

Town of Gawler

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2019



Town of Gawler

General Purpose Financial Statements for the year ended 30 June 2019

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Town of Gawler

General Purpose Financial Statements for the year ended 30 June 2019

Certification of Financial Statements

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

In our opinion:

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



Henry Inat
CHIEF EXECUTIVE OFFICER



Karen Redman
MAYOR

Date: 7 November 2019

Town of Gawler

Statement of Comprehensive Income for the year ended 30 June 2019

\$ '000	Notes	2019	2018
Income			
Rates Revenues	2a	22,467	21,643
Statutory Charges	2b	663	684
User Charges	2c	1,681	1,484
Grants, Subsidies and Contributions	2g	3,645	3,281
Investment Income	2d	32	34
Reimbursements	2e	389	326
Other Income	2f	90	45
Total Income		28,967	27,497
Expenses			
Employee Costs	3a	10,692	9,842
Materials, Contracts & Other Expenses	3b	11,589	11,376
Depreciation, Amortisation & Impairment	3c	5,582	4,850
Finance Costs	3d	881	770
Net loss - Equity Accounted Council Businesses	19	46	48
Total Expenses		28,790	26,886
Operating Surplus / (Deficit)		177	611
Asset Disposal & Fair Value Adjustments	4	(2,099)	(331)
Amounts Received Specifically for New or Upgraded Assets	2g	3,956	3,234
Physical Resources Received Free of Charge	2h	4,349	481
Net Surplus / (Deficit) ¹		6,383	3,996
Other Comprehensive Income			
<i>Amounts which will not be reclassified subsequently to operating result</i>			
Changes in Revaluation Surplus - I,PP&E	9a	3,830	25,110
Share of Other Comprehensive Income - Equity Accounted Council Businesses	19	1,008	5
Other Equity Adjustments - Equity Accounted Council Businesses		(5)	57
Total Other Comprehensive Income		4,833	25,172
Total Comprehensive Income		11,216	29,167

¹ Transferred to Statement of Changes in Equity

Town of Gawler

Statement of Financial Position as at 30 June 2019

\$ '000	Notes	2019	2018
ASSETS			
Current Assets			
Cash and Cash Equivalents	5a	113	312
Trade & Other Receivables	5b	3,299	1,799
Inventories	5c	24	17
Total Current Assets		3,436	2,128
Non-Current Assets			
Financial Assets	6a	193	115
Equity Accounted Investments in Council Businesses	6b	4,529	3,572
Infrastructure, Property, Plant & Equipment	7a	259,714	239,705
Other Non-Current Assets	6c	6,647	13,049
Total Non-Current Assets		271,083	256,441
TOTAL ASSETS		274,519	258,569
LIABILITIES			
Current Liabilities			
Trade & Other Payables	8a	4,767	5,665
Borrowings	8b	909	852
Provisions	8c	2,856	2,775
Total Current Liabilities		8,532	9,292
Non-Current Liabilities			
Trade & Other Payables	8a	-	93
Borrowings	8b	19,335	13,817
Provisions	8c	149	81
Total Non-Current Liabilities		19,484	13,991
TOTAL LIABILITIES		28,016	23,283
Net Assets		246,503	235,286
EQUITY			
Accumulated Surplus		65,202	59,050
Asset Revaluation Reserves	9a	179,261	174,423
Other Reserves	9b	2,040	1,813
Total Council Equity		246,503	235,286

Town of Gawler

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

\$ '000	Notes	Asset			Total Equity
		Accumulated Surplus	Revaluation Reserve	Other Reserves	
2019					
Balance at the end of previous reporting period		59,050	174,423	1,813	235,286
a. Net Surplus / (Deficit) for Year		6,383	-	-	6,383
b. Other Comprehensive Income					
- Gain (Loss) on Revaluation of I,PP&E	7a	-	3,830	-	3,830
- Share of OCI - Equity Accounted Council Businesses	19	-	1,008	-	1,008
- Other Equity Adjustments - Equity Accounted Council Businesses	19	(5)	-	-	(5)
Other Comprehensive Income		(5)	4,838	-	4,833
Total Comprehensive Income		6,378	4,838	-	11,216
c. Transfers between Reserves		(227)	-	227	-
Balance at the end of period		65,202	179,261	2,040	246,503
2018					
Balance at the end of previous reporting period		55,082	149,313	1,724	206,119
a. Net Surplus / (Deficit) for Year		3,996	-	-	3,996
b. Other Comprehensive Income					
- Gain (Loss) on Revaluation of I,PP&E	7a	-	25,110	-	25,110
- Share of OCI - Equity Accounted Council Businesses	19	5	-	-	5
- Other Equity Adjustments - Equity Accounted Council Businesses	19	57	-	-	57
Other Comprehensive Income		62	25,110	-	25,172
Total Comprehensive Income		4,058	25,110	-	29,167
c. Transfers between Reserves		(89)	-	89	-
Balance at the end of period		59,050	174,423	1,813	235,286

