

City of West Torrens

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2020



General Purpose Financial Statements

for the year ended 30 June 2020

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General Purpose Financial Statements

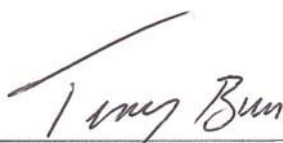
for the year ended 30 June 2020

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 2020 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

14 October 2020



Michael Coxon
Mayor

14 October 2020

General Purpose Financial Statements

for the year ended 30 June 2020

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 2020

\$ '000	Notes	2020	2019
Income			
Rates	2a	60,270	57,858
Statutory Charges	2b	2,052	2,399
User Charges	2c	1,447	1,415
Grants, Subsidies and Contributions	2g	4,026	3,966
Investment Income	2d	133	493
Reimbursements	2e	344	340
Other income	2f	393	356
Net Gain - Equity Accounted Council Businesses	19	841	43
Total Income		69,506	66,870
Expenses			
Employee costs	3a	23,193	22,054
Materials, Contracts and Other Expenses	3b	25,118	24,678
Depreciation, Amortisation and Impairment	3c	14,823	12,566
Finance Costs	3d	852	101
Total Expenses		63,986	59,399
Operating Surplus / (Deficit)		5,520	7,471
Physical Resources Received Free of Charge	2i	2,021	254
Asset Disposal & Fair Value Adjustments	4	(20)	(759)
Amounts Received Specifically for New or Upgraded Assets	2g	2,120	1,107
Net Surplus / (Deficit)		9,641	8,073
Other Comprehensive Income			
Amounts which will not be reclassified subsequently to operating result			
Changes in Revaluation Surplus - I, PP&E	9a	1,413	46,222
Impairment (Expense) / Recoupments Offset to Asset Revaluation Reserve	9a	(976)	(174)
Total Amounts which will not be reclassified subsequently to operating result		437	46,048
Total Other Comprehensive Income		437	46,048
Total Comprehensive Income		10,078	54,121

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

Statement of Financial Position

as at 30 June 2020

\$ '000	Notes	2020	2019
ASSETS			
Current assets			
Cash & Cash Equivalent Assets	5a	12,155	4,203
Trade & Other Receivables	5b	4,327	3,761
Other Financial Assets (Investments)	5c	1,500	1,414
Inventories	5d	14	31
Non-Current Assets Held for Sale	20b(ii)	3,600	—
Total current assets		21,596	9,409
Non-current assets			
Financial Assets	6a	—	147
Equity Accounted Investments in Council Businesses	6b	4,978	1,964
Other Non-Current Assets	6c	10,692	13,427
Infrastructure, Property, Plant & Equipment	7a	786,749	762,463
Total non-current assets		802,419	778,001
TOTAL ASSETS		824,015	787,410
LIABILITIES			
Current Liabilities			
Trade & Other Payables	8a	5,392	5,595
Borrowings	8b	1,166	640
Provisions	8c	4,830	4,264
Total Current Liabilities		11,388	10,499
Non-Current Liabilities			
Borrowings	8b	35,644	12,020
Provisions	8c	253	239
Other Non-Current Liabilities	8d	2,000	—
Total Non-Current Liabilities		37,897	12,259
TOTAL LIABILITIES		49,285	22,758
Net Assets		774,730	764,652
EQUITY			
Accumulated surplus		118,576	107,245
Asset revaluation reserves	9a	640,505	640,068
Other reserves	9b	15,649	17,339
Total Equity		774,730	764,652

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 2020

\$ '000	Notes	Accumulated surplus	Asset revaluation reserve	Other reserves	Total equity
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					
- 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 Movements (Rounding Adjustment)		—	—	—	—
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
2019					
Balance at the end of previous reporting period		76,322	594,020	40,189	710,531
Net Surplus / (Deficit) for Year		8,073	—	—	8,073
Other Comprehensive Income					
- Gain (Loss) on Revaluation of I,PP&E	7a	—	46,222	—	46,222
- IPP&E Impairment (Expense) / Recoupments Offset to ARR	7a	—	(174)	—	(174)
- Other Movements (Rounding Adjustment)		—	—	—	—
Other comprehensive income		—	46,048	—	46,048
Total comprehensive income		8,073	46,048	—	54,121
Transfers between Reserves		22,850	—	(22,850)	—
Balance at the end of period		107,245	640,068	17,339	764,652

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 2020

\$ '000	Notes	2020	2019
Cash flows from operating activities			
<u>Receipts</u>			
Rates Receipts		59,538	57,690
Statutory Charges		2,059	2,407
User Charges		1,562	1,537
Grants, Subsidies and Contributions (operating purpose)		4,249	3,952
Investment Receipts		133	493
Reimbursements		378	362
Other Receipts		5,074	5,567
<u>Payments</u>			
Payments to Employees		(22,481)	(21,961)
Payments for Materials, Contracts & Other Expenses		(28,282)	(30,425)
Finance Payments		(852)	(101)
Net cash provided by (or used in) Operating Activities	11b	<u>21,378</u>	<u>19,521</u>
Cash flows from investing activities			
Amounts Received Specifically for New/Upgraded Assets		2,120	1,110
Sale of Replaced Assets		824	574
Repayments of Loans by Community Groups		147	–
Distributions Received from Equity Accounted Council Businesses		841	43
<u>Payments</u>			
Expenditure on Renewal/Replacement of Assets		(17,321)	(14,646)
Expenditure on New/Upgraded Assets		(9,511)	(30,494)
Net Purchase of Investment Securities		(86)	(174)
Loans Made to Community Groups		–	(147)
Purchase of Interests in Equity Accounted Council Businesses		–	(1,964)
Capital Contributed to Equity Accounted Council Businesses		(3,014)	–
Net cash provided (or used in) investing activities		<u>(26,000)</u>	<u>(45,698)</u>
Cash flows from financing activities			
<u>Receipts</u>			
Proceeds from Borrowings		13,555	12,660
Proceeds from Bonds & Deposits		–	2
<u>Payments</u>			
Repayments of Borrowings		(640)	–
Repayment of Lease Liabilities		(293)	–
Repayment of Bonds & Deposits		(48)	–
Net Cash provided by (or used in) Financing Activities		<u>12,574</u>	<u>12,662</u>
Net Increase (Decrease) in Cash Held		<u>7,952</u>	<u>(13,515)</u>
plus: Cash & Cash Equivalents at beginning of period		4,203	17,718
Cash and cash equivalents held at end of period	11a	<u>12,155</u>	<u>4,203</u>
Additional Information:			
plus: Investments on hand – end of year	6b	1,500	1,414
Total Cash, Cash Equivalents & Investments		<u>13,655</u>	<u>5,617</u>

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 2020

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Notes to the Financial Statements

for the year ended 30 June 2020

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 03 November 2020

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 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

Income is measured at the fair value of the consideration received or receivable. Income is recognised when the Council obtains control over the assets comprising the income, or when the amount due constitutes an enforceable debt, whichever first occurs.

