

# DISTRICT COUNCIL OF GRANT

## General Purpose Financial Reports

### for the year ended 30 June 2020

#### Table of Contents

	Page #
<b>Council Certificate</b>	1
 <b>Principal Financial Statements</b>	
Statement of Comprehensive Income	2
Statement of Financial Position	3
Statement of Changes in Equity	4
Statement of Cash Flows	5
 <b>Notes to, and forming part of, the Principal Financial Statements</b>	
Note 1 - Significant Accounting Policies	N1
Note 2 - Income	N7
Note 3 - Expenses	N10
Note 4 - Asset Disposal & Fair Value Adjustments	N12
Note 5 - Current Assets	N13
Note 6 - Non-Current Assets	N14
Note 7 - Infrastructure, Property, Plant & Equipment & Investment Property	N15
Note 8 - Liabilities	N20
Note 9 - Reserves	N21
Note 10 - Reconciliation of Cash Flow Statement	N23
Note 11 - Functions	N24
Note 12 - Financial Instruments	N26
Note 13 - Expenditure Commitments	N30
Note 14 - Financial Indicators	N31
Note 15 - Uniform Presentation of Finances	N32
Note 16 - Operating Leases	N33
Note 17 - Superannuation	N35
Note 18 - Contingent Assets & Contingent Liabilities	N36
Note 19 - Related Party Transactions	N37
 <b>Audit Report - Financial Statements</b>	
<b>Audit Report - Internal Controls</b>	
<b>Council Certificate of Audit Independence</b>	
<b>Audit Certificate of Audit Independence</b>	

**DISTRICT COUNCIL OF GRANT**  
**Annual 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.



.....  
Darryl Whicker  
**CHIEF EXECUTIVE OFFICER**



.....  
Richard Sage  
**MAYOR**

Date: 2 November 2020

**DISTRICT COUNCIL OF GRANT**  
**Statement of Comprehensive Income**  
**for the year ended 30 June 2020**

	Notes	2020 \$'000	2019 \$'000
<b>INCOME</b>			
Rates	2	9,984	9,659
Statutory charges	2	403	256
User charges	2	2,062	2,335
Grants, subsidies and contributions	2	2,427	2,671
Investment income	2	114	112
Reimbursements	2	93	100
Other income	2	459	429
<b>Total Income</b>		<b>15,542</b>	<b>15,562</b>
<b>EXPENSES</b>			
Employee costs	3	5,985	5,707
Materials, contracts & other expenses	3	4,669	4,837
Depreciation, amortisation & impairment	3	4,486	4,282
Finance costs	3	213	242
<b>Total Expenses</b>		<b>15,353</b>	<b>15,068</b>
<b>OPERATING SURPLUS / (DEFICIT)</b>		<b>189</b>	<b>494</b>
Asset disposal & fair value adjustments	4	(433)	(576)
Amounts received specifically for new or upgraded assets	2	5,612	575
Physical resources received free of charge	2	224	868
<b>NET SURPLUS / (DEFICIT) (transferred to Equity Statement)</b>		<b>5,592</b>	<b>1,361</b>
<b>Other Comprehensive Income</b>			
<i>Amounts which will not be reclassified subsequently to operating result</i>			
Changes in revaluation surplus - infrastructure, property, plant & equipment	9	334	19,396
<b>Total Other Comprehensive Income</b>		<b>334</b>	<b>19,396</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>5,926</b>	<b>20,757</b>

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

# DISTRICT COUNCIL OF GRANT

## Statement of Financial Position

as at 30 June 2020

		2020	2019
	Notes	\$'000	\$'000
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	5	8,228	6,015
Trade & other receivables	5	766	1,153
Inventories	5	238	158
<b>Total Current Assets</b>		<b>9,232</b>	<b>7,326</b>
<b>Non-current Assets</b>			
Financial assets	6	178	208
Infrastructure, property, plant & equipment	7	139,346	135,132
<b>Total Non-current Assets</b>		<b>139,524</b>	<b>135,340</b>
<b>Total Assets</b>		<b>148,756</b>	<b>142,666</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade & other payables	8	2,101	1,611
Borrowings	8	535	529
Provisions	8	1,133	965
<b>Total Current Liabilities</b>		<b>3,769</b>	<b>3,105</b>
<b>Non-current Liabilities</b>			
Borrowings	8	3,105	3,621
Provisions	8	47	31
<b>Total Non-current Liabilities</b>		<b>3,152</b>	<b>3,652</b>
<b>Total Liabilities</b>		<b>6,921</b>	<b>6,757</b>
<b>NET ASSETS</b>		<b>141,835</b>	<b>135,909</b>
<b>EQUITY</b>			
Accumulated Surplus		43,815	38,333
Asset Revaluation Reserves	9	96,895	96,561
Other Reserves	9	1,125	1,015
<b>TOTAL EQUITY</b>		<b>141,835</b>	<b>135,909</b>

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

# DISTRICT COUNCIL OF GRANT

## Statement of Changes in Equity

for the year ended 30 June 2020

		Acc'd Surplus	Asset Rev'n Reserve	Other Reserves	Total Council Equity	TOTAL EQUITY
2020	Notes	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at end of previous reporting period		38,333	96,561	1,015	135,909	135,909
Restated opening balance		38,333	96,561	1,015	135,909	135,909
<b>Net Surplus / (Deficit) for Year</b>		5,592			5,592	5,592
<b>Other Comprehensive Income</b>						
Gain on revaluation of infrastructure, property, plant & equipment			334		334	334
Transfers between reserves	9	(110)	-	110	-	-
<b>Balance at end of period</b>	9	43,815	96,895	1,125	141,835	141,835
		Acc'd Surplus	Asset Rev'n Reserve	Other Reserves	Total Council Equity	TOTAL EQUITY
2019	Notes	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at end of previous reporting period		36,958	77,165	1,029	115,152	115,152
Restated opening balance		36,958	77,165	1,029	115,152	115,152
<b>Net Surplus / (Deficit) for Year</b>		1,361			1,361	1,361
<b>Other Comprehensive Income</b>						
Changes in revaluation surplus - infrastructure, property, plant & equipment			19,396		19,396	19,396
Transfers between reserves	9	14	-	(14)	-	-
<b>Balance at end of period</b>	9	38,333	96,561	1,015	135,909	135,909

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

# DISTRICT COUNCIL OF GRANT

## Statement of Cash Flows

for the year ended 30 June 2020

		2020	2019
	Notes	\$'000	\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<i><b>Receipts:</b></i>			
Rates - general & other		10,054	9,592
Fees & other charges		403	256
User charges		2,322	2,350
Investment receipts		122	119
Grants utilised for operating purposes		2,427	2,671
Reimbursements		93	100
Other revenues		391	435
<i><b>Payments:</b></i>			
Employee costs		(5,737)	(5,596)
Materials, contracts & other expenses		(4,160)	(4,784)
Finance payments		(257)	(226)
<b>Net Cash provided by (or used in) Operating Activities</b>		<b>5,658</b>	<b>4,917</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<i><b>Receipts:</b></i>			
Amounts specifically for new or upgraded assets		5,612	575
Sale of replaced assets		600	726
Repayments of loans by community groups		28	56
<i><b>Payments:</b></i>			
Expenditure on renewal/replacement of assets		(2,995)	(2,685)
Expenditure on new/upgraded assets		(6,180)	(3,464)
Loans made to community groups		-	(6)
<b>Net Cash provided by (or used in) Investing Activities</b>		<b>(2,935)</b>	<b>(4,798)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<i><b>Receipts:</b></i>			
Proceeds from borrowings		-	-
Proceeds from Leasing		29	-
<i><b>Payments:</b></i>			
Repayments of borrowings		(529)	(524)
Repayment of lease liabilities		(10)	-
<b>Net Cash provided by (or used in) Financing Activities</b>		<b>(510)</b>	<b>(524)</b>
<b>Net Increase (Decrease) in cash held</b>		<b>2,213</b>	<b>(405)</b>
Cash & cash equivalents at beginning of period	10	6,015	6,420
<b>Cash &amp; cash equivalents at end of period</b>	10	<b>8,228</b>	<b>6,015</b>