Town of Gawler

Statement of Cash Flows for the year ended 30 June 2019

\$ '000	Notes	2019	2018
Cash Flows from Operating Activities			
<u>Receipts</u>			
Operating Receipts		29,061	27,078
Investment Receipts		32	34
<u>Payments</u>			
Operating Payments to Suppliers and Employees		(22,247)	(20,405)
Finance Payments		(842)	(748)
Net Cash provided by (or used in) Operating Activities	11b	6,004	5,959
Cash Flows from Investing Activities			
<u>Receipts</u>			
Amounts Received Specifically for New/Upgraded Assets		3,016	4,850
Sale of Replaced Assets		54	54
Sale of Surplus Assets		121	-
Repayments of Loans by Community Groups		55	66
<u>Payments</u>			
Expenditure on Renewal/Replacement of Assets		(6,609)	(2,530)
Expenditure on New/Upgraded Assets		(8,189)	(10,795)
Loans Made to Community Groups		(150)	-
Net Cash provided by (or used in) Investing Activities		(11,702)	(8,355)
Cash Flows from Financing Activities			
<u>Receipts</u>			
Proceeds from Borrowings		6,426	3,419
<u>Payments</u>			
Repayments of Borrowings		(851)	(814)
Repayment of Bonds & Deposits		(76)	(7)
Net Cash provided by (or used in) Financing Activities		5,499	2,598
Net Increase (Decrease) in Cash Held		(199)	202
plus: Cash & Cash Equivalents at beginning of period	11	312	110
Cash & Cash Equivalents at end of period	11	113	312

Town of Gawler

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

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n/a - not applicable

Town of Gawler

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

Note 1. Summary of Significant Accounting Policies

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

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

1 Basis of Preparation

1.1 Compliance with Australian Accounting Standards

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

The financial report was authorised for issue by certificate under regulation 14 of the *Local Government (Financial Management) Regulations 2011* dated 7 November 2019.

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.

1.4 Rounding

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

2 The Local Government Reporting Entity

Town of Gawler is incorporated under the South Australian *Local Government Act 1999* and has its principal place of business at 43 High St, Gawler East SA 5118. These financial statements include the Council's direct operations and all entities through which Council controls resources to carry on

its functions. In the process of reporting on the Council as a single unit, all transactions and balances between activity areas and controlled entities have been eliminated.

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

3 Income Recognition

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

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

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

	Cash Payment Received	Annual Allocation	Difference
2016/17	\$2,233,466	\$1,474,397	+ \$759,069
2017/18	\$1,865,349	\$1,010,087	+ \$855,262
2018/19	\$1,829,959	\$875,049	+ \$954,910

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

The Operating Surplus Ratio disclosed in Note 15 has also been calculated after adjusting for the distortions resulting from the differences between the

Town of Gawler

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

Note 1. Summary of Significant Accounting Policies (continued)

actual grants received and the grants entitlements allocated.

4 Gawler East Link Road and Surrounds (GELR) Construction

In May 2017, the Town of Gawler signed Gawler East Link Road (GELR) Deeds with the Minister for Transport and Infrastructure ('the Minister') and Springwood Development Nominees Pty. Ltd. relative to the future construction of the Gawler East Link Road.

The Deed with the Minister commits Council to a financial contribution of \$8.167m towards the \$54.4m estimated cost of construction of the GELR, with the remaining \$46.233m being funded by the State Government.

The road will become a Council owned and maintained asset on completion.

The State Government will 'bankroll' construction of the road, with Council reimbursing the \$8.167m to the State Government over time as follows:

- \$2.4m within 30 days of practical completion of the GELR;
- \$500,000 no later than 12 months after practical completion of the GELR;
- \$5.267m – based on the on-forwarding of per new allotment contributions received from developers over the life of the Gawler East development area.

The Deed signed with Springwood Development Nominees Pty. Ltd. commits the consortium to paying Council the \$500,000 due from Council to the State Government within 12 months of practical completion of the GELR.

The new allotment contributions received from developers each financial year will be due and payable to the State Government by 31 July of the subsequent financial year.

In this regard, such contributions received will be treated as an accrued expense for the reporting period immediately preceding the annual July payment to the State Government.

Council has since applied (from the 2017/18 financial year) a Gawler East Separate Rate as a financial security mechanism towards securing developer

contributions towards the GELR, with the intent being that the primary source of securing developer contributions towards the GELR will be via deeds entered into with various property developers within the Gawler East development area.

5 Cash, Cash Equivalents and other Financial Instruments

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

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

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

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

6 Inventories

Inventories held in respect of business undertakings have been valued at the lower of cost and net realisable value. No inventories in respect of stores are held.

7 Infrastructure, Property, Plant & Equipment

7.1 Initial Recognition

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

All non-current assets purchased or constructed are capitalised as the expenditure is incurred and depreciated as soon as the asset is held "ready for use". Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition, including architects' fees and engineering design fees and all other costs incurred. The cost of non-current assets constructed by the

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

Note 1. Summary of Significant Accounting Policies (continued)

Council includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overhead.

7.2 Materiality

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

Office Furniture & Equipment	\$5,000
Other Plant & Equipment	\$5,000
Buildings - new construction/extensions	\$10,000
Park & Playground Furniture & Equipment	\$5,000
Road construction & reconstruction	\$10,000
Paving & footpaths, Kerb & Gutter	\$10,000
Drains & Culverts	\$10,000
Artworks	\$5,000

7.3 Subsequent Recognition

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

7.4 Depreciation of Non-Current Assets

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

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

Major depreciation periods for each class of asset are listed below. Depreciation periods for infrastructure assets have been estimated based on the best information available to Council, but

appropriate records covering the entire life cycle of these assets are not available, and extreme care should be used in interpreting financial information based on these estimates.

