782
Total Other Income		1,245	1,267
(g). Grants, Subsidies and Contributions			
Amounts Received Specifically for New or Upgraded Assets		1,526	1,372
Total Amounts Received Specifically for New or Upgraded Assets		1,526	1,372
Other Grants, Subsidies and Contributions		2,048	2,825
Additional Grants Commission Payment	1	1,194	605
Total Other Grants, Subsidies and Contributions		3,242	3,430
Total Grants, Subsidies and Contributions		4,768	4,802

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

Sources of grants

Commonwealth Government	535	1,042
State Government	3,433	3,253
Other	800	507
Total	4,768	4,802

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

Note 2. Income (continued)

\$ '000	Notes	2019	2018
(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:			
Unexpended at the close of the previous reporting period		1,818	608
<i>Less:</i>			
<i>Expended during the current period from revenues recognised in previous reporting periods</i>			
Roads Infrastructure		(393)	(191)
Recreation		(163)	(63)
Community Services		(26)	(9)
Environment		(71)	(3)
Shared Services		(7)	-
Stormwater		(31)	-
Tourism		(10)	(100)
Subtotal		(701)	(366)
<i>Plus:</i>			
<i>Amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions</i>			
Roads Infrastructure		-	320
Recreation		108	1,146
Community Services		13	26
Culture		5	-
Environment		63	36
Shared Services		-	7
Stormwater		-	31
Tourism		-	10
Youth		20	-
Subtotal		209	1,576
Unexpended at the close of this reporting period		1,326	1,818
Net (decrease) in assets subject to conditions in the current reporting period		(492)	1,210
(i). Physical Resources Received Free of Charge			
Land and Land Improvements		484	369
Roads, Bridges and Footpaths		2,635	1,511
Stormwater and Drainage		1,229	487
Community Wastewater Management Scheme		401	88
Community Infrastructure		13	-
Total Physical Resources Received Free of Charge		4,762	2,455

The Barossa Council

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

Note 3. Expenses

\$ '000	Notes	2019	2018
(a). Employee Costs			
Salaries and Wages		11,966	11,494
Employee Leave Expense Movement		367	166
Superannuation - Defined Contribution Plan Contributions	18	868	798
Superannuation - Defined Benefit Plan Contributions	18	223	246
Workers Compensation Insurance		344	341
Less: Capitalised and Distributed Costs		(349)	(283)
Total Operating Employee Costs		13,419	12,762
Total Number of Employees (full time equivalent at end of reporting period)		146.70	147.62
(b). Materials, Contracts and Other Expenses			
(i) Prescribed Expenses			
Auditor's Remuneration			
- Auditing the Financial Reports		23	37
Bad and Doubtful Debts		2	1
Elected Members Expenses		267	256
Election Expenses		111	-
Operating Lease Rentals - Non-Cancellable Leases	17		
- Minimum Lease Payments		129	120
Subtotal - Prescribed Expenses		532	414
(ii) Other Materials, Contracts and Expenses			
Contractors		5,367	5,135
Bank Charges		101	107
Energy (including Fuel)		1,853	1,754
Maintenance		1,798	1,633
Legal Expenses		207	177
Levies Paid to Government - NRM levy		530	522
Levies - Other		86	129
Parts, Accessories and Consumables		909	994
Professional Services		452	505
Communications and Information Technology		679	723
Contributions and Donations		502	655
Water		599	525
Advertising and Printing		143	170
Insurance		654	663
Sundry		790	791
Less: Capitalised and Distributed Costs		(131)	(93)
Subtotal - Other Material, Contracts and Expenses		14,539	14,390
Total Materials, Contracts and Other Expenses		15,071	14,804

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

Note 3. Expenses (continued)

\$ '000	Notes	2019	2018
(c). Depreciation, Amortisation and Impairment			
(i) Depreciation and Amortisation			
Buildings and Other Structures		1,421	1,421
<i>Infrastructure</i>			
- Transport		3,113	2,899
- Bridges, Floodways and Major Culverts		456	470
- Community Wastewater Management System		1,001	996
- Stormwater and Drainage		342	331
- Recreation		259	228
- Community Infrastructure		23	24
Plant and Equipment		1,075	1,096
Furniture and Fittings		27	38
Subtotal		7,717	7,503
(ii) Impairment			
Bridges, Floodways and Major Culverts		6	-
Subtotal		6	-
Less: Impairment Expense Offset to Asset Revaluation Reserve	9a	(6)	-
Total Depreciation, Amortisation and Impairment		7,717	7,503
(d). Finance Costs			
Interest on Loans		801	870
Charges on Finance Leases		1	2
Total Finance Costs		802	872