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

**DISTRICT COUNCIL OF GRANT**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2020**

**Note 1 - SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

**1 Basis of Preparation**

**1.1 Compliance with Australian Accounting Standards**

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

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

**1.2 Historical Cost Convention**

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

**1.3 Critical Accounting Estimates**

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates, and requires management to exercise its judgement in applying Council's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are specifically referred to in the relevant sections of this Note.

**1.4 Rounding**

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

**2 The Local Government Reporting Entity**

District Council of Grant is incorporated under the SA Local Government Act 1999 and has its principal place of business at 324 Commercial Street West, Mount Gambier. 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.

Trust monies and property held by Council but subject to the control of other persons have been excluded from these reports.

**3 Income recognition**

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

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

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

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

**DISTRICT COUNCIL OF GRANT**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2020**  
**Note 1 - SIGNIFICANT ACCOUNTING POLICIES (con't)**

	Cash Payment Received	Annual Allocation	Difference	
2017-18	\$1,661,603	\$1,461,177	+	\$200,426
2018-19	\$2,511,248	\$1,282,141	+	\$1,229,107
2019-20	\$1,947,422	\$1,230,164	+	\$717,258

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 14 has also been calculated after adjusting for the distortions resulting from the differences between the actual grants received and the grants entitlements allocated.

### **3.1 Construction Contracts**

Construction works undertaken by Council for third parties are generally on an agency basis where the third party reimburses Council for actual costs incurred, and usually do not extend beyond the reporting period. Reimbursements not received are recognised as receivables and reimbursements received in advance are recognised as "payments received in advance".

## **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. A detailed statement of the accounting policies applied to financial instruments also form part of Note 12.

## **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. Inventories held in respect of business undertakings have been valued at the lower of cost and net realisable value.

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

### **6.1 Land under roads**

Council has elected not to recognise land under roads acquired prior to 1 July 2008 as an asset in accordance with AASB 1051 Land under Roads. Land under roads acquired after 30 June 2008 has not been recognised as in the opinion of Council it is not possible to reliably attribute a fair value, and further that such value if determined would be immaterial.

### **6.2 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.

**DISTRICT COUNCIL OF GRANT**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2020**  
**Note 1 - SIGNIFICANT ACCOUNTING POLICIES (con't)**

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

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

### **6.3 Materiality**

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

### **6.4 Subsequent Recognition**

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

### **6.5 Depreciation of Non-Current Assets**

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

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

Major depreciation periods for each class of asset are shown in Note 7. Depreciation periods for infrastructure assets have been estimated based on the best information available to Council, but appropriate records covering the entire life cycle of these assets are not available, and extreme care should be used in interpreting financial information based on these estimates.

### **6.6 Impairment**

Assets that have an indefinite useful life are not subject to depreciation and are reviewed annually for impairment. Assets carried at fair value 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 assessed for impairment.

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 outflows 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.

## **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.

**DISTRICT COUNCIL OF GRANT**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2020**  
**Note 1 - SIGNIFICANT ACCOUNTING POLICIES (con't)**

**7.2 Payments Received in Advance & Deposits**

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

**8 Borrowings**

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

**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 on costs) measured in accordance with AASB 119.

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

Weighted average discount rate	0.25% (2019, 1.9%)
Weighted average settlement period	1 year (2019, 1 year)

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 Local Government 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 17.

**10 Leases**

Accounting Policy applicable for the year ending 30 June 2019 (comparatives):

Lease arrangements have been accounted for in accordance with Australian Accounting Standard AASB 117.

In respect of finance leases, where Council substantially carries the entire risks incident to ownership, the leased items are initially recognised as assets and liabilities equal in amount to the present value of the minimum lease payments. The assets are disclosed within the appropriate asset class and are amortised to expense over the period during which the Council is expected to benefit from the use of the leased assets. Lease payments are allocated between interest expense and reduction of the lease liability, according to the interest rate implicit in the lease.

In respect of operating leases, where the lessor substantially retains all of the risks and benefits incident to ownership of the leased items, lease payments are charged to expense over the lease term.

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.

**DISTRICT COUNCIL OF GRANT**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2020**  
**Note 1 - SIGNIFICANT ACCOUNTING POLICIES (con't)**

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 2 to 5 years
- Photocopiers 5 to 7 years

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section (s) 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.

**11 GST Implications**

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

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

**12 New and amended standards and interpretations**

*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 section 10 of this note. 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.

**DISTRICT COUNCIL OF GRANT**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2020**  
**Note 1 - SIGNIFICANT ACCOUNTING POLICIES (con't)**

The impact of adopting the new standards as at 30 June 2020 was an increase to liabilities of \$262,248 and a decrease to Accumulated Surplus of \$262,248.

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:

	Amounts prepared under AASB 15/1058 Previous AAS:	
	\$'000	\$'000
Grants, subsidies and contributions	\$2,427	\$2,689

**Adoption of AASB 16 Leases (AASB 16)**

*The Council applied AASB 16 for the first time from 1 July 2019. 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 building assets only. 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 of AASB 16 as at 1 July 2019 is an increase, as follows:*

*Assets:*

*IPP&E (right-of-use assets) \$28,959*

*Liabilities:*

*Interest-bearing loans and borrowings \$28,959*

*Accumulated Surplus nil*

**DISTRICT COUNCIL OF GRANT**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2020**

**Note 2 - INCOME**

	Notes	2020 \$'000	2019 \$'000
<b>RATES REVENUES</b>			
<u>General Rates</u>		8,100	7,846
Less: Mandatory rebates		(9)	(8)
Less: Discretionary rebates, remissions & write offs		(27)	(17)
		<u>8,064</u>	<u>7,821</u>
<u>Other Rates</u> (including service charges)			
Natural Resource Management levy		593	582
Waste collection		653	597
Community wastewater management systems		698	678
		<u>1,944</u>	<u>1,857</u>
<u>Other Charges</u>			
Penalties for late payment		37	37
		<u>37</u>	<u>37</u>
Less: Discretionary rebates, remissions & write offs		(61)	(56)
		<u>9,984</u>	<u>9,659</u>
<b>STATUTORY CHARGES</b>			
Development Act fees		95	84
Town planning fees		214	78
Animal registration fees & fines		92	91
Parking fines / expiation fees		2	3
		<u>403</u>	<u>256</u>
<b>USER CHARGES</b>			
Cemetery/crematoria fees		12	11
Airport		631	834
Saleyards		1,257	1,304
Sanitary Garbage		28	53
Rural Transaction Centre		79	82
Sundry		55	51
		<u>2,062</u>	<u>2,335</u>
<b>INVESTMENT INCOME</b>			
Interest on investments:			
Local Government Finance Authority		109	105
Banks & other		-	1
Loans to community groups		5	6
		<u>114</u>	<u>112</u>