Plant, Furniture & Equipment

Office Equipment	5 to 10 years
Office Furniture	10 to 20 years
Vehicles and Road-making Equip	5 to 8 years
Other Plant & Equipment	5 to 15 years

Building & Other Structures

Buildings – masonry	50 to 250 years
Buildings – other construction	20 to 40 years
Park Structures – masonry	50 to 100 years
Park Structures – other construction	20 to 40 years
Playground equipment	15 to 20 years
Benches, seats, etc	10 to 20 years

Infrastructure

Sealed Roads – Surface (Asphalt Seal)	25 to 40 years
Sealed Roads – Structure (Spray Seal)	15 to 25 years
Unsealed Roads	10 to 20 years
Bridges – Concrete	80 to 100 years
Paving & Footpaths, Kerb & Gutter	50 to 150 years
Culverts	50 to 75 years
Flood Control Structures	80 to 100 years
Reticulation Pipes – PVC	70 to 100 years
Reticulation Pipes – Other	25 to 100 years
Pumps & Telemetry	15 to 25 years

Urban Elements

Fencing & Bollards	10 to 50 years
Earthworks	10 to 50 years
Street Furniture	30 to 40 years
Signage	10 to 30 years
Other Infrastructure Assets	7 to 100 years

Other Assets

Artworks	Indefinite
Playground Equipment	15 to 20 years
Swimming Pools	40 to 50 years
Shade Structures	10 to 30 years
Bores	20 to 40 years
Court Surfaces	14 to 25 years
Other Assets	7 to 100 years

7.5 Impairment

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

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

Note 1. Summary of Significant Accounting Policies (continued)

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

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

7.6 Borrowing Costs

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

8 Payables

8.1 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.

8.2 Payments Received in Advance & Deposits

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

9 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred and are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income

statement over the period of the borrowings using the effective interest method.

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

10 Employee Benefits

10.1 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 avg. discount rate	1.36% (2018, 1.67%)
Weighted avg. settlement period	5.4 years (2018, 5.8 years)

No accrual is made for sick leave as Council experience indicates that, on average, sick leave taken in each reporting period is less than the entitlement accruing in that period, and this experience is expected to recur in future reporting periods. Council does not make payment for untaken sick leave.

10.2 Superannuation

The Council makes employer superannuation contributions in respect of its employees to the Statewide Superannuation Scheme. The Scheme has two types of membership, each of which is funded differently. No changes in accounting policy have occurred during either the current or previous reporting periods. Details of the accounting policies applied and Council's involvement with the schemes are reported in Note 18.

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

Note 1. Summary of Significant Accounting Policies (continued)

11 Leases

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

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

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

12 Equity Accounted Council Businesses

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

13 GST Implications

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

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

14 New accounting standards and UIG interpretations

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

Town of Gawler has not applied any Australian Accounting Standards and Interpretations in these financial statements that have been issued but are not yet effective.

AASB 7 Financial Instruments - Disclosures and **AASB 9 Financial Instruments** commenced from 1 July 2018 and have the effect that non-contractual receivables (e.g. rates & charges) are now treated as financial instruments. Although the disclosures made in Note 13 Financial Instruments have changed, there are no changes to the amounts disclosed.

AASB 15 Revenue from Contracts with Customers and **AASB 1058 Income of Not-for-Profit Entities**, which will commence from 1 July 2019, affect the timing with which revenues, particularly special purpose grants, are recognised. Amounts received in relation to contracts with sufficiently specific performance obligations will in future be recognised as these obligations are fulfilled.

AASB 1058 clarifies and simplifies the income recognition requirements that apply to not-to-profit (NFP) entities, in conjunction with AASB 15, and AASB 2016-8. These Standards supersede the majority of income recognition requirements relating to public sector NFP entities, previously in AASB 1004 Contributions.

Identifiable impacts at the date of this report are:

Some grants received by the Council will be recognised as a liability, and subsequently recognised progressively as revenue as the Council satisfies its performance obligations under the grant. At present, such grants are recognised as revenue upfront.

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

Note 1. Summary of Significant Accounting Policies (continued)

Grants that are not enforceable and/or not sufficiently specific will not qualify for deferral, and continue to be recognised as revenue as soon as they are controlled. Council receives several grants from the Federal Government and State Government for which there are no sufficiently specific performance obligations these are expected to continue being recognised as revenue upfront assuming no change to the current grant arrangements.

Transition method

The Council intends to apply the practical expedients available for the full retrospective method. Where revenue has been recognised in full under AASB 1004, prior to 1 July 2019, but where AASB 1058 would have required income to be recognised beyond that date, no adjustment is required. Further, Council is not required to restate income for completed contracts that start and complete within a financial year. This means where income under AASB 1004 was recognised in the comparative financial year (i.e. 2018/19), these also do not require restatement.

AASB 16 Leases, which will commence from 1 July 2019, requires that the right of use conveyed by leasing contracts - except leases with a maximum term of 12 months and leases for non-material amounts - be recognised as a form of Infrastructure, Property, Plant and Equipment, and that the lease liability be disclosed as a liability. Although the effect on profit and loss will be non-material, the value of the Right of use asset, and the lease liability, to be disclosed is unable to be quantified at 30 June 2019.

The Council has assessed the impacts of the new standard that initial application of AASB 16 will have on its consolidated financial statements, however, the actual impacts may differ as the new accounting policies are subject to change until the Council presents its first financial statements that include the date of initial application.

Council anticipates that it will have a small number of operating leases but no finance leases.

Transition method

The Council intends to apply AASB 16 initially on 1 July 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting AASB 16 will be recognised as an adjustment to the opening balance of retained earnings at 1 July 2019, with no restatement of comparative information.