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

Note 4. Asset Disposal and Fair Value Adjustments

\$ '000	Notes	2019	2018
Infrastructure, Property, Plant and Equipment			
(i) Assets Renewed or Directly Replaced			
Proceeds from Disposal		340	628
Less: Carrying Amount of Assets Sold		(1,002)	(1,279)
Gain (Loss) on Disposal		(662)	(651)
(ii) Assets Surplus to Requirements			
Proceeds from Disposal		105	-
Less: Carrying Amount of Assets Sold		(83)	(1,109)
Gain (Loss) on Disposal		22	(1,109)
Net Gain (Loss) on Disposal or Revaluation of Assets		(640)	(1,760)

The Barossa Council

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

Note 5. Current Assets

\$ '000	Notes	2019	2018
(a). Cash and Cash Equivalents			
Cash on Hand at Bank		2,335	3,504
Deposits at Call		10,458	11,000
Short Term Deposits		24	24
Total Cash and Cash Equivalents		12,817	14,528
(b). Trade and Other Receivables			
Rates - General and Other		1,550	1,614
Accrued Revenues		314	363
Debtors - General		436	394
GST Recoupment		313	298
Prepayments		88	87
Loans to Community Organisations		72	66
Total Trade and Other Receivables		2,773	2,822
Amounts included in receivables that are not expected to be received within 12 months of reporting date are disclosed in Note 13.			
(c). Inventories			
Stores and Materials		133	181
Trading Stock		91	74
Total Inventories		224	255

The Barossa Council

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

Note 6. Non-Current Assets

\$ '000	Notes	2019	2018
(a). Financial Assets			
Receivables			
Council Rates Postponement Scheme		72	50
Prepayments		90	-
Loans to Community Organisations		782	830
Total Receivables		944	880
Total Financial Assets		944	880
(b). Equity Accounted Investments in Council Businesses			
Gawler River Floodplain Management Authority	19	2,204	1,614
Central Local Government Association (Legatus)	19	67	55
Total Equity Accounted Investments in Council Businesses		2,271	1,669
(c). Other Non-Current Assets			
Other			
Capital Works-in-Progress		3,607	2,556
Total Other		3,607	2,556
Total Other Non-Current Assets		3,607	2,556

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

Note 7a. Infrastructure, Property, Plant and Equipment

\$ '000	Fair Value Level	as at 30/6/2018				Asset Movements during the Reporting Period									as at 30/6/2019			
		At Fair Value	At Cost	Accumulated Depreciation	Carrying Value	Asset Additions		WDV of Asset Disposals	Depreciation Expense (Note 3c)	Impairment Loss (recognised in Equity) (Note 9)	Impairment Reversal (via Equity) (Note 9)	Adjustment s 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	Accumulated Depreciation	Carrying Value
						New / Upgrade	Renewals											
Land - Community	3	53,302	566	-	53,868	484	-	(52)	-	-	-	52	-	8,341	62,209	484	-	62,693
Land - Other	2	2,560	1,683	-	4,243	310	-	-	-	-	-	-	-	637	4,880	310	-	5,190
Buildings and Other Structures	3	71,969	2,664	39,344	35,289	38	42	(34)	(1,329)	-	-	-	-	7,167	81,823	-	40,650	41,173
Buildings and Other Structures Infrastructure	2	3,435	222	327	3,330	468	110	(98)	(92)	-	-	-	-	412	4,537	-	407	4,130
- Transport	3	206,383	5,712	58,604	153,491	7,136	2,794	(403)	(3,113)	-	-	-	(147)	-	205,326	15,635	61,203	159,758
- Bridges, Floodways and Major Culverts	3	44,897	133	21,056	23,974	-	-	(49)	(456)	(6)	-	-	-	-	44,801	133	21,471	23,463
- Community Wastewater Management System	3	53,502	198	22,625	31,075	430	59	(30)	(1,001)	-	-	-	-	16	53,458	703	23,612	30,549
- Stormwater and Drainage	3	44,736	885	8,969	36,652	2,453	185	(14)	(342)	-	-	-	-	-	44,714	3,523	9,303	38,934
- Recreation	3	9,065	1,319	4,595	5,789	536	209	(46)	(259)	-	-	-	-	-	8,982	2,064	4,817	6,229
- Community Infrastructure	3	1,003	471	494	980	48	-	-	(23)	-	-	-	-	-	1,003	519	517	1,005
Plant and Equipment	-	-	12,276	7,336	4,940	64	1,103	(359)	(1,075)	-	-	-	-	-	-	12,450	7,777	4,673
Furniture and Fittings	-	-	1,034	912	122	6	-	-	(27)	-	-	-	-	-	-	1,040	939	101
Total Infrastructure, Property, Plant and Equipment		490,852	27,163	164,262	353,753	11,973	4,502	(1,085)	(7,717)	(6)	-	52	(147)	16,573	511,733	36,861	170,696	377,898
Comparatives		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