Where grants, contributions and donations recognised as incomes during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the amounts subject to those undischarged conditions are disclosed in these notes. Also disclosed is the amount of grants, contributions and receivables recognised as incomes in a previous reporting period which were obtained in respect of the Council's operations for the current reporting period.

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

	Cash Payment Received	Annual Allocation	Differnece
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

Notes to the Financial Statements

for the year ended 30 June 2020

Note 1. Summary of Significant Accounting Policies (continued)

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.

(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

Notes to the Financial Statements

for the year ended 30 June 2020

Note 1. Summary of Significant Accounting Policies (continued)

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
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
Glenelg 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.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 1. Summary of Significant Accounting Policies (continued)

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.

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% (2019, 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. No changes in accounting policy have occurred during either the current or previous reporting periods. Details of the accounting policies applied and Council's involvement with the schemes are reported in Note 18.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 1. Summary of Significant Accounting Policies (continued)

(10) Leases

Accounting policy applicable from 01 July 2019

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 2020

Note 1. Summary of Significant Accounting Policies (continued)

(13) New accounting standards and UIG interpretations

In the current year, Council adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current reporting period. The adoption of the new and revised Standards and Interpretations has not resulted in any material changes to Council's accounting policies.

City of West Torrens has not applied any Australian Accounting Standards and Interpretations that have been issued but are not yet effective.

This year Council has applied AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities for the first time. As a result, Council has disclosed more information to explain changes in liabilities arising from leasing activities ('debt reconciliation'). This information is presented in note 17.

Some Australian Accounting Standards and Interpretations have been issued but are not yet effective. Those standards have not been applied in these financial statements. Council will implement them when they are effective.

The standards are not expected to have a material impact upon Council's future financial statements are:

Effective for annual reporting periods beginning on or after 1 January 2021

- AASB 17 Insurance Contracts
- AASB 17 Insurance Contracts (Appendix D)

Adoption of AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities

The Council applied AASB 15 and AASB 1058, for the first time from 1 July 2019. AASB 1058 clarifies and simplifies the income recognition requirements that apply to not-for-profit (NFP) entities, in conjunction with AASB 15. These Standards supersede the NFP income recognition requirements previously in AASB 1004 Contributions (with the exception of certain matters relating to public sector NFP entities) as well as current revenue recognition guidance including AASB 118 Revenue, AASB 111 Construction Contracts and the related Interpretations. The timing of income recognition depends on whether such a transaction gives rise to a liability or other performance obligation (a promise to transfer a good or service). Details of the accounting policy adopted for these standards can be found in Note 1 Significant Accounting Policies. The Council has elected to adopt the modified retrospective method on transition to the new standards with an initial application date of 1 July 2019. The cumulative effect of initially applying AASB 15 and AASB 1058 is recognised at the date of initial application as an adjustment to the opening balance of Accumulated Surplus. Therefore, the comparative information was not restated and continues to be reported under AASB 111, AASB 118, AASB 1004 and related Interpretations.

The Council has determined the impact of the new standards will mainly impact the timing of revenue recognition in relation to special purpose grants. These grants are provided to the Council to construct or acquire an asset to be controlled by the Council. They are accounted for under AASB 1058 and as such, amounts received in relation to these grants are recorded as a liability "Amounts in Advance" and recorded in revenue as the asset is constructed. The impact of adopting the new standards as at 1 July 2019 was an increase to liabilities of \$2,000,000 and a decrease to Accumulated Surplus of \$2,000,000.

Set out below are the amounts by which each financial statement line item is affected as at and for the year ended 30 June 2020 as a result of the adoption of AASB 15 and AASB 1058.

The first column shows amounts prepared under AASB 15 and AASB 1058 and the second column shows what the amounts would have been had AASB 15 and AASB 1058 not been adopted:

	AASB 15 / 1058	Previous AASB
	\$'000	\$'000
Grants, Subsidies and Contributions	\$6,146	\$8,146
Amounts Received Specifically for New or Upgraded Assets	\$2,120	\$4,120
Payments Received in Advance - Current	\$2,000	\$0,000

Notes to the Financial Statements

for the year ended 30 June 2020

Note 1. Summary of Significant Accounting Policies (continued)

AASB 16 Leases

The Council applied AASB 16 Leases, for the first time from 1 July 2019. This standard requires that the right of use conveyed by leasing contracts (except leases with a maximum term of 12 months and leases for low-value assets) be recognised as a form of Infrastructure, Property, Plant and Equipment, and that the lease liability be disclosed as a liability. At 30 June 2019, Council has no leases to which this treatment will need to be applied."

Adoption of AASB 16 Leases (AASB 16)

AASB 16 supersedes AASB 117 Leases, Interpretation 4 Determining whether an Arrangement contains a Lease and other related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet under a single on-balance sheet model. The Council has lease contracts for various items of plant, equipment, and computers. Before the adoption of AASB 16, the Council classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease.

The Council adopted AASB 16 using the modified retrospective method of adoption. Under this method, the standard has been applied retrospectively with the cumulative effect of initially applying the standard recognised as an adjustment to the opening balance of Accumulated Surplus as at 1 July 2019 and comparatives have not been restated.