**DISTRICT COUNCIL OF GRANT**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2020**  
**Note 2 - INCOME (con't)**

	Notes	2020 \$'000	2019 \$'000
<b>REIMBURSEMENTS</b>			
- for roadworks		40	13
- for private works		53	87
		<u>93</u>	<u>100</u>
<b>OTHER INCOME</b>			
Insurance & other recoupments - infrastructure, property, plant & equipment		198	233
Sundry		261	196
		<u>459</u>	<u>429</u>
<b>GRANTS, SUBSIDIES, CONTRIBUTIONS</b>			
Amounts received specifically for new or upgraded assets		5,612	575
Other grants, subsidies and contributions			
Untied - Financial Assistance Grant		1,381	1,449
Roads to Recovery		341	234
Fuel Rebate		61	58
Library & Community Centres		36	37
Sundry		608	893
		<u>2,427</u>	<u>2,671</u>
		<u>8,039</u>	<u>3,246</u>
<i>The functions to which these grants relate are shown in Note 11.</i>			
<b>Sources of grants</b>			
Commonwealth government		5,641	356
State government		2,377	2,614
Other		21	276
		<u>8,039</u>	<u>3,246</u>

**DISTRICT COUNCIL OF GRANT**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2020**

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

		2020	2019
<i>Individually Significant Item</i>	<i>Notes</i>	<i>\$'000</i>	<i>\$'000</i>
<i>Mount Gambier Regional Airport Redevelopment</i>		<b>3,632</b>	-

**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:*

<i>Unexpended at the close of the previous reporting period</i>	<b>352</b>	352
<i>Less: expended during the current period from revenues recognised in previous reporting periods:</i>		
<i>Waterfront - Stage 2</i>	<u>(91)</u>	<u>-</u>
<i>Subtotal</i>	<b>(91)</b>	-
<i>Plus: amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions</i>		
	<u>-</u>	<u>-</u>
<i>Subtotal</i>	<u>-</u>	<u>-</u>
<i>Unexpended at the close of this reporting period</i>	<u><b>261</b></u>	<u>352</u>
<i>Net increase / (decrease) in assets subject to conditions in the current reporting period</i>	<u><b>(91)</b></u>	<u>-</u>

**PHYSICAL RESOURCES RECEIVED FREE OF CHARGE**

Land & Improvements	-	11
Roads, Bridges & Footpaths	<b>210</b>	761
Stormwater Drainage	<b>14</b>	30
Community Wastewater Management Systems	<u>-</u>	<u>66</u>
<b>TOTAL PHYSICAL RESOURCES RECEIVED</b>	<u><b>224</b></u>	<u>868</u>

**DISTRICT COUNCIL OF GRANT**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2020**

**Note 3 - EXPENSE**

	Notes	2020 \$'000	2019 \$'000
<b>EMPLOYEE COSTS</b>			
Salaries and Wages		4,989	4,818
Employee leave expense		689	629
Superannuation - defined contribution plan contributions	17	334	330
Superannuation - defined benefit plan contributions	17	148	133
Workers' Compensation Insurance		166	153
Less: Capitalised and distributed costs		(341)	(356)
<b>Total Operating Employee Costs</b>		<b>5,985</b>	<b>5,707</b>
<b>Total Number of Employees</b>		<b>65</b>	<b>67</b>
<i>(Full time equivalent at end of reporting period)</i>			
<b>MATERIALS, CONTRACTS &amp; OTHER EXPENSES</b>			
<u>Prescribed Expenses</u>			
Auditor's Remuneration			
- Auditing the financial reports		20	21
Elected members' expenses		162	173
Election expenses		19	20
Subtotal - Prescribed Expenses		<b>201</b>	<b>214</b>
<u>Other Materials, Contracts &amp; Expenses</u>			
Contractors		964	1,030
Energy		237	345
Individually Significant Items		212	-
Maintenance		703	624
Legal Expenses		92	163
Levies paid to government			
- NRM Levy		590	581
- Emergency Services Levy		40	40
Materials		201	339
Fuel		321	331
Insurance		260	232
Donations and Grants		156	185
Sundry		692	753
Subtotal - Other Materials, Contracts & Expenses		<b>4,468</b>	<b>4,623</b>
		<b>4,669</b>	<b>4,837</b>

**INDIVIDUALLY SIGNIFICANT ITEMS**

<b>PLEC (Undergrounding powerlines at Port MacDonnell)</b>	212	-
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**DISTRICT COUNCIL OF GRANT**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2020**

**Note 3 - EXPENSE (con't)**

	2020	2019
Notes	\$'000	\$'000
<b>DEPRECIATION, AMORTISATION &amp; IMPAIRMENT</b>		
<b>Depreciation</b>		
Buildings - Level 2	165	166
Buildings - Level 3	479	477
Other Structures - Level 2	5	5
Other Structures - Level 3	183	161
Playgrounds	28	30
Roads & Kerbs	2,555	2,480
Bridges	1	1
Footways	23	15
Stormwater Drainage	12	12
CWMS	266	263
Plant & Equipment	599	543
IT & Office Fittings	50	42
Marine & River	48	48
Open Space	62	39
Right of Use Assets	10	-
	<b>4,486</b>	<b>4,282</b>
<b>FINANCE COSTS</b>		
Interest on Loans	212	242
Interest on Leases	1	-
	<b>213</b>	<b>242</b>

# DISTRICT COUNCIL OF GRANT

## Notes to and forming part of the Financial Statements for the year ended 30 June 2020

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

	2020	2019
Notes	\$'000	\$'000
<b>INFRASTRUCTURE, PROPERTY, PLANT &amp; EQUIPMENT</b>		
<i>Assets renewed or directly replaced</i>		
Proceeds from disposal	640	726
Less: Carrying amount of assets disposed	<u>1,073</u>	<u>1,302</u>
<b>NET GAIN (LOSS) ON DISPOSAL OR REVALUATION OF ASSETS</b>	<u>(433)</u>	<u>(576)</u>

**DISTRICT COUNCIL OF GRANT**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2020**

**Note 5 - CURRENT ASSETS**

	Notes	2020 \$'000	2019 \$'000
<b>CASH &amp; EQUIVALENT ASSETS</b>			
Cash on Hand and at Bank		213	176
Deposits at Call		4,015	5,839
Short Term Deposits & Bills, etc		4,000	-
		<u>8,228</u>	<u>6,015</u>
<b>TRADE &amp; OTHER RECEIVABLES</b>			
Rates - General & Other		396	466
Accrued Revenues		4	12
Debtors - general		174	542
GST Recoupment		157	89
Prepayments		-	11
Loans to community organisations		35	33
		<u>766</u>	<u>1,153</u>
<b>INVENTORIES</b>			
Quarry Stock		213	118
Fuel & Lubricant		18	24
Other		7	16
		<u>238</u>	<u>158</u>

*Aggregate write-downs and other losses recognised as an expense, and reversals of these, were not material in amount in either year. All such reversals occurred principally as a result of clerical inaccuracies during stores operations.*