The Council intends to apply the practical expedient for the definition of a lease on transition. This means that it will apply AASB 16 on transition only to contracts that were previously identified as leases applying AASB 117 Leases and Interpretation 4 Determining whether an Arrangement contains a Lease.

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

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

Effective for annual reporting periods beginning on or after 1 January 2019

- AASB 15 Revenue from Contracts with Customers
- AASB 16 Leases
- AASB 16 Leases (Appendix D)
- AASB 1058 Income of Not-for-Profit Entities
- AASB 1058 Income of Not-for-Profit Entities Appendix D)
- AASB 1059 Service Concession Arrangements: Grantors
- AASB 1059 Service Concession Arrangements: Grantors (Appendix D)
- AASB 2016-8 Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities
- AASB 2017-1 Amendments to Australian Accounting Standards - Transfers of Investment Property, Annual Improvements 2014-2016 Cycle and Other Amendments
- AASB 2017-4 Amendments to Australian Accounting Standards – Uncertainty over Income Tax Treatments

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

Note 1. Summary of Significant Accounting Policies (continued)

- AASB 2017-6 Amendments to Australian Accounting Standards – Prepayment Features with Negative Compensation
- AASB 2017-7 Amendments to Australian Accounting Standards – Long-term Interests in Associates and Joint Ventures
- AASB 2018-1 Amendments to Australian Accounting Standards – Annual Improvements 2015–2017 Cycle
- AASB 2018-2 Amendments to Australian Accounting Standards – Plan Amendment, Curtailment or Settlement
- AASB 2018-3 Amendments to Australian Accounting Standards – Reduced Disclosure Requirements
- AASB 2018-4 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Public Sector Licensors
- AASB 2018-5 Amendments to Australian Accounting Standards - Deferral of AASB 1059

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

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

15 Comparative Figures

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

16 Disclaimer

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

Town of Gawler

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

Note 2. Income

\$ '000	Notes	2019	2018
(a). Rates Revenues			
General Rates			
General Rates		21,201	20,418
Less: Mandatory Rebates		(363)	(356)
Less: Discretionary Rebates, Remissions & Write Offs		(951)	(920)
Total General Rates		19,887	19,142
Other Rates (Including Service Charges)			
Natural Resource Management Levy		361	352
Waste Collection		1,982	1,913
Separate Rate		173	173
Total Other Rates		2,516	2,438
Other Charges			
Penalties for Late Payment		64	63
Total Other Charges		64	63
Total Rates Revenues		22,467	21,643
(b). Statutory Charges			
Development Act Fees		216	256
Health & Septic Tank Inspection Fees		2	3
Animal Registration Fees & Fines		260	218
Parking Fines / Expiation Fees		120	141
Sundry		65	66
Total Statutory Charges		663	684
(c). User Charges			
Cemetery Fees		205	145
Lease and Property Rents		537	479
Sundry		67	44
Recreation Fees and Charges		395	387
Aquatic Centre Fees and Charges		398	369
Visitors Information Centre		79	60
Total User Charges		1,681	1,484

Town of Gawler

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

Note 2. Income (continued)

\$ '000	Notes	2019	2018
(d). Investment Income			
Interest on Investments			
- Local Government Finance Authority		18	14
- Loans to Community Groups		1	3
Developer Contributions		13	17
Total Investment Income		32	34
(e). Reimbursements			
Vehicle Use Reimbursements		109	105
Insurance Claims / Rebates		69	33
Legal Costs		1	1
Other		210	187
Total Reimbursements		389	326
(f). Other Income			
Commissions		3	4
Donations		21	8
Other		66	33
Total Other Income		90	45
(g). Grants, Subsidies, Contributions			
Amounts Received Specifically for New or Upgraded Assets		3,956	3,234
Total Amounts Received Specifically for New or Upgraded Assets		3,956	3,234
Other Grants, Subsidies and Contributions		344	328
Financial Assistance Grant		1,483	1,383
Roads to Recovery		570	433
Library Operating Grant		68	77
Home Support Program Grant		339	564
Local Roads Grant		825	482
Youth Development		16	14
Total Other Grants, Subsidies and Contributions		3,645	3,281
Total Grants, Subsidies, Contributions		7,601	6,515

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

Town of Gawler

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

Note 2. Income (continued)

\$ '000	Notes	2019	2018
(g). Grants, Subsidies, Contributions (continued)			
(i) Sources of grants			
Commonwealth Government		4,912	5,023
State Government		2,286	854
Other		403	638
Total		7,601	6,515
(ii) Individually Significant Items			
Grant Commission (FAG) Grant Recognised as Income		955	855
(h). Physical Resources Received Free of Charge			
Land & Improvements		1,435	122
Stormwater Drainage		1,152	96
Kerb & Gutter		595	70
Roads & Footpaths		1,167	193
Total Physical Resources Received Free of Charge		4,349	481

Note 3. Expenses

(a). Employee Costs			
Salaries and Wages		9,287	8,901
Employee Leave Expense		738	826
Superannuation - Defined Contribution Plan Contributions	18	614	605
Superannuation - Defined Benefit Plan Contributions	18	316	265
Workers' Compensation Insurance		260	249
Income Protection Insurance		144	132
Less: Capitalised and Distributed Costs		(667)	(1,136)
Total Operating Employee Costs		10,692	9,842
Total Number of Employees (full time equivalent at end of reporting period)		129	122

