

City of West Torrens

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2021



General Purpose Financial Statementsfor the year ended 30 June 2021

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City of West Torrens

General Purpose Financial Statements

for the year ended 30 June 2021

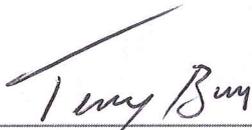
Council Certificate

Certification of Financial Statements

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

In our opinion:

- the accompanying financial statements comply with the *Local Government Act 1999, Local Government (Financial Management) Regulations 2011* and Australian Accounting Standards,
- the financial statements present a true and fair view of the Council's financial position at 30 June 2021 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.



Terry Buss PSM
Chief Executive Officer

13 October 2021



Michael Coxon
Mayor

13 October 2021

City of West Torrens

General Purpose Financial Statements

for the year ended 30 June 2021

Understanding Council's Financial Statements

Introduction

Each year, individual Local Governments across South Australia are required to present a set of audited Financial Statements to their Council and Community.

About the Certification of Financial Statements

The Financial Statements must be certified by the Chief Executive Officer and Mayor as "presenting a true & fair view" of the Council's financial results for the year and ensuring both responsibility for and ownership of the Financial Statements across Council.

What you will find in the Statements

The Financial Statements set out the financial performance, financial position and cash flows of Council for the financial year ended 30 June 2020.

The format of the Financial Statements is standard across all South Australian Councils and complies with both the accounting and reporting requirements of Australian Accounting Standards and the requirements as set down in the South Australia Model Financial Statements.

The Financial Statements incorporate 4 "primary" financial statements:

- 1. A Statement of Comprehensive Income**
A summary of Council's financial performance for the year, listing all income & expenses.
- 2. A Balance Sheet**
A 30 June snapshot of Council's financial position including its assets & liabilities.
- 3. A Statement of Changes in Equity**
The overall change for the year (in dollars) of Council's "net wealth".
- 4. A Statement of Cash Flows**
Indicates where Council's cash came from and where it was spent.

About the Notes to the Financial Statements

The Notes to the Financial Statements provide greater detail and additional information on the 4 Primary Financial Statements.

About the Auditor's Reports

Council's Financial Statements are required to be audited by external accountants (that generally specialize in Local Government).

In South Australia, the Auditor provides an audit report, with an opinion on whether the Financial Statements present fairly the Council's financial performance and position.

About the Independence Certificates

Council's Financial Statements are also required to include signed Certificates by both the Council and the Auditors that the Council's Auditor has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011*.

Who uses the Financial Statements?

The Financial Statements are publicly available documents and are used by (but not limited to) Councillors, Residents and Ratepayers, Employees, Suppliers, Contractors, Customers, the Local Government Association of South Australia, the SA Local Government Grants Commission, and Financiers including Banks and other Financial Institutions.

Under the *Local Government Act 1999* the Financial Statements must be made available at the principal office of the Council and on Council's website.

Statement of Comprehensive Income

for the year ended 30 June 2021

\$ '000	Notes	2021	2020
Income			
Rates	2a	61,244	60,270
Statutory Charges	2b	2,110	2,052
User Charges	2c	1,400	1,447
Grants, Subsidies and Contributions	2g	3,819	4,026
Investment Income	2d	295	133
Reimbursements	2e	326	344
Other income	2f	181	393
Net Gain - Equity Accounted Council Businesses	19(a)	4,952	841
Total Income		<u>74,327</u>	<u>69,506</u>
Expenses			
Employee costs	3a	22,591	23,193
Materials, Contracts and Other Expenses	3b	24,983	25,118
Depreciation, Amortisation and Impairment	3c	16,053	14,823
Finance Costs	3d	1,056	852
Total Expenses		<u>64,683</u>	<u>63,986</u>
Operating Surplus / (Deficit)		<u>9,644</u>	<u>5,520</u>
Physical Resources Received Free of Charge	2i	–	2,021
Asset Disposal & Fair Value Adjustments	4	178	(20)
Amounts Received Specifically for New or Upgraded Assets	2g	460	2,120
Net Surplus / (Deficit)		<u>10,282</u>	<u>9,641</u>
Other Comprehensive Income			
Amounts which will not be reclassified subsequently to operating result			
Changes in Revaluation Surplus - I, PP&E	9a	(2,813)	1,413
Impairment (Expense) / Recoupments Offset to Asset Revaluation Reserve	9a	–	(976)
Total Amounts which will not be reclassified subsequently to operating result		<u>(2,813)</u>	<u>437</u>
Total Other Comprehensive Income		<u>(2,813)</u>	<u>437</u>
Total Comprehensive Income		<u>7,469</u>	<u>10,078</u>

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Statement of Financial Position

as at 30 June 2021

\$ '000	Notes	2021	2020
ASSETS			
Current assets			
Cash & Cash Equivalent Assets	5a	10,681	12,155
Trade & Other Receivables	5b	5,485	4,327
Other Financial Assets (Investments)	5c	1,684	1,500
Inventories	5d	18	14
Non-Current Assets Held for Sale	20	3,600	3,600
Total current assets		<u>21,468</u>	<u>21,596</u>
Non-current assets			
Equity Accounted Investments in Council Businesses	6a	12,693	4,978
Other Non-Current Assets	6b	9,374	10,692
Infrastructure, Property, Plant & Equipment	7a(i)	790,794	786,749
Total non-current assets		<u>812,861</u>	<u>802,419</u>
TOTAL ASSETS		<u>834,329</u>	<u>824,015</u>
LIABILITIES			
Current Liabilities			
Trade & Other Payables	8a	4,685	5,392
Borrowings	8b	1,782	1,166
Provisions	8c	5,140	4,830
Other Current Liabilities	8d	6,351	–
Total Current Liabilities		<u>17,958</u>	<u>11,388</u>
Non-Current Liabilities			
Borrowings	8b	33,906	35,644
Provisions	8c	266	253
Other Non-Current Liabilities	8d	–	2,000
Total Non-Current Liabilities		<u>34,172</u>	<u>37,897</u>
TOTAL LIABILITIES		<u>52,130</u>	<u>49,285</u>
Net Assets		<u>782,199</u>	<u>774,730</u>
EQUITY			
Accumulated surplus		121,199	118,576
Asset revaluation reserves	9a	637,692	640,505
Other reserves	9b	23,308	15,649
Total Council Equity		<u>782,199</u>	<u>774,730</u>
Total Equity		<u>782,199</u>	<u>774,730</u>

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

for the year ended 30 June 2021

\$ '000	Notes	Accumulated surplus	Asset revaluation reserve	Other reserves	Total equity
2021					
Balance at the end of previous reporting period		118,576	640,505	15,649	774,730
Net Surplus / (Deficit) for Year		10,282	–	–	10,282
Other Comprehensive Income					
- Share of OCI - Equity Accounted Council Businesses		–	–	–	–
- Other Movements (Rounding Adjustment)		–	–	–	–
- Gain (Loss) on Revaluation of I,PP&E	7a	–	(2,813)	–	(2,813)
- IPP&E Impairment (Expense) / Recoupments Offset to ARR	7a	–	–	–	–
Other comprehensive income		–	(2,813)	–	(2,813)
Total comprehensive income		10,282	(2,813)	–	7,469
Transfers between Reserves		(7,659)	–	7,659	–
Balance at the end of period		121,199	637,692	23,308	782,199
2020					
Balance at the end of previous reporting period		107,245	640,068	17,339	764,652
Net Surplus / (Deficit) for Year		9,641	–	–	9,641
Other Comprehensive Income					
- Share of OCI - Equity Accounted Council Businesses		–	–	–	–
- Other Movements (Rounding Adjustment)		–	–	–	–
- Gain (Loss) on Revaluation of I,PP&E	7a	–	1,413	–	1,413
- IPP&E Impairment (Expense) / Recoupments Offset to ARR	7a	–	(976)	–	(976)
Other comprehensive income		–	437	–	437
Total comprehensive income		9,641	437	–	10,078
Transfers between Reserves		1,690	–	(1,690)	–
Balance at the end of period		118,576	640,505	15,649	774,730

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Statement of Cash Flows

for the year ended 30 June 2021

\$ '000	Notes	2021	2020
Cash flows from operating activities			
<u>Receipts</u>			
Rates Receipts		61,655	59,538
Statutory Charges		2,310	2,059
User Charges		1,501	1,562
Grants, Subsidies and Contributions (operating purpose)		3,995	4,249
Investment Receipts		295	133
Reimbursements		358	378
Other Receipts		2,865	5,074
<u>Payments</u>			
Payments to Employees		(22,209)	(22,481)
Payments for Materials, Contracts & Other Expenses		(26,163)	(28,282)
Finance Payments		(1,056)	(852)
Net cash provided by (or used in) Operating Activities	11b	23,551	21,378
Cash flows from investing activities			
Amounts Received Specifically for New/Upgraded Assets		460	2,120
Sale of Replaced Assets		1,560	824
Repayments of Loans by Community Groups		–	147
Distributions Received from Equity Accounted Council Businesses		4,952	841
<u>Payments</u>			
Expenditure on Renewal/Replacement of Assets		(12,432)	(17,321)
Expenditure on New/Upgraded Assets		(10,498)	(9,511)
Net Purchase of Investment Securities		(184)	(86)
Capital contributed to Equity Accounted Council Businesses		(7,715)	(3,014)
Net cash provided (or used in) investing activities		(23,857)	(26,000)
Cash flows from financing activities			
<u>Receipts</u>			
Proceeds from Borrowings		14,004	13,555
<u>Payments</u>			
Repayments of Borrowings		–	(640)
Repayment of Lease Liabilities		(15,171)	(293)
Repayment of Bonds & Deposits		(1)	(48)
Net Cash provided by (or used in) Financing Activities		(1,168)	12,574
Net Increase (Decrease) in Cash Held		(1,474)	7,952
plus: Cash & Cash Equivalents at beginning of period		12,155	4,203
Cash and cash equivalents held at end of period	11a	10,681	12,155
Additional Information:			
plus: Investments on hand – end of year	6b	1,684	1,500
Total Cash, Cash Equivalents & Investments		12,365	13,655

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to and forming part of the Principal Financial Statements for the year ended 30 June 2021

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Notes to the Financial Statements

for the year ended 30 June 2021

Note 1. Summary of Significant Accounting Policies

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

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

(1) Basis of Preparation

1.1 Compliance with Australian Accounting Standards

This general purpose financial report has been prepared on a going concern basis using the historical cost convention in accordance with Australian Accounting Standards as they apply to not-for-profit entities, other authoritative pronouncements of the Australian Accounting Standards Board, Interpretations and relevant South Australian legislation.