The Council recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases with lease terms that end within 12 months of the date of initial application and leases of low-value assets. The right-of-use assets for all leases were recognised based on the amount equal to the lease liabilities. No adjustments were needed for any previously recognised prepaid or accrued lease expenses as there were none. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The effect of adoption AASB 16 as at 1 July 2019 (increase/(decrease)) is, as follows:

	\$'000
Assets	
Infrastructure, Property, Plant and Equip.	
- Right-of-Use-Assets	11,528
Total Assets	11,528
Liabilities	
Interest-bearing loans and borrowings	
- Other	11,528
Total Liabilities	11,528
Accumulated Surplus	0

The lease liabilities as at 1 July 2019 can be reconciled to the operating lease commitments as of 30 June 2019, as follows:

	\$'000
Operating lease commitments as at 30 June 2019	15,369
Effect of discounting using the weighted average incremental borrowing rate as at 1 July 2019 of 2.2%	(3,841)
Less:	
Commitments relating to short-term leases	0
Commitments relating to leases of low-value assets	0
Other	0
Add:	
Commitments relating to leases previously classified as finance leases	0

Notes to the Financial Statements

for the year ended 30 June 2020

Note 1. Summary of Significant Accounting Policies (continued)

Other	0
Other	0
Lease liabilities as at 1 July 2019	11,528

Standards issued by the AASB not yet effective

The AASB has issued Australian Accounting Standards and Interpretations which are not effective at 30 June 2020, 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 2020

- AASB 1059 Service Concession Arrangements: Grantors
- AASB 2018-6 Amendments to Australia Accounting Standards – Definition of a Business
- AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material
- AASB 2019-3 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform

Effective for NFP annual reporting periods beginning on or after 1 January 2021

- AASB 17 Insurance Contracts

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

- 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)

(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 2020

Note 2. Income

\$ '000	2020	2019
(a) Rates		
General Rates		
General Rates	59,496	57,018
Less: Mandatory Rebates	(910)	(837)
Less: Discretionary Rebates, Remissions & Write Offs	(75)	(55)
Total General Rates	58,511	56,126
Other Rates (Including Service Charges)		
Natural Resource Management Levy	1,558	1,487
Total Other Rates (Including Service Charges)	1,558	1,487
Other Charges		
Penalties for Late Payment	120	149
Legal & Other Costs Recovered	98	112
Total Other Charges	218	261
Less: Discretionary Rebates, Remissions & Write Offs	(17)	(16)
Total Rates	60,270	57,858
(b) Statutory Charges		
Development Act Fees	706	732
Animal Registration Fees & Fines	350	314
Parking Fines / Expiation Fees	896	1,243
Environmental Control Fines	12	8
Other Licences, Fees & Fines	48	52
Sundry	40	50
Total Statutory Charges	2,052	2,399
(c) User Charges		
Cemetery/Crematoria Fees	—	—
Commercial Activity Revenue	—	—
Hall & Equipment Hire	193	191
Property Lease	896	807
Subsidies Received on Behalf of Users	1	4
Sundry	51	42
Cummins House	—	1
Waste royalties	66	92
Employee Contributions	142	139
Home Assistance	98	139
Total User Charges	1,447	1,415

Notes to the Financial Statements

for the year ended 30 June 2020

Note 2. Income (continued)

\$ '000	2020	2019
(d) Investment Income		
Interest on Investments		
- Local Government Finance Authority	76	286
- Banks & Other	24	14
Market movement on investments	(44)	115
Dividend income including franking credits	77	78
<u>Total Investment Income</u>	<u>133</u>	<u>493</u>

(e) Reimbursements

Roadworks	2	1
Private Works	71	69
Electricity & Gas	124	132
Insurance	17	18
Rates & Taxes	116	91
Employee Costs	4	4
Other	10	25
<u>Total Reimbursements</u>	<u>344</u>	<u>340</u>

(f) Other income

Insurance & Other Recoupments - Infrastructure, IPP&E	29	3
Rebates Received	100	188
Fuel Tax Credits	34	34
Mendelson Scholarships	20	20
Sundry	210	111
<u>Total Other income</u>	<u>393</u>	<u>356</u>

(g) Grants, Subsidies, Contributions

Amounts Received Specifically for New or Upgraded Assets	2,120	1,107
Total Amounts Received Specifically for New or Upgraded Assets	<u>2,120</u>	<u>1,107</u>
Other Grants, Subsidies and Contributions	1,167	1,247
Untied - Financial Assistance Grant	1,283	1,250
Roads to Recovery	617	433
Home and Community Care Grant	518	510
Library and Communications	441	526
Total Other Grants, Subsidies and Contributions	<u>4,026</u>	<u>3,966</u>
<u>Total Grants, Subsidies, Contributions</u>	<u>6,146</u>	<u>5,073</u>

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

Notes to the Financial Statements

for the year ended 30 June 2020

Note 2. Income (continued)

\$ '000	2020	2019
(i) Sources of grants		
Commonwealth Government	3,085	943
State Government	3,023	4,018
Other	38	112
Total	6,146	5,073

(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	2,271	1,191
Less:		
<i>Expended during the current period from revenues recognised in previous reporting periods</i>		
Roads Infrastructure	–	(10)
Other Environment	–	(40)
Parks & Gardens	(577)	–
Roads Sealed	(1,063)	(523)
Other Community Amenities	(631)	(618)
Subtotal	(2,271)	(1,191)
Plus:		
<i>Amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions</i>		
Roads Sealed	656	1,063
Other Community Amenities	573	631
Other Environment	40	577
Subtotal	1,269	2,271
Unexpended at the close of this reporting period	1,269	2,271
Net increase (decrease) in assets subject to conditions in the current reporting period	(1,002)	1,080

(i) Physical Resources Received Free of Charge

Land & Improvements	2,021	–
Roads, Bridges & Footpaths	–	96
Stormwater Drainage	–	158
Total Physical Resources Received Free of Charge	2,021	254