Town of Gawler

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

Note 3. Expenses (continued)

\$ '000	Notes	2019	2018
(b). Materials, Contracts and Other Expenses			
(i) Prescribed Expenses			
Auditor's Remuneration			
- Auditing the Financial Reports		30	30
Bad and Doubtful Debts		17	20
Elected Members' Expenses		238	218
Election Expenses		105	7
Operating Lease Rentals - Non-Cancellable Leases	17		
- Minimum Lease Payments		235	294
Subtotal - Prescribed Expenses		625	569
(ii) Other Materials, Contracts and Expenses			
Contractors		1,838	1,954
Energy (Fuel, Gas, Electricity)		973	910
Maintenance		273	230
Sundry		665	720
Advertising, Printing, Postage & Freight		208	212
Bank Charges & Payment Collection Agencies		68	65
Canteen Supplies (Cost of Goods Sold)		59	57
Cleaning & Hygiene		260	258
Communications		104	101
Computer Software / Hardware		417	375
Consultants & Agency Staff		1,134	1,421
Contribution - Other		489	449
Contribution - Gawler Business Development Group		173	173
Contribution - State Government NRM Levy		361	360
Corporate Memberships		100	83
Fringe Benefit Tax		101	138
Insurance		272	223
Levies - Emergency Services		16	20
Materials - Depot Store		30	30
Minor Asset Purchases		86	113
Property Valuations (Valuer General Expenses)		47	47
Rubble, Bitumen & Concrete		108	103
Security		87	82
Staff Training		98	137
Vehicle / Machine Parts & Registrations		94	87
Waste Collection & Disposal Charges		2,010	1,799
Water Supply & Consumption Charges		716	535
Legal Fees (including Debt Recovery)		177	125
Subtotal - Other Material, Contracts & Expenses		10,964	10,807
Total Materials, Contracts and Other Expenses		11,589	11,376

Town of Gawler

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

Note 3. Expenses (continued)

\$ '000	Notes	2019	2018
(c). Depreciation, Amortisation and Impairment			
(i) Depreciation and Amortisation			
Infrastructure			
- Stormwater Drainage		865	812
- Roundabouts		34	33
- Urban Elements		113	92
- Bridges & Major Culverts		142	138
- Roads		1,860	1,688
- Footpaths		493	443
- Kerb & Gutter		677	583
Buildings		564	318
Equipment		631	571
Other Assets		203	172
Subtotal		5,582	4,850
(ii) Impairment			
Nil			
Total Depreciation, Amortisation and Impairment		5,582	4,850
(d). Finance Costs			
Interest on Overdraft and Short-Term Drawdown		453	285
Interest on Loans		408	464
Bank Guarantee Charges		20	21
Total Finance Costs		881	770

Note 4. Asset Disposal & Fair Value Adjustments

Infrastructure, Property, Plant & Equipment

(i) Assets Renewed or Directly Replaced

Proceeds from Disposal	54	54
Less: Carrying Amount of Assets Sold	(37)	(328)
Gain (Loss) on Disposal	17	(274)

(ii) Assets Surplus to Requirements

Proceeds from Disposal	1,172	-
Less: Carrying Amount of Assets Sold	(3,288)	(57)
Gain (Loss) on Disposal	(2,116)	(57)
Net Gain (Loss) on Disposal or Revaluation of Assets	(2,099)	(331)

Town of Gawler

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

Note 5. Current Assets

\$ '000	Notes	2019	2018
(a). Cash & Cash Equivalents			
Cash on Hand at Bank		113	312
Total Cash & Cash Equivalents		113	312
(b). Trade & Other Receivables			
Rates - General & Other		943	898
Accrued Revenues		34	65
Debtors - General		2,235	790
Prepayments		67	55
Loans to Community Organisations		24	14
Subtotal		3,303	1,822
Less: Allowance for Doubtful Debts		(4)	(23)
Total Trade & Other Receivables		3,299	1,799
(c). Inventories			
Trading Stock		24	17
Total Inventories		24	17

Town of Gawler

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

Note 6. Non-Current Assets

\$ '000	Notes	2019	2018
(a). Financial Assets			
Receivables			
Loans to Community Organisations		193	115
Total Receivables		193	115
Total Financial Assets		193	115
(b). Equity Accounted Investments in Council Businesses			
Gawler River Floodplain Management Authority	19	3,862	2,886
Northern Adelaide Waste Management Authority	19	667	686
Total Equity Accounted Investments in Council Businesses		4,529	3,572
(c). Other Non-Current Assets			
Capital Works-in-Progress		6,647	13,049
Total Other Non-Current Assets		6,647	13,049

