

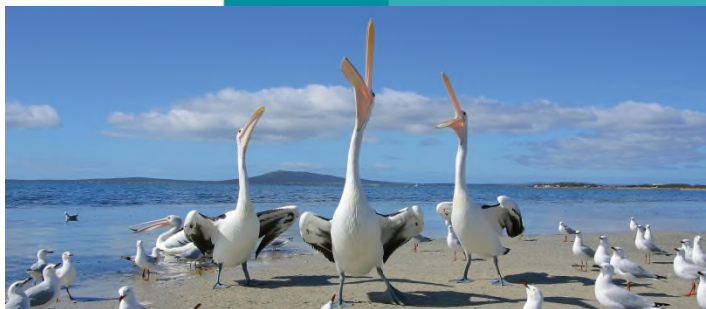
# City of Port Lincoln

## General Purpose Financial Reports

For the year  
ending  
30 June 2022

Adopted by Council  
20 October 2022

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**City of Port Lincoln**

Seafood Capital of Australia



**Annual Financial Statements  
For the year ended 30 June 2022  
CERTIFICATION OF FINANCIAL STATEMENTS**

We have been authorized 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 2022 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.

**Matthew Morgan**  
**CHIEF EXECUTIVE OFFICER**

**Brad Flaherty**  
**MAYOR**

**Date:** 20 October 2022

We work on Barngarla Country. The City of Port Lincoln acknowledges Aboriginal and Torres Strait Islander peoples as the First Australians and their continuing connection to land, sea, culture and community. We pay respect to Elders past, present and emerging and are committed to working together on our reconciliation journey.

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Level One, Civic Centre, 60 Tasman Terrace, Port Lincoln SA 5606

T: 08 8621 2300 | F: 08 8621 2399 | E: [plcc@plcc.sa.gov.au](mailto:plcc@plcc.sa.gov.au) | [www.portlincoln.sa.gov.au](http://www.portlincoln.sa.gov.au)

# CITY OF PORT LINCOLN

## General Purpose Financial Reports

### for the year ended 30 June 2022

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**CITY OF PORT LINCOLN**  
**Statement of Comprehensive Income**  
**for the year ended 30 June 2022**

	Notes	2022 \$	2021 \$
<b>INCOME</b>			
Rates	2	15,695,753	15,141,449
Statutory charges	2	381,863	354,869
User charges	2	2,723,218	2,771,660
Grants, subsidies and contributions	2	3,497,015	2,550,902
Investment income	2	67,326	49,183
Reimbursements	2	553,496	564,393
Other income	2	941,045	967,951
<b>Total Income</b>		<b>23,859,716</b>	<b>22,400,407</b>
<b>EXPENSES</b>			
Employee costs	3	6,358,112	6,182,726
Materials, contracts & other expenses	3	11,498,614	10,901,920
Depreciation, amortisation & impairment	3	4,426,606	4,475,240
Finance costs	3	260,457	226,353
<b>Total Expenses</b>		<b>22,543,789</b>	<b>21,786,239</b>
<b>OPERATING SURPLUS / (DEFICIT)</b>		<b>1,315,927</b>	<b>614,168</b>
Asset disposal & fair value adjustments	4	(194,328)	(245,065)
Amounts received specifically for new or upgraded assets	2	202,000	13,314
<b>NET SURPLUS / (DEFICIT) (transferred to Equity Statement)</b>		<b>1,323,599</b>	<b>382,417</b>
<b>Other Comprehensive Income</b>			
<i>Amounts which will not be reclassified subsequently to operating result</i>			
Changes in revaluation surplus - infrastructure, property, plant & equipment	9	3,055,905	-
<b>Total Other Comprehensive Income</b>		<b>3,055,905</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>4,379,504</b>	<b>382,417</b>

This Statement is to be read in conjunction with the attached Notes.

**CITY OF PORT LINCOLN**  
**Statement of Financial Position**  
**as at 30 June 2022**

		2022	2021
<b>ASSETS</b>	<b>Notes</b>	<b>\$</b>	<b>\$</b>
<b>Current Assets</b>			
Cash and cash equivalents	5	10,507,371	7,783,638
Trade & other receivables	5	1,913,526	1,547,928
Other financial assets	5	142,797	144,590
<b>Total Current Assets</b>		<b>12,563,694</b>	<b>9,476,156</b>
<b>Non-current Assets</b>			
Financial assets	6	557,634	621,931
Infrastructure, property, plant & equipment	7	223,219,487	223,827,532
Other non-current assets	6	566,959	163,116
<b>Total Non-current Assets</b>		<b>224,344,080</b>	<b>224,612,579</b>
<b>Total Assets</b>		<b>236,907,774</b>	<b>234,088,735</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade & other payables	8	3,973,976	2,346,043
Borrowings	8	718,290	688,467
Provisions	8	882,426	969,811
<b>Total Current Liabilities</b>		<b>5,574,692</b>	<b>4,004,321</b>
<b>Non-current Liabilities</b>			
Trade & Other Payables	8	-	14,637
Borrowings	8	6,814,994	7,454,783
Provisions	8	1,479,177	3,955,587
<b>Total Non-current Liabilities</b>		<b>8,294,171</b>	<b>11,425,007</b>
<b>Total Liabilities</b>		<b>13,868,863</b>	<b>15,429,328</b>
<b>NET ASSETS</b>		<b>223,038,911</b>	<b>218,659,407</b>
<b>EQUITY</b>			
Accumulated Surplus		43,070,960	41,827,890
Asset Revaluation Reserves	9	178,619,411	175,563,506
Other Reserves	9	1,348,540	1,268,011
<b>TOTAL EQUITY</b>		<b>223,038,911</b>	<b>218,659,407</b>

This Statement is to be read in conjunction with the attached Notes.

**CITY OF PORT LINCOLN**  
**Statement of Changes in Equity**  
**for the year ended 30 June 2022**

		Acc'd Surplus	Asset Rev'n Reserve	Other Reserves	TOTAL EQUITY
2022	Notes	\$	\$	\$	\$
Balance at end of previous reporting period		41,827,890	175,563,506	1,268,011	218,659,407
Restated opening balance		41,827,890	175,563,506	1,268,011	218,659,407
<b>Net Surplus / (Deficit) for Year</b>		1,323,599			1,323,599
<b>Other Comprehensive Income</b>					
Gain on revaluation of infrastructure, property, plant & equipment			3,055,905		3,055,905
Transfers between reserves		(80,529)		80,529	-
<b>Balance at end of period</b>	9	43,070,960	178,619,411	1,348,540	223,038,911
<b>2021</b>					
Balance at end of previous reporting period		41,442,683	175,563,506	1,270,801	218,276,990
Restated opening balance		41,442,683	175,563,506	1,270,801	218,276,990
<b>Net Surplus / (Deficit) for Year</b>		382,417			382,417
<b>Other Comprehensive Income</b>					
Transfers between reserves		2,790		(2,790)	-
<b>Balance at end of period</b>	9	41,827,890	175,563,506	1,268,011	218,659,407

This Statement is to be read in conjunction with the attached Notes

**CITY OF PORT LINCOLN**  
**Statement of Cash Flows**  
**for the year ended 30 June 2022**

		2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>Notes</b>	<b>\$</b>	<b>\$</b>
<b><i>Receipts:</i></b>			
Rates - general & other		15,581,328	15,051,283
Fees & other charges		381,863	354,869
User charges		2,759,115	3,210,886
Investment receipts		66,326	60,134
Grants utilised for operating purposes		3,497,015	2,560,902
Reimbursements		553,496	564,393
Other revenues		879,167	1,187,893
<b><i>Payments:</i></b>			
Employee costs		(6,452,605)	(6,099,645)
Materials, contracts & other expenses		(10,064,881)	(11,833,409)
Finance payments		(260,457)	(198,049)
<b>Net Cash provided by (or used in) Operating Activities</b>		<b>6,940,367</b>	<b>4,859,257</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b><i>Receipts:</i></b>			
Amounts specifically for new or upgraded assets		202,000	13,314
Sale of replaced assets		15,909	91,885
Repayments of loans by community groups		146,090	157,154
<b><i>Payments:</i></b>			
Expenditure on renewal/replacement of assets		(2,635,862)	(600,590)
Expenditure on new/upgraded assets		(1,254,805)	(1,257,264)
Loans made to community groups		(80,000)	(211,000)
<b>Net Cash provided by (or used in) Investing Activities</b>		<b>(3,606,668)</b>	<b>(1,806,501)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b><i>Receipts:</i></b>			
Proceeds from borrowings		80,000	-
<b><i>Payments:</i></b>			
Repayments of borrowings		(505,090)	(259,619)
Repayment of principal portion of lease liabilities		(184,876)	(149,179)
<b>Net Cash provided by (or used in) Financing Activities</b>		<b>(609,966)</b>	<b>(408,798)</b>
<b>Net Increase (Decrease) in cash held</b>		<b>2,723,733</b>	<b>2,643,958</b>
Cash & cash equivalents at beginning of period	11	7,783,638	5,139,680
<b>Cash &amp; cash equivalents at end of period</b>	<b>11</b>	<b>10,507,371</b>	<b>7,783,638</b>

This Statement is to be read in conjunction with the attached Notes

**CITY OF PORT LINCOLN**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2022**

**Note 1 - Significant Accounting Policies**

The principal accounting policies adopted in the preparation of the financial report 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.