Notes to the Financial Statements

for the year ended 30 June 2020

Note 3. Expenses

\$ '000	Notes	2020	2019
(a) Employee costs			
Salaries and Wages		20,784	19,742
Employee Leave Expense		555	434
Superannuation - Defined Contribution Plan Contributions	18	1,876	1,792
Workers' Compensation Insurance		543	500
Other		563	628
Less: Capitalised and Distributed Costs		(1,128)	(1,042)
Total Operating Employee Costs		23,193	22,054
Total Number of Employees (full time equivalent at end of reporting period)		225	225
(b) Materials, Contracts and Other Expenses			
(i) Prescribed Expenses			
Auditor's Remuneration			
- Auditing the Financial Reports		26	25
Bad and Doubtful Debts		5	1
Elected Members' Expenses		442	439
Operating Lease Rentals - Non-Cancellable Leases	17		
- Minimum Lease Payments		—	519
Subtotal - Prescribed Expenses		473	984
(ii) Other Materials, Contracts and Expenses			
Contractors		11,068	9,576
Energy		383	680
Individually Significant Items		309	317
Maintenance		475	410
Legal Expenses		283	471
Levies Paid to Government - NRM levy		1,543	1,472
Levies - Other		236	239
Parts, Accessories & Consumables		622	627
Professional Services		1,406	1,887
Sundry		2,248	2,302
Materials		962	900
Insurance		859	777
Street lighting		964	1,007
Advertising & Marketing		296	352
Printing, Postage & Stationery		368	424
Software, Licensing & Maintenance		1,203	936
Water Rates		825	749
Memberships & Subscriptions		246	242
Partnership and Community Grants		349	326
Subtotal - Other Material, Contracts & Expenses		24,645	23,694
Total Materials, Contracts and Other Expenses		25,118	24,678
(iii) Individually significant items			
Library Resources		309	317

Notes to the Financial Statements

for the year ended 30 June 2020

Note 3. Expenses (continued)

\$ '000	Notes	2020	2019
(c) Depreciation, Amortisation and Impairment			
(i) Depreciation and Amortisation			
Land Improvements		1,005	842
Buildings & Other Structures		2,585	1,902
Infrastructure			
- Sealed Roads		4,648	4,102
- Kerb & Guttering		1,784	1,793
- Stormwater Drainage		1,468	1,385
- Other Transport		65	56
- Footways / Cycle Tracks		1,193	1,143
- Glenelg to Adelaide Pipeline		50	51
- Bridges		136	139
Right-of-use Assets		411	–
Plant & Equipment		986	906
Furniture & Fittings		492	421
Subtotal		14,823	12,740
Less: Impairment Expense Offset to Asset Revaluation Reserve	9	–	(174)
Total Depreciation, Amortisation and Impairment		14,823	12,566

(d) Finance Costs

Interest on Loans	610	101
Interest on Leased Assets	242	–
Total Finance Costs	852	101

Note 4. Asset Disposal & Fair Value Adjustments

\$ '000	2020	2019
Infrastructure, Property, Plant & Equipment		
(i) Assets Renewed or Directly Replaced		
Proceeds from Disposal	824	569
Less: Carrying Amount of Assets Sold	(844)	(708)
Gain (Loss) on Disposal	(20)	(139)
Fair Value Adjustments		
Revaluation Decrements Expensed	–	(620)
Total Fair Value Adjustments	–	(620)
Net Gain (Loss) on Disposal or Revaluation of Assets	(20)	(759)

Notes to the Financial Statements

for the year ended 30 June 2020

Note 5. Current Assets

\$ '000	2020	2019
(a) Cash & Cash Equivalent Assets		
Cash on Hand at Bank	2,029	37
Deposits at Call	10,097	4,048
Investment - Mendelson	29	118
Total Cash & Cash Equivalent Assets	12,155	4,203

(b) Trade & Other Receivables

Rates - General & Other	1,823	1,095
Council Rates Postponement Scheme	23	19
Accrued Revenues	45	8
Debtors - General	1,837	1,694
Other Levels of Government	42	21
GST Recoupment	552	918
Prepayments	5	6
Subtotal	4,327	3,761
Total Trade & Other Receivables	4,327	3,761

(c) Other Financial Assets (Investments)

Shares in Listed Companies - Mendelson Foundation	1,500	1,414
Total Other Financial Assets (Investments)	1,500	1,414

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	14	31
Total Inventories	14	31

(e) Other Current Assets

Contract Assets	—	—
Contract Cost Assets	—	—
Total Other Current Assets	—	—

Notes to the Financial Statements

for the year ended 30 June 2020

Note 6. Non-Current Assets

\$ '000	2020	2019
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(a) Financial Assets

Receivables

Loans to Community Organisations

	–	147
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Total Receivables	–	147
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<u>Total Financial Assets</u>	<u>–</u>	<u>147</u>
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\$ '000	Notes	2020	2019
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(b) Equity Accounted Investments in Council Businesses

Brownhill Keswick Creek Stormwater Project

19	4,978	1,964
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<u>Total Equity Accounted Investments in Council Businesses</u>	<u>4,978</u>	<u>1,964</u>
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(c) Other Non-Current Assets

Other

Capital Works-in-Progress

10,692	13,427
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Contract Assets

–	–
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Contract Cost Assets

–	–
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Total Other	10,692	13,427
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<u>Total Other Non-Current Assets</u>	<u>10,692</u>	<u>13,427</u>
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Notes to the Financial Statements