Town of Gawler

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

Note 7a. Infrastructure, Property, Plant & Equipment

\$ '000	Fair Value Level	as at 30/6/2018					Asset Movements during the Reporting Period						as at 30/6/2019				
		At Fair Value	At Cost	Accumulated		Carrying Value	Asset Additions		WDV of Asset Disposals	Depreciation Expense (Note 3c)	Adjustments & Transfers	Net Revaluation Movement to Equity (ARR) (Note 9)	At Fair Value	At Cost	Accumulated		Carrying Value
				Dep'n	Impairment		New / Upgrade	Renewals							Dep'n	Impairment	
Land	2	33,917	-	-	-	33,917	1,607	172	(212)	-	-	(1,259)	34,225	-	-	-	34,225
Infrastructure																	
- Stormwater Drainage	3	75,730	-	24,931	-	50,799	1,159	-	(4)	(865)	(751)	1,643	78,497	-	26,516	-	51,981
- Roundabouts	3	1,634	-	456	-	1,178	-	-	-	(34)	-	35	1,683	-	504	-	1,179
- Urban Elements	2	-	4,866	1,123	-	3,743	408	65	-	(113)	751	-	-	6,148	1,294	-	4,854
- Bridges & Major Culverts	3	11,897	-	7,208	-	4,689	-	-	-	(142)	-	141	12,253	-	7,565	-	4,688
- Roads	3	90,612	-	29,220	-	61,392	1,207	881	(90)	(1,860)	-	1,464	94,597	-	31,603	-	62,994
- Footpaths	3	23,833	-	6,879	-	16,954	902	162	(7)	(493)	-	655	25,727	-	7,554	-	18,173
- Kerb & Gutter	3	56,952	-	19,988	-	36,964	757	116	(8)	(677)	-	1,151	59,579	-	21,276	-	38,303
Buildings	2	35,689	190	16,014	-	19,865	16,409	197	(2,965)	(530)	-	-	27,071	16,606	10,701	-	32,976
Buildings	3	6,047	-	2,637	-	3,410	26	-	-	(34)	-	-	6,072	-	2,670	-	3,402
Equipment		-	6,692	3,104	-	3,588	29	389	(37)	(631)	-	-	-	6,987	3,649	-	3,338
Other Assets		-	5,731	2,525	-	3,206	325	273	-	(203)	-	-	-	6,329	2,728	-	3,601
Total Infrastructure, Property, Plant & Equipment		336,311	17,479	114,085	-	239,705	22,829	2,255	(3,323)	(5,582)	-	3,830	339,704	36,070	116,060	-	259,714
Comparatives		278,611	16,453	81,731	-	213,333	4,313	2,190	(385)	(4,850)	(7)	25,110	336,311	17,479	114,085	-	239,705

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

Note 7b. Valuation of Infrastructure, Property, Plant & Equipment &
Investment Property

\$ '000

Valuation of Assets

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

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

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

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

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

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

Information on Valuations

The entity selects valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the entity are consistent with one or more of the following valuation approaches:

- *Market approach: uses prices and other relevant information generated by market transactions involving identical or similar assets or liabilities.*
- *Income approach: converts estimated future cash flows or income and expenses into a single current (ie discounted) value.*
- *Cost approach: reflects the current replacement cost of an asset at its current service capacity.*

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the entity gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data are not available and therefore are developed using the best information available about such assumptions are considered unobservable.

All land, and certain 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.

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

Note 7b. Valuation of Infrastructure, Property, Plant & Equipment &
Investment Property (continued)

\$ '000

Valuation of Assets (continued)

Information on Valuations (continued)

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

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

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

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

Other Information

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

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

Highest and best use

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

Transition to AASB 13 - Fair Value Measurement

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

Land

- Basis of valuation: Market Value
- Date of valuation: 30 June 2019
- Valuer: Valuer General, GPO BOX 1354, Adelaide SA 5001

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

Note 7b. Valuation of Infrastructure, Property, Plant & Equipment & Investment Property (continued)

\$ '000

Valuation of Assets (continued)

Buildings & Other Structures

- Basis of valuation: Market Value / Depreciated Replacement Cost
- Date of valuation: 30 June 2018
- Valuer: Mitch Ekonomopoulos of AssetVal Pty Ltd, L1/148 Frome Street, Adelaide SA 5000

In 2018/2019, Council reviewed the lease conditions of Council buildings that are the subject of lease to various community groups / sporting clubs and identified that there were a significant number of assets where the responsibility and owner of the building is actually the lessee. It is clearly stated within the lease that the building may (at the lessee's discretion) become the property of Council only at the expiry or termination of the lease. Therefore all of the buildings identified have been removed from Councils asset register.

Infrastructure

- Basis of valuation: Written down current replacement cost
- Date of valuation: 30 June 2018
- Valuer: Steve Walker of Asset Engineering, PO BOX 211, Plympton SA 5038

The unit rates were certified by Steve Walker in 2017/2018. In 2018/2019, Administration elected to undertake a desktop review in accordance with our revised valuation methodology for Infrastructure Assets.

Stormwater Drainage

- Basis of valuation: Written down current replacement cost
- Date of valuation: 30 June 2018
- Valuer: Steve Walker of Asset Engineering, PO BOX 211, Plympton SA 5038

The unit rates were certified by Steve Walker in 2017/2018. In 2018/2019, Administration elected to undertake a desktop review in accordance with our revised valuation methodology for infrastructure assets.

Roundabouts

- Basis of valuation: Written down current replacement cost
- Date of valuation: 30 June 2018
- Valuer: Steve Walker of Asset Engineering, PO BOX 211, Plympton SA 5038

The unit rates were certified by Steve Walker in 2017/2018. In 2018/2019, Administration elected to undertake a desktop review in accordance with our revised valuation methodology for infrastructure assets.

Urban Elements

- Recognition at Cost

Bridges and Major Culverts

- Basis of valuation: Written down current replacement cost
- Date of valuation: 30 June 2018
- Valuer: Steve Walker of Asset Engineering, PO BOX 211, Plympton SA 5038

The unit rates were certified by Steve Walker in 2017/2018. In 2018/2019, Administration elected to undertake a desktop review in accordance with our revised valuation methodology for infrastructure assets.