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 this Note.

**1.4 Rounding**

All amounts in the financial statements have been rounded to the nearest dollar.

**1.5 Covid-19**

The COVID-19 pandemic has impacted the 2021/22 financial statements which may impact on the comparability of the financial statements and/or the notes. The financial impacts are a result of either Council's response to the pandemic or due to mandatory restrictions as directed by the Australian Government and the advice from the Australian Government Department of Health and SA Health.

The pandemic continues to create a challenging environment with supply chain issues impacting the delivery of materials for projects and the purchasing of new plant and machinery. The pandemic has also continued to have an impact on tourism within the region, with the further delay of cruise ships arriving in Port Lincoln resulting in significantly less turnover through Council's Visitor Information Centre.

**2 The Local Government Reporting Entity**

City of Port Lincoln is incorporated under the SA Local Government Act 1999 and has its principal place of business at level 1, Civic Centre, 60 Tasman Terrace, Port Lincoln, South Australia. These consolidated financial statements include the Council's direct operations and all entities through which Council controls resources to carry on its functions. In the process of reporting on the Council as a single unit, all transactions and balances between activity areas and controlled entities have been eliminated.

**3 Income recognition**

**3.1 Revenue**

The Council recognises revenue under AASB 1058 Income of Not-for-Profit Entities (AASB 1058) or AASB 15 Revenue from Contracts with Customers (AASB 15) when appropriate.

In cases where there is an 'enforceable' contract with a customer with 'sufficiently specific' performance obligations, the transaction is accounted for under AASB 15 where income is recognised when (or as) the performance obligations are satisfied (i.e. when it transfers control of a product or service to a customer). Revenue is measured based on the consideration to which the Council expects to be entitled in a contract with a customer.

In other cases, AASB 1058 applies when a not-for-profit (NFP) entity enters into transactions where the consideration to acquire an asset is significantly less than the fair value of the asset principally to enable the entity to further its objectives. The excess of the asset recognised (at fair value) over any 'related amounts' is recognised as income immediately, except in the case where a financial asset has been received to enable the council to acquire or construct a recognisable non-financial asset that is to be controlled by the council. In this case, the council recognises the excess as a liability that is recognised over time in profit and loss when (or as) the entity satisfies its obligations under the transfer.

**CITY OF PORT LINCOLN**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2022**

**Note 1 - Significant Accounting Policies**

In recent years, the payment of untied grants (financial assistance grants/ local roads/ supplementary grants) has varied from the annual allocation as shown in the table below:

	Cash Payment Received	Annual Allocation	Difference	
<b>2019-20</b>	\$1,705,927	\$1,790,018	-	\$84,091
<b>2020-21</b>	\$1,691,450	\$1,806,686	-	\$115,236
<b>2021-22</b>	\$2,369,966	\$1,859,469	+	\$510,497

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

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

### **3.2 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. Reimbursements not received are recognised as receivables and reimbursements received in advance are recognised as "payments received in advance".

For works undertaken on a fixed price contract basis, revenues are recognised over time using the input method, with costs incurred compared to total expected costs used as a measure of progress. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

## **4 Cash, Cash Equivalents and Other Financial Instruments**

### **4.1 Cash, Cash Equivalent Assets**

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.

### **4.2 Other Financial Instruments**

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

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

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

## **5 Inventories**

The City of Port Lincoln held inventory items valued at \$45,313 at the Visitor Information Centre as at 30 June 2022 which have not been included in these financial statements as they are immaterial.

## **6 Infrastructure, Property, Plant & Equipment**

### **6.1 Initial Recognition**

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

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

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

**CITY OF PORT LINCOLN**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2022**  
**Note 1 - Significant Accounting Policies**

**6.2 Materiality**

Assets with an economic life in excess of one year are only capitalised where the cost of acquisition exceeds materiality thresholds established by Council for each type of asset. In determining (and in annually reviewing) such thresholds, regard is had to the nature of the asset and its estimated service life. Examples of capitalisation thresholds applied during the year are given in Note 7. No capitalisation threshold is applied to the acquisition of land or interests in land.

**6.3 Subsequent Recognition**

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

**6.4 Depreciation of Non-Current Assets**

Other than land, all infrastructure, property, plant and equipment assets recognised are systematically depreciated over their useful lives on a straight-line basis which, in the opinion of Council, best reflects the consumption of the service potential embodied in those assets.

Depreciation methods, useful lives and residual values of classes of assets are reviewed annually.

Major depreciation periods for each class of asset are shown in Note 7. 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.

**6.5 Impairment**

Assets whose future economic benefits are not dependent on the ability to generate cash flows, and where the future economic benefits would be replaced if Council were deprived thereof, are not subject to impairment testing.

Other assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount (which is the higher of the present value of future cash inflows or value in use).

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

**6.6 Borrowing Costs**

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

**7 Payables**

**7.1 Goods & Services**

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

**7.2 Payments Received in Advance & Deposits**

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

**8 Borrowings**

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

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". Interest free loans are carried at their nominal amounts; interest revenues foregone by the lender effectively being a reduction of interest expense in the period to which it relates.

**CITY OF PORT LINCOLN**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2022**  
**Note 1 - Significant Accounting Policies**

**9 Provisions**

**9.1 Employee Benefits**

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 on costs) 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 on costs) 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	9.5% Indoor, 5.83% Outdoor (2021, 1.15% indoor, 0.89% Outdoor)
Weighted average settlement period	3.14 years Indoor, 1.94 years Outdoor (2021, 2.8 years indoor, 2.3 years Outdoor)

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.

Superannuation:

The Council makes employer superannuation contributions in respect of its employees to the Statewide Superannuation Scheme. The Scheme has two types of membership, each of which is funded differently. Details of the accounting policies applied and Council's involvement with the schemes are reported in Note 18.

**9.2 Provisions for reinstatement, restoration, rehabilitation.**

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

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

**10 Leases**

The Council assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Council as a lessee:

The Council recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

**i) Right-of-use assets**

The Council recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received and the estimate of costs to be incurred to restore the leased asset.

Right of use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

The right-of-use assets are also subject to impairment.

**ii) Lease liabilities**

At the commencement date of the lease, the Council recognises lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Council uses its incremental borrowing rate or the interest rate implicit in the lease.

**iii) Short-term leases and leases of low-value assets**

The Council applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date). It also applies the low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

**CITY OF PORT LINCOLN**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2022**  
**Note 1 - Significant Accounting Policies**

**11 GST Implications**

In accordance with UIG Abstract 1031 "Accounting for the Goods & Services Tax"

- Receivables and Creditors include GST receivable and payable.
- Except in relation to input taxed activities, revenues and operating expenditures exclude GST receivable and payable.
- Non-current assets and capital expenditures include GST net of any recoupment.
- Amounts included in the Statement of Cash Flows are disclosed on a gross basis.

**12 Kirton Court Liability Adjustment**

Upon entry to the facility, a resident is required to pay an accommodation bond which is initially recorded as a liability on the Balance Sheet. Council is entitled to receive retentions from the accommodation bond depending on the length a resident occupies the facility. A liability is recognised for exit entitlements which are required to be paid upon exit of the facility to the resident which is calculated in accordance with individual accommodation bond agreements entered into. The liability is calculated based on a combination of the value of the accommodation bond received (minus retentions) and the market value movement of individual units over the term of occupancy. The Council annually assesses the likely liability payable to residents which is adjusted to account for changes in market conditions. Any movement in the liability is reflected in the Statement of Comprehensive Income.