for the year ended 30 June 2020

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

(a) Infrastructure, Property, Plant & Equipment

\$ '000	Fair Value Level	as at 30/06/19				Asset movements during the reporting period														as at 30/06/20			
		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	Tfrs from/to "Held for Sale" category	Revaluation Decrements to P&L (Note 4)	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		–	8,657	–	8,657	–	1,036	6,527	–	–	–	(5,680)	(752)	–	–	–	–	–	–	9,788	–	9,788	
Capital Work in Progress - infrastructure		–	4,770	–	4,770	–	329	505	–	–	–	(4,189)	(511)	–	–	–	–	–	–	904	–	904	
Land - Community	3	207,240	–	–	207,240	–	–	–	–	–	–	–	–	–	–	–	–	–	–	207,240	–	207,240	
Land - Other	2	51,981	–	–	51,981	–	–	–	–	–	–	–	–	–	(3,011)	–	–	–	–	48,970	–	48,970	
Land Improvements	3	23,048	–	(4,560)	18,488	–	5,581	171	–	(1,005)	–	–	–	–	–	–	–	53	28,730	–	(5,442)	23,288	
Buildings & Other Structures	2	127,898	–	(59,508)	68,390	–	1,499	696	–	(2,499)	(976)	6,637	–	–	(555)	–	(288)	–	131,092	–	(58,188)	72,904	
Buildings & Other Structures Infrastructure	3	42,605	–	(33,733)	8,872	–	–	–	–	(86)	–	–	–	–	–	–	–	–	42,605	–	(33,819)	8,786	
- Sealed Roads		232,359	–	(101,298)	131,061	–	1,253	620	–	(4,648)	–	2,298	975	1,999	–	–	–	8,285	255,576	(1)	(113,733)	141,842	
- Kerb & Guttering		124,716	–	(15,021)	109,695	–	81	2,481	–	(1,784)	–	733	(975)	–	–	–	(2,460)	–	123,846	–	(16,075)	107,771	
- Stormwater Drainage		136,431	–	(58,133)	78,298	–	457	2,503	–	(1,468)	–	–	–	–	–	–	(1,932)	–	137,338	–	(59,480)	77,858	
- Other Transport		2,627	–	(377)	2,250	–	109	–	–	(65)	–	201	–	–	–	–	–	12	2,889	–	(382)	2,507	
- Footways / Cycle Tracks		81,779	–	(14,938)	66,841	–	570	998	–	(1,193)	–	–	–	–	–	–	(2,529)	–	80,398	–	(15,711)	64,687	
- Glenelg to Adelaide Pipeline		2,489	–	(293)	2,196	–	–	–	–	(50)	–	–	–	–	–	–	(70)	–	2,408	–	(332)	2,076	
- Bridges		12,462	–	(3,712)	8,750	–	–	–	–	(136)	–	–	–	–	–	–	–	342	12,723	–	(3,767)	8,956	
Right-of-Use Assets		–	–	–	–	11,528	–	–	–	(411)	–	–	–	–	–	–	–	–	11,117	–	–	11,117	
Plant & Equipment		–	10,726	(4,347)	6,379	–	146	1,455	(550)	(986)	–	–	–	–	–	–	–	–	–	11,278	(4,834)	6,444	
Furniture & Fittings		–	8,637	(6,615)	2,022	–	260	555	(7)	(492)	–	–	–	–	(34)	–	–	–	–	9,114	(6,811)	2,303	
Total Infrastructure, Property, Plant & Equipment		1,045,635	19,363	(302,535)	762,463	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	
Comparatives		968,723	26,968	(297,349)	698,342	–	27,947	18,267	(708)	(12,740)	(174)	–	(901)	254	–	(620)	(20,013)	66,235	1,045,635	32,790	(302,535)	775,890	

Notes to the Financial Statements

for the year ended 30 June 2020

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 2020

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 2018. 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 2018. 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 2018 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 2018 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 2020

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

Description	Valuation approach and inputs used
Stormwater	Formulated using Rawlinsons Australia Construction Handbook 2018 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 2017 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 Mr Norman Biggs, BEc, ASA, and Calibre Consulting Pty Ltd for the year ended 30 June 2019. Valuations on footways and cycle tracks were determined by Mr Joseph Ielasi, Dip Civil Eng, in conjunction with Mr Norman Biggs, BEc, ASA, and Calibre Consulting Pty Ltd for the year ended 30 June 2019.

Valuations on stormwater and Glenelg to Adelaide pipeline were determined by Mr Joseph Ielasi, Dip Civil Eng, in conjunction with Mr Norman Biggs BEc, ASA for the year ended 30 June 2019. Independent valuations of bridges were determined on the 30 June 2015 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 2020

Note 8. Liabilities

\$ '000	2020 Current	2020 Non Current	2019 Current	2019 Non Current
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(a) Trade and Other Payables

Goods & Services	3,954	—	4,353	—
Payments Received in Advance	75	—	196	—
Accrued Expenses - Employee Entitlements	650	—	464	—
Accrued Expenses - Other	660	—	481	—
Deposits, Retentions & Bonds	53	—	101	—
<u>TOTAL Trade and Other Payables</u>	<u>5,392</u>	<u>—</u>	<u>5,595</u>	<u>—</u>

\$ '000	Notes	2020 Current	2020 Non Current	2019 Current	2019 Non Current
---------	-------	-----------------	---------------------	-----------------	---------------------

(b) Borrowings

Loans		865	24,710	640	12,020
Lease Liabilities	17	301	10,934	—	—
<u>TOTAL Borrowings</u>		<u>1,166</u>	<u>35,644</u>	<u>640</u>	<u>12,020</u>

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

(c) Provisions

Employee Entitlements (including oncosts)		4,830	253	4,264	239
<u>TOTAL Provisions</u>		<u>4,830</u>	<u>253</u>	<u>4,264</u>	<u>239</u>

(d) Other Liabilities

Deferred Revenue		—	2,000	—	—
<u>TOTAL Other Liabilities</u>		<u>—</u>	<u>2,000</u>	<u>—</u>	<u>—</u>

Notes to the Financial Statements

for the year ended 30 June 2020

Note 9. Reserves

	as at 30/06/19				as at 30/06/20
\$ '000	Opening Balance	Increments (Decrements)	Transfers	Impairments	Closing Balance
(a) Asset Revaluation Reserve					
Land - Community	242,187	—	—	—	242,187
Land - Other	17,011	—	—	—	17,011
Land Improvements	2,300	53	—	—	2,353
Buildings & Other Structures	42,407	(288)	—	(976)	41,143
Infrastructure					
- Sealed Roads	210,596	8,285	—	—	218,881
- Kerb & Guttering	(5,925)	(2,460)	—	—	(8,385)
- Stormwater Drainage	54,031	(1,932)	—	—	52,099
- Other Transport	133	12	—	—	145
- Footways / Cycle Tracks	70,372	(2,529)	—	—	67,843
- Glenelg to Adelaide Pipeline	400	(70)	—	—	330
- Bridges	6,512	342	—	—	6,854
Plant & Equipment	44	—	—	—	44
Total Asset Revaluation Reserve	640,068	1,413	—	(976)	640,505
Comparatives	594,020	46,222	—	(174)	640,068

	as at 30/06/19				as at 30/06/20
\$ '000	Opening Balance	Tfrs to Reserve	Tfrs from Reserve	Other Movements	Closing Balance
(b) Other Reserves					
Development Reserve	3,541	—	(251)	—	3,290
Committed Expenditure Reserve	13,796	—	(1,443)	—	12,353
Urban Tree Fund Reserve	2	4	—	—	6
Total Other Reserves	17,339	4	(1,694)	—	15,649
Comparatives	40,189	(22,850)	—	—	17,339

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 2018/19 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 2020

Note 10. Assets Subject to Restrictions

\$ '000	2020	2019
---------	------	------

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.