**DISTRICT COUNCIL OF GRANT**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2020**

**Note 6 - NON-CURRENT ASSETS**

		2020	2019
<b>FINANCIAL ASSETS</b>	<b>Notes</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Receivables</b>			
Loans to community organisations		<u>135</u>	<u>165</u>
		<b>135</b>	<b>165</b>
<b>Other Financial Assets</b>			
Caveat		<u>43</u>	<u>43</u>
<b>TOTAL FINANCIAL ASSETS</b>		<u><b>178</b></u>	<u><b>208</b></u>

# DISTRICT COUNCIL OF GRANT

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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

		2019				2020			
		\$'000				\$'000			
	Fair Value Level	Fair Value	Cost	Acc' Dep'n	Carrying Amount	Fair Value	Cost	Acc' Dep'n	Carrying Amount
Land - Level 2	2	1,220	-	-	1,220	<b>1,220</b>	-	-	<b>1,220</b>
Land - Level 3	3	13,684	10	-	13,694	<b>13,684</b>	<b>10</b>	-	<b>13,694</b>
Buildings - Level 2	2	7,215	-	(3,831)	3,384	<b>7,065</b>	-	(3,988)	<b>3,077</b>
Buildings - Level 3	3	20,615	435	(11,583)	9,467	<b>20,615</b>	<b>438</b>	(12,062)	<b>8,991</b>
Other Structures - Level 2	2	126	9	(100)	35	<b>126</b>	<b>9</b>	(105)	<b>30</b>
Other Structures - Level 3	3	4,595	123	(1,539)	3,179	<b>4,577</b>	<b>819</b>	(1,723)	<b>3,673</b>
Playgrounds	3	883	11	(574)	320	<b>878</b>	<b>17</b>	(597)	<b>298</b>
Roads & Kerbs	3	112,711	2,725	(31,087)	84,349	<b>112,094</b>	<b>7,699</b>	(33,135)	<b>86,658</b>
Bridges	3	74	-	(22)	52	<b>74</b>	-	(23)	<b>51</b>
Footways	3	500	100	(190)	410	<b>1,046</b>	<b>14</b>	(325)	<b>735</b>
Stormwater Drainage	3	1,157	32	(418)	771	<b>1,162</b>	<b>52</b>	(432)	<b>782</b>
CWMS	3	12,518	298	(5,041)	7,775	<b>12,378</b>	<b>376</b>	(5,246)	<b>7,508</b>
Plant & Equipment		-	8,067	(2,898)	5,169	-	<b>8,478</b>	(3,045)	<b>5,433</b>
IT & Office Fittings		-	760	(554)	206	-	<b>726</b>	(541)	<b>185</b>
Marine & River	3	-	2,789	(387)	2,402	-	<b>2,933</b>	(403)	<b>2,530</b>
Open Space	3	-	2,035	(428)	1,607	-	<b>2,067</b>	(490)	<b>1,577</b>
WIP		-	1,092	-	1,092	-	<b>2,885</b>	-	<b>2,885</b>
Right of Use Assets		-	-	-	-	-	<b>29</b>	(10)	<b>19</b>
<b>Total IPP&amp;E</b>		<b>175,298</b>	<b>18,486</b>	<b>(58,652)</b>	<b>135,132</b>	<b>174,919</b>	<b>26,552</b>	<b>(62,125)</b>	<b>139,346</b>
<b>Comparatives</b>		<b>147,027</b>	<b>25,609</b>	<b>(58,343)</b>	<b>114,293</b>	<b>175,298</b>	<b>18,486</b>	<b>(58,652)</b>	<b>135,132</b>

This Note continues on the following pages.

# DISTRICT COUNCIL OF GRANT

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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

	2019 \$'000	CARRYING AMOUNT MOVEMENTS DURING YEAR \$'000									2020 \$'000
	Carrying Amount	Net Adjust AASB 16	Additions		Disposals	Dep'n	Adjustments	Transfers		Net Reval'n	Carrying Amount
			New / Upgrade	Renewals				In	Out		
Land - Level 2	1,220		-	-	-	-	-	-	-	-	1,220
Land - Level 3	13,694		-	-	-	-	-	-	-	-	13,694
Buildings - Level 2	3,384		-	-	(142)	(165)	-	-	-	-	3,077
Buildings - Level 3	9,467		3	-	-	(479)	-	-	-	-	8,991
Other Structures - Level 2	35		-	-	-	(5)	-	-	-	-	30
Other Structures - Level 3	3,179		363	27	-	(183)	-	287	-	-	3,673
Playgrounds	320		6	-	-	(28)	-	-	-	-	298
Roads & Kerbs	84,349		2,809	1,862	(332)	(2,555)	-	525	-	-	86,658
Bridges	52		-	-	-	(1)	-	-	-	-	51
Footways	410		17	-	(3)	(23)	-	-	-	334	735
Stormwater Drainage	771		20	-	3	(12)	-	-	-	-	782
CWMS	7,775		42	18	(79)	(266)	-	18	-	-	7,508
Plant & Equipment	5,169		-	1,313	(506)	(599)	-	56	-	-	5,433
IT & Office Fittings	206		31	-	(2)	(50)	-	-	-	-	185
Marine & River	2,402		135	-	(12)	(48)	-	53	-	-	2,530
Open Space	1,607		22	10	-	(62)	-	-	-	-	1,577
WIP	1,092		2,732	-	-	-	-	-	(939)	-	2,885
Right of Use Assets	-	11	-	18	-	(10)	-	-	-	-	19
Total IPP&E	135,132	11	6,180	3,248	(1,073)	(4,486)	-	939	(939)	334	139,346
Comparatives	114,293		4,332	2,695	(1,302)	(4,292)	10	1,551	(1,551)	19,396	135,132

This note continues on the following pages.

**DISTRICT COUNCIL OF GRANT**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2020**

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

**Valuation of Assets**

**General Valuation Principles**

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

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

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

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

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

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

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

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

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

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

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

# DISTRICT COUNCIL OF GRANT

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### for the year ended 30 June 2020

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

**Capitalisation thresholds** used by Council for a representative range of assets are shown below. No capitalisation threshold is applied to the acquisition of land or interests in land.

Plant & Equipment	\$3,000
IT Equipment & Furniture	\$1,000
Buildings	\$10,000
Road construction & reconstruction	\$10,000
Bridges, Paving & footpaths, Kerb & Gutter	\$10,000
Stormwater Drainage	\$3,000
Other Assets	\$3,000

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

Plant, Furniture & Equipment	
ICT Equipment	3 to 5 years
Office Furniture	10 years
Vehicles and Road-making Equip	3 to 20 years
Other Plant & Equipment	5 to 15 years
Building & Other Structures	
Buildings (componentised)	20 to 100 years
Playground equipment	25 years
Benches, seats, etc	10 to 20 years
Infrastructure	
Sealed Roads - Surface	25 to 35 years
Sealed Roads - Base	100 to 400 years
Unsealed Roads	25 to 100 years
Bridges	100 years
Kerb & Gutter	80 years
Footways	15 to 50 years
Stormwater Drainage	100 years
CWMS	3 to 200 years
Marine and River	10 to 100 years

Council's data is reviewed on an ongoing basis and adjustments are made to correct any errors identified. With regard to capital renewal expenditure, the useful life is reviewed in line with the new condition rating and the carrying amount is adjusted following the writing back of accumulated depreciation for each asset.