**CITY OF PORT LINCOLN**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2022**

**Note 2 - INCOME**

	2022	2021
Notes	\$	\$
<b>RATES REVENUES</b>		
<u>General Rates</u>	12,442,079	11,962,909
Less: Mandatory rebates	(154,104)	(144,591)
Less: Discretionary rebates, remissions & write offs	(112,388)	(116,472)
	<u>12,175,587</u>	<u>11,701,846</u>
<u>Other Rates (including service charges)</u>		
Landscape levy	703,026	687,405
Waste collection	2,260,897	2,253,187
Recycling Service Charge	427,065	425,397
	<u>3,390,988</u>	<u>3,365,989</u>
<u>Other Charges</u>		
Penalties for late payment	100,177	73,614
Legal & other costs recovered	29,001	-
	<u>129,178</u>	<u>73,614</u>
	<u>15,695,753</u>	<u>15,141,449</u>
<b>STATUTORY CHARGES</b>		
Development Act fees	98,966	112,293
Town planning fees	93,131	78,106
Health & Septic Tank Inspection fees	4,394	3,130
Animal registration fees & fines	139,558	118,698
Parking fines / expiation fees	4,902	7,332
Other licences, fees, & fines	40,912	35,310
	<u>381,863</u>	<u>354,869</u>
<b>USER CHARGES</b>		
Cemetery/crematoria fees	154,808	104,842
Kirton Court Units maintenance Charge	27,864	27,724
Resource Recovery Centre	1,399,959	1,101,477
Property Rental Income	81,497	58,133
Visitor Information Centre	689,049	986,587
Nautilus Art Centre and shop sales	268,727	271,877
Hall & equipment hire	5,258	8,911
Permit fees/cost recovery (footpath, dogs)	23,393	15,998
Water reuse sales	38,724	168,558
Sundry	33,939	27,553
	<u>2,723,218</u>	<u>2,771,660</u>

# CITY OF PORT LINCOLN

## Notes to and forming part of the Financial Statements for the year ended 30 June 2022

### Note 2 - INCOME (con't)

		2022	2021
	Notes	\$	\$
<b>INVESTMENT INCOME</b>			
Interest on investments:			
Local Government Finance Authority		32,955	16,159
Banks & other		5,739	2,845
Loans to community groups		28,632	30,179
		<b>67,326</b>	<b>49,183</b>
<b>REIMBURSEMENTS</b>			
- for private works		1,961	13,219
- by joint undertakings		231,269	237,800
- other		320,266	313,374
		<b>553,496</b>	<b>564,393</b>
<b>OTHER INCOME</b>			
Insurance & other recoupments		220,797	232,224
Rebates received		4,815	6,214
Plant & labour overheads allocated		582,291	640,155
Sundry		133,142	89,358
		<b>941,045</b>	<b>967,951</b>
<b>GRANTS, SUBSIDIES, CONTRIBUTIONS</b>			
Amounts received specifically for new or upgraded assets		202,000	13,314
Other grants, subsidies and contributions			
Additional Grants Commission Payment		1,401,440	890,943
Untied - Financial Assistance Grant		968,526	800,507
Roads to Recovery		224,101	224,100
Local Roads & Community Infrastructure Phase 2		531,918	-
transport Relief Fund		65,615	410,676
Library		106,440	104,927
Nautius Art Centre		10,770	11,917
Work Health and Safety		-	20,900
Health		-	10,000
Arts Activation Contribution		70,000	-
COVID-19 Related		47,204	54,155
Tourism		58,403	15,950
Sundry		12,598	6,827
		<b>3,497,015</b>	<b>2,550,902</b>
		<b>3,699,015</b>	<b>2,564,216</b>
<i>The functions to which these grants relate are shown in Note 12.</i>			
<b>Sources of grants</b>			
Commonwealth government		224,101	499,677
State government		2,161,005	1,843,919
Other		1,313,909	220,620
		<b>3,699,015</b>	<b>2,564,216</b>

# CITY OF PORT LINCOLN

## Notes to and forming part of the Financial Statements for the year ended 30 June 2022

### Note 2 - INCOME (con't)

		2022	2021
<i>Individually Significant Item</i>	<i>Notes</i>	\$	\$
<p><i>In April 2022 Council Received an advanced payment of the Commonwealth Grants Commission Grant ("FAG") allocated to the 2022/23 financial year. As a result, Councils operating result in the current financial year has increased by \$1,401,440. In June 2021 Council received an advance payment of the FAG allocated to the 2021/22 financial year of \$890,943. This reduced the operating result in 2021/22. The net effect in 2021/22 due to the miss allocation of the FAG is a \$510,497 increase in the operating result in 2021/22.</i></p>			
		1,401,440	890,943
<p><b>Conditions over grants &amp; contributions</b></p> <p>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:</p>			
Unexpended at the close of the previous reporting period		499,677	-
Less: expended during the current period from revenues recognised in previous reporting periods:			
Roads to Recovery Grant		(224,100)	
Local Roads and Community Infrastructure Grant		(275,577)	-
Subtotal		(499,677)	-
<p>Plus: amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions</p>			
Roads to Recovery Grant		-	224,100
Local Roads and Community Infrastructure Grant		-	275,577
Subtotal		-	499,677
Unexpended at the close of this reporting period		-	499,677
Net increase / (decrease) in assets subject to conditions in the current reporting period		(499,677)	499,677

**CITY OF PORT LINCOLN**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2022**

**Note 3 - EXPENSE**

	Notes	2022 \$	2021 \$
<b>EMPLOYEE COSTS</b>			
Salaries and Wages		5,664,229	5,181,596
Employee leave expense		238,656	261,755
Superannuation - defined contribution plan contributions	18	595,339	533,282
Superannuation - defined benefit plan contributions	18	34,591	41,611
Workers' Compensation Insurance		217,186	247,602
Less: Capitalised and distributed costs		(391,889)	(83,120)
<b>Total Operating Employee Costs</b>		<b>6,358,112</b>	<b>6,182,726</b>
<b>Total Number of Employees</b>		<b>68</b>	<b>68</b>
<i>(Full time equivalent at end of reporting period)</i>			
<b>MATERIALS, CONTRACTS &amp; OTHER EXPENSES</b>			
<u>Prescribed Expenses</u>			
Auditor's Remuneration			
- Auditing the financial reports		26,030	22,730
Elected members' expenses		206,832	206,696
Lease Expenses - short term leases	17	-	26,000
Subtotal - Prescribed Expenses		<b>232,862</b>	<b>255,426</b>
<u>Other Materials, Contracts &amp; Expenses</u>			
Waste management contract		2,820,031	2,785,422
Utilities		550,293	690,327
Insurance		458,343	415,424
Information technology communications		437,171	328,806
Advertising		53,376	43,540
Legal expenses		84,962	26,301
Levies paid to government - Regional Landscape Levy		694,331	679,530
- other levies		786,748	821,688
Library operations		166,309	130,188
Leisure Centre operations		455,704	308,358
Road maintenance expenses		216,985	157,831
External contractors		1,094,426	1,293,542
Repairs, maintenance & materials		77,275	90,742
Parts, accessories & consumables		57,661	57,968
Plant, machinery, fuel & oil		60,161	46,855
Professional services		306,661	264,364
Tourism expenses		707,748	957,421
Sundry		2,237,567	1,548,187
Subtotal - Other Materials, Contracts & Expenses		<b>11,265,752</b>	<b>10,646,494</b>
		<b>11,498,614</b>	<b>10,901,920</b>

**CITY OF PORT LINCOLN**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2022**

**Note 3 - EXPENSE con't**

	2022	2021
Notes	\$	\$
<b>DEPRECIATION, AMORTISATION &amp; IMPAIRMENT</b>		
<b>Depreciation</b>		
Buildings	<b>663,940</b>	675,287
Recycled Water Scheme	<b>108,318</b>	116,042
Road Pavement & Surface	<b>647,007</b>	644,606
Kerbing	<b>317,972</b>	318,511
Footpaths	<b>242,334</b>	241,477
Stormwater	<b>430,961</b>	376,784
Bridges	<b>40,644</b>	40,535
Other Community Assets	<b>932,812</b>	889,162
Leisure Centre	<b>440,972</b>	439,844
Plant & Equipment	<b>237,739</b>	257,396
Furniture & Fittings	<b>125,884</b>	193,141
Resource Recovery Centre - Landfill Cell 4	<b>35,564</b>	35,564
Resource Recovery Centre - Cell 4 Capping Provision	<b>1,291</b>	48,582
Resource Recovery Centre - Post Closure Remediation Provision	<b>7,542</b>	34,146
Right of Use Assets	<b>193,626</b>	164,163
	<b>4,426,606</b>	4,475,240
<b>FINANCE COSTS</b>		
Interest on Loans	<b>187,598</b>	200,872
Interest on Leases	<b>23,639</b>	23,954
Interest on Resource Recovery Centre Provisions	<b>49,220</b>	1,527
	<b>260,457</b>	226,353

**CITY OF PORT LINCOLN**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2022**

**Note 4 - ASSET DISPOSALS AND FAIR VALUE ADJUSTMENTS**

	2022	2021
Notes	\$	\$
<b>INFRASTRUCTURE, PROPERTY, PLANT &amp; EQUIPMENT</b>		
<i>Assets renewed or directly replaced</i>		
Proceeds from disposal	15,909	91,885
Less: Carrying amount of assets sold	210,237	336,950
<b>Gain (Loss) on disposal</b>	<b>(194,328)</b>	<b>(245,065)</b>
<b>NET GAIN (LOSS) ON DISPOSAL OR REVALUATION OF ASSETS</b>	<b>(194,328)</b>	<b>(245,065)</b>