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

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 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.

The Barossa Council

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

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 2018
- Valuer: Council in-house staff expertise using property valuation data provided by the Office of the Valuer-General
- 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: 30 June 2019
- Valuer: Council in-house staff expertise using Rawlinsons Australian Construction Handbook Edition 37, 2019
- 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 in 2017/18
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

The Barossa Council

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

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 0.28% 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

The Barossa Council

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

Note 8. Liabilities

\$ '000	Notes	2019 Current	2019 Non Current	2018 Current	2018 Non Current
(a). Trade and Other Payables					
Goods and Services		2,038	-	2,254	-
Payments Received in Advance		1,326	-	1,818	-
Accrued Expenses - Employee Entitlements		292	-	288	-
Accrued Expenses - Other		373	-	343	-
Deposits, Retentions and Bonds		131	-	42	-
Total Trade and Other Payables		4,160	-	4,745	-

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

Loans		1,918	10,475	1,874	10,717
Finance Leases	14c	5	15	4	20
Total Borrowings		1,923	10,490	1,878	10,737

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

(c). Provisions

Employee Entitlements (including oncosts)		2,554	824	2,255	808
Future Reinstatement - Landfill		416	-	410	-
Total Provisions		2,970	824	2,665	808

Movements in Provisions

\$ '000		
2019 (current and non-current)		
		Future Reinstatement - Landfill
Opening Balance		410
Additional Amounts Recognised		6
Closing Balance		416

The Barossa Council

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

Note 9. Reserves

\$ '000	1/7/2018	Increments (Decrements)	Transfers	Impairments	30/6/2019
(a). Asset Revaluation Reserve					
Land - Community	44,271	8,341	-	-	52,612
Land - Other	-	637	-	-	637
Buildings and Other Structures	17,385	7,579	-	-	24,964
<i>Infrastructure</i>					
- Transport	139,309	(147)	-	-	139,162
- Bridges, Floodways and Major Culverts	14,093	-	-	(6)	14,087
- Community Wastewater Management System	19,306	16	-	-	19,322
- Stormwater and Drainage	30,355	-	-	-	30,355
- Recreation	5,824	-	-	-	5,824
- Community Infrastructure	493	-	-	-	493
Joint Ventures - Other Comprehensive Income	264	574	-	-	838
Total Asset Revaluation Reserve	271,300	17,000	-	(6)	288,294
Comparatives	253,883	17,358	-	59	271,300

\$ '000	1/7/2018	Transfers to Reserve	Transfers from Reserve	Other Movements	30/6/2019
(b). Other Reserves					
Community Wastewater Management	7,497	1,615	(385)	-	8,727
Refuse, Recycling and Green Waste	288	61	(16)	-	333
Recreation Facilities	287	59	(2)	-	344
Cultural Services	412	50	(53)	-	409
Caravan Parks	265	-	(4)	-	261
Economic Development	186	5	(12)	-	179
Environmental Projects	7	6	(1)	-	12
Plant and Equipment Replacement	154	43	(22)	-	175
Building Maintenance	15	1	-	-	16
Other Reserves	803	347	(118)	-	1,032
Total Other Reserves	9,914	2,187	(613)	-	11,488
Comparatives	8,413	1,964	(463)	-	9,914

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

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, Recycling and Green Waste

Collection of Refuse, Recycling and Green Waste 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.