The financial report was authorised for issue by certificate under regulation 14 of the *Local Government (Financial Management) Regulations 2011* dated 02 November 2021

1.2 Critical Accounting Estimates

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates and requires management to exercise its judgement in applying Council's accounting policies.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are specifically referred to in the relevant sections of these Notes.

1.3 Estimates and assumptions

The COVID-19 pandemic has impacted the 2020/21 financial statements, which may impact on the comparability of some line items and amounts reported in these financial statements and/or the notes. The financial impacts are a direct result of either Council's response to the pandemic or due to mandatory shutdowns as directed by the Australian Government and the advice from the Australian Government Department of Health and SA Health.

Examples include:

1. Income from Community Centres reduced due to inability to hold group events.
2. Fines and Interest payments on late payments of rates have been waived during .

COVID-19 is not expected to have a significant financial impact on Council operations with the Council working to [reduce discretionary expenditure in the short term to help mitigate the effect of the reduced revenue and increased costs]. It is expected further financial impacts will flow into the 2021/22 financial year but these have been largely taken into account during the development of the budget process for 2021/22 including, but not limited to a minimal rate increase and increased costs of income recovery. The budget assumptions for 2021/22 assume that no further harsher restrictions are put in place by the government. However, Council has determined that there is no material uncertainty that casts doubt on Council's ability to continue as a going concern.

1.4 Rounding

All amounts in the financial statements have been rounded to the nearest thousand dollars (\$'000).

(2) The Local Government Reporting Entity

City of West Torrens is incorporated under the South Australian Local Government Act 1999 and has its principal place of business at 165 Sir Donald Bradman Drive. These financial statements include the Council's direct operations and all entities through which Council controls resources to carry on its functions. In the process of reporting on the Council as a single unit, all transactions and balances between activity areas and controlled entities have been eliminated.

Other entities in which Council has an interest but does not control are reported in Note 19.

(3) Income Recognition

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.

Notes to the Financial Statements

for the year ended 30 June 2021

Note 1. Summary of Significant Accounting Policies (continued)

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.

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
2017/18	\$2,655,441	\$991,628	+1,663,813
2018/19	\$1,623,252	\$2,174,183	- \$550,931
2019/20	\$1,950,066	\$1,904,919	+\$45,147
2020/21	\$2,329,087	\$1,274,249	+\$1,054,838

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.

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

Cash Assets include all amounts readily convertible to cash on hand at Council's option with an insignificant risk of changes in value with a maturity of three months or less from the date of acquisition.

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

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

All financial instruments are recognised at fair value at the date of recognition, except for trade receivables from a contract with a customer, which are measured at the transaction price. A detailed statement of the accounting policies applied to financial instruments forms part of Note 13.

(5) Inventories

Inventories held in respect of stores have been valued by using the weighted average cost on a continual basis, after adjustment for loss of service potential.

City of West Torrens

Notes to the Financial Statements

for the year ended 30 June 2021

Note 1. Summary of Significant Accounting Policies (continued)

(6) Infrastructure, Property, Plant & Equipment

6.1 Initial Recognition

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

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

6.2 Materiality

Assets with an economic life in excess of one year are only capitalised where the cost of acquisition exceeds materiality thresholds established by Council for each type of asset. In determining (and in annually reviewing) such thresholds, regard is had to the nature of the asset and its estimated service life.

Examples of capitalisation thresholds applied during the year are given below. No capitalisation threshold is applied to the acquisition of land or interests in land.

Office Furniture & Equipment	\$2,000
Other Plant & Equipment	\$2,000
Buildings	\$10,000
Infrastructure	\$10,000

6.3 Subsequent Recognition

All material asset classes are revalued on a regular basis such that the carrying values are not materially different from fair value. For infrastructure and other asset classes where no active market exists, fair value is determined to be the current replacement cost of an asset less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed. Significant uncertainties exist in the estimation of fair value of a number of asset classes including land, buildings and associated structures and infrastructure. Further detail of these uncertainties, and of existing valuations, methods and valuers are provided at Note 7.

6.4 Depreciation of Non-Current Assets

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

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

Major depreciation periods for each class of asset are listed below. Depreciation periods for infrastructure assets have been estimated based on 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.

Plant, Furniture & Equipment

Furniture, Equipment and Fittings	2 to 50 years
Plant & Equipment	2 to 30 years

Building & Other Structures

Buildings and Components	10 to 100 years
Other Structures	10 to 100 years

Infrastructure

Land Improvements including Park and Other Structures	10 to 80 years
Sealed Roads – Surface	15 to 50 years

continued on next page ...

Notes to the Financial Statements

for the year ended 30 June 2021

Note 1. Summary of Significant Accounting Policies (continued)

Sealed Roads – Structure	55 to 80 years
Other Transport	10 to 70 years
Footpaths, Kerb, Gutter and Cycle Tracks	10 to 80 years
Stormwater	25 to 100 years
Glennelg to Adelaide Pipeline	50 years
Bridges	35 to 100 years

Other Assets

Artworks	80 to 100 years
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6.5 Impairment

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).

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

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

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

6.6 Borrowing Costs

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

(7) Payables**7.1 Goods & Services**

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

7.2 Payments Received in Advance & Deposits

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

(8) Borrowings

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

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

(9) Employee Benefits**9.1 Salaries, Wages & Compensated Absences**

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

Notes to the Financial Statements

for the year ended 30 June 2021

Note 1. Summary of Significant Accounting Policies (continued)

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

Weighted avg. discount rate 0.1% (2020, 0.1%)

Where an Award has a payout clause on termination there has been an accrual made for personal leave using government guaranteed securities rates. Where there is no payout clause on termination no accrual is made for sick leave as Council experience indicates that, on average, sick leave taken in each reporting period is less than the entitlement accruing in that period, and this experience is expected to recur in future reporting periods. Council does not make payment for untaken sick leave.

9.2 Superannuation

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

Notes to the Financial Statements

for the year ended 30 June 2021

Note 1. Summary of Significant Accounting Policies (continued)

(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.

10.1 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, as follows:

Plant and equipment	3 to 5 years
Land	0 to 48 years

The right-of-use assets are also subject to impairment. Refer to the accounting policies above - Impairment of non-financial assets.

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.

(11) Equity Accounted Council Businesses

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

(12) 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.

Notes to the Financial Statements

for the year ended 30 June 2021

Note 1. Summary of Significant Accounting Policies (continued)

(13) New accounting standards and UIG interpretations

The Council applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2020. New standards and amendments relevant to the Council are listed below. The Council has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to AASB 101 and AASB 108 Definition of Material

The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the financial statements of, nor is there expected to be any future impact to the Council.

Amendments to AASB 16 Covid-19 Related Rent Concessions

In 2020, the AASB issued AASB 2020-4, Amendments to AASs - Covid-19-Related Rent Concessions. The amendments provide relief to lessees from applying AASB 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification. The amendment applies to annual reporting periods beginning on or after 1 June 2020. This amendment had no impact on the consolidated financial statements of the Group.

Standards issued by the AASB not yet effective

The AASB has issued Australian Accounting Standards and Interpretations which are not effective at 30 June 2021, these standards have not been adopted by Council and will be included in the financial statements on their effective date. Where the standard is expected to have a significant impact for Council then further information has been provided in this note.

The following list identifies all the new and amended Australian Accounting Standards, and Interpretation, that were issued but not yet effective at the time of compiling these illustrative statements that could be applicable to Councils.

Effective for NFP annual reporting periods beginning on or after 1 January 2022

- AASB 2020-3 Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments
- AASB 2014-10 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (amended by AASB 2015-10 and AASB 2017-5)

Effective for NFP annual reporting periods beginning on or after 1 January 2023

- AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current and associated standards.

(14) Comparative Figures

To ensure comparability with the current reporting period's figures, some comparative period line items and amounts may have been reclassified or individually reported for the first time within these financial statements and/or the notes.