**Note 5 - CURRENT ASSETS**

<b>CASH &amp; EQUIVALENT ASSETS</b>		
Cash on Hand and at Bank	8,802,834	6,124,512
Deposits at Call	1,704,537	1,659,126
	<b>10,507,371</b>	<b>7,783,638</b>
<b>TRADE &amp; OTHER RECEIVABLES</b>		
Rates - General & Other	1,384,158	1,269,733
Accrued Revenues	11,277	10,277
Debtors - general	426,809	246,038
GST Recoupment	66,017	-
Prepayments	3,167	15,511
Sundry	22,098	6,369
Total	<b>1,913,526</b>	<b>1,547,928</b>
<b>OTHER FINANCIAL ASSETS</b>		
Loans to Community Organisations	142,797	144,590
	<b>142,797</b>	<b>144,590</b>

**Note 6 - NON-CURRENT ASSETS**

<b>FINANCIAL ASSETS</b>		
<b>Other Financial Assets</b>		
Loans to Community Organisations	557,634	621,931
<b>TOTAL FINANCIAL ASSETS</b>	<b>557,634</b>	<b>621,931</b>
<b>OTHER NON-CURRENT ASSETS</b>		
Capital Works-in-Progress	566,959	163,116
	<b>566,959</b>	<b>163,116</b>

**CITY OF PORT LINCOLN**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2022**

**Note 7 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT (IPP&E)**

		2021				2022			
		\$				\$			
	Fair Value Level	Fair Value	Cost	Acc' Dep'n	Carrying Amount	Fair Value	Cost	Acc' Dep'n	Carrying Amount
Land	2	78,360,000	400,000	-	78,760,000	<b>78,360,000</b>	<b>400,000</b>	-	<b>78,760,000</b>
Buildings	2	1,300,000	-	(61,788)	1,238,212	<b>1,300,000</b>	-	(92,682)	<b>1,207,318</b>
Buildings	3	34,156,447	228,043	(10,282,071)	24,102,419	<b>34,156,447</b>	<b>777,216</b>	(10,915,118)	<b>24,018,545</b>
Recycled Water Scheme	3	3,387,200	10,605	(1,447,518)	1,950,287	<b>3,387,200</b>	<b>32,778</b>	(1,555,836)	<b>1,864,142</b>
Road Pavement & Surface	3	34,869,833	2,011,707	(12,635,826)	24,245,714	<b>34,046,396</b>	<b>3,505,920</b>	(12,561,182)	<b>24,991,134</b>
Kerbing	3	22,291,870	23,632	(7,133,932)	15,181,570	<b>22,291,870</b>	<b>23,632</b>	(7,451,904)	<b>14,863,598</b>
Footpaths	3	13,909,719	271,135	(2,845,128)	11,335,726	<b>13,866,130</b>	<b>766,943</b>	(3,059,550)	<b>11,573,523</b>
Stormwater	3	23,906,981	5,853,300	(8,976,290)	20,783,991	<b>32,912,560</b>	<b>1,662,845</b>	(11,077,213)	<b>23,498,192</b>
Bridges	3	5,308,200	9,359	(583,779)	4,733,780	<b>5,308,200</b>	<b>9,359</b>	(624,423)	<b>4,693,136</b>
Other Community Assets	3	29,737,601	1,720,814	(11,792,374)	19,666,041	<b>29,655,821</b>	<b>2,070,060</b>	(12,695,312)	<b>19,030,569</b>
Leisure Centre	3	15,529,600	5,164,167	(4,691,064)	16,002,703	<b>15,335,591</b>	<b>5,385,711</b>	(4,974,260)	<b>15,747,042</b>
Plant & Equipment		-	2,460,068	(1,534,423)	925,645	-	<b>2,660,618</b>	(1,716,579)	<b>944,039</b>
Furniture & Fittings		-	1,770,119	(1,488,312)	281,807	-	<b>1,774,762</b>	(1,614,196)	<b>160,566</b>
Resource Recovery Centre - Landfill Cell 4		-	1,423,579	(427,021)	996,558	-	<b>1,423,579</b>	(462,585)	<b>960,994</b>
Resource Recovery Centre - Cell 4 Capping Provision	3	-	2,443,422	(791,637)	1,651,785	<b>834,558</b>	-	(792,928)	<b>41,630</b>
Resource Recovery Centre - Post Closure Remediation Provision	3	-	1,374,548	(213,590)	1,160,958	<b>469,481</b>	-	(221,132)	<b>248,349</b>
Right of Use Assets	3	-	1,133,723	(323,387)	810,336	<b>1,133,723</b>	-	(517,013)	<b>616,710</b>
<b>Total IPP&amp;E</b>		262,757,451	26,298,221	(65,228,140)	223,827,532	<b>273,057,977</b>	<b>20,493,423</b>	(70,331,913)	<b>223,219,487</b>
<b>Comparatives</b>		262,783,644	22,741,879	(61,336,317)	224,189,206	262,757,451	26,298,221	(65,228,140)	223,827,532

*This Note continues on the following pages.*

**CITY OF PORT LINCOLN**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2022**

**Note 7 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT**

	2021 \$	Carrying Amounts Movement During the Year \$						2022 \$
	Carrying Amount	Additions		Disposals	Dep'n	Adjustment	Net Reval'n	Carrying Amount
		New / Upgrade	Renewals					
Land	78,760,000	-	-	-	-	-	-	<b>78,760,000</b>
Buildings	1,238,212	-	-	-	(30,894)	-	-	<b>1,207,318</b>
Buildings	24,102,419	501,412	47,760	-	(633,046)	-	-	<b>24,018,545</b>
Recycled Water Scheme	1,950,287	-	22,173	-	(108,318)	-	-	<b>1,864,142</b>
Road Pavement & Surface	24,245,714	-	1,494,213	(101,786)	(647,007)	-	-	<b>24,991,134</b>
Kerbing	15,181,570	-	-	-	(317,972)	-	-	<b>14,863,598</b>
Footpaths	11,335,726	412,676	83,132	(15,677)	(242,334)	-	-	<b>11,573,523</b>
Stormwater	20,783,991	54,711	35,017	(471)	(430,961)	-	3,055,905	<b>23,498,192</b>
Bridges	4,733,780	-	-	-	(40,644)	-	-	<b>4,693,136</b>
Other Community Assets	19,666,041	189,804	159,442	(51,906)	(932,812)	-	-	<b>19,030,569</b>
Leisure Centre	16,002,703	-	221,544	(36,233)	(440,972)	-	-	<b>15,747,042</b>
Plant & Equipment	925,645	91,559	168,738	(4,164)	(237,739)	-	-	<b>944,039</b>
Furniture & Fittings	281,807	4,643	-	-	(125,884)	-	-	<b>160,566</b>
Resource Recovery Centre - Landfill Cell 4	996,558	-	-	-	(35,564)	-	-	<b>960,994</b>
Resource Recovery Centre - Cell 4 Capping Provision	1,651,785	-	-	-	(1,291)	(1,608,864)	-	<b>41,630</b>
Resource Recovery Centre - Post Closure Remediation Provision	1,160,958	-	-	-	(7,542)	(905,067)	-	<b>248,349</b>
Right of Use Assets	810,336	-	-	-	(193,626)	-	-	<b>616,710</b>
<b>Total IPP&amp;E</b>	<b>223,827,532</b>	<b>1,254,805</b>	<b>2,232,019</b>	<b>(210,237)</b>	<b>(4,426,606)</b>	<b>(2,513,931)</b>	<b>3,055,905</b>	<b>223,219,487</b>
<b>Comparatives</b>	<b>224,189,206</b>	<b>3,885,590</b>	<b>564,926</b>	<b>(336,950)</b>	<b>(4,475,240)</b>	<b>-</b>	<b>-</b>	<b>223,827,532</b>

The adjustment in the table above relates to the annual review and changes in assumptions related to the landfill capping and post closure obligations to Council.

*This note continues on the following pages.*

# CITY OF PORT LINCOLN

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

### Note 7 (con't) – INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

#### Valuation of Assets

##### General Valuation Principles

**Accounting procedure:** 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, fair value is taken to be the current replacement cost.

**Highest and best use:** For land which Council has an unfettered right to sell, the "highest and best use" recognises the possibility of the demolition or substantial modification of some or all of the existing buildings and structures affixed to the land.

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

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

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

**Fair value hierarchy level 2 valuations:** Certain land, and the buildings and structures thereon, are shown above as being based on fair value hierarchy level 2 valuation inputs. They are based on prices for similar assets in an active market, with directly or indirectly observable adjustments for specific advantages or disadvantages attaching to the particular asset.

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

**Fair value hierarchy level 3 valuations of buildings, infrastructure and other assets:** There is no known market for these assets and they are valued at depreciated current replacement cost. This method involves:

The determination of the cost to construct the asset (or its modern engineering equivalent) using current prices for materials and labour, the quantities of each being estimated based on recent experience of this or similar Councils, or on industry construction guides where these are more appropriate.

The calculation of the depreciation that would have accumulated since original construction using current estimates of residual value and useful life under the prime cost depreciation method adopted by Council.

This method has significant inherent uncertainties, relying on estimates of quantities of materials and labour, residual values and useful lives, and the possibility of changes in prices for materials and labour, and the potential for development of more efficient construction techniques. Accordingly, formal sensitivity analysis does not provide useful information.