Cash & Financial Assets**Unexpended amounts received from Federal Government**

Mendelson Foundation	1,558	1,577
Total Cash & Financial Assets	1,558	1,577
Total Assets Subject to Externally Imposed Restrictions	1,558	1,577

Note 11. Reconciliation to Statement of Cash Flows

\$ '000	Notes	2020	2019
---------	-------	------	------

(a) Reconciliation of Cash

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

Total Cash & Equivalent Assets	5	12,155	4,203
Balances per Statement of Cash Flows		12,155	4,203

Notes to the Financial Statements

for the year ended 30 June 2020

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

\$ '000	2020	2019
(b) Reconciliation of Change in Net Assets to Cash from Operating Activities		
Net Surplus/(Deficit)	9,641	8,073
Non-Cash Items in Income Statements		
Depreciation, Amortisation & Impairment	14,823	12,566
Fair Value Adjustments	–	620
Equity Movements in Equity Accounted Investments (Increase)/Decrease	(841)	(43)
Non-Cash Asset Acquisitions	(2,021)	(254)
Grants for capital acquisitions treated as Investing Activity	(2,120)	(1,107)
Net (Gain) Loss on Disposals	20	139
Adjustments per LY	–	(8)
	19,502	19,986
Add (Less): Changes in Net Current Assets		
Net (Increase)/Decrease in Receivables	(566)	(1,654)
Net (Increase)/Decrease in Inventories	17	(6)
Net Increase/(Decrease) in Trade & Other Payables	(155)	1,027
Net Increase/(Decrease) in Unpaid Employee Benefits	580	168
Net Increase/(Decrease) in Other Liabilities	2,000	–
Net Cash provided by (or used in) operations	21,378	19,521

\$ '000	Notes	2020	2019
(c) Non-Cash Financing and Investing Activities			
Acquisition of assets by means of:			
Physical Resources Received Free of Charge	2i	2,021	254
Amounts recognised in Income Statement		2,021	254
Total Non-Cash Financing and Investing Activities		2,021	254

(d) Financing Arrangements

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

Corporate Credit Cards	110	105
LGFA Cash Advance Debenture Facility	20,000	5,000

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 2020

Note 12a. Functions

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

\$ '000	INCOME		EXPENSES		OPERATING SURPLUS (DEFICIT)		GRANTS INCLUDED IN INCOME		TOTAL ASSETS HELD (CURRENT & NON-CURRENT)	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Functions/Activities										
Business Undertakings	—	—	—	—	—	—	—	—	27,598	24,926
- Public Order & Safety	2	3	260	334	(258)	(331)	2	1	506	418
Community Services										
- Health Services	60	49	346	348	(286)	(299)	59	45	88	91
- Community Support	851	917	3,393	3,273	(2,542)	(2,356)	518	510	36,198	36,198
- Community Amenities	55	77	372	355	(317)	(278)	2	—	204	213
Culture										
- Library services	464	457	3,833	3,561	(3,369)	(3,104)	441	426	6,198	6,472
- Cultural services	190	230	1,771	1,677	(1,581)	(1,447)	—	—	17,703	14,169
Economic Development	—	—	607	499	(607)	(499)	—	—	—	—
Environment										
- Waste Management	163	160	6,658	5,820	(6,495)	(5,660)	—	—	27,247	12,318
- Other Environment	1,960	1,546	10,411	9,559	(8,451)	(8,013)	291	11	80,861	80,493
Recreation	98	123	7,697	7,583	(7,599)	(7,460)	—	578	239,588	211,195
Regulatory Services	2,006	2,346	5,184	5,071	(3,178)	(2,725)	—	—	307	307
Transport & Communication	46	998	13,176	12,723	(13,130)	(11,725)	1,429	2,842	328,172	336,672
Plant Hire & Depot/Indirect	476	302	16	13	460	289	—	—	20,776	25,167
Unclassified Activities	—	—	—	—	—	—	—	—	5,452	5,452
Council Administration	63,135	59,662	10,262	8,583	52,873	51,079	1,284	660	33,117	33,319
Total Functions/Activities	69,506	66,870	63,986	59,399	5,520	7,471	4,026	5,073	824,015	787,410

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 2020

Note 12b. 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 2020

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 2019/20.

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 0.53% (2019: 0.55%). 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 2020

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% (2019: 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 2020

Note 13. Financial Instruments (continued)

\$ '000	Due < 1 year	Due > 1 year & ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
2020					
Financial Assets					
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
2019					
Cash & Equivalents	4,203	—	—	4,203	4,203
Receivables	1,849	—	—	1,849	1,849
Other Financial Assets	3,378	—	—	3,378	3,378
Total Financial Assets	9,430	—	—	9,430	9,430
Financial Liabilities					
Payables	5,595	—	—	5,595	5,595
Current Borrowings	640	—	—	640	640
Non-Current Borrowings	—	2,815	9,205	12,020	12,020
Total Financial Liabilities	6,235	2,815	9,205	18,255	18,255

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

\$ '000	2020		2019	
	Weighted Avg Interest Rate	Carrying Value	Weighted Avg Interest Rate	Carrying Value
Fixed Interest Rates	2.87%	36,810	3.80%	12,660
		36,810		12,660

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 2020

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 2020

Note 14. Capital Expenditure and Investment Property Commitments

\$ '000	2020	2019
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(a) Capital Commitments

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

Land	8,746	6,199
Buildings	1,297	4,326
Plant & Equipment	435	424
	<u>10,478</u>	<u>10,949</u>

These expenditures are payable:

Not later than one year	10,478	10,949
	<u>10,478</u>	<u>10,949</u>

(b) Other Expenditure Commitments

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

Audit Services	53	78
Waste Management Services	22,220	20,843
Grants Funding (restricted)	–	2,191
Operational Expenditure	938	–
Information Technology Commitments	36	–
	<u>23,247</u>	<u>23,112</u>

These expenditures are payable:

Not later than one year	6,634	5,489
Later than one year and not later than 5 years	16,613	17,623
	<u>23,247</u>	<u>23,112</u>

Notes to the Financial Statements

for the year ended 30 June 2020

Note 15. Financial Indicators

\$ '000	Amounts 2020	Indicator 2020	Prior periods	
			2019	2018

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

1. Operating Surplus Ratio

Operating Surplus	5,520	7.9%	11.2%	14.0%
Total Operating Income	69,506			

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

2. Net Financial Liabilities Ratio

Net Financial Liabilities	31,303	45%	20%	(19)%
Total Operating Income	69,506			

Net Financial Liabilities are defined as total liabilities less financial assets (excluding equity accounted investments in Council businesses). These are expressed as a percentage of total operating revenue.