**DISTRICT COUNCIL OF GRANT**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2020**

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

**Land & Land Improvements**

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

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

Land improvements, including bulk earthworks with an assessed unlimited useful life, are recognised on the cost basis, originally deriving from a valuation at 1 July 2018 by Mitch Ekonomopoulos AAPI, of AssetVal Pty Ltd at current replacement cost. Community Land additions are recognised at cost, gifted additions are recognised at Valuer-General valuation.

**Buildings & Other Structures**

Buildings and other structures were revalued as at 1 July 2018 by Mitch Ekonomopoulos AAPI, of AssetVal Pty Ltd.

**Infrastructure**

Sealed Roads, Unsealed Roads & Kerbing was valued using unit rates and condition assessment data as at 1 July 2018, with the methodology verified by Ashay Prabhu MIE(Aust) CPEng, NPER of Assetic Pty Ltd. All acquisitions made after the respective dates of valuation are recorded at cost.

Footways were revalued using unit rates and condition assessment data as at 1 July 2019, with the methodology verified by Ashay Prabhu MIE(Aust) CPEng, NPER of Assetic Pty Ltd. All acquisitions made after the respective dates of valuation are recorded at cost.

Stormwater drainage infrastructure was valued by Council officers as at 30 June 2019 at depreciated current replacement cost, based on actual costs incurred during the reporting period ended 30 June 2019. All acquisitions made after the respective dates of valuation are recorded at cost.

Community wastewater management system infrastructure was valued at depreciated current replacement cost during the reporting period ended 30 June 2018 by HDS Australia Pty Ltd. All acquisitions made after the respective dates of valuation are recorded at cost.

Bridges were added to Council's asset management database in 2012/2013. Condition assessment and revaluation was undertaken by ACEAM Asset Management Practitioners as at 1 July 2016.

**Plant, Furniture & Equipment**

These assets are recognised on the cost basis.

**Marine & River**

These assets are recognised on the cost basis. Consists mainly of assets created/generated since this category was formed.

**Open Space**

These assets are recognised on the cost basis. Consists mainly of assets created/generated since this category was formed.

**All other assets**

These assets are recognised on the cost basis in accordance with our asset accounting policy.

**DISTRICT COUNCIL OF GRANT**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2020**

**Note 8 - LIABILITIES**

		<b>2020</b>		<b>2019</b>	
		<b>\$'000</b>		<b>\$'000</b>	
<b>TRADE &amp; OTHER PAYABLES</b>	<b>Notes</b>	<b>Current</b>	<b>Non-current</b>	<b>Current</b>	<b>Non-current</b>
Goods & Services		1,414		807	
Payments received in advance		370	-	478	-
Accrued expenses - employee entitlements		189	-	125	-
Accrued expenses - other		61	-	105	-
Deposits, Retentions & Bonds		64	-	93	-
Other Payables		3	-	3	-
		<u>2,101</u>	<u>-</u>	<u>1,611</u>	<u>-</u>
<b>BORROWINGS</b>					
Loans		527	3,094	529	3,621
Leases Liabilities	16	8	11	-	-
		<u>535</u>	<u>3,105</u>	<u>529</u>	<u>3,621</u>
<i>All interest bearing liabilities are secured over the future revenues of the Council.</i>					
<b>PROVISIONS</b>					
Unused Annual Leave		520	-	439	-
Unused Long Service Leave		613	47	526	31
		<u>1,133</u>	<u>47</u>	<u>965</u>	<u>31</u>

**DISTRICT COUNCIL OF GRANT**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2020**

**Note 9 - RESERVES**

<b>ASSET REVALUATION RESERVE</b>	<b>1/7/2019</b>	<b>Net Increments/ (Decrements)</b>	<b>Transfers, Impairments</b>	<b>30/6/2020</b>
<b>Notes</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Land	12,720	-	-	<b>12,720</b>
Buildings	14,924	-	-	<b>14,924</b>
Other Structures	7,078	-	-	<b>7,078</b>
Playgrounds	280	-	-	<b>280</b>
Roads & Kerbs	59,019	-	-	<b>59,019</b>
Bridges	3	-	-	<b>3</b>
Footways	360	334	-	<b>694</b>
Marine & River	-	-	-	<b>-</b>
Stormwater Drainage	232	-	-	<b>232</b>
CWMS	1,944	-	-	<b>1,944</b>
Open Space	-	-	-	<b>-</b>
<b>TOTAL</b>	<b>96,560</b>	<b>334</b>	<b>-</b>	<b>96,894</b>
<b>Comparatives</b>	<b>77,165</b>	<b>19,406</b>	<b>(11)</b>	<b>96,560</b>

<b>OTHER RESERVES</b>	<b>1/7/2019</b>	<b>Transfers to Reserve</b>	<b>Transfers from Reserve</b>	<b>30/6/2020</b>
Disaster Relief	105	1	(10)	<b>96</b>
Grants Unexpended	1	-	-	<b>1</b>
Donovans CWMS Grant	70	3	-	<b>73</b>
Open Space Contributions	132	109	-	<b>241</b>
Community Development	108	1	-	<b>109</b>
Tarpeena Cancer Support Fundraising	21	3	(1)	<b>23</b>
Future Infrastructure	460	4	-	<b>464</b>
Marine Facilities	15	-	-	<b>15</b>
Waste Management	103	-	-	<b>103</b>
<b>TOTAL OTHER RESERVES</b>	<b>1,015</b>	<b>121</b>	<b>(11)</b>	<b>1,125</b>
<b>Comparatives</b>	<b>1,029</b>	<b>23</b>	<b>(37)</b>	<b>1,015</b>

**DISTRICT COUNCIL OF GRANT**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2020**  
**Note 9 - RESERVES (con't)**

**PURPOSES OF RESERVES**

**Asset Revaluation Reserve**

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

**(Other Reserves)**

**Disaster Relief**

Holding account for profits received from sale of properties, which were donated by the Bond group for housing assistance - Ash Wednesday Fires. Monies to be kept in trust and used for the purpose of relief from the effects, or prevention, of bushfires or other disasters as per the Confirmatory Declaration of Trust Deed.

**Unspent Grants Contributions**

Holding Account for unspent grants and contributions relating to all functions of Council, excluding Road Infrastructure.

**Donovans CWMS Grant**

LGA funding for future CWMS works specific for Dovonans that were recognised at acquittal of this initial project.

**Open Space Contributions**

Monies held from creation of sub-divisions to be used for future open space projects.

**Community Development Reserve**

Money received from Acciona for Allendale Windfarm development. Money held for Community Development Projects.

**Tarpeena Cancer Support Fundraising**

Accounting for monies held for community group with funds held for projects that will benefit this community.

**Future Infrastructure Reserve**

Monies from sale of assets, such as Sutton Court and disused road reserves. Money held for Future Infrastructure Projects.

**Marine Facilities Reserve**

Residual monies (income less expenses) from Port MacDonnell and Blackfellows Caves Boat Ramps and Permits. Funds for future marine development.

**Waste Management Reserve**

Residual monies (income less expenses) from activities relating to MGB collection (Sanitary & Garbage). Funds for future sanitary & garbage renewals.