# CITY OF PORT LINCOLN

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

### Note 7 (con't) – INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

**Capitalisation thresholds** used by Council for a representative range of assets are shown below. No capitalisation threshold is applied to the acquisition of land or interests in land, nor any other assets not listed below.

Office Furniture & Equipment	3,000
Plant & Equipment	3,000
Office Equipment	3,000

**Estimated Useful Lives:** Useful lives are estimated for each individual asset. In estimating useful lives, regard is had to technical and commercial obsolescence, as well as legal and other limitations on continued use. The range of useful lives for a representative range of assets is shown below, although individual assets may have an estimated total useful life of greater or lesser amount:

Building Assets	4 to 150 years
Recycled Water Scheme Assets	5 to 150 years
Road Surface Assets	13 to 66 years
Road Base Assets	60 to 300 years
Kerb & Gutter Assets	50 to 70 years
Footpath Assets	20 to 200 years
Stormwater Assets	20 to 100 years
Bridge Assets	50 to 150 years
Other Community Assets	5 to 200 years
Leisure Centre Assets	5 to 150 years
Plant & Equipment	2 to 20 years
Furniture & Fittings	2 to 30 years
Resource Recovery Centre Landfill Cell 4	30 to 40 years
Right of Use Assets	1 to 5 years

# **CITY OF PORT LINCOLN**

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

### **for the year ended 30 June 2022**

#### **Note 7 (con't) – INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT**

##### **Land & Land Improvements**

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

Freehold land and land over which Council has control, but does not have title, is recognised on the cost basis. No capitalisation threshold is applied to the acquisition of land or interests in land.

##### **Buildings & Other Structures**

Buildings and other structures were revalued as at 30 June 2019 by APV, using the market and fair value valuation techniques. All acquisitions made after the respective date of valuation are recorded at cost.

##### **Infrastructure**

Road pavement and surface, kerbing & footpath asset classes were revalued by Tonkin Consulting as at 1 July 2017. These asset classes are due for revaluation as at 1 July 2022. All acquisitions made after the respective valuation dates are recorded at cost.

Stormwater assets were revalued by Tonkin Consulting as at 1 July 2021. All acquisitions made after the respective date of valuation are recorded at cost.

Bridge assets were recently revalued by APV as at 1 July 2019 using the fair value technique.

##### **Plant, Furniture & Equipment**

These assets are recognised on the cost basis.

##### **Recycled Water Scheme**

Recycled water scheme assets were revalued by APV as at 1 July 2019 using the fair value technique. All acquisitions made after the respective date of revision are recorded at cost.

##### **Resource Recovery Centre Landfill Cell 4**

The Resource Recovery Centre Landfill Cell 4 asset class is valued based on Net Present Value of future cash outflows expected to cap, rehabilitate and restore the landfill asset.

**CITY OF PORT LINCOLN**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2022**

**Note 8 - LIABILITIES**

		2022		2021	
		\$		\$	
<b>TRADE &amp; OTHER PAYABLES</b>	<b>Notes</b>	<b>Current</b>	<b>Non-current</b>	<b>Current</b>	<b>Non-current</b>
Goods & Services		2,124,405	-	818,316	-
Payments received in advance		690,348	-	466,305	-
Accrued expenses - employee entitlements		206,985	-	202,394	-
Accrued expenses - other		63,799	-	132,018	-
Aged Care Facility Deposits		850,750	-	700,625	-
GST Payable		2,269	-	-	-
Other Payables		35,420	-	26,385	14,637
		<b>3,973,976</b>	<b>-</b>	<b>2,346,043</b>	<b>14,637</b>

**BORROWINGS**

Loans		520,010	6,355,497	503,591	6,797,006
Leases Liabilities	17	198,280	459,497	184,876	657,777
		<b>718,290</b>	<b>6,814,994</b>	<b>688,467</b>	<b>7,454,783</b>

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

**PROVISIONS**

LSL Employee entitlements (including oncosts)		413,214	124,391	503,295	136,090
AL Employee entitlements (including oncosts)		469,212	-	466,516	-
Resource Recovery Centre - cell 4 capping		-	867,035	-	2,444,399
Resource Recovery Centre - post closure		-	487,751	-	1,375,098
		<b>882,426</b>	<b>1,479,177</b>	<b>969,811</b>	<b>3,955,587</b>

**Movements in Provisions - 2021 year only**  
(current & non-current)

	Cell 4 Capping Provisions	Post Closure Remediation Provisions	Leave & Other Provision
Opening Balance	2,444,399	1,375,098	1,105,901
Additional amounts recognised	-	-	45,295
(Less) Payments	-	-	144,379
Unused amounts reversed	(31,500)	(17,720)	-
Add (Less) Remeasurement Adjustments	(1,608,864)	(905,067)	-
Closing Balance	<b>867,035</b>	<b>487,751</b>	<b>1,006,817</b>

**CITY OF PORT LINCOLN**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2022**

**Note 9 - RESERVES**

<b>ASSET REVALUATION RESERVE</b>	<b>1/7/2021</b>	<b>Net Increments/ (Decrements)</b>	<b>Transfers, Impairments</b>	<b>30/6/2022</b>
<b>Notes</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Land	84,185,468	-	-	<b>84,185,468</b>
Buildings	22,526,593	-	-	<b>22,526,593</b>
Recycled Water Scheme	522,478	-	-	<b>522,478</b>
Road Pavement & Surface	13,808,556	-	-	<b>13,808,556</b>
Kerbing	14,821,925	-	-	<b>14,821,925</b>
Footpaths	9,500,650	-	-	<b>9,500,650</b>
Stormwater	10,949,093	3,055,905	-	<b>14,004,998</b>
Bridges	1,030,092	-	-	<b>1,030,092</b>
Other Community Assets	13,820,648	-	-	<b>13,820,648</b>
Lesiure Centre	4,398,003	-	-	<b>4,398,003</b>
<b>TOTAL</b>	<b>175,563,506</b>	<b>3,055,905</b>	<b>-</b>	<b>178,619,411</b>
<b>Comparatives</b>	<b>175,563,506</b>	<b>-</b>	<b>-</b>	<b>175,563,506</b>

<b>OTHER RESERVES</b>	<b>1/7/2021</b>	<b>Transfers to Reserve</b>	<b>Transfers from Reserve</b>	<b>30/6/2022</b>
Community Pier Fund	30,337	97	-	<b>30,434</b>
Prepaid Burials	53,472	15,738	(7,014)	<b>62,196</b>
Open Space Contributions	73,412	70,013	(70,000)	<b>73,425</b>
Community Infrastructure Fund	520,711	515,032	(515,000)	<b>520,743</b>
CBD Carpark	320,916	320,011	(320,000)	<b>320,927</b>
Kirton Court Capital Upgrade	93,527	90,014	(90,000)	<b>93,541</b>
Risk Management Fund	175,618	171,638	(100,000)	<b>247,256</b>
Indoor Acquaic Facility Reserve	18	-	-	<b>18</b>
<b>TOTAL OTHER RESERVES</b>	<b>1,268,011</b>	<b>1,182,543</b>	<b>(1,102,014)</b>	<b>1,348,540</b>
<b>Comparatives</b>	<b>1,270,801</b>	<b>1,115,914</b>	<b>(1,118,704)</b>	<b>1,268,011</b>

**PURPOSES OF RESERVES**

**Asset Revaluation Reserve**

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).

**Other Reserves**

**Community Pier Fund** - funds held for improvement to community pier infrastructure

**Prepaid Burials** - Payment received for burials that will occur in the future.

**Open Space Contributions** - Funds held specifically for the development of Open Spaces

**Community Infrastructure Fund** - Income from sale of significant assets held for the projects identified in the Strategic Directions Plan

**CBD Carpark** - funds received from Developers in lieu of parking allocations, for future parking development

**Kirton Court Capital Upgrades** - Funds held for the upgrade of Kirton court Units as required.

**Risk Management Fund** - Funds held for the implementation of Risk Management & WHS Initiatives

**Indoor Acquaic Facility Fund** - Funds remaining from the refurbishment of the Facility

**CITY OF PORT LINCOLN**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2022**

**Note 10 - ASSETS SUBJECT TO RESTRICTIONS**

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.