(15) Disclaimer

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

Notes to the Financial Statements

for the year ended 30 June 2021

Note 2. Income

\$ '000	2021	2020
(a) Rates		
General Rates		
General Rates	60,603	59,496
Less: Mandatory Rebates	(965)	(910)
Less: Discretionary Rebates, Remissions & Write Offs	(119)	(75)
Total General Rates	59,519	58,511
Other Rates (Including Service Charges)		
Natural Resource Management Levy	1,583	1,558
Total Other Rates (Including Service Charges)	1,583	1,558
Other Charges		
Penalties for Late Payment	136	120
Legal & Other Costs Recovered	24	98
Total Other Charges	160	218
Less: Discretionary Rebates, Remissions & Write Offs	(18)	(17)
Total Rates	61,244	60,270
(b) Statutory Charges		
Development Act Fees	863	706
Animal Registration Fees & Fines	352	350
Parking Fines / Expiation Fees	815	896
Environmental Control Fines	4	12
Other Licences, Fees & Fines	45	48
Sundry	31	40
Total Statutory Charges	2,110	2,052
(c) User Charges		
Hall & Equipment Hire	224	193
Property Lease	850	896
Subsidies Received on Behalf of Users	5	1
Waste royalties	60	66
Employee Contributions	132	142
Home Assistance	94	98
Sundry	35	51
Total User Charges	1,400	1,447

Notes to the Financial Statements

for the year ended 30 June 2021

Note 2. Income (continued)

\$ '000	2021	2020
(d) Investment Income		
Interest on Investments		
- Local Government Finance Authority	69	76
- Banks & Other	-	24
Market movement on investments	161	(44)
Dividend income including franking credits	65	77
<u>Total Investment Income</u>	<u>295</u>	<u>133</u>

(e) Reimbursements

Roadworks	-	2
Private Works	106	71
Electricity & Gas	107	124
Insurance	5	17
Rates & Taxes	96	116
Employee Costs	11	4
Other	1	10
<u>Total Reimbursements</u>	<u>326</u>	<u>344</u>

(f) Other income

Insurance & Other Recoupments - Infrastructure, IPP&E	7	29
Rebates Received	87	100
Fuel Tax Credits	38	34
Mendelson Scholarships	20	20
Sundry	29	210
<u>Total Other income</u>	<u>181</u>	<u>393</u>

(g) Grants, Subsidies, Contributions

Amounts Received Specifically for New or Upgraded Assets	460	2,120
Total Amounts Received Specifically for New or Upgraded Assets	<u>460</u>	<u>2,120</u>
Other Grants, Subsidies and Contributions	946	1,167
Untied - Financial Assistance Grant	1,276	1,283
Roads to Recovery	617	617
Home and Community Care Grant	526	518
Library and Communications	454	441
Total Other Grants, Subsidies and Contributions	<u>3,819</u>	<u>4,026</u>
<u>Total Grants, Subsidies, Contributions</u>	<u>4,279</u>	<u>6,146</u>

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

Notes to the Financial Statements

for the year ended 30 June 2021

Note 2. Income (continued)

\$ '000	2021	2020
(i) Sources of grants		
Commonwealth Government	1,143	3,085
State Government	3,050	3,023
Other	86	38
Total	4,279	6,146

(h) Conditions over Grants & Contributions

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

Unexpended at the close of the previous reporting period	1,269	2,271
Less:		
<i>Expended during the current period from revenues recognised in previous reporting periods</i>		
Other Environment	(40)	–
Parks & Gardens	–	(577)
Roads Sealed	(656)	(1,063)
Other Community Amenities	(573)	(631)
Subtotal	(1,269)	(2,271)
Plus:		
<i>Amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions</i>		
Roads Sealed	398	656
Other Community Amenities	657	573
Other Environment	–	40
Subtotal	1,055	1,269
Unexpended at the close of this reporting period	1,055	1,269
Net increase (decrease) in assets subject to conditions in the current reporting period	(214)	(1,002)

(i) Physical Resources Received Free of Charge

Land & Improvements	–	2,021
Total Physical Resources Received Free of Charge	–	2,021

Notes to the Financial Statements

for the year ended 30 June 2021

Note 3. Expenses

\$ '000	Notes	2021	2020
(a) Employee costs			
Salaries and Wages		20,055	20,784
Employee Leave Expense		904	555
Superannuation - Defined Contribution Plan Contributions	18	1,851	1,876
Workers' Compensation Insurance		568	543
Other Employee Related Costs		343	563
Less: Capitalised and Distributed Costs		(1,130)	(1,128)
Total Operating Employee Costs		22,591	23,193
Total Number of Employees (full time equivalent at end of reporting period)		216	225
(b) Materials, Contracts and Other Expenses			
(i) Prescribed Expenses			
Auditor's Remuneration			
- Auditing the Financial Reports		26	26
Bad and Doubtful Debts		1	5
Elected Members' Expenses		461	442
Subtotal - Prescribed Expenses		488	473
(ii) Other Materials, Contracts and Expenses			
Contractors		11,225	11,068
Energy		660	383
Individually Significant Items		295	309
Maintenance		416	475
Legal Expenses		235	283
Levies Paid to Government - NRM levy		1,567	1,543
Levies - Other		235	236
Parts, Accessories & Consumables		498	622
Professional Services		1,401	1,406
Materials		962	962
Insurance		870	859
Street lighting		894	964
Printing, Postage & Stationery		308	368
Advertising & Marketing		153	296
Software, Licensing & Maintenance		1,141	1,203
Water Rates		719	825
Memberships & Subscriptions		274	246
Partnership and Community Grants		379	349
Sundry		2,263	2,248
Subtotal - Other Material, Contracts & Expenses		24,495	24,645
Total Materials, Contracts and Other Expenses		24,983	25,118
(iii) Individually significant items			
Library Resources		295	309

Notes to the Financial Statements

for the year ended 30 June 2021

Note 3. Expenses (continued)

\$ '000	2021	2020
(c) Depreciation, Amortisation and Impairment		
(i) Depreciation and Amortisation		
Land Improvements	1,238	1,005
Buildings & Other Structures	2,872	2,585
Infrastructure		
- Sealed Roads	5,003	4,648
- Kerb & Guttering	1,766	1,784
- Stormwater Drainage	1,485	1,468
- Other Transport	58	65
- Footways / Cycle Tracks	1,163	1,193
- Glenelg to Adelaide Pipeline	48	50
- Bridges	137	136
Right-of-use Assets	404	411
Plant & Equipment	1,368	986
Furniture & Fittings	511	492
Subtotal	16,053	14,823
Total Depreciation, Amortisation and Impairment	16,053	14,823

(d) Finance Costs

Interest on Loans	820	610
Interest on Leased Assets	236	242
Total Finance Costs	1,056	852

Note 4. Asset Disposal & Fair Value Adjustments

\$ '000	2021	2020
Infrastructure, Property, Plant & Equipment		
(i) Assets Renewed or Directly Replaced		
Proceeds from Disposal	1,560	824
Less: Carrying Amount of Assets Sold	(1,382)	(844)
Gain (Loss) on Disposal	178	(20)
Net Gain (Loss) on Disposal or Revaluation of Assets	178	(20)

Notes to the Financial Statements

for the year ended 30 June 2021

Note 5. Current Assets

\$ '000	2021	2020
(a) Cash & Cash Equivalent Assets		
Cash on Hand at Bank	1,855	2,029
Deposits at Call	8,779	10,097
Investment - Mendelson	47	29
<u>Total Cash & Cash Equivalent Assets</u>	<u>10,681</u>	<u>12,155</u>
(b) Trade & Other Receivables		
Rates - General & Other	1,406	1,823
Council Rates Postponement Scheme	29	23
Accrued Revenues	114	45
Debtors - General	3,329	1,837
Other Levels of Government	47	42
GST Recoupment	558	552
Prepayments	2	5
<u>Subtotal</u>	<u>5,485</u>	<u>4,327</u>
<u>Total Trade & Other Receivables</u>	<u>5,485</u>	<u>4,327</u>
(c) Other Financial Assets (Investments)		
Shares in Listed Companies - Mendelson Foundation	1,684	1,500
<u>Total Other Financial Assets (Investments)</u>	<u>1,684</u>	<u>1,500</u>
Amounts included in other financial assets that are not expected to be received within 12 months of reporting date are disclosed in Note 13.		
(d) Inventories		
Stores & Materials	18	14
<u>Total Inventories</u>	<u>18</u>	<u>14</u>

Notes to the Financial Statements

for the year ended 30 June 2021

Note 6. Non-Current Assets

\$ '000	Notes	2021	2020
(a) Equity Accounted Investments in Council Businesses			
Brownhill Keswick Creek Stormwater Project	19	12,693	4,978
<u>Total Equity Accounted Investments in Council Businesses</u>		<u>12,693</u>	<u>4,978</u>
(b) Other Non-Current Assets			
Other			
Capital Works-in-Progress		9,374	10,692
Contract Assets		-	-
Contract Cost Assets		-	-
Total Other		<u>9,374</u>	<u>10,692</u>
<u>Total Other Non-Current Assets</u>		<u>9,374</u>	<u>10,692</u>