**DISTRICT COUNCIL OF GRANT**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2020**

**Note 10 - RECONCILIATION TO CASH FLOW STATEMENT**

**(a) Reconciliation of Cash**

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

	Notes	2020 \$'000	2019 \$'000
Total cash & equivalent assets	5	<u>8,228</u>	<u>6,015</u>
Balances per Cash Flow Statement		<u>8,228</u>	<u>6,015</u>

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

Net Surplus (Deficit)	5,592	1,361
Non-cash items in Income Statement		
Depreciation, amortisation & impairment	4,486	4,272
Net increase (decrease) in unpaid employee benefits	248	121
Non-cash asset acquisitions	(224)	(868)
Grants for capital acquisitions treated as Investing Activity	(5,612)	(575)
Net (Gain) Loss on Disposals	<u>433</u>	<u>576</u>
	4,923	4,887
Add (Less): Changes in Net Current Assets		
Net (increase) decrease in receivables	389	(411)
Net (increase) decrease in inventories	(80)	31
Net increase (decrease) in trade & other payables	<u>426</u>	<u>410</u>
<b>Net Cash provided by (or used in) operations</b>	<u><b>5,658</b></u>	<u><b>4,917</b></u>

**(c) Non-Cash Financing and Investing Activities**

Acquisition of assets by means of:

Physical resources received free of charge	2	<u>224</u>	<u>868</u>
Amounts recognised in Income Statement		<u>224</u>	<u>868</u>
Leases	16	<u>18</u>	<u>-</u>
		<u>242</u>	<u>868</u>

**(d) Financing Arrangements**

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

Corporate Credit Cards	18	17
LGFA Cash Advance Debenture facility	2,000	2,000

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

**DISTRICT COUNCIL OF GRANT**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2020**

**Note 11 - FUNCTIONS**

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

	INCOME		EXPENSES		OPERATING SURPLUS (DEFICIT)		GRANTS INCLUDED IN INCOME		TOTAL ASSETS HELD (CURRENT & NON-CURRENT)	
	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL				
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000				
Administration	9,561	9,994	2,253	2,447	7,308	7,547	1,389	1,460	13,845	9,872
Public Order & Safety	95	102	390	337	(295)	(235)	-	-	444	421
Health	3	3	202	178	(199)	(175)	-	-	15	16
Social Security & Welfare	3	6	57	101	(54)	(95)	1	2	420	422
Housing & Community Amenities	2,209	2,117	2,993	3,037	(784)	(920)	11	-	10,178	10,485
Protection of the Environment	19	67	96	141	(77)	(74)	-	-	1,926	835
Sport & Recreation	100	96	809	800	(709)	(704)	44	37	9,594	6,768
Agricultural Services	18	12	4	5	14	7	-	-	-	-
Mining, Manufacturing & Const.	59	53	164	161	(105)	(108)	-	-	213	145
Transport & Communication	1,659	1,218	5,553	5,245	(3,894)	(4,027)	912	1,101	96,539	76,301
Economic Affairs	1,417	1,530	1,878	1,857	(461)	(327)	-	-	9,527	10,442
Other Purposes	399	364	954	759	(555)	(395)	70	71	6,055	6,195
<b>TOTALS</b>	<b>15,542</b>	<b>15,562</b>	<b>15,353</b>	<b>15,068</b>	<b>189</b>	<b>494</b>	<b>2,427</b>	<b>2,671</b>	<b>148,756</b>	<b>121,902</b>

**DISTRICT COUNCIL OF GRANT**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2020**

**Note 11 (con't) - COMPONENTS OF FUNCTIONS**

The activities relating to Council functions are as follows:

**Administration**

General and office operations not attributable to another specific activity, rates and elected members expenses.

**Public Order and Safety**

Supervision of various by-laws, fire prevention, CFS and animal control.

**Health**

Food control, operation of community health programs and health centre.

**Social Security and Welfare**

Operation of Senior Citizen's centre, aged hostel, other voluntary services.

**Housing and Community Amenities**

Rubbish collection services, operation of a tip, effluent drainage, public toilets, street cleaning and lighting, town planning, stormwater drainage, land development, maintenance of cemeteries and aged housing complex.

**Protection of the Environment NEC**

Foreshore protection, flood prevention.

**Sport and Recreation**

Maintenance of halls, library operations, national estates, parks and gardens, recreation and sporting venues, museum.

**Agricultural Services**

Pest plant services.

**Mining, Manufacturing and Construction**

Building Act requirements, quarry operations.

**Transport and Communications**

Construction and maintenance of roads, bridges, footpaths, parking & signs and airport operations.

**Economic Affairs NEC**

Land development activities, Caravan Park operations, off-street parking, tourism, boat haven and saleyard operations.

**Other Purposes NEC**

Public debt transactions, plant and machinery operations, depot expenses, vandalism costs and private works.

**DISTRICT COUNCIL OF GRANT**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2020**

**Note 12 - FINANCIAL INSTRUMENTS**

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

**Accounting Policies - Recognised Financial Instruments**

<b>Bank, Deposits at Call, Short Term Deposits</b>	<p><b>Accounting Policy:</b> initially recognised at fair value and subsequently measured at amortised cost, interest is recognised when earned</p> <p><b>Terms &amp; conditions:</b> Deposits are returning fixed interest rates between 0.45% and 1.55% (2019: 1.25% and 2.00%). Short term deposits have an average maturity of 24 hours and an average interest rates of 0.69% (2019: 24 hours, 1.48%).</p> <p><b>Carrying amount:</b> approximates fair value due to the short term to maturity.</p>
<b>Receivables - Rates &amp; Associated Charges</b>	<p><b>Accounting Policy:</b> initially recognised at fair value and subsequently measured at amortised cost. An impairment provision is recognised using the expected credit loss method</p> <p><b>Terms &amp; conditions:</b> Secured over the subject land, arrears attract interest of 0.53% (2019: 0.55%) Although Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries in the State.</p> <p><b>Carrying amount:</b> approximates fair value (after deduction of any allowance).</p>
<b>Receivables - Fees &amp; other charges</b>	<p><b>Accounting Policy:</b> initially recognised at fair value and subsequently measured at amortised cost. An impairment provision is recognised using the expected credit loss method</p> <p><b>Terms &amp; conditions:</b> Unsecured, and do not bear interest. Although Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries.</p> <p><b>Carrying amount:</b> approximates fair value (after deduction of any allowance).</p>
<b>Receivables - other levels of government</b>	<p><b>Accounting Policy:</b> initially recognised at fair value and subsequently measured at amortised cost. An impairment provision is recognised using the expected credit loss method.</p> <p><b>Terms &amp; conditions:</b> 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.</p> <p><b>Carrying amount:</b> approximates fair value.</p>

# DISTRICT COUNCIL OF GRANT

## Notes to and forming part of the Financial Statements

### Note 12 - FINANCIAL INSTRUMENTS (con't)

<b>Liabilities</b> - Creditors and Accruals	<p><b>Accounting Policy:</b> Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Council.</p> <p><b>Terms &amp; conditions:</b> Liabilities are normally settled on 30 day terms.</p> <p><b>Carrying amount:</b> approximates fair value.</p>
<b>Liabilities</b> - Interest Bearing Borrowings	<p><b>Accounting Policy:</b> initially recognised at fair value and subsequently at amortised cost, interest is charged as an expense using the effective interest rate</p> <p><b>Terms &amp; conditions:</b> secured over future revenues, borrowings are repayable with half-yearly instalments with terms ranging from five to fifteen years; interest is charged at fixed rates between 3.60% and 7.12% (2019: 3.60% and 7.12%)</p> <p><b>Carrying amount:</b> approximates fair value.</p>
<b>Liabilities</b> - Finance Leases	<p><b>Accounting Policy:</b> accounted for in accordance with AASB 16 as stated in note 16</p>