		<b>2022</b>	2021
<b>CASH &amp; FINANCIAL ASSETS</b>	<b>Notes</b>	<b>\$</b>	<b>\$</b>
Operational grant funding for Roads to Recovery Capital Project		-	224,100
Operational grant funding for local Roads and Community Infrastructure Capital Project		-	275,577
<i>Way 2 Go - DIT Footpath Grant Funding</i>		<b>33,000</b>	
Grant Funding for the redevelopment of Whait Reserve.		<b>322,910</b>	-
<b>TOTAL ASSETS SUBJECT TO EXTERNALLY IMPOSED RESTRICTIONS</b>		<b>355,910</b>	499,677

**CITY OF PORT LINCOLN**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2022**

**Note 11 - RECONCILIATION TO CASH FLOW STATEMENT**

**(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 Cash Flow Statement is reconciled to the related items in the Balance Sheet as follows:

	Notes	2022 \$	2021 \$
Total cash & equivalent assets	5	<b>10,507,371</b>	7,783,638
Balances per Cash Flow Statement		<b><u>10,507,371</u></b>	<b><u>7,783,638</u></b>

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

Net Surplus (Deficit)	<b>1,323,599</b>	382,417
Non-cash items in Income Statement		
Depreciation, amortisation & impairment	<b>4,426,606</b>	4,475,240
Net increase (decrease) in unpaid employee benefits	<b>(94,493)</b>	83,081
Grants for capital acquisitions treated as Investing Activity	<b>(202,000)</b>	(13,314)
Net (Gain) Loss on Disposals	<b>194,328</b>	245,065
	<b><u>5,648,040</u></b>	<b><u>5,172,489</u></b>
Add (Less): Changes in Net Current Assets		
Net (increase) decrease in receivables	<b>(299,508)</b>	193,233
Net increase (decrease) in trade & other payables	<b>1,385,115</b>	(2,059,805)
Net increase (decrease) in other provisions	<b>49,220</b>	1,553,340
Net increase (decrease) in other liabilities	<b>-</b>	
<b>Net Cash provided by (or used in) operations</b>	<b><u>6,782,867</u></b>	<b><u>4,859,257</u></b>

**(c) Financing Arrangements**

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

Bendigo Bank Variable Interest Rate Loan	<b>2,900,000</b>	3,100,000
Corporate Credit Cards	<b>20,000</b>	20,000
LGFA Cash Advance Debenture facility	<b>4,900,000</b>	4,900,000

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice. The balance of the corporate credit card is cleared in full each month via direct debit to Council's call account, therefore interest charges are avoided.

**CITY OF PORT LINCOLN**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2022**

**Note 12 - FUNCTIONS**

**INCOMES, EXPENSES AND ASSETS HAVE BEEN DIRECTLY ATTRIBUTED TO THE FOLLOWING FUNCTIONS & ACTIVITIES**

	INCOME		EXPENSES		OPERATING SURPLUS (DEFICIT)		GRANTS INCLUDED IN INCOME		TOTAL ASSETS HELD (CURRENT & NON-CURRENT)	
	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL				
	2022 \$	2021 \$	2022 \$	2021 \$	2022 \$	2021 \$				
Administration	15,367,876	14,342,077	4,777,341	4,242,841	10,590,535	10,099,236	1,898,931	1,514,446	100,125,879	96,820,037
Public Order & Safety	155,391	135,049	576,926	534,717	(421,535)	(399,667)	-	-	245,945	245,945
Health	18,430	22,369	321,368	285,584	(302,938)	(263,214)	-	-	5,596	5,596
Social Security & Welfare	40,239	75,099	189,854	75,851	(149,615)	(752)	5,000	40,000	11,432	11,432
Housing & Community Services	4,660,682	4,373,355	5,654,438	5,683,663	(993,756)	(1,310,308)	65,615	135,099	26,478,030	26,254,495
Protection of the Environment	38,724	168,558	180,708	204,667	(141,984)	(36,109)	-	-	3,414,654	3,500,799
Sport Recreation & Culture	831,451	599,706	4,541,305	4,387,373	(3,709,854)	(3,787,667)	311,201	144,313	31,017,212	32,331,668
Mining, Manufacture & Construction	93,131	78,106	166,319	155,682	(73,188)	(77,576)	-	-	-	-
Transport & Communication	1,138,973	732,033	1,893,305	1,973,458	(754,332)	(1,241,425)	1,149,865	711,658	27,596,773	26,969,795
Economic Affairs	757,500	1,005,289	1,521,240	1,763,447	(763,740)	(758,158)	268,403	18,700	244,204	5,688
Other Purposes	757,319	868,767	2,720,985	2,478,958	(1,963,666)	(1,610,191)	-	-	47,768,049	47,943,280
<b>TOTALS</b>	<b>23,859,716</b>	<b>22,400,407</b>	<b>22,543,789</b>	<b>21,786,239</b>	<b>1,315,927</b>	<b>614,168</b>	<b>3,699,015</b>	<b>2,564,216</b>	<b>236,907,774</b>	<b>234,088,735</b>

**CITY OF PORT LINCOLN**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2022**

**Note 12 (con't) - FUNCTIONS**

The activities relating to Council functions are as follows:

**Administration & Governance**

Governance, Administration, Elected Members, Organisational Support Services, Accounting/Finance, Payroll, Human Resources, Information Technology, Grant Funding, Communication, Rates Administration, Records, Contract Management, Customer Service, Other Support Services, Revenues, LGGC - General Purpose

**Public Order**

Dog and Cat Control and Fire Protection

**Health**

Health Services, Health Inspection, Pest Control, Health, Immunisation

**Social Security & Welfare**

Aged Homes Facilities, Crime Prevention, Youth, Family, Community Support

**Housing & Community Amenities**

Cemeteries, Public Conveniences, Sanitary and Garbage, Waste Management, Domestic Waste, Green Waste, Recycling, Street Cleaning, Street Lighting, Town Planning, Stormwater and Drainage.

**Protection of the Environment**

Coastal Protection, Recycled Water Scheme

**Sport & Recreation**

Jetties, Other Marine Facilities, Parks & Gardens, Indoor and Outdoor Sports Facilities, Swimming Facility, Halls, Library, Performing Arts and Other Recreation.

**Mining, Manufacturing & Construction**

Building Act Work.

**Transport & Communication**

Bridges, Footpaths and Kerbing, Roads - sealed, Roads - Formed, Roads - Natural Formed, Roads - Unformed, Traffic Management, LGGC - Roads and other Transport.

**Economic Affairs**

Economic Development, Tourism, Regional Contribution, Parking Off Street

**Other Purposes**

Public Debt Transactions, Plant Operations, Depot, Vandalism, Transport Asset Management.

**CITY OF PORT LINCOLN**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2022**

**Note 13 - FINANCIAL INSTRUMENTS**

All financial instruments are categorised as *loans and receivables*.

**Accounting Policies - Recognised Financial Instruments**

**Bank, Deposits at Call, Short  
Term Deposits**

**Accounting Policy:** Initially recognised at fair value and subsequently measured at amortised cost, interest is recognised when earned

**Terms & conditions:** The transaction bank account returned variable interest rates of 0.35% and 1.05% (2020/21: 0.20% and 0.35%). Deposits at call returned variable interest rates of 0.30%, 0.55% & 1.05% (2020/21: 0.30%, 0.45%). Council did not secure a short term deposit in 2021/22.

**Carrying amount:** approximates fair value due to the short term to maturity.

**Receivables - Rates & Associated**

**Accounting Policy:** initially recognised at fair value and subsequently measured at amortised cost. An impairment provision is recognised using the expected credit loss method

**Terms & conditions:** Secured over the subject land, arrears attract interest of 0.42% (2021: 0.43%) Although Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries in the State.

**Carrying amount:** approximates fair value (after deduction of any allowance).

**Receivables - Fees & other  
charges**

**Accounting Policy:** initially recognised at fair value and subsequently measured at amortised cost. An impairment provision is recognised using the expected credit loss method

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

**Carrying amount:** approximates fair value (after deduction of any allowance).

**Receivables - other levels of  
government**

**Accounting Policy:** initially recognised at fair value and subsequently measured at amortised cost. An impairment provision is recognised using the expected credit loss method.

**Terms & conditions:** Amounts due have been calculated in accordance with the terms and conditions of the respective programs following advice of approvals, and do not bear interest. All amounts are due by Departments and Agencies of State and Federal Governments.

**Carrying amount:** approximates fair value.

# CITY OF PORT LINCOLN

## Notes to and forming part of the Financial Statements

### Note 13 - FINANCIAL INSTRUMENTS (con't)

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

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

**Carrying amount:** approximates fair value.

**Liabilities - Retirement Home Contributions**

**Accounting Policy:** To avoid inconvenience when complying with the separate audit requirements imposed by the relevant legislation, amounts are carried at nominal values.

**Terms & conditions:** Pursuant to Commonwealth legislation certain intending residents are required to contribute amounts on an interest free basis. The amounts are subject to certain deductions as prescribed by the legislation, the balance being repaid on termination of tenancy.

**Carrying amount:** approximates fair value for short tenancies; may be non-materially over-stated for longer tenancies.

**Liabilities - Interest Bearing Borrowings**

**Accounting Policy:** initially recognised at fair value and subsequently at amortised cost, interest is charged as an expense using the effective interest rate

**Terms & conditions:** secured over future revenues, borrowings are repayable (six monthly); interest is charged at fixed rates with a range of 2% to 5.6% (2021: Range 2% to 5.6%) and variable interest rates of 1.93%, 1.97% & 3.64% (2021: 1.45%, 1.86%, 1.93%, 2.00%, 2.05% & 2.20%).