Plant & Equipment

- Recognition at Cost

All other Assets

- Recognition at Cost

Town of Gawler

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

Note 8. Liabilities

\$ '000	Notes	2019 Current	2019 Non Current	2018 Current	2018 Non Current
(a). Trade and Other Payables					
Goods & Services		2,458	-	3,106	
Payments Received in Advance		1,502	-	1,894	-
Accrued Expenses - Employee Entitlements		277	-	254	-
Accrued Expenses - Finance Costs		261	-	223	-
Accrued Expenses - Other		264	-	108	93
Deposits, Retentions & Bonds		5	-	80	-
Total Trade and Other Payables		4,767	-	5,665	93
(b). Borrowings					
Loans		909	4,847	852	5,755
Cash Advance Debenture Facility*		-	14,488	-	8,062
Total Borrowings		909	19,335	852	13,817
All interest bearing liabilities are secured over the future revenues of the Council					
*The Cash Advance Debenture Facility comprises of 5 accounts with the maturity dates ranging from 15/06/2022 to 17/10/2026.					
(c). Provisions					
Employee Entitlements for Long Service Leave (including oncosts)		1,605	149	1,538	81
Employee Entitlements for Annual Leave (including oncosts)		1,251	-	1,237	-
Total Provisions		2,856	149	2,775	81

Town of Gawler

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

Note 9. Reserves

\$ '000	1/7/2018	Increments (Decrements)	Transfers	Impairments	30/6/2019
(a). Asset Revaluation Reserve					
Land	29,536	(1,259)	-	-	28,277
Infrastructure					
- Stormwater Drainage	40,501	1,643	-	-	42,144
- Roundabouts	1,230	35	-	-	1,265
- Bridges & Major Culverts	778	141	-	-	919
- Roads	43,661	1,464	-	-	45,125
- Footpaths	16,471	655	-	-	17,126
- Kerb & Gutter	28,375	1,151	-	-	29,526
Buildings	13,324	-	-	-	13,324
JV's / Associates - Other Comprehensive Income	547	1,008	-	-	1,555
Total Asset Revaluation Reserve	174,423	4,838	-	-	179,261
Comparatives	149,313	25,110	-	-	174,423

\$ '000	1/7/2018	Tfrs to Reserve	Tfrs from Reserve	Other Movements	30/6/2019
(b). Other Reserves					
Carparking	446	6	-	-	452
Stormwater Drainage	-	45	(45)	-	-
Plant & Machinery Replacement	-	162	(101)	-	61
Willaston Cemetery	-	54	(54)	-	-
Willaston Cemetery - Babies Memorial	1	-	-	-	1
Waste Management Service Charge	120	-	(5)	-	115
Gawler East Link Road	-	195	-	-	195
Property	1,142	16	(50)	-	1,108
Historic Walls	80	9	-	-	89
Property Improvement	6	-	-	-	6
Urban Tree Fund	13	-	-	-	13
Other Reserves	5	(5)	-	-	-
Total Other Reserves	1,813	482	(255)	-	2,040
Comparatives	1,724	373	(284)	-	1,813

PURPOSES OF RESERVES

Asset Revaluation Reserves

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

Stormwater

This reserve is used for the retention of developer contributions towards the provision of stormwater infrastructure.

Town of Gawler

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

Note 9. Reserves (continued)

\$ '000

(b). Other Reserves (continued)

Carparking Reserve

This reserve is used for the retention of developer contributions towards the provision of carpark facilities.

Footpath Reserve

This reserve is used for the retention of developer contributions towards the construction of new footpaths.

Open Space Reserve

This reserve is used for the retention of developer contributions received towards the provision of facilities within Council's Community Parks, Gardens and Open Spaces.

Plant & Machinery Replacement Reserve

This reserve is used for the provision of funding towards the programmed replacement of Council's Plant & Machinery

Cemetery Reserve

This reserve is used for the development and enhancement of facilities at the Willaston Cemetery.

Waste Management Service Charge Reserve

Council applies an annual charge for the provision of waste management services, pursuant to section 155 of the Local Government Act 1999. In instances where surplus funds are generated (i.e. where the funds generated from the service charge exceed the cost providing the service) this reserve is credited with the surplus.

Property Reserve

This reserve is used for future infrastructure and property development.

Historic Walls Reserve

This reserve is used to fund the Historic Walls Grant Scheme.

Dog & Cat Management Reserve

This reserve is used to fund future initiatives relating to Dog and Cat Management.

Urban Trees Fund Reserve

This reserve is used to fund the maintenance or planting of trees in a designated area which are or will (when fully grown) constitute as significant trees.

Property Improvement Reserve

This reserve is to hold discretionary rebates withheld for commercial properties in the Town Centre deemed to be in a state of neglect that detracts significantly from the amenity of the locality.

Gawler East Link Road

This reserve is used to hold developer contributions relating to Gawler East Development Infrastructure.