**DISTRICT COUNCIL OF GRANT**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2020**

**Note 12 - FINANCIAL INSTRUMENTS (con't)**

**Liquidity Analysis**

<b>2020</b>	Due < 1 year	Due > 1 year ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
	\$'000	\$'000	\$'000	\$'000	\$'000
<b><u>Financial Assets</u></b>					
Cash & Equivalents	<b>8,228</b>			<b>8,228</b>	<b>8,228</b>
Receivables	<b>773</b>	<b>99</b>	<b>51</b>	<b>923</b>	<b>901</b>
Other Financial Assets	-	<b>43</b>	-	<b>43</b>	<b>43</b>
<b>Total</b>	<b>9,001</b>	<b>142</b>	<b>51</b>	<b>9,194</b>	<b>9,172</b>
<b><u>Financial Liabilities</u></b>					
Payables	<b>1,851</b>	-	-	<b>1,851</b>	<b>1,851</b>
Current Borrowings	<b>717</b>	-	-	<b>717</b>	<b>527</b>
Lease Liabilities	<b>8</b>	<b>12</b>	-	<b>20</b>	<b>19</b>
Non-Current Borrowings	-	<b>2,248</b>	<b>1,436</b>	<b>3,684</b>	<b>3,094</b>
<b>Total</b>	<b>2,576</b>	<b>2,260</b>	<b>1,436</b>	<b>6,272</b>	<b>5,491</b>

  

<b>2019</b>	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
	\$'000	\$'000	\$'000	\$'000	\$'000
<b><u>Financial Assets</u></b>					
Cash & Equivalents	6,015			6,015	6,015
Receivables	1,151	145	83	1,379	1,307
Other Financial Assets	-	43	-	43	43
<b>Total</b>	<b>7,166</b>	<b>188</b>	<b>83</b>	<b>7,437</b>	<b>7,365</b>
<b><u>Financial Liabilities</u></b>					
Payables	1,381	-	-	1,381	1,381
Current Borrowings	748	-	-	748	529
Non-Current Borrowings	-	2,631	1,745	4,376	3,621
<b>Total</b>	<b>2,129</b>	<b>2,631</b>	<b>1,745</b>	<b>6,505</b>	<b>5,531</b>

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

	<b>30 June 2020</b>		<b>30 June 2019</b>	
	Weighted Average Interest Rate	Carrying Value	Weighted Average Interest Rate	Carrying Value
	%	\$'000	%	\$'000
Fixed Interest Rates	<b>5.23</b>	<b>3,621</b>	5.473	4,150
		<b>3,621</b>		<b>4,150</b>

**DISTRICT COUNCIL OF GRANT**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2020**

**Note 12 - FINANCIAL INSTRUMENTS (con't)**

**Net Fair Value**

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

**Risk Exposures:**

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

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

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

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

**DISTRICT COUNCIL OF GRANT**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2020**

**Note 13 - COMMITMENTS FOR EXPENDITURE**

	2020	2019
Notes	\$'000	\$'000
<b>Capital Commitments</b>		
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Land	619	705
Buildings (Airport Redevelopment)	3,487	5,660
Other Structures	770	411
Roads & Footpaths	-	2,133
Plant & Equipment	18	189
	<u>4,894</u>	<u>9,098</u>
These expenditures are payable:		
Not later than one year	4,509	7,098
Later than one year and not later than 5 years	385	2,000
Later than 5 years	-	-
	<u>4,894</u>	<u>9,098</u>

**DISTRICT COUNCIL OF GRANT**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2020**

**Note 14 - FINANCIAL INDICATORS**

	2020	2019	2018
<b>Operating Surplus Ratio</b>			
<u>Operating Surplus</u>	1.2%	3.1%	0.5%
Total Operating Income			

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

**Net Financial Liabilities Ratio**

<u>Net Financial Liabilities</u>	-14%	-4.0%	-5.0%
Total Operating Income			

Net Financial Liabilities are defined as total liabilities less financial assets. These are expressed as a percentage of total operating revenue.

***Adjustments to Ratios***

In recent years the Federal Government has made advance payments prior to 30th June from future year allocations of financial assistance grants, as explained in Note 1. These ***Adjusted Ratios*** correct for the resulting distortion in key ratios for each year and provide a more accurate basis for comparison between years.

<b><i>Adjusted Operating Surplus Ratio</i></b>	1.3%	-0.1%	0.3%
<b><i>Adjusted Net Financial Liabilities Ratio</i></b>	-9%	4.4%	-10.0%

**Asset Renewal Funding Ratio**

<u>Net Outlays on Existing Assets</u>	84%	71.7%	59.0%
Net Asset Renewals - IAMP			

Net asset renewals expenditure is defined as net capital expenditure on the renewal and replacement of existing assets, and excludes new capital expenditure on the acquisition of additional assets.

**DISTRICT COUNCIL OF GRANT**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2020**

**Note 15 - UNIFORM PRESENTATION OF FINANCES**

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

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

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

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Income	<b>15,542</b>	15,562
Expenses	<b>(15,353)</b>	(15,068)
<b>Operating Surplus / (Deficit)</b>	<b>189</b>	494
 <b>Net Outlays on Existing Assets</b>		
Capital Expenditure on renewal and replacement of Existing Assets	<b>(2,995)</b>	(2,685)
Add back Depreciation, Amortisation and Impairment	<b>4,486</b>	4,282
Proceeds from Sale of Replaced Assets	<b>600</b>	726
	<b>2,091</b>	2,323
 <b>Net Outlays on New and Upgraded Assets</b>		
Capital Expenditure on New and Upgraded Assets <i>(including investment property &amp; real estate developments)</i>	<b>(6,180)</b>	(3,464)
Amounts received specifically for New and Upgraded Assets	<b>5,612</b>	575
	<b>(568)</b>	(2,889)
<b>Net Lending / (Borrowing) for Financial Year</b>	<b>1,712</b>	(72)

**DISTRICT COUNCIL OF GRANT**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2020**

**Note 16 - OPERATING LEASES**

***Council as a Lessee***

***Right of Use Asset***

*Works Manager's Vehicle & Konica Minolta Photocopiers (x3)*

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

<b>Carrying Value</b>	<b>Plant &amp; Equipment</b>	<b>Office Equipment</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
At 1 July 2019	11	-	11
Additions	-	18	18
Depreciation Charge	(7)	(3)	(10)
<b>At 30 June 2020</b>	<b>4</b>	<b>15</b>	<b>19</b>

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

	<b>2020</b>
	<b>\$'000</b>
At 1 July 2019	11
Additions	18
Accretion of Interest	-
Payments	(10)
<b>At 30 June 2020</b>	<b>19</b>
Current	8
Non Current	11

The maturity analysis of lease liabilities is included in note 12

Council and its associated entities (the group) had total cash outflows for leases of **\$10,786**

**DISTRICT COUNCIL OF GRANT**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2020**  
**Note 16 - OPERATING LEASES (con't)**

The following are amounts recognised on profit or loss:

	<b>2020</b>
	<b>\$'000</b>
Depreciation expense right of use asset	10
Interest expense on lease liabilities	1
Expenses relating to short term leases	-
Expenses relating to leases of low value assets	-
Variable lease payments	-
<b>Total amount recognised in profit and loss</b>	<b>11</b>

***Council as a Lessor***

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

Lessees commitments under all non-cancellable lease agreements, are as follows:

	<b>2020</b>	2019
	<b>\$'000</b>	<b>\$'000</b>
Not later than one year	171	176
Later than one year and not later than 5 years	214	267
Later than 5 years	180	190
	<b>565</b>	<b>633</b>

**DISTRICT COUNCIL OF GRANT**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2020**

**Note 17 – 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 2018-19; 9.50% in 2019-20). No further liability accrues to the Council as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

**Salarylink (Defined Benefit Fund) Members**

Salarylink is a defined benefit scheme where the benefit payable is based on a formula determined by the member's contribution rate, number of years and level of contribution and final average salary. Council makes employer contributions to Salarylink as determined by the Fund's Trustee based on advice from the appointed Actuary. The rate is currently 6.3% (6.3% in 2018-19) of "superannuation" salary.