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

Note 10. Assets Subject to Restrictions

\$ '000	Notes	2019	2018
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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 2019 (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	480	184
Developer Contributions	542	594
Grant Funding - Commonwealth	7	12
Grant Funding - State	1,221	1,702
Total Cash and Financial Assets	2,250	2,492

Total Assets Subject to Externally Imposed Restrictions	2,250	2,492
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The Barossa Council

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

Note 11. Reconciliation to Statement of Cash Flows

\$ '000	Notes	2019	2018
(a). Reconciliation of Cash			
Cash Assets comprise highly liquid investments with short periods to maturity subject to insignificant risk of changes of value. Cash at the end of the reporting period as shown in the Statement of Cash Flows is reconciled to the related items in the Balance Sheet as follows:			
Total Cash and Equivalent Assets	5a	12,817	14,528
Balances per Statement of Cash Flows		12,817	14,528
(b). Reconciliation of Change in Net Assets to Cash from Operating Activities			
Net Surplus/(Deficit)		7,491	4,322
Non-Cash Items in Income Statements			
Depreciation, Amortisation and Impairment		7,717	7,503
Equity Movements in Equity Accounted Investments (Increase)/Decrease		(28)	(13)
Non-Cash Asset Acquisitions		(4,762)	(2,455)
Grants for Capital Acquisitions (Treated as Investing Activity Receipts)		(1,147)	(2,752)
Net (Gain) Loss on Disposals		640	1,760
		9,911	8,365
Add (Less): Changes in Net Current Assets			
Net (Increase)/Decrease in Receivables		(57)	275
Net (Increase)/Decrease in Inventories		31	(138)
Net (Increase)/Decrease in Other Current Assets		-	-
Net Increase/(Decrease) in Trade and Other Payables		(674)	1,164
Net Increase/(Decrease) in Unpaid Employee Benefits		315	147
Net Increase/(Decrease) in Other Provisions		6	10
Net Cash provided by (or used in) operations		9,532	9,823
(c). Non-Cash Financing and Investing Activities			
Acquisition of assets by means of:			
- Physical Resources Received Free of Charge	2i	4,762	2,455
Amounts recognised in Income Statement		4,762	2,455
- Finance Leases		-	20
- Estimated Future Reinstatement - Landfill	8c	6	10
Total Non-Cash Financing and Investing Activities		4,768	2,485
(d). Financing Arrangements			
Unrestricted access was available at balance date to the following lines of credit:			
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.			

The Barossa Council

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

Note 12a. Functions

Functions/Activities	Income, Expenses and Assets have been directly attributed to the following Functions / Activities Details of these Functions/Activities are provided in Note 12b									
	INCOME		EXPENSES		OPERATING SURPLUS (DEFICIT)		COMMONWEALTH AND STATE GRANTS		TOTAL ASSETS HELD (CURRENT & NON-CURRENT)	
	Actual 2019	Actual 2018	Actual 2019	Actual 2018	Actual 2019	Actual 2018	Actual 2019	Actual 2018	Actual 2019	Actual 2018
\$ '000										
Business Undertakings	5,072	4,991	4,850	4,487	222	504	-	-	40,500	39,294
Community Services	1,105	1,261	2,505	2,748	(1,400)	(1,487)	832	911	10,141	8,669
Culture	339	286	2,407	2,254	(2,068)	(1,968)	171	166	16,889	14,202
Economic Development	249	195	1,105	925	(856)	(730)	35	1	1,159	1,123
Environment	2,947	3,093	5,078	5,673	(2,131)	(2,580)	282	319	58,068	53,114
Recreation	495	525	5,240	4,827	(4,745)	(4,302)	99	17	64,768	54,894
Regulatory Services	570	591	2,404	2,435	(1,834)	(1,844)	-	-	379	446
Transport	1,238	1,206	6,191	5,512	(4,953)	(4,306)	1,744	1,880	183,147	177,573
Plant Hire and Depot/Indirect	200	177	530	430	(330)	(253)	-	-	3,926	3,969
Council Administration	26,609	26,064	6,699	6,856	19,910	19,208	805	1,001	19,286	21,562
Joint Ventures	28	13	-	-	28	13	-	-	2,271	1,669
Total Functions/Activities	38,852	38,402	37,009	36,147	1,843	2,255	3,968	4,295	400,534	376,515

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

The Barossa Council

Notes to and forming part of the Financial Statements

for the year ended 30 June 2019

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 & DEPOT

Plant, Machinery and Depot.