Notes to the Financial Statements
for the year ended 30 June 2021

Note 7. Infrastructure, Property, Plant & Equipment

(a(i)) Infrastructure, Property, Plant & Equipment

\$ '000	Fair Value Level	as at 30/06/20				Asset movements during the reporting period										as at 30/06/21					
		At Fair Value	At Cost	Accumulated Depreciation	Carrying amount	Transition adjustment - AASB 16	Asset Additions New / Upgrade	Asset Additions Renewals	WDV of Asset Disposals	Depreciation Expense (Note 3c)	Impairment Loss (recognised in Equity) (Note 9)	WIP Transfers	Adjustments & Transfers	Donated assets	Tfns from/to "Held for Sale" category	Revaluation Decrements to Equity (ARR) (Note 9)	Revaluation Increments to Equity (ARR) (Note 9)	At Fair Value	At Cost	Accumulated Depreciation	Carrying amount
Capital Work in Progress - Buildings		-	9,788	-	9,788	-	696	598	-	-	-	(5,674)	(132)	-	-	-	-	-	5,276	-	5,276
Capital Work in Progress - infrastructure		-	904	-	904	-	3,064	779	-	-	-	(642)	(7)	-	-	-	-	-	4,098	-	4,098
Land - Community	3	207,240	-	-	207,240	-	-	-	-	-	-	-	-	-	-	-	-	-	207,240	-	207,240
Land - Other	2	48,970	-	-	48,970	-	-	-	-	-	-	-	-	-	-	-	-	-	48,970	-	48,970
Land Improvements	3	28,730	-	(5,442)	23,288	-	3,035	347	-	(1,238)	-	22	88	-	-	-	309	-	32,302	-	25,851
Buildings & Other Structures	2	131,092	-	(58,188)	72,904	-	-	265	-	(2,733)	-	5,674	(60)	-	-	(342)	-	-	135,930	-	75,708
Buildings & Other Structures	3	42,605	-	(33,819)	8,786	-	-	163	-	(139)	-	-	-	-	-	(561)	-	-	39,587	-	8,249
Infrastructure																					
- Sealed Roads		255,576	(1)	(113,733)	141,842	-	439	3,423	-	(5,003)	-	381	-	-	-	-	2,220	-	262,940	-	143,302
- Kerb & Guttering		123,846	-	(16,075)	107,771	-	51	3,658	-	(1,766)	-	-	-	-	-	(2,827)	-	-	124,064	-	106,887
- Stormwater Drainage		137,338	-	(59,480)	77,858	-	1,876	443	-	(1,485)	-	237	-	-	-	(192)	-	-	139,942	-	78,737
- Other Transport		2,889	-	(382)	2,507	-	37	24	-	(58)	-	-	-	-	-	-	42	-	3,003	-	2,552
- Footways / Cycle Tracks		80,398	-	(15,711)	64,687	-	357	639	-	(1,163)	-	2	-	-	-	(1,702)	-	-	79,316	-	62,820
- Glenelg to Adelaide Pipeline		2,408	-	(332)	2,076	-	37	-	-	(48)	-	-	-	-	-	(7)	-	-	2,437	-	2,058
- Bridges		12,723	-	(3,767)	8,956	-	12	-	-	(137)	-	-	-	-	-	-	247	-	13,091	-	9,078
Right-of-Use Assets		11,117	-	-	11,117	-	-	-	-	(404)	-	-	45	-	-	-	-	-	10,758	-	10,758
Plant & Equipment		-	11,278	(4,834)	6,444	-	78	1,702	(479)	(1,368)	-	-	-	-	-	-	-	-	11,685	(5,308)	6,377
Furniture & Fittings		-	9,114	(6,811)	2,303	-	50	391	-	(511)	-	-	(26)	-	-	-	-	-	9,510	(7,303)	2,207
Total Infrastructure, Property, Plant & Equipment		1,084,932	20,391	(318,574)	786,749	-	5,972	11,055	(479)	(16,053)	-	6,316	47	-	-	(5,631)	2,818	1,099,580	21,195	(329,981)	790,794
Comparatives		1,045,635	32,790	(302,535)	775,890	11,528	9,956	9,479	(557)	(14,823)	(976)	-	(1,263)	1,999	(3,600)	(7,279)	8,692	1,084,932	20,391	(318,574)	786,749

Notes to the Financial Statements

for the year ended 30 June 2021

Note 7. Infrastructure, Property, Plant & Equipment (continued)

(b) Valuation of Infrastructure, Property, Plant & Equipment & Investment Property

Valuation of Assets

The fair value of assets and liabilities must be estimated in accordance with various Accounting Standards for either recognition and measurement requirements or for disclosure purposes.

AASB 13 Fair Value Measurement requires all assets and liabilities measured at fair value to be assigned to a "level" in the fair value hierarchy as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Refer to Note 7a for the disclosure of the Fair Value Levels of Infrastructure, Property, Plant and Equipment Assets.

Information on Valuations

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

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

There is no known market for buildings, infrastructure and other assets. These assets are valued at depreciated current replacement cost. This method involves:

- The determination of the cost to construct the asset (or its modern engineering equivalent) using current prices for materials and labour, the quantities of each being estimated based on recent experience of this or similar Councils, or on industry construction guides where these are more appropriate.
- The calculation of the depreciation that would have accumulated since original construction using current estimates of residual value and useful life under the prime cost depreciation method adopted by Council.

This method has significant inherent uncertainties, relying on estimates of quantities of materials and labour, residual values and useful lives, and the possibility of changes in prices for materials and labour, and the potential for development of more efficient construction techniques.

Other Information

At 1 July 2004 upon the transition to AIFRS, Council elected pursuant to AASB 1.D5 to retain a previously established deemed cost under GAAP as its deemed cost. With subsequent addition at cost, this remains as the basis of recognition of non-material asset classes.

Upon revaluation, the current new replacement cost and accumulated depreciation are re-stated such that the difference represents the fair value of the asset determined in accordance with AASB 13 Fair Value Measurement: accumulated depreciation is taken to be the difference between current new replacement cost and fair value. In the case of land, current replacement cost is taken to be the fair value.

Highest and best use

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

Notes to the Financial Statements

for the year ended 30 June 2021

Note 7. Infrastructure, Property, Plant & Equipment (continued)

Transition to AASB 13 - Fair Value Measurement

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

Valuation Techniques used to derive Level 2 Fair Values recognised in the Financial Statements

The following table sets out the valuation techniques used to measure fair value within Level 2, including a description of the significant inputs used.

Description	Valuation approach and inputs used
Land - Other	Direct comparison of the market evidence approach. This method seeks to determine the current value of an asset by reference to recent comparable transactions involving the sale of similar assets. The valuation is based on price per square metre.
Buildings & Other Structures - Market Approach	The valuation of each Building under this scenario has been undertaken utilising the Direct Comparison Method of valuation by reference to market data and the subsequent apportionment of the Land and Structural Components.
Buildings & Other Structures - Income Approach	The valuation of Buildings under this scenario has been undertaken by reference to actual or imputed income and capitalised at market rates.
Buildings & Other Structures - Cost Approach	The calculated value is based on Replacement Cost data sourced from the Maloney Field Services' Replacement Cost Database and / or Rawlinsons Australia Construction Handbook 2021. Under this valuation scenario the all-inclusive rate per square metre has been provided to comply with the requirement for Disclosure.
Land - Community	Market Approach The valuation of Community Land has been undertaken utilising the Market Approach, more specifically the Direct Comparison Method of Valuation by reference to comparable market data and subsequently adjusted to reflect the level of risk associated with alienating the Land to make it available for disposal.
Buildings & Other Structures	The calculated value is based on Replacement Cost data sourced from the Maloney Field Services' Replacement Cost Database and / or Rawlinsons Australia Construction Handbook 2021. Under this valuation scenario the all-inclusive rate per square metre has been provided to comply with the requirement for Disclosure. The unique nature of such Buildings and Structures and the lack of definitive valuation inputs requires that we inform users of this information that the valuation may vary from the generally acceptable range of +/- 10%.
Land Improvements	The valuation is Replacement Cost data sourced from the Maloney Field Services' Replacement Cost Database. Alternatively when Maloneys cannot provide a valuation an asset is valued at cost and indexed each year for CPI increases.
Roads Sealed	Formulated using Rawlinsons Australia Construction Handbook 2021 data and recent schedule of rates as provided by tendered works. This is subject to an independent condition audit by an industry expert every 5 years. Annual CPI increases are applied each year thereafter.
Other Transport	Asset is valued at cost and indexed each year following for CPI increases.
Footways / Cycle Tracks	Formulated using Rawlinsons Australia Construction Handbook 2021 data and recent schedule of rates as provided by tendered works. Alternatively where unit rate application is not applicable asset is valued at cost and indexed each year following for CPI increases. This is subject to an independent condition audit by industry expert every 5 years.

Notes to the Financial Statements

for the year ended 30 June 2021

Note 7. Infrastructure, Property, Plant & Equipment (continued)

Description	Valuation approach and inputs used
Stormwater	Formulated using Rawlinsons Australia Construction Handbook 2021 data and recent schedule of rates as provided by tendered works. Alternatively where unit rate application is not applicable asset is valued at cost and indexed each year following for CPI increases.
Glenelg to Adelaide Pipeline	Formulated using Rawlinsons Australia Construction Handbook 2021 data and recent schedule of rates as provided by tendered works. Alternatively where unit rate application is not applicable asset is valued at cost and indexed each year following for CPI increases.
Bridges	This is subject to an independent condition audit by industry expert every 5 years. This is subject to annual CPI increases for each year following.

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.