Adjustments to Ratios

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

Adjusted Operating Surplus Ratio

Operating Surplus	4,461	6.4%	10.2%	14.0%
Total Operating Income	69,506			

Adjusted Net Financial Liabilities Ratio

Net Financial Liabilities	31,303	46%	20%	(19)%
Total Operating Income	68,447			

3. Asset Renewal Funding Ratio

Net Asset Renewals	16,497	111%	112%	152%
Infrastructure & Asset Management Plan required expenditure	14,823			

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.

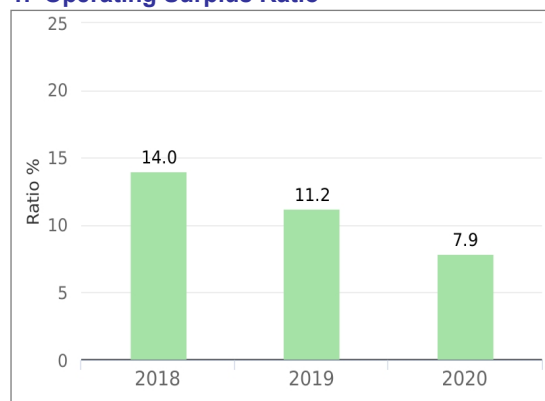
Notes to the Financial Statements

for the year ended 30 June 2020

Note 15. Financial Indicators (continued)

Financial Indicators - Graphs

1. Operating Surplus Ratio



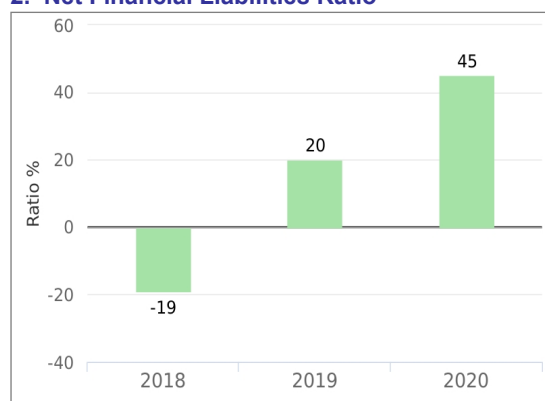
Purpose of operating surplus ratio

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

Commentary on 2019/20 result

2019/20 ratio 7.9%

2. Net Financial Liabilities Ratio



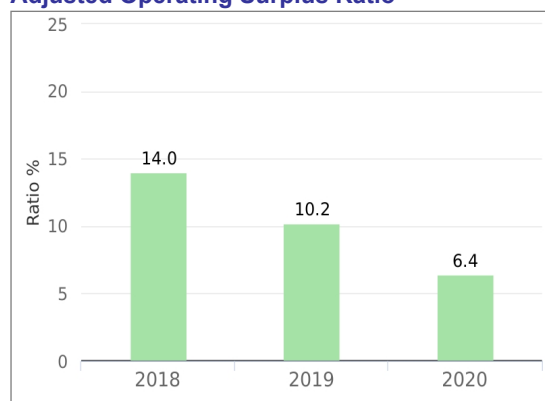
Purpose of net financial liabilities ratio

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

Commentary on 2019/20 result

2019/20 ratio 45%

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 2019/20 result

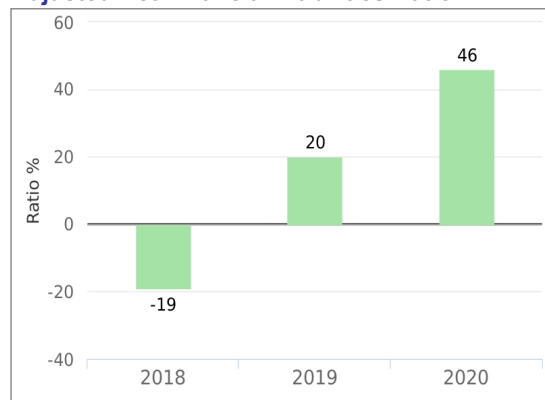
2019/20 ratio 6.4%

Notes to the Financial Statements

for the year ended 30 June 2020

Note 15. Financial Indicators (continued)

Adjusted Net Financial Liabilities Ratio



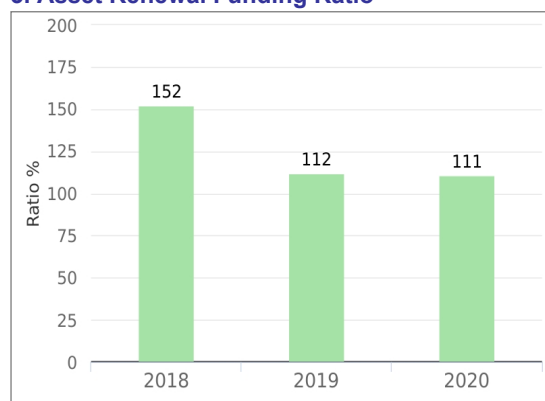
Purpose of adjusted net financial liabilities ratio

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 2019/20 result

2019/20 ratio 46%

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 2019/20 result

2019/20 ratio 111%

Notes to the Financial Statements

for the year ended 30 June 2020

Note 16. Uniform Presentation of Finances

\$ '000	2020	2019
<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	69,506	66,870
less Expenses	(63,986)	(59,399)
Operating Surplus / (Deficit)	5,520	7,471
Net Outlays on Existing Assets		
Capital Expenditure on Renewal and Replacement of Existing Assets	(17,321)	(14,646)
add back Depreciation, Amortisation and Impairment	14,823	12,566
add back Proceeds from Sale of Replaced Assets	824	574
	(1,674)	(1,506)
Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets (including Investment Property & Real Estate Developments)	(9,511)	(30,494)
add back Amounts Received Specifically for New and Upgraded Assets	2,120	1,110
	(7,391)	(29,384)
Net Lending / (Borrowing) for Financial Year	(3,545)	(23,419)

Notes to the Financial Statements

for the year ended 30 June 2020

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:

Right of use assets

\$ '000	Ready to use	Land	Plant & Equipment	Total
2020				
Adoption of AASB 16 at 1 July 2019	—	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 2020	—	11,094	23	11,117