**Carrying amount:** approximates fair value.

**Liabilities - Finance Leases**

**Accounting Policy:** accounted for in accordance with AASB 16 as stated in note 17

# CITY OF PORT LINCOLN

## Notes to and forming part of the Financial Statements for the year ended 30 June 2022

### Note 13 - FINANCIAL INSTRUMENTS (con't)

#### Liquidity Analysis

2022	Due < 1 year	Due > 1 year ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
<b>Financial Assets</b>	\$	\$	\$	\$	\$
Cash & Equivalents	10,507,371	-	-	10,507,371	10,507,371
Receivables	1,913,525	-	-	1,913,525	1,913,526
Other Financial Assets	174,730	498,622	294,851	968,203	700,431
<b>Total</b>	<b>12,595,626</b>	<b>498,622</b>	<b>294,851</b>	<b>13,389,099</b>	<b>13,121,328</b>
<b>Financial Liabilities</b>					
Payables	2,852,442	850,750	-	3,703,192	3,703,192
Current Borrowings	718,510	-	-	718,510	520,010
Lease Liabilities	215,873	429,810	61,590	707,273	657,777
Non-Current Borrowings	-	2,576,580	4,880,242	7,456,822	6,355,497
<b>Total</b>	<b>3,786,825</b>	<b>3,857,140</b>	<b>4,941,832</b>	<b>12,585,797</b>	<b>11,236,476</b>

2021	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
<b>Financial Assets</b>	\$	\$	\$	\$	\$
Cash & Equivalents	7,783,638	-	-	7,783,638	7,783,638
Receivables	1,515,771	-	-	1,515,771	1,515,771
Other Financial Assets	173,230	444,413	256,365	874,008	766,521
<b>Total</b>	<b>9,472,639</b>	<b>444,413</b>	<b>256,365</b>	<b>10,173,417</b>	<b>10,065,930</b>
<b>Financial Liabilities</b>					
Payables	1,443,024	715,262	-	2,158,286	2,158,286
Current Borrowings	788,190	-	-	788,190	503,591
Lease Liabilities	207,379	637,653	69,620	914,652	842,653
Non-Current Borrowings	-	2,900,197	5,738,689	8,638,886	6,797,006
<b>Total</b>	<b>2,438,593</b>	<b>4,253,112</b>	<b>5,808,309</b>	<b>12,500,014</b>	<b>10,301,536</b>

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

	30 June 2022		30 June 2021	
	Weighted Average Interest Rate	Carrying Value	Weighted Average Interest Rate	Carrying Value
	%	\$	%	\$
Overdraft				
Other Variable Rates	3.64	2,898,501	1.93	3,099,001
Fixed Interest Rates	4.59	3,977,006	4.62	4,201,596
		<b>6,875,507</b>		<b>7,300,597</b>

**CITY OF PORT LINCOLN**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2022**

**Note 13 - FINANCIAL INSTRUMENTS (con't)**

**Net Fair Value**

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

**Risk Exposures:**

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

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

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

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

Expected Credit Losses (ECLs). Council has made an assessment on possible future losses and does not expect and future credit losses.

**CITY OF PORT LINCOLN**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2022**

**Note 14 - COMMITMENTS FOR EXPENDITURE**

	2022	2021
Notes	\$	\$
<b>Capital Commitments</b>		
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Road reseals	-	825,000
Memorial tree	-	13,310
North Shields Cemetery burials rafts	-	14,950
Port Lincoln Leisure Centre - chlorine auto shutdown	-	15,724
Motor vehicle purchase	-	42,653
Cruise ship wharf terminal project	-	220,000
Foreshore Project	<b>874,514</b>	-
Whait Reserve Redevelopment Project - Footpaths	<b>158,393</b>	-
	<b><u>1,032,907</u></b>	<b><u>1,131,637</u></b>
These expenditures are payable:		
Not later than one year	<b><u>1,032,907</u></b>	<b><u>1,131,637</u></b>
	<b><u>1,032,907</u></b>	<b><u>1,131,637</u></b>

**CITY OF PORT LINCOLN**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2022**

**Note 15 - FINANCIAL INDICATORS**

	2022	2021	2020
<b>Operating Surplus Ratio</b>			
<u>Operating Surplus</u>	5.5%	2.7%	-0.6%
Total Operating Income			

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

**Net Financial Liabilities Ratio**

<u>Net Financial Liabilities</u>	3.1%	24%	32%
Total Operating Income			

Net Financial Liabilities are defined as total liabilities less financial assets. 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 30th June from future year allocations of financial assistance grants, as explained in Note 1. These ***Adjusted Ratios*** correct for the resulting distortion in key ratios for each year and provide a more accurate basis for comparison between years.

<b><i>Adjusted Operating Surplus Ratio</i></b>	3.4%	2.8%	0.3%
<b><i>Adjusted Net Financial Liabilities Ratio</i></b>	9.2%	28%	36%

**Asset Renewal Funding Ratio**

<u>Outlays on Existing Assets</u>	101%	29%	77%
Asset Renewals - IAMP			

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.

**CITY OF PORT LINCOLN**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2022**

**Note 16 - UNIFORM PRESENTATION OF FINANCES**

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

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

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

	2022	2021
	\$	\$
Income	23,859,716	22,400,407
Expenses	<u>(22,543,789)</u>	<u>(21,786,239)</u>
<b>Operating Surplus / (Deficit)</b>	<b>1,315,927</b>	<b>614,168</b>
<b>Net Outlays on Existing Assets</b>		
Capital Expenditure on renewal and replacement of Existing Assets	(2,635,862)	(600,590)
Add back Depreciation, Amortisation and Impairment	4,426,606	4,475,240
Proceeds from Sale of Replaced Assets	<u>15,909</u>	<u>91,885</u>
	<b>1,806,653</b>	<b>3,966,535</b>
<b>Net Outlays on New and Upgraded Assets</b>		
Capital Expenditure on New and Upgraded Assets <i>(including investment property &amp; real estate developments)</i>	(1,254,805)	(1,257,264)
Amounts received specifically for New and Upgraded Assets	202,000	13,314
Proceeds from Sale of Surplus Assets <i>(including investment property and real estate developments)</i>	<u>-</u>	<u>-</u>
	<b>(1,052,805)</b>	<b>(1,243,950)</b>
<b>Net Lending / (Borrowing) for Financial Year</b>	<b><u>2,069,775</u></b>	<b><u>3,336,753</u></b>

**CITY OF PORT LINCOLN**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2022**

**Note 17 - OPERATING LEASES**

***Council as a Lessee***

***Right of Use Asset***

*(include description of assets which are leased)*

Set out below are the carrying amounts (written down value) of right of use assets recognised within Infrastructure Property, Plant & Equipment

<b>Carrying Value</b>	<b>Building &amp; Structures</b>
At 1 July 2021	<b>810,336</b>
Depreciation Charge	<b>(193,626)</b>
<b>At 30 June 2022</b>	<b><u>616,710</u></b>

Set out below are the carrying amounts of lease liabilities (including under interest bearing loans and borrowings) and the movements during the period:

	<b>2022</b>
Opening Balance 1 July 2021	<b>842,653</b>
Interest	<b>22,503</b>
Payments	<b><u>(207,379)</u></b>
<b>Closing Balance 30 June 2022</b>	<b><u>657,777</u></b>
Current	<b>198,280</b>
Non Current	<b>459,497</b>

The maturity analysis of lease liabilities is included in note 13

Council had total cash outflows for leases of **\$184,876**.

**The following are amounts recognised on profit or loss:**

Amortisation expense right of use asset	193,626
Interest expense on lease liabilities	<u>22,503</u>
<b>Total amount recognised in profit and loss</b>	<b><u>216,129</u></b>

***Council as a Lessor***

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

**Future minimum rentals receivable under non-cancellable operating leases as at 30 June 2022 are as follows:**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Not later than one year	<b>46,922</b>	57,545
Later than one year and not later than 5 years	<b><u>89,159</u></b>	<u>102,445</u>
	<b><u>136,081</u></b>	<b><u>159,990</u></b>

**CITY OF PORT LINCOLN**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2022**

**Note 18 – SUPERANNUATION**

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

**Accumulation only Members**

Accumulation only members receive both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of ordinary time earnings in accordance with superannuation guarantee legislation (9.5% in 2020/21; 10.0% in 2021/22). No further liability accrues to the Council as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

**Salarylink (Defined Benefit Fund) Members**

Salarylink is a defined benefit scheme where the benefit payable is based on a formula determined by the member's contribution rate, number of years and level of contribution and final average salary. Council makes employer contributions to Salarylink as determined by the Fund's Trustee based on advice from the appointed Actuary. The rate is currently 6.3% (6.3% in 2020/21) of "superannuation" salary.

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

The Salarylink section is a multi-employer sponsored plan. As the Salarylink section's assets and liabilities are pooled and are not allocated by each employer, and employees may transfer to another employer within the local government sector and retain membership of the Fund, the Actuary is unable to allocate benefit liabilities, assets and costs between employers. As provided by AASB 119.34(a), 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 Willis Towers Watson as at 30 June 2021. The Trustee has determined that the current funding arrangements are adequate for the expected Salarylink liabilities. However, future financial and economic circumstances may require changes to Council's contribution rates at some future time.