Land is valued at written down replacement cost. Independent valuations of land and land improvements were determined at 30 June 2019 by Mitch Ekonomopoulos, AAPI, Certified Practising Valuer, of AssetVal Pty Ltd.

Buildings & Other Structures

Buildings and other structures are initially recognised on the cost basis. Independent valuations of buildings and other structures were determined on the 30 June 2019 by Mitch Ekonomopoulos, AAPI, Certified Practising Valuer, of AssetVal Pty Ltd.

Buildings and other structures are then valued at written down replacement costs.

Infrastructure

Infrastructure assets are measured based on periodic valuations by external independent valuers less, where applicable, any accumulated depreciation and impairment losses. Any additions made during the periods between revaluations are carried at cost.

Land improvements are valued at written down replacement cost. Independent valuations of land and land improvements were determined at 30 June 2019 by Mitch Ekonomopoulos, AAPI, Certified Practising Valuer, of AssetVal Pty Ltd.

Valuations on roads sealed assets were determined by Mr Joseph Ielasi, Dip Civil Eng, in conjunction with Ms Lisa Gilmartin, B Acc, BMgmt (Mkg), MBA, ASA. Valuations on footways and cycle tracks were determined by Mr Joseph Ielasi, Dip Civil Eng, in conjunction with Ms Lisa Gilmartin, B Acc, BMgmt (Mkg), MBA, ASA, for the year ended 30 June 2020.

Valuations on stormwater and Glenelg to Adelaide pipeline were determined by Mr Joseph Ielasi, Dip Civil Eng, in conjunction with Ms Lisa Gilmartin, B Acc, BMgmt (Mkg), MBA, ASA, for the year ended 30 June 2020. Independent valuations of bridges were determined on the 30 June 2020 by Paul Allen, B Eng, Certified Practising Engineer, of Kellogg Brown & Root. Bridges are then valued at written down replacement costs.

Plant & Equipment

Council has elected to recognise these assets on the cost basis.

All other Assets

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

Notes to the Financial Statements

for the year ended 30 June 2021

Note 8. Liabilities

\$ '000	2021 Current	2021 Non Current	2020 Current	2020 Non Current
(a) Trade and Other Payables				
Goods & Services	3,331	–	3,954	–
Payments Received in Advance	166	–	75	–
Accrued Expenses - Employee Entitlements	709	–	650	–
Accrued Expenses - Other	427	–	660	–
Deposits, Retentions & Bonds	52	–	53	–
<u>TOTAL Trade and Other Payables</u>	<u>4,685</u>	<u>–</u>	<u>5,392</u>	<u>–</u>

\$ '000	Notes	2021 Current	2021 Non Current	2020 Current	2020 Non Current
(b) Borrowings					
Loans		1,482	23,228	865	24,710
Lease Liabilities	17b	300	10,678	301	10,934
<u>TOTAL Borrowings</u>		<u>1,782</u>	<u>33,906</u>	<u>1,166</u>	<u>35,644</u>

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

(c) Provisions

Employee Entitlements (including oncosts)	5,140	266	4,830	253
<u>TOTAL Provisions</u>	<u>5,140</u>	<u>266</u>	<u>4,830</u>	<u>253</u>

(d) Other Liabilities

Deferred Revenue	6,351	–	–	2,000
<u>TOTAL Other Liabilities</u>	<u>6,351</u>	<u>–</u>	<u>–</u>	<u>2,000</u>

Notes to the Financial Statements

for the year ended 30 June 2021

Note 9. Reserves

\$ '000	as at 30/06/20		Transfers	Impairments	as at 30/06/21	
	Opening Balance	Increments (Decrements)			Closing Balance	
(a) Asset Revaluation Reserve						
Land - Community	242,187	–	–	–	–	242,187
Land - Other	17,011	–	–	–	–	17,011
Land Improvements	2,353	309	–	–	–	2,662
Buildings & Other Structures	41,143	(903)	–	–	–	40,240
Infrastructure						
- Sealed Roads	218,881	2,220	–	–	–	221,101
- Kerb & Guttering	(8,385)	(2,827)	–	–	–	(11,212)
- Stormwater Drainage	52,099	(192)	–	–	–	51,907
- Other Transport	145	42	–	–	–	187
- Footways / Cycle Tracks	67,843	(1,702)	–	–	–	66,141
- Glenelg to Adelaide Pipeline	330	(7)	–	–	–	323
- Bridges	6,854	247	–	–	–	7,101
Plant & Equipment	44	–	–	–	–	44
Total Asset Revaluation Reserve	640,505	(2,813)	–	–	–	637,692
Comparatives	640,068	1,413	–	(976)	–	640,505

\$ '000	as at 30/06/20		Tfrs to Reserve	Tfrs from Reserve	Other Movements	as at 30/06/21	
	Opening Balance					Closing Balance	
(b) Other Reserves							
Development Reserve	3,290	–	–	–	–	–	3,290
Committed Expenditure Reserve	12,353	7,655	–	–	–	–	20,008
Urban Tree Fund Reserve	6	5	–	–	–	–	11
Total Other Reserves	15,649	7,660	–	–	–	–	23,309
Comparatives	17,339	4	(1,694)	–	–	–	15,649

PURPOSES OF RESERVES

Asset Revaluation Reserves

The asset revaluation reserve is used to record increments and decrements arising from changes in fair value of non current assets (less any subsequent impairment losses, where applicable).

Development Reserve

The development reserve largely holds funds from the sale of assets and is used for developmental purposes.

Committed Expenditure Reserve

The committed expenditure reserve holds unspent funds being carried forward to 2021/22 for capital and operational purposes.

Urban Tree Fund Reserve

The Urban Tree Fund reserve is maintain or plant trees which will constitute significant trees under the Development Act.

Notes to the Financial Statements

for the year ended 30 June 2021

Note 10. Assets Subject to Restrictions

\$ '000	2021	2020
<p>The uses of the following assets are restricted, wholly or partially, by legislation or other externally imposed requirements. The assets are required to be utilised for the purposes for which control was transferred to Council, or for which the revenues were originally obtained.</p>		
Cash & Financial Assets		
Mendelson Foundation	1,706	1,558
Total Cash & Financial Assets	1,706	1,558
Total Assets Subject to Externally Imposed Restrictions	1,706	1,558

Note 11. Reconciliation to Statement of Cash Flows

\$ '000	Notes	2021	2020
(a) Reconciliation of Cash			
<p>Cash Assets comprise highly liquid investments with short periods to maturity subject to insignificant risk of changes of value. Cash at the end of the reporting period as shown in the Statement of Cash Flows is reconciled to the related items in the Balance Sheet as follows:</p>			
Total Cash & Equivalent Assets	5	10,681	12,155
Balances per Statement of Cash Flows		10,681	12,155

Notes to the Financial Statements

for the year ended 30 June 2021

Note 11. Reconciliation to Statement of Cash Flows (continued)

\$ '000	2021	2020
(b) Reconciliation of Change in Net Assets to Cash from Operating Activities		
Net Surplus/(Deficit)	10,282	9,641
Non-Cash Items in Income Statements		
Depreciation, Amortisation & Impairment	16,053	14,823
Equity Movements in Equity Accounted Investments (Increase)/Decrease	(4,952)	(841)
Non-Cash Asset Acquisitions	–	(2,021)
Grants for capital acquisitions treated as Investing Activity	(460)	(2,120)
Net (Gain) Loss on Disposals	(178)	20
	20,745	19,502
Add (Less): Changes in Net Current Assets		
Net (Increase)/Decrease in Receivables	(1,158)	(566)
Net (Increase)/Decrease in Inventories	(4)	17
Net Increase/(Decrease) in Trade & Other Payables	(706)	(155)
Net Increase/(Decrease) in Unpaid Employee Benefits	323	580
Net Increase/(Decrease) in Other Liabilities	4,351	2,000
Net Cash provided by (or used in) operations	23,551	21,378

\$ '000	Notes	2021	2020
(c) Non-Cash Financing and Investing Activities			
Acquisition of assets by means of:			
Physical Resources Received Free of Charge	2i	–	2,021
Amounts recognised in Income Statement		–	2,021
Total Non-Cash Financing and Investing Activities		–	2,021

(d) Financing Arrangements

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

Corporate Credit Cards	110	110
LGFA Cash Advance Debenture Facility	20,000	20,000

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

Notes to the Financial Statements

for the year ended 30 June 2021

Note 12(a). Functions

Income, Expenses and Assets have been directly attributed to the following Functions / Activities.
Details of these Functions/Activities are provided in Note 12(b).