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

The Salarylink section is a multi-employer sponsored plan. As the Salarylink section's assets and liabilities are pooled and are not allocated by each employer, and employees may transfer to another employer within the local government sector and retain membership of the Fund, the Actuary is unable to allocate benefit liabilities, assets and costs between employers. As provided by AASB 119.32(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 Willis 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.

**DISTRICT COUNCIL OF GRANT**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2020**

**Note 18 - CONTINGENT ASSETS AND CONTINGENT LIABILITIES**

The following assets and liabilities do not qualify for recognition in the Statement of Financial Position but knowledge of those items is considered relevant to user of the financial report in making and evaluating decisions about the allocation of scarce resources.

**1. LAND UNDER ROADS**

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

At reporting date, Council controlled 1,527 km of road reserves of average width 10 metres.

**2. POTENTIAL INSURANCE LOSSES**

Council is a multi-purpose organisation providing a large range of building, parks infrastructure, playgrounds and other facilities accessible to the public. At any time, it is likely that claims will have been made against Council that remain unsettled.

Council insures against all known insurable risks using a range of insurance policies, each of which is subject to a deductible "insurance excess", the amount of which varies according to the class of insurance.

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

**3. LEGAL EXPENSES**

Council is the planning consent authority for its area under the Development Act 1993 (as amended). Pursuant to that Act, certain persons aggrieved by a planning decision of the Council may appeal. It is normal practice that parties bear their own legal costs. At the date of these reports, Council had notice of 1 appeal against planning decisions made prior to reporting date. All known costs have been recognised, but the amount of further costs cannot be known until the appeals are determined.

**DISTRICT COUNCIL OF GRANT**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2020**

**Note 19 - RELATED PARTY DISCLOSURES**

**KEY MANAGEMENT PERSONNEL**

The Key Management Personnel of the Council include the Mayor, Councillors, CEO and certain prescribed officers under section 112 of the Local Government Act 1999. In all, 25 persons were paid the following total compensation:

	<b>2020</b>	2019
	\$	\$
Salaries, allowances & other short term benefits	1,370,870	1,340,188
Post-employment benefits	-	-
Long term benefits	-	-
Termination benefits	9,379	97,840
<b>TOTAL</b>	<b>1,380,249</b>	<b>1,438,028</b>

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

	<b>2020</b>	2019
	\$	\$
Contributions for fringe benefits tax purposes	-	-
Planning and building applications fees	1,323	-
Rentals for Council property	-	-
<b>TOTAL</b>	<b>1,323</b>	<b>-</b>

**PARTIES RELATED TO KEY MANAGEMENT PERSONNEL**

KMP and relatives of KMPs own retail businesses from which various supplies were purchased as required either for cash or on 30 day account. Purchases from none of these individual businesses exceeded \$5,000 during the year.

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

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

Eight KMP's are members of various organisations that received Council support in the year. In accordance with the *Local Government Act 1999*, the elected members declare a conflict of interest and leave the meeting environs when any matter affecting their organisation is discussed or voted on. During the year Council contributed \$9,366 towards these organisations via community grant applications and scholarship programs.

**DISTRICT COUNCIL OF GRANT**  
**Annual 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 District Council of Grant for the year ended 30 June 2020, the Council's Auditor, Dean Newbery and Partners, has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

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



.....  
Darryl Whicker  
**CHIEF EXECUTIVE OFFICER**



.....  
Richard Sage  
**PRESIDING MEMBER**  
**AUDIT COMMITTEE**

Date: 2 November 2020

## Certification of Auditor's Independence

I confirm that, for the audit of the financial statements of the District Council of Grant 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*.



**JIM KEOGH**

**Partner**

**DEAN NEWBERY & PARTNERS**

**CHARTERED ACCOUNTANTS**

**Dated this 12<sup>th</sup> day of November 2020**

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL REPORT****To the members of the District Council of Grant****Opinion**

We have audited the accompanying financial report of the District Council of Grant (the Council), which comprises the Statement of Financial Position as at 30 June 2020, Statement of Comprehensive Income, the Statements of Changes in Equity, the Statement of Cash Flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Council Certificate of Council.

In our opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of the Council as at 30 June 2020, and its financial performance and its cash flows for the year then ended in accordance with the *Local Government Act 1999* and the *Local Government (Financial Management) Regulation 2011* and the Australian Accounting Standards.

**Basis for Opinion**

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

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

**Council's Responsibility for the Financial Report**

The Council is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011*. This responsibility includes determining that the basis of preparation described in Note 1 is appropriate to meet the need of the members. The Council's responsibility also includes designing, implementing and maintaining internal controls relevant to enable the preparation of the financial report to be free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

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

**DEAN NEWBERY & PARTNERS**  
**CHARTERED ACCOUNTANTS**



**JIM KEOGH**  
**PARTNER**

Signed on the 12<sup>th</sup> day of November 2020,  
at 214 Melbourne Street, North Adelaide

**INDEPENDENT ASSURANCE REPORT ON THE INTERNAL CONTROLS OF THE DISTRICT COUNCIL OF GRANT****Opinion**

In our opinion, the Council has complied, in all material respects, with Section 129(1)(b) of the *Local Government Act 1999* in relation to the Internal Controls established by the Council relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities so as to provide reasonable assurance that the financial transactions of the Council have been conducted properly and in accordance with law for the period 1 July 2019 to 30 June 2020.

**Basis for opinion**

We have audited the Internal Controls of the District Council of Grant (the Council) under the requirements of *Section 129(1)(b) of the Local Government Act 1999* in relation only to the Internal Controls established by the Council to ensure that financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities for the period 1 July 2019 to 30 June 2020 have been conducted properly and in accordance with law.

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 Responsibility for the Internal Controls**

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

**Our Independence and Quality Control**

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

**Assurance Practitioner's Responsibilities**

Our responsibility is to express an opinion on the Council's compliance with *Section 129(1)(b) of the Local Government Act 1999* in relation only to the Internal Controls established by the Council to ensure that financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities, based on our procedures have been conducted properly and in accordance with law.

ASAE 3150 requires that we plan and performed our procedure to obtain reasonable assurance about whether, in all material respects, the controls are suitably designed to achieve the control objectives and the controls operating effectively through the period.

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

#### **Limitation on Use**

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

#### **Limitations of Controls**

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

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

**DEAN NEWBERY & PARTNERS  
CHARTERED ACCOUNTANTS**

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

**JIM KEOGH  
PARTNER**

Signed on the 12<sup>th</sup> day of November 2020  
at 214 Melbourne Street, North Adelaide, South Australia, 5006