**Contributions to Other Superannuation Schemes**

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

**Superannuation - City of Port Lincoln Enterprise Bargaining Agreement 2019-2022**

Council also contributes additional 3% superannuation payments, for employees who are covered by the City of Port Lincoln Enterprise Bargaining Agreement. Employees who are not covered by the Enterprise Bargaining Agreement are not eligible for the additional Council Contribution.

# **CITY OF PORT LINCOLN**

## **Notes to and forming part of the Financial Statements for the year ended 30 June 2022**

### **Note 19 - CONTINGENT ASSETS AND CONTINGENT LIABILITIES**

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 user of the financial report in making and evaluating decisions about the allocation of scarce resources.

#### **1. LAND UNDER ROADS**

As reported elsewhere in these Statements, Council is of the opinion that it is not possible to attribute a value sufficiently reliably for these assets to qualify for recognition, and accordingly land under roads has not been recognised in 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 169 km of road reserves of average width 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 a deductible "insurance excess", 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. BANK GUARANTEES**

Council has guaranteed certain loans and other banking facilities advanced to community organisations and sporting bodies, amounting to \$1,204,167 (2021: \$1,313,997) at reporting date.

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

#### **4. LEGAL EXPENSES**

Council is the planning consent authority for its area under the Planning Development and Infrastructure Act 2016 (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. At the date of these reports, Council had notice of nil appeals against planning decisions made prior to reporting date. All known costs have been recognised, but the amount of further costs cannot be known until the appeals are determined.

**CITY OF PORT LINCOLN**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2022**

**Note 20 - RELATED PARTY DISCLOSURES**

**KEY MANAGEMENT PERSONNEL**

The Key Management Personnel of the Council include the Mayor, Councillors, CEO and certain prescribed officers under section 112 of the Local Government Act 1999. In all, 33 persons were paid the following total compensation:

	<b>2022</b>	2021
	\$	\$
Salaries, allowances & other short term benefits	<b>1,781,117</b>	1,774,257
Long term benefits	<b>202,079</b>	151,317
Termination benefits	<b>47,917</b>	-
<b>TOTAL</b>	<b>2,031,113</b>	1,925,574

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

	<b>2022</b>	2021
	\$	\$
Contributions for fringe benefits tax purposes	<b>13,890</b>	15,501
Planning and building applications fees	<b>2,400</b>	381
Rentals for Council property	-	720
<b>TOTAL</b>	<b>16,290</b>	16,602

**PARTIES RELATED TO KEY MANAGEMENT PERSONNEL**

Relatives of KMPs own retail businesses from which various supplies were purchased as required either for cash or on 30 day account. Purchases from none of these individual businesses exceeded \$5,500 during the year. The cumulative spend to all these related party businesses/organisations totalled \$63,868.

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

Key management personnel or close family members (including related parties) lodged a total of four planning and building applications during the year. In accordance with the Local Government Act 1999, these persons declared conflicts of interest and took no part in the assessment or approval processes for these applications.

**HEAD OFFICE**

214 Melbourne Street  
North Adelaide SA 5006

PO Box 755  
North Adelaide SA 5006

T: (08) 8267 4777  
[www.deannewbery.com.au](http://www.deannewbery.com.au)

Dean Newbery  
ABN: 30 164 612 890

## Independent Auditor's Report

### To the members of the City of Port Lincoln

## Opinion

We have audited the accompanying financial report of the City of Port Lincoln (the Council), which comprises the statement of financial position as at 30 June 2022, statement of comprehensive income, statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the Certification of the Financial Statements.

In our opinion, the financial report presents fairly, in all material aspects, the financial position of the Council as at 30 June 2022, and its financial performance and its cash flows for the year then ended in accordance with the *Local Government Act 1999* and the *Local Government (Financial Management) Regulation 2011* and the Australian Accounting Standards.

## Basis for Opinion

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

## Council's Responsibility for the Financial Report

The Council is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* and for such internal control as Council determines is necessary to enable the preparation of the financial report to be free from material misstatement, whether due to fraud or error.

In preparing the financial report, Council is responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless Council either intends to liquidate the Council or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Council's financial reporting process.

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

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

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

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

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

**DEAN NEWBERY**

A handwritten signature in black ink, appearing to be 'J. Keogh', with a stylized flourish at the end.

**Jim Keogh**  
**Partner**

Signed on the 21<sup>st</sup> day of October 2022,  
at 214 Melbourne Street, North Adelaide

**HEAD OFFICE**

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North Adelaide SA 5006

PO Box 755  
North Adelaide SA 5006

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[www.deannewbery.com.au](http://www.deannewbery.com.au)

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ABN: 30 164 612 890

## INDEPENDENT ASSURANCE REPORT ON THE INTERNAL CONTROLS OF THE CITY OF PORT LINCOLN

### Opinion

In our opinion, the City of Port Lincoln (the Council) has complied, in all material respects, with Section 125 of the *Local Government Act 1999* in relation to the Internal Controls established by the Council relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities so as to provide reasonable assurance that the financial transactions of the Council have been conducted properly and in accordance with law for the period 1 July 2021 to 30 June 2022.

### Basis for opinion

We have audited the Internal Controls of the Council under the requirements of *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 for the period 1 July 2021 to 30 June 2022 have been conducted properly and in accordance with law.

We conducted our engagement in accordance with Standard on Assurance Engagements *ASAE 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information* and *ASAE 3150 Assurance Engagements on Controls* issued by the Auditing and Assurance Standards Board.

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

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

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

### Our Independence and Quality Control

We have complied with the independence and other relevant ethical requirements relating to assurance engagements, and applying Auditing Standard *ASQC 1 Quality Control for Firms that Perform Audits and Review of Financial Reports and Other Financial Information, and Other Assurance Engagements* in undertaking the assurance engagement.

## **Assurance Practitioner's Responsibilities**

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 have been conducted properly and in accordance with law.

ASAE 3150 requires that we plan and performed our procedures to obtain reasonable assurance about whether, in all material respects, the controls are suitably designed to achieve the control objectives and the controls operating effectively through the period. ASAE 3000 also requires us to comply with the relevant ethical requirements for the Australian professional accounting bodies.

An assurance engagement to report on the designed and operating effectiveness of controls involves performing procedures to obtain evidence about the suitability of the design of the controls to achieve the control objectives and the operating effectiveness of the controls throughout the period. The procedures selected depend on our judgement, including the assessment of the risks that the controls are not suitably designed or the controls did not operate effectively. Our procedures included testing the operating effectiveness to the controls that we consider necessary to achieve the control objectives identified. An Assurance engagement of this type also includes evaluating the suitability of the control objectives.

## **Limitation on Use**

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

## **Limitations of Controls**

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

An assurance engagement on operating effectiveness of 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.

**DEAN NEWBERY**



**JIM KEOGH**  
**PARTNER**

Signed on the 21<sup>st</sup> day of October 2022  
at 214 Melbourne Street, North Adelaide, South Australia, 5006



**City of Port Lincoln**

Seafood Capital of Australia



**Annual Financial Statements  
For the year ended 30 June 2022  
CERTIFICATION OF AUDITOR INDEPENDENCE**

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of City of Port Lincoln for the year ended 30 June 2022, the Council's Auditor, Dean Newbery & Partners., has maintained its independence in accordance with the requirements of the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011 made under that Act.

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

**Matthew Morgan  
CHIEF EXECUTIVE OFFICER**

**Greg Eden  
PRESIDING MEMBER  
AUDIT & RISK COMMITTEE**

**Date:** 20 October 2022

We work on Barngarla Country. The City of Port Lincoln acknowledges Aboriginal and Torres Strait Islander peoples as the First Australians and their continuing connection to land, sea, culture and community. We pay respect to Elders past, present and emerging and are committed to working together on our reconciliation journey.

**HEAD OFFICE**

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## Certification of Auditor's Independence

I confirm that, for the audit of the financial statements of the City of Port Lincoln for the year ended 30 June 2022, I have maintained my independence in accordance with the requirements of APES 110 – Code of Ethics for Professional Accountants, Part 4A, published by the Accounting Professional and Ethical Standards Board, in accordance with the *Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011* made under that Act.

This statement is prepared in accordance with the requirements of Regulation 22 (5) *Local Government (Financial Management) Regulations 2011*.



**JIM KEOGH**

**Partner**

**DEAN NEWBERY**

**Dated this 21<sup>st</sup> day of October 2022**

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## *City of Port Lincoln*

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Council Administration Office

Level One, Civic Centre

60 Tasman Tce Port Lincoln SA 5606

T: 8621 2300 F: 8621 2399

E: [plcc@plcc.sa.gov.au](mailto:plcc@plcc.sa.gov.au)

Web: [www.portlincoln.sa.gov.au](http://www.portlincoln.sa.gov.au)