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

\$ '000	2020	2019
Adoption of AASB 16 at 1 July 2019	11,528	—
Additions	—	—
Accretion of interest	242	—
Payments	(535)	—
Other	—	—
Balance at 30 June	11,235	—

Classified as:

Current	301	—
Non Current	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	411	—
Interest expense on lease liabilities	242	—
Expense relating to short term leases	—	—
Expense relating to leases of low-value assets	—	—
Variable lease payments	—	—

Notes to the Financial Statements

for the year ended 30 June 2020

Note 17. Leases (continued)

\$ '000	2020	2019
Other	—	—
Total amount recognised in profit or loss	653	—

Notes to the Financial Statements

for the year ended 30 June 2020

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	2020	2019
Future minimum rentals receivable under non-cancellable operating leases as at 30 June, are as follows:		
Not later than one year	979	1,025
Later than one year and not later than 5 years	1,213	2,062
Later than 5 years	31	33
	2,223	3,120

Notes to the Financial Statements

for the year ended 30 June 2020

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 2019/20; 9.50% in 2018/19). 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 2018/19) 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 119.32(b), Council does not use defined benefit accounting for these contributions.

The most recent actuarial investigation was conducted by the Fund's actuary, Louise Campbell, FIAA, of Willie Towers Watson as at 30 June 2020. 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 2020 totalled \$1,875,545 (2018/19 \$1,792,346).

Notes to the Financial Statements

for the year ended 30 June 2020

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	
	2020	2019	2020	2019
Council's Share of Net Income				
Joint Ventures	841	43	4,978	1,964
Total Council's Share of Net Income	841	43	4,978	1,964

(i) Joint Ventures, Associates and Joint Operations

(a) Carrying Amounts

\$ '000	Principal Activity	2020	2019
Brownhill and Keswick Creek Stormwater Board	Flood Mitigation	4,978	1,964
Total Carrying Amounts - Joint Ventures & Associates		4,978	1,964

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

\$ '000	Interest in Operating Result		Ownership Share of Equity		Proportion of Voting Power	
	2020	2019	2020	2019	2020	2019
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	
	2020	2019
Opening Balance	1,964	—
Share in Operating Result	841	43
New Capital Contributions	1,992	1,921
Reconciling Item	181	—
Council's Equity Share in the Joint Venture or Associate	4,978	1,964

Notes to the Financial Statements

for the year ended 30 June 2020

Note 19. Interests in Other Entities (continued)

(d) Summarised Financial Information of the Equity Accounted Business

\$ '000	Brownhill and Keswick Creek Stormwater Board	
	2020	2019
Statement of Financial Position		
Cash and Cash Equivalents	5,003	3,967
Other Current Assets	325	2,024
Non-Current Assets	6,410	3,209
Total Assets	11,738	9,200
Current Trade and Other Payables	1,568	3,053
Current Provisions	11	7
Total Liabilities	1,579	3,060
Net Assets	10,159	6,140
Statement of Comprehensive Income		
Contributions from Constituent Councils	389	618
Interest Income	25	16
Capital Funding/Grants	1,762	—
Total Income	2,176	634
Employee Costs	271	235
Materials, Contracts & Other Expenses	152	182
Depreciation, Amortisation and Impairment	37	2
Total Expenses	460	419
Operating Result	1,716	215

(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	2020	2019
(i) Capital Expenditures Payable		
Not later than one year	1,128	169
Later than one year and not later than 5 years	—	—
Later than 5 years	—	—
	1,128	169

(f). Transactions with Council

Aggregate amount of transactions with Council		
- receipts from Council	1,992	1,921

Notes to the Financial Statements

for the year ended 30 June 2020

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.

\$ '000	2020	2019
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Carrying Amounts of Assets and Liabilities

Assets

Infrastructure, Property, Plant and Equipment

Total Assets

Net Assets

3,600	—
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 2020, 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 6/10/20.

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	2020	2019
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The compensation paid to Key Management Personnel comprises:

Short-Term Employee Benefits	1,507	1,451
Post-Employment Benefits	84	82
Total	1,591	1,533

Notes to the Financial Statements

for the year ended 30 June 2020

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 2020

Note 24. Mendelson Foundation

\$ '000	2020	2019
<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	77	68
Interest income	1	3
Fair Value Movement on Financial Assets	(45)	115
Council Contribution	20	20
	53	206
EXPENDITURE		
Scholarships	48	48
Fund Management	21	23
Member Emoluments	15	13
	84	84
CHANGE IN FOUNDATION WEALTH	(31)	122
Statement of Financial Position - Mendelson Foundation		
CURRENT ASSETS		
Cash & Cash Equivalents	16	152
Trade & Other Receivables	42	11
Units in Managed Funds	378	202
Shares in Listed Companies	1,122	1,212
Total Assets	1,558	1,577
LIABILITIES		
Current Liabilities	-	-
Non Current Liabilities	-	-
Total Liabilities	-	-
NET ASSETS	1,558	1,577
FOUNDATION WEALTH		
Accumulated Surplus	1,558	1,577

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 (the Council), which comprises the statement of financial position as at 30 June 2020, the statement of profit and loss and other comprehensive income, the statement of changes in equity and the 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 2020 and its financial performance 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 (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 annual reports of Brownhill Keswick Creek Stormwater Board and the Max and Bette Mendelson Foundation for the year ended 30 June 2020.

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_files/ar4.pdf.

This description forms part of our auditor's report.



BDO Audit (SA) Pty Ltd



Andrew Tickle
Director

Adelaide, 20 October 2020

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 2019 to 30 June 2020 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 2019 to 30 June 2020.

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, 20 October 2020

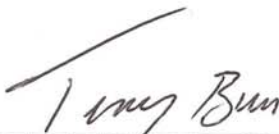
General Purpose Financial Statements

for the year ended 30 June 2020

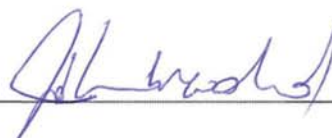
Certification of Auditor Independence

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 2020, 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: 14 October 2020

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 2020, I have maintained my independence in accordance with the requirements of APES 110 - Code of Ethics for Professional Accountants, Section 290, published by the Accounting Professional and Ethical Standards Board, in accordance with the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011 made under that Act.

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



Andrew Tickle
Director

BDO Audit (SA) Pty Ltd

Adelaide, 20 October 2020