\$ '000	INCOME		EXPENSES		OPERATING SURPLUS (DEFICIT)		GRANTS INCLUDED IN INCOME		TOTAL ASSETS HELD (CURRENT & NON-CURRENT)	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Functions/Activities										
Business Undertakings	–	–	–	–	–	–	(810,365)	–	23,962	27,598
- Public Order & Safety	1	2	286	260	(285)	(258)	1	2	501	506
Community Services										
- Health Services	49	60	342	346	(293)	(286)	44	59	80	88
- Community Support	794	851	3,341	3,393	(2,547)	(2,542)	526	518	30,029	36,198
- Community Amenities	63	55	367	372	(304)	(317)	–	2	2,510	204
Culture										
- Library services	478	464	3,739	3,833	(3,261)	(3,369)	454	441	5,983	6,198
- Cultural services	110	190	1,704	1,771	(1,594)	(1,581)	–	–	13,415	17,703
Economic Development	–	–	572	607	(572)	(607)	–	–	–	–
Environment										
- Waste Management	201	163	7,557	6,658	(7,356)	(6,495)	–	–	18,546	27,247
- Other Environment	1,824	1,960	10,423	10,411	(8,599)	(8,451)	194	291	109,280	80,861
Recreation	34	98	7,423	7,697	(7,389)	(7,599)	–	–	240,021	239,588
Regulatory Services	2,110	2,006	5,088	5,184	(2,978)	(3,178)	–	–	24	307
Transport & Communication	1,370	46	13,467	13,176	(12,097)	(13,130)	1,306	1,429	327,058	328,172
Plant Hire & Depot/Indirect	579	476	15	16	564	460	–	–	21,344	20,776
Unclassified Activities	–	–	–	–	–	–	–	–	8,622	5,452
Council Administration	66,714	63,135	10,359	10,262	56,355	52,873	1,294	1,284	32,954	33,117
Total Functions/Activities	74,327	69,506	64,683	63,986	9,644	5,520	(806,546)	4,026	834,329	824,015

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

Notes to the Financial Statements

for the year ended 30 June 2021

Note 12(b). Components of Functions

The activities relating to Council functions are as follows:

COMMUNITY SERVICES

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

CULTURE

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

ECONOMIC DEVELOPMENT

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

ENVIRONMENT

Agricultural Services, Agricultural Water, Animal/Plant Boards, Landcare, Other Agricultural Services, Waste Management, Domestic Waste, Green Waste, Recycling, Transfer Stations, Waste Disposal Facility, Other Waste Management, Other Environment, Coastal Protection, Stormwater and Drainage, Street Cleaning, Street Lighting, Streetscaping, Natural Resource Management Levy, and Other Environment.

RECREATION

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

REGULATORY SERVICES

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

TRANSPORT

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

COUNCIL ADMINISTRATION

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

Notes to the Financial Statements

for the year ended 30 June 2021

Note 13. Financial Instruments

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:

There were no fixed term deposits held during 2020/21.

Carrying Amount:

Approximates fair value due to the short term to maturity.

Receivables - Rates & Associated 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:

Secured over the subject land, arrears attract interest of 0.43% (2020: 0.53%). 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. 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.

Notes to the Financial Statements

for the year ended 30 June 2021

Note 13. Financial Instruments (continued)

Receivables - Retirement Home Contributions

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 legislation.

Carrying Amount:

Approximates fair value (after deduction of any allowance).

Liabilities - Creditors and Accruals

Accounting Policy:

Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Council.

Terms & Conditions:

Liabilities are normally settled on 30 day terms.

Carrying Amount:

Approximates fair value.

Liabilities - Interest Bearing Borrowings

Accounting Policy:

Initially recognised at fair value and subsequently at amortised cost using the effective interest rate.

Terms & Conditions:

Secured over future revenues, borrowings are repayable (describe basis); interest is charged at fixed (or variable - describe) rates between 2.78% and 3.80% (2020: 2.78% and 3.80%).

Carrying Amount:

Approximates fair value.

Liabilities - Leases

Accounting Policy:

Accounted for in accordance with AASB 16 as stated in Note 17.

Notes to the Financial Statements

for the year ended 30 June 2021

Note 13. Financial Instruments (continued)

\$ '000	Due < 1 year	Due > 1 year & ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
Financial Assets					
2021					
Cash & Cash Equivalents	10,681	–	–	10,681	10,681
Receivables	3,443	–	–	3,443	3,443
Other Financial Assets	14,377	–	–	14,377	14,377
Total Financial Assets	28,501	–	–	28,501	28,501
Financial Liabilities					
Payables	4,684	–	–	4,684	4,685
Current Borrowings	1,782	–	–	1,782	1,782
Non-Current Borrowings	–	7,716	26,190	33,906	33,906
Total Financial Liabilities	6,466	7,716	26,190	40,372	40,373
2020					
Cash & Cash Equivalents	12,155	–	–	12,155	12,155
Receivables	1,882	–	–	1,882	1,882
Other Financial Assets	5,524	–	–	5,524	6,478
Total Financial Assets	19,561	–	–	19,561	20,515
Financial Liabilities					
Payables	5,392	–	–	5,392	5,392
Current Borrowings	1,166	–	–	1,166	1,166
Non-Current Borrowings	–	7,485	28,159	35,644	35,644
Total Financial Liabilities	6,558	7,485	28,159	42,202	42,202

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

\$ '000	2021		2020	
	Weighted Avg Interest Rate	Carrying Value	Weighted Avg Interest Rate	Carrying Value
Fixed Interest Rates	2.93%	35,688	2.87%	36,810
		35,688		36,810

Net Fair Value

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

Notes to the Financial Statements

for the year ended 30 June 2021

Note 13. Financial Instruments (continued)

Risk Exposures

Credit Risk represents the loss that would be recognised if counterparties fail to perform as contracted. The maximum credit risk on financial assets of the Council is the carrying amount, net of any 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.

Notes to the Financial Statements

for the year ended 30 June 2021

Note 14. Capital Expenditure

\$ '000	2021	2020
---------	------	------

(a) Capital Commitments

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

Land	290	8,746
Buildings	2,463	1,297
Infrastructure	11,521	–
Plant & Equipment	349	435
Other	5,267	–
	19,890	10,478

These expenditures are payable:

Not later than one year	19,890	10,478
	19,890	10,478

(b) Other Expenditure Commitments

Other non-capital expenditure commitments at the reporting date but not recognised in the financial statements as liabilities:

Audit Services	26	53
Waste Management Services	15,890	22,220
Grants Funding (restricted)	–	–
Operational Expenditure	914	938
Information Technology Commitments	–	36
	16,830	23,247

These expenditures are payable:

Not later than one year	4,428	6,634
Later than one year and not later than 5 years	12,402	16,613
	16,830	23,247

Notes to the Financial Statements

for the year ended 30 June 2021

Note 15. Financial Indicators

\$ '000	Indicator 2021	Indicators 2020	Indicators 2019
Financial Indicators overview			
<i>These Financial Indicators have been calculated in accordance with Information paper 9 - Local Government Financial Indicators prepared as part of the LGA Financial Sustainability Program for the Local Government Association of South Australia.</i>			
1. Operating Surplus Ratio			
Operating Surplus	13.0%	7.9%	11.2%
Total Operating Income			
<i>This ratio expresses the operating surplus as a percentage of total operating revenue.</i>			
2. Net Financial Liabilities Ratio			
Net Financial Liabilities	46%	45%	20%
Total Operating Income			
<i>Net Financial Liabilities are defined as total liabilities less financial assets (excluding equity accounted investments in Council businesses). These are expressed as a percentage of total operating revenue.</i>			
Adjustments to Ratios			
<i>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.</i>			
Adjusted Operating Surplus Ratio			
Operating Surplus	12.1%	6.4%	10.2%
Total Operating Income			
Adjusted Net Financial Liabilities Ratio			
Net Financial Liabilities	47%	46%	20%
Total Operating Income			
3. Asset Renewal Funding Ratio			
Net Asset Renewals	93%	111%	112%
Infrastructure & Asset Management Plan required expenditure			
<i>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.</i>			

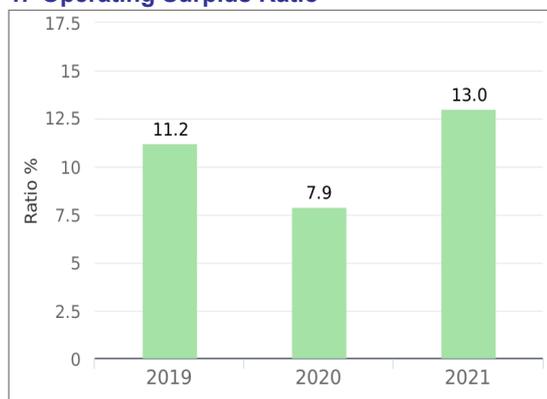
Notes to the Financial Statements

for the year ended 30 June 2021

Note 15. Financial Indicators (continued)

Financial Indicators - Graphs

1. Operating Surplus Ratio



Purpose of operating surplus ratio

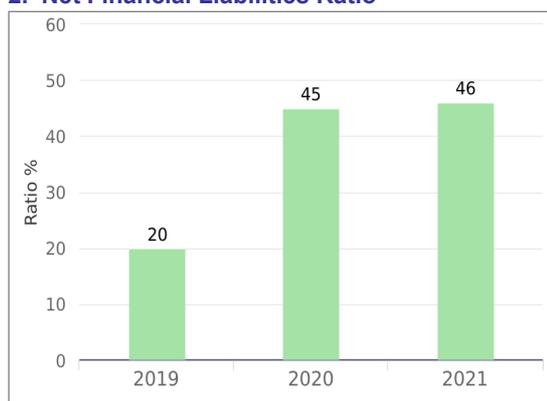
This indicator is to determine the percentage the operating revenue varies from operating expenditure

Commentary on 2020/21 result

2020/21 ratio 13.0%

This ratio continues to remain favourable.