COUNCIL ADMINISTRATION

Governance, Administration, 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 (Legatus).

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

Note 13. Financial Instruments

Recognised Financial Instruments

Bank, Deposits at Call and 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 1.75% and 2.20% (2018: 1.60% and 2.20%). Short term deposits returned interest rates between 1.25% and 2.00% (2018: 1.50% and 2.00%).

Carrying Amount:

Approximates fair value due to the short term to maturity.

Receivables

Rates and Associated Charges

(including legals and penalties for late payment)

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% (2018: 6.60%). 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).

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

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 3.60% and 7.02% (2018: 4.25% 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 3.35% and 3.60% (2018: 3.60% and 3.70%).

Carrying Amount:

Approximates fair value.

Liabilities

Finance Leases

Accounting Policy:

Accounted for in accordance with AASB 117.

The Barossa Council

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

Note 13. Financial Instruments (continued)

\$ '000	Due < 1 year	Due > 1 year and ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
2019					
Financial Assets					
Cash and Equivalents	12,818	-	-	12,818	12,817
Receivables	2,418	416	724	3,558	3,226
Total Financial Assets	15,236	416	724	16,376	16,043

Financial Liabilities

Payables	3,487	-	-	3,487	3,487
Current Borrowings	2,641	-	-	2,641	1,923
Non-Current Borrowings	-	7,254	5,419	12,673	10,490
Total Financial Liabilities	6,128	7,254	5,419	18,801	15,900

\$ '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	2,486	429	778	3,693	3,317
Total Financial Assets	17,014	429	778	18,221	17,845

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

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

	30 June 2019		30 June 2018	
	Weighted Avg Interest Rate	Carrying Value	Weighted Avg Interest Rate	Carrying Value
Other Variable Rates	3.58%	1,160	3.72%	1,260
Fixed Interest Rates	6.51%	11,253	6.56%	11,355
		12,413		12,615

Net Fair Value

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

Notes to and forming part of the Financial Statements

for the year ended 30 June 2019

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.

The Barossa Council

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

Note 14. Commitments for Expenditure

\$ '000	Notes	2019	2018
(a). Capital Commitments			
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
Bridges		280	21
Buildings		-	86
Community Wastewater Management System		-	93
Culture		12	6
Environment		29	-
Footpaths		535	1,031
Plant		58	220
Recreation		4,787	1,598
Roads		12,519	2,761
Software		46	51
Stormwater and Drainage		544	430
Tourism		1	-
		18,811	6,297
These expenditures are payable:			
Not later than one year		9,489	6,297
Later than one year and not later than 5 years		7,333	-
Later than 5 years		1,989	-
		18,811	6,297
(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		93	115
Buildings		-	14
Caretaking Services		126	289
Community Services		6	67
Consulting Services		115	66
Culture		-	3
Environmental Projects		100	64
Maintenance Projects		2,251	3,094
Photocopier Rental		85	77
Printing Services		155	186
Recreation Projects		118	163
Roads		-	63
Septic Tank Desludging		1,494	202
Shared Services Projects		-	7
Software		7	14
Tourism		93	10
Waste Management Services		22,567	24,002
		27,210	28,436
These expenditures are payable:			
Not later than one year		3,319	3,184
Later than one year and not later than 5 years		9,171	8,857
Later than 5 years		14,720	16,395
		27,210	28,436

The Barossa Council

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

Note 14. Commitments for Expenditure (continued)

\$ '000	Notes	2019	2018
(c). Finance Lease Commitments			
Council leases various plant and equipment with a carrying amount of \$19,609 (2018 - \$24,362) 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:			
Not later than one year		6	5
Later than one year and not later than 5 years		15	21
Minimum Lease Payments		21	26
Less: Future Finance Charges		(1)	(2)
Net Lease Liability		20	24
Representing lease liabilities:			
Current	8	5	4
Non-Current	8	15	20
		20	24

The Barossa Council

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

Note 15. Financial Indicators

	Amounts	Indicator	Prior Periods	
\$ '000	2019	2019	2018	2017

These Financial Indicators have been calculated in accordance with *Information paper 9 - Local Government Financial Indicators* prepared as part of the LGA Financial Sustainability Program for the Local Government Association of South Australia.

1. Operating Surplus Ratio

Operating Surplus	1,843	4.74%	5.90%	7.70%
Total Operating Income	38,852			

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

2. Net Financial Liabilities Ratio

Net Financial Liabilities	3,833	10%	7%	16%
Total Operating Income	38,852			

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.

Adjusted Operating Surplus Ratio	3.28%	5.76%	6.26%
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Adjusted Net Financial Liabilities Ratio	13%	8%	16%
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3. Asset Renewal Funding Ratio

Net Asset Renewals	4,309	443%	373%	254%
Infrastructure and Asset Management Plan required expenditure	972			

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. IAMP's are due for review in 2020.

The Barossa Council

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

Note 16. Uniform Presentation of Finances

\$ '000	2019	2018
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The following is a high level summary of both operating and capital investment activities of the Council prepared on a simplified Uniform Presentation Framework basis.

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

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

Income	38,852	38,196
less Expenses	(37,009)	(35,941)
Operating Surplus / (Deficit)	1,843	2,255
Net Outlays on Existing Assets		
Capital Expenditure on Renewal and Replacement of Existing Assets	(4,989)	(4,611)
<i>add back</i> Depreciation, Amortisation and Impairment	7,717	7,503
<i>add back</i> Proceeds from Sale of Replaced Assets	340	628
Subtotal	3,068	3,520
Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets	(7,775)	(3,638)
<i>add back</i> Amounts Received Specifically for New and Upgraded Assets	1,147	2,752
Subtotal	(6,523)	(886)
Net Lending / (Borrowing) for Financial Year	(1,612)	4,889

The Barossa Council

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

Note 17. Operating Leases

\$ '000	2019	2018
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Leases Providing Revenue to the Council

Council owns various buildings, plant and other facilities that are available for hire or lease (on a non-cancellable basis wherever practicable) in accordance with the published revenue policy. Rentals received from such leases are included in Note 2 as Lease Fees, Hall or Equipment Hire and Recreation Park Fees.

Leases commitments under lease agreements, are as follows:

Not later than one year	54	57
Later than one year and not later than 5 years	93	130
Later than 5 years	229	268
	376	455

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	163	98
Later than one year and not later than 5 years	294	98
Later than 5 years	1	-
	458	196

Notes to and forming part of the Financial Statements

for the year ended 30 June 2019

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 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 2018/19; 9.50% in 2017/18). No further liability accrues to the Council as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

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 2017/18) of "superannuation" salary.

In addition, Council makes a separate contribution of 3% of ordinary time earnings for Salarylink members to their Accumulation account. Employees also make member contributions to the Salarylink section of the Fund. As such, assets accumulate in the Salarylink section of the Fund to meet the 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, Louise Campbell, FIAA, of Willie Towers Watson as at 30 June 2017. The Trustee has determined that the current funding arrangements are adequate for the expected Salarylink liabilities. However, future financial and economic circumstances may require changes to Council's contribution rates at some future time.

Contributions to Other Superannuation Schemes

Council (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.

The Barossa Council

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

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	
	2019	2018
Joint Ventures	2,271	1,669
Total	2,271	1,669

JOINT VENTURES, ASSOCIATES AND JOINT OPERATIONS

(a) Carrying Amounts

Name of Entity	Principal Activity	2019	2018
Gawler River Floodplain Management Authority	Flood Mitigation	2,204	1,614
Central Local Government Association (Legatus)	Local Government Regional Collaboration	67	55
Total Carrying Amounts - Joint Ventures and Associates		2,271	1,669

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 (Legatus)

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.

(b) Relevant Interests

Name of Entity	Interest in Operating Result		Ownership Share of Equity		Proportion of Voting Power	
	2019	2018	2019	2018	2019	2018
Gawler River Floodplain Management Authority	9.84%	9.66%	9.84%	9.66%	15.38%	15.38%
Central Local Government Association (Legatus)	6.67%	6.67%	6.67%	6.67%	6.67%	6.67%

(c) Movement in Investment in Joint Venture or Associate

	Gawler River Floodplain Management Authority		Central Local Government Association (Legatus)	
	2019	2018	2019	2018
Opening Balance	1,614	1,608	55	48
Share in Operating Result	(14)	(22)	12	7
Share in Other Comprehensive Income	574	-	-	-
Adjustments to Equity	30	28	-	-
Council's Equity Share in the Joint Venture or Associate	2,204	1,614	67	55