2. Net Financial Liabilities Ratio



Purpose of net financial liabilities ratio

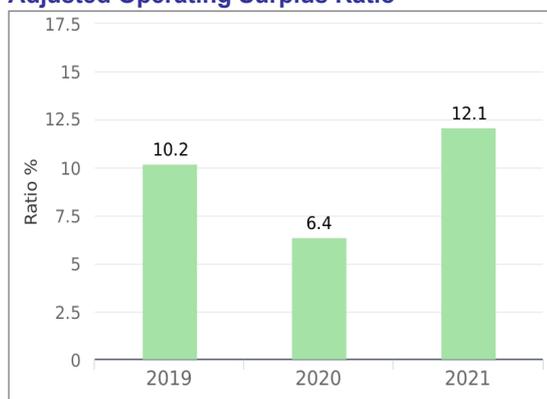
This indicator shows the significance of the net amount owed to others, compared to operating revenue

Commentary on 2020/21 result

2020/21 ratio 46%

No significant change from prior year.

Adjusted Operating Surplus Ratio



Purpose of adjusted operating surplus ratio

This indicator is to determine the percentage the operating revenue (adjusted for timing differences in the Financial Assistance Grant) varies from operating expenditure

Commentary on 2020/21 result

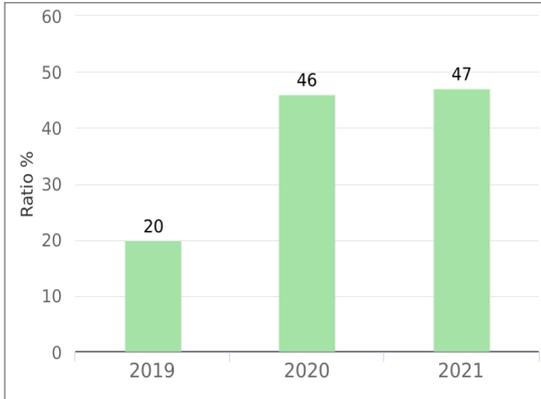
2020/21 ratio 12.1%

This ratio continues to remain favourable.

Notes to the Financial Statements
for the year ended 30 June 2021

Note 15. Financial Indicators (continued)

Adjusted Net Financial Liabilities Ratio



Purpose of adjusted net financial liabilities ratio

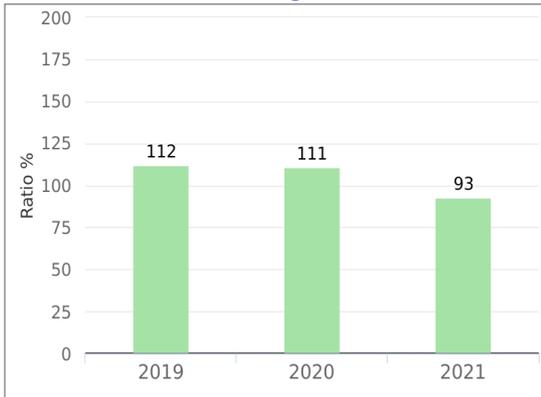
This indicator is to determine the percentage the operating revenue (adjusted for timing differences in the Financial Assistance Grant) varies from operating expenditure

Commentary on 2020/21 result

2020/21 ratio 47%

No significant change from prior year.

3. Asset Renewal Funding Ratio



Purpose of asset renewal funding ratio

This indicator aims to determine if assets are being renewed and replaced in an optimal way

Commentary on 2020/21 result

2020/21 ratio 93%

Due to increased grant funding opportunities Council have elected to upgrade, rather than renew, some assets.

Notes to the Financial Statements

for the year ended 30 June 2021

Note 16. Uniform Presentation of Finances

\$ '000	2021	2020
<p>The following is a high level summary of both operating and capital investment activities of the Council prepared on a simplified Uniform Presentation Framework basis.</p> <p>All Councils in South Australia have agreed to summarise annual budgets and long-term financial plans on the same basis.</p> <p>The arrangements ensure that all Councils provide a common 'core' of financial information, which enables meaningful comparisons of each Council's finances.</p>		
Income	74,327	69,506
less Expenses	(64,683)	(63,986)
Operating Surplus / (Deficit)	9,644	5,520
Net Outlays on Existing Assets		
Capital Expenditure on Renewal and Replacement of Existing Assets	(12,432)	(17,321)
add back Depreciation, Amortisation and Impairment	16,053	14,823
add back Proceeds from Sale of Replaced Assets	1,560	824
	5,181	(1,674)
Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets (including Investment Property & Real Estate Developments)	(10,498)	(9,511)
add back Amounts Received Specifically for New and Upgraded Assets	460	2,120
	(10,038)	(7,391)
Net Lending / (Borrowing) for Financial Year	4,787	(3,545)

Notes to the Financial Statements

for the year ended 30 June 2021

Note 17. Leases

(i) Council as a lessee

Terms and conditions of leases

Asset Class here

Right of use assets are inclusive of our depot land and plant and equipment.

Set out below are the carrying amounts of right-of-use assets recognised within Infrastructure, Property, Plant and Equipment and the movements during the period:

(a) Right of use assets

\$ '000	Ready to use	Land	Plant & Equipment	Total
2021				
Opening balance	–	11,093	24	11,117
Transfer from leased assets (former finance leases)	–	–	–	–
Additions to right-of-use assets	–	–	–	–
Adjustments to right-of-use assets due to re-measurement of lease liability	–	45	(1)	44
Depreciation charge	–	(398)	(6)	(404)
Impairment of right-of-use assets	–	–	–	–
Other	–	–	–	–
Balance at 30 June	–	10,740	17	10,757
2020				
Opening balance	–	11,490	38	11,528
Transfer from leased assets (former finance leases)	–	–	–	–
Additions to right-of-use assets	–	–	–	–
Adjustments to right-of-use assets due to re-measurement of lease liability	–	–	–	–
Depreciation charge	–	(396)	(15)	(411)
Impairment of right-of-use assets	–	–	–	–
Other	–	–	–	–
Balance at 30 June	–	11,094	23	11,117

(b) Lease liabilities

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

\$ '000	2021	2020
Adoption of AASB 16 at 1 July 2019	11,235	11,528
Re-measurement of Liability	44	–
Additions	–	–
Accretion of interest	236	242
Payments	(537)	(535)
Other	–	–
Balance at 30 June	10,978	11,235

Classified as:

continued on next page ...

Notes to the Financial Statements

for the year ended 30 June 2021

Note 17. Leases (continued)

\$ '000	2021	2020
Current	300	301
Non Current	10,678	10,934

The maturity analysis of lease liabilities is included in Note 13.

The Group had total cash outflows for leases of \$535,130.

The following are the amounts recognised in profit or loss:

Depreciation expense of Right-of-Use Assets	404	411
Interest expense on lease liabilities	236	242
Expense relating to short term leases	-	-
Expense relating to leases of low-value assets	-	-
Variable lease payments	-	-
Other	-	-
Total amount recognised in profit or loss	640	653

Notes to the Financial Statements

for the year ended 30 June 2021

Note 17. Leases (continued)

(ii) 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.

(i) Investment Property

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

\$ '000	2021	2020
Future minimum rentals receivable under non-cancellable operating leases as at 30 June, are as follows:		
Not later than one year	718	979
Later than one year and not later than 5 years	909	1,213
Later than 5 years	29	31
	1,656	2,223

Notes to the Financial Statements

for the year ended 30 June 2021

Note 18. Superannuation

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

Accumulation only Members

Accumulation only members receive both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of ordinary time earnings in accordance with superannuation guarantee legislation (9.50% in 2020/21; 9.50% in 2019/20). 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 2019/20) of "superannuation" salary.

In addition, Council makes a separate contribution of 3.2% 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 Willie 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 contributions paid by council for 12 months to 30 June 2021 totalled \$1,850,597 (2019/20 \$1,875,545).

Notes to the Financial Statements

for the year ended 30 June 2021

Note 19. Interests in Other Entities

All joint ventures and associates are required to prepare Annual Financial Statements that comply with the SA Local Government Model Financial Statements.

\$ '000	Council's Share of Net Income		Council's Share of Net Assets	
	2021	2020	2021	2020
Council's Share of Net Income				
Joint Ventures	4,952	841	12,693	4,978
Total Council's Share of Net Income	4,952	841	12,693	4,978

((a)i) Joint Ventures, Associates and Joint Operations

(a) Carrying Amounts

\$ '000	Principal Activity	2021	2020
Brownhill and Keswick Creek Stormwater Board	Flood Mitigation	12,693	4,978
Total Carrying Amounts - Joint Ventures & Associates		12,693	4,978

Brownhill and Keswick Creek Stormwater Board

During the 2017/18 financial year, the Brown Hill and Keswick Creeks Stormwater Board (the 'Regional Subsidiary') was established and City of West Torrens has 49% Equitable Interest and 20% Operating Expenses Interest in this.

The Board has been established to implement or oversee the construction of stormwater infrastructure for the purpose of implementation of the Brown Hill and Keswick Creeks Stormwater Management Plan (the Plan); oversee the maintenance and repair and /or renewal of stormwater infrastructure; oversee implementation of associated or related infrastructure works; hold stormwater infrastructure; implement other non infrastructure measures; provide a forum for the discussion and consideration of the constituent council's obligations and responsibilities under the Plan; and enter into agreements with constituent councils for the purpose of managing the Plan.

Other constituent councils include City of Adelaide, City of Burnside, City of Unley, and City of Mitcham.