The Barossa Council

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

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 (Legatus)	
	2019	2018	2019	2018
Cash and Cash Equivalents	3	2	972	809
Investments	64	57	-	-
Other Current Assets	2	2	70	9
Non-Current Assets	22,332	16,651	11	17
Total Assets	22,401	16,712	1,053	835
Current Trade and Other Payables	-	-	47	6
Current Provisions	-	-	2	7
Non-Current Provisions	-	-	3	1
Total Liabilities	-	-	52	14
Net Assets	22,401	16,712	1,001	821

Statement of Comprehensive Income	Gawler River Floodplain Management Authority		Central Local Government Association (Legatus)	
	2019	2018	2019	2018
Other Income	5	20	169	196
Subscriptions, Grants, Subsidies and Other Contributions	232	82	509	346
Reimbursements	-	-	38	4
Investment Income	2	-	17	14
Total Income	239	102	733	560
Employee Costs	-	-	192	219
Materials, Contracts and Other Expenses	130	86	356	230
Depreciation, Amortisation and Impairment	233	231	6	6
Other	17	15	-	-
Total Expenses	380	332	554	455
Operating Result	(141)	(230)	179	105

(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	26	25
	26	25

The Barossa Council

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

Note 20. Non-Current Assets Held for Sale

\$ '000	2019	2018
Non Current Assets Held for Sale		
Vacant Land - Nuriootpa	-	52
Total Non Current Assets and Disposal Group Assets	-	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). The final sale of these properties occurred in September 2018.

Carrying Amounts of Assets and Liabilities

Infrastructure, Property, Plant and Equipment	-	52
Total Assets	-	52

Notes to and forming part of the Financial Statements

for the year ended 30 June 2019

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

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 988km 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 deductible "insurance excesses", the amount of which varies according to the class of insurance.

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

3. 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 2019.

The Barossa Council

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

Note 22. Related Party Transactions

\$ '000	2019	2018
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Key Management Personnel

The Key Management Personnel of the Council includes the Mayor, 11 Councillors (5 to 17/11/18 and 5 post 17/11/18 due to the Local Government Election), CEO, 10 Employees of the Executive Management Team and 10 Board Members of Nuriootpa Centennial Park Authority - Total 38 (2018: 32). 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 147 (FTE) staff of which only 2 are close family members of Key Management Personnel.

Key Management Personnel Employee Expenses for Close Family Members	147	119
Total	147	119

Three people included in Key Management Personnel are on the board of three separate businesses which provide Council with consulting, facilities and other services. The total amount invoiced to Council by these businesses during this financial year totalled \$173,178 (excluding GST). One of these not for profit businesses also received a rate rebate to the value of \$29,583.

One person included in Key Management Personnel has a close family member's business that provided Council with capital works services. The total amount invoiced to Council by this business during this financial year totalled \$6,374 (excluding GST).

Compensation paid to Key Management Personnel

38 Key Management Personnel (2018: 32) were paid the following total compensation:

Short-Term Councillor/Employee Benefits	1,556	1,444
Post-Employment Benefits	-	8
Total	1,556	1,452

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 2019, 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 2019, 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 2019

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 2018 to 30 June 2019 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 2018 to 30 June 2019.

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 2018 to 30 June 2019. 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 2019

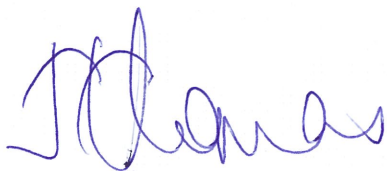
The Barossa Council

General Purpose Financial Statements for the year ended 30 June 2019

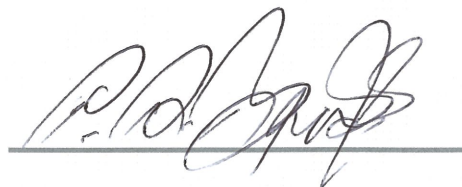
Certification of Auditor Independence

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



Joanne Thomas
ACTING CHIEF EXECUTIVE OFFICER



Peter Brass
PRESIDING MEMBER, AUDIT COMMITTEE

Date: 29 October, 2019

Bentleys SA Audit Partnership

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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 2019, 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 26th day of September 2019