(b) Relevant Interests

	Interest in Operating Result		Ownership Share of Equity		Proportion of Voting Power	
	2021	2020	2021	2020	2021	2020
Brownhill and Keswick Creek Stormwater Board	20.00%	20.00%	49.00%	49.00%	20.00%	20.00%

(c) Movement in Investment in Joint Venture or Associate

\$ '000	Brownhill and Keswick Creek Stormwater Board	
	2021	2020
Opening Balance	4,978	1,964
Share in Operating Result	4,952	841
New Capital Contributions	2,763	1,992
Reconciling Item	-	181
Council's Equity Share in the Joint Venture or Associate	12,693	4,978

Notes to the Financial Statements

for the year ended 30 June 2021

Note 19. Interests in Other Entities (continued)

(d) Summarised Financial Information of the Equity Accounted Business

\$ '000	Brownhill and Keswick Creek Stormwater Board	
	2021	2020
Statement of Financial Position		
Cash and Cash Equivalents	12,135	5,003
Other Current Assets	271	325
Non-Current Assets	13,634	6,410
Total Assets	26,040	11,738
Current Trade and Other Payables	117	1,568
Current Provisions	19	11
Total Liabilities	136	1,579
Net Assets	25,904	10,159
Statement of Comprehensive Income		
Other Income	279	–
Contributions from Constituent Councils	472	389
Interest Income	26	25
Capital Funding/Grants	9,877	1,762
Total Income	10,654	2,176
Employee Costs	286	271
Materials, Contracts & Other Expenses	199	152
Depreciation, Amortisation and Impairment	62	37
Total Expenses	547	460
Operating Result	10,107	1,716

(e) Share of Joint Operations Expenditure Commitments

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

\$ '000	2021	2020
(i) Capital Expenditures Payable		
Not later than one year	1,960	1,128
Later than one year and not later than 5 years	–	–
Later than 5 years	–	–
	1,960	1,128

(f). Transactions with Council

Aggregate amount of transactions with Council		
- receipts from Council	2,763	1,992

Notes to the Financial Statements

for the year ended 30 June 2021

Note 20. Non-Current Assets Held for Sale & Discontinued Operations

Details of Assets & Disposal Groups

The City of West Torrens Council has its former depot, 102-120 Marion Road Brooklyn Park, held for sale. Sale has been settled subsequent to year end and realised the carrying amount listed below.

\$ '000	2021	2020
Carrying Amounts of Assets and Liabilities		
Assets		
Infrastructure, Property, Plant and Equipment	3,600	3,600
Total Assets	3,600	3,600
Net Assets	3,600	3,600

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

Council has no contingencies nor any assets or liabilities not recognised in the Statement of Financial Position

Note 22. Events after the Balance Sheet Date

Events that occur after the reporting date of 30 June 2021, up to and including the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

Council has adopted the date of receipt of the Auditors' Report as the appropriate "authorised for issue" date relating to these General Purpose Financial Statements.

Accordingly, the "authorised for issue" date is 12/10/21.

Council is unaware of any material or significant "non adjusting events" that should be disclosed.

Council is unaware of any material or significant "non adjusting events" that should be disclosed.

Note 23. Related Party Transactions

Key Management Personnel

Transactions with Key Management Personnel

The Key Management Personnel of the Council include the Mayor, Councillors, CEO and certain prescribed officers under section 112 of the Local Government Act 1999. In all, 19 persons were paid the following total compensation:

\$ '000	2021	2020
The compensation paid to Key Management Personnel comprises:		
Short-Term Employee Benefits	1,638	1,507
Post-Employment Benefits	77	84
Total	1,715	1,591

Notes to the Financial Statements

for the year ended 30 June 2021

Note 23. Related Party Transactions (continued)

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

City of West Torrens

Notes to the Financial Statements for the year ended 30 June 2021

Note 24. Mendelson Foundation

\$ '000	2021	2020
<p>The Max and Bette Mendelson Foundation is a charitable fund established in 1996 under a Deed of Charitable Trust, and it is dedicated in perpetuity to the promotion and encouragement of education in conjunction with South Australian universities. Foundation funds were bequeathed to the City of West Torrens under the terms of the Trust Deed.</p>		
Financial Performance & Cash Flow Information		
Statement of Comprehensive Income - Mendelson Foundation		
INCOME		
Dividend Income including Franking Credits	65	77
Interest income	0	1
Fair Value Movement on Financial Assets	161	(45)
Council Contribution	20	20
	<u>246</u>	<u>53</u>
EXPENDITURE		
Scholarships	60	48
Fund Management	19	21
Member Emoluments	18	15
	<u>97</u>	<u>84</u>
	<u>149</u>	<u>(31)</u>
CHANGE IN FOUNDATION WEALTH		
Statement of Financial Position - Mendelson Foundation		
CURRENT ASSETS		
Cash & Cash Equivalents	47	16
Trade & Other Receivables	47	42
Units in Managed Funds	335	378
Shares in Listed Companies	1,348	1,122
Total Assets	<u>1,778</u>	<u>1,558</u>
LIABILITIES		
Current Liabilities	71	-
Non Current Liabilities	-	-
Total Liabilities	<u>71</u>	<u>-</u>
NET ASSETS	<u>1,706</u>	<u>1,558</u>
FOUNDATION WEALTH		
Accumulated Surplus	<u>1,706</u>	<u>1,558</u>

INDEPENDENT AUDITOR'S REPORT TO THE PRINCIPAL MEMBER OF CITY OF WEST TORRENS

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of City of West Torrens and its subsidiaries (the Council), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the certification of the financial statements.

In our opinion the financial report of City of West Torrens, presents fairly, in all material respects, the Council's financial position as at 30 June 2021, and its financial performance and its cash flows for the year ended on that date in accordance with Australian Accounting Standards, the *Local Government Act 1999*, and the *Local Government (Financial Management) Regulations 2011*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Council in accordance with the *Local Government Act 1999* and 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 confirm that the independence declaration required by the *Local Government Act 1999*, which has been given to the Council, would be in the same terms if given to the Council as at the time of this auditor's report.

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

Information Other than the Financial Report and Auditor's Report Thereon

Management is responsible for the other information. The other information obtained at the date of this auditor's report is the general purpose financial report of the Max and Bette Mendelson Foundation and the Annual Report of The Brown Hill and Keswick Creeks Stormwater Board.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report of the City of West Torrens, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Council's Responsibility for the Financial Report

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

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

Auditor's responsibilities for the audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at: http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf

This description forms part of our auditor's report.



BDO Audit (SA) Pty Ltd



Andrew Tickle
Director

Adelaide, 25 October 2021

INDEPENDENT ASSURANCE REPORT ON THE INTERNAL CONTROLS OF THE CITY OF WEST TORRENS

Opinion

We have undertaken a reasonable assurance engagement on the design and the operating effectiveness of controls established by City of West Torrens ('the Council') in relation to financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities, throughout the period 1 July 2020 to 30 June 2021 relevant to ensuring such transactions have been conducted properly and in accordance with law.

In our opinion, in all material respects:

- (a) The controls established by Council in relation to financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities were suitably designed to ensure such transactions have been conducted properly and in accordance with law; and
- (b) The controls operated effectively as designed throughout the period from 1 July 2020 to 30 June 2021.

Basis for opinion

We conducted our engagement in accordance with Standard on Assurance Engagements 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 responsibilities for the internal controls

The Council is responsible for:

- a) The receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities;
- b) Identifying the control objectives
- c) Identifying the risks that threaten achievement of the control objectives
- d) Designing controls to mitigate those risks, so that those risks will not prevent achievement of the identified control objectives; and
- e) Operating effectively the controls as designed throughout the period.

Our independence and quality control

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

Assurance practitioner's responsibilities

Our responsibility is to express an opinion, in all material respects, on the suitability of the design to achieve the control objectives and the operating effectiveness of controls established by Council in relation to financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities. ASAE 3150 requires that we plan and perform 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 operated effectively throughout the period.

An assurance engagement to report on the design and operating effectiveness of controls involves performing procedures to obtain evidence about the suitability of the design of controls to achieve the control objectives and the operating effectiveness of 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 of those 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.

Limitations of controls

Because of the inherent limitations of an assurance engagement, together with 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 and so 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.



BDO Audit (SA) Pty Ltd



Andrew Tickle
Director

Adelaide, 25 October 2021

City of West Torrens

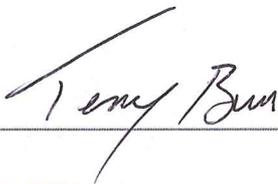
General Purpose Financial Statements

for the year ended 30 June 2021

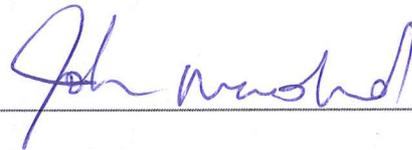
Certification of Auditor Independence

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of City of West Torrens for the year ended 30 June 2021, the Council's Auditor, BDO Audit (SA) Pty Ltd. has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

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



Terry Buss PSM
Chief Executive Officer



John Woodward
Presiding Member, Audit Committee

Date: 13 October 2021

CERTIFICATION OF AUDITOR INDEPENDENCE

I confirm that, for the audit of the financial statements of the City of West Torrens for the year ended 30 June 2021, I have maintained my independence in accordance with the requirements of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code), 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*.



Andrew Tickle
Director

BDO Audit (SA) Pty Ltd

Adelaide, 25 October 2021