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

Note 10. Assets Subject to Restrictions

\$ '000	Notes	2019	2018
<p>The uses of the following assets are restricted, wholly or partially, by legislation or other externally imposed requirements. The assets are required to be utilised for the purposes for which control was transferred to Council, or for which the revenues were originally obtained.</p>			
Cash & Financial Assets			
Unexpended amounts received from Federal Government			
Developer Contributions		154	9
Southern Urban Areas Developer Contributions		1,108	1,142
Total Cash & Financial Assets		1,262	1,151
Total Assets Subject to Externally Imposed Restrictions		1,262	1,151

Note 11. Reconciliation to Statement of Cash Flows

(a). Reconciliation of Cash

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

Total Cash & Equivalent Assets	5	113	312
Balances per Statement of Cash Flows		113	312

Town of Gawler

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

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

\$ '000	Notes	2019	2018
(b). Reconciliation of Change in Net Assets to Cash from Operating Activities			
Net Surplus/(Deficit)		6,383	3,996
Non-Cash Items in Income Statements			
Depreciation, Amortisation & Impairment		5,582	4,850
Equity Movements in Equity Accounted Investments (Increase)/Decrease		46	48
Non-Cash Asset Acquisitions		(4,349)	(481)
Grants for Capital Acquisitions (Treated as Investing Activity Receipts)		(3,956)	(3,234)
Net (Gain) Loss on Disposals		2,099	331
		5,806	5,508
Add (Less): Changes in Net Current Assets			
Net (Increase)/Decrease in Receivables		126	(574)
Change in Allowances for Under-Recovery of Receivables		19	(19)
Net (Increase)/Decrease in Inventories		(7)	(5)
Net (Increase)/Decrease in Other Current Assets		(38)	64
Net Increase/(Decrease) in Trade & Other Payables		(49)	729
Net Increase/(Decrease) in Other Provisions		149	257
Net Increase/(Decrease) in Other Liabilities		(2)	-
Net Cash provided by (or used in) operations		6,004	5,959
(c). Non-Cash Financing and Investing Activities			
Acquisition of assets by means of:			
- Physical Resources Received Free of Charge	2i	4,349	481
Amounts recognised in Income Statement		4,349	481
Total Non-Cash Financing & Investing Activities		4,349	481
(d). Financing Arrangements			
Unrestricted access was available at balance date to the following lines of credit:			
Corporate Credit Cards		41	39
LGFA Cash Advance Debenture Facility		16,788	13,787

(d). Financing Arrangements

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

Corporate Credit Cards	41	39
LGFA Cash Advance Debenture Facility	16,788	13,787

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

Town of Gawler

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

Note 12a. Functions

Functions/Activities	Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 12(b).									
	INCOME		EXPENSES		OPERATING SURPLUS (DEFICIT)		GRANTS INCLUDED IN INCOME		TOTAL ASSETS HELD (CURRENT & NON-CURRENT)	
	Actual 2019	Actual 2018	Actual 2019	Actual 2018	Actual 2019	Actual 2018	Actual 2019	Actual 2018	Actual 2019	Actual 2018
\$ '000										
Business Undertakings	-	-	-	-	-	-	-	-	3,649	2,602
Community Services	1,078	929	2,256	2,252	(1,178)	(1,323)	732	674	34,910	19,324
Culture	105	96	1,094	1,036	(989)	(940)	69	77	281	297
Economic Development	300	257	1,323	879	(1,023)	(622)	13	-	1,727	1,734
Environment	2,005	1,932	4,426	4,127	(2,421)	(2,195)	-	-	2,499	2,407
Recreation	815	778	3,557	3,369	(2,742)	(2,591)	9	3	28,200	31,934
Regulatory Services	1,179	1,180	3,654	3,297	(2,475)	(2,117)	196	166	316	60
Transport & Communication	1,051	919	4,559	4,268	(3,508)	(3,349)	1,041	915	539	559
Plant Hire & Depot/Indirect	22	24	(463)	(352)	485	376	12	13	2,944	3,003
Unclassified Activities	-	-	-	-	-	-	-	-	20	20
Council Administration	22,412	21,382	8,384	8,010	14,028	13,372	1,573	1,433	199,434	196,629
Total Functions/Activities	28,967	27,497	28,790	26,886	177	611	3,645	3,281	274,519	258,569

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

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

Note 12b. Components of Functions

\$ '000

The activities relating to Council functions are as follows:

BUSINESS UNDERTAKINGS

Caravan Parks, Development of Land for Resale.

COMMUNITY SERVICES

Public Order and Safety, Crime Prevention, Emergency Services, Other Fire Protection, Other Public Order and Safety, Health Services, Pest Control – Health, Immunisation, Preventive Health Services, Other Health Services, Community Support, Elderly Citizens Facilities, Home Support Program, Children and Youth Services, Community Assistance, Family and Neighbourhood Support, Other Community Support, Community Amenities, Bus Shelters, Cemeteries, Public Conveniences, Car Parking – non-fee-paying and Other Community Amenities.

CULTURE

Library Services, Other Library Services, Cultural Services, Heritage and Other Cultural Services.

ECONOMIC DEVELOPMENT

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

ENVIRONMENT

Landcare, Other Agricultural Services, Waste Management, Domestic Waste, Green Waste, Recycling, Waste Disposal Facility, Other Waste Management, Other Environment, Stormwater and Drainage, Street Cleaning, Street Lighting, Streetscaping, Natural Resource Management Levy, and Other Environment.

RECREATION

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

REGULATORY SERVICES

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

TRANSPORT

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

PLANT HIRE & DEPOT

Plant & Machinery maintenance & repairs, Depot maintenance expenses.

UNCLASSIFIED ACTIVITIES

Road reserve maintenance, 'Rapid Response' team service and other sundry.

COUNCIL ADMINISTRATION

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

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

Note 13. Financial Instruments

\$ '000

Recognised Financial Instruments

Bank, Deposits at Call, Short Term Deposits

Accounting Policy:

Carried at lower of cost and net realisable value; Interest is recognised when earned.

Terms & Conditions:

Deposits are returning fixed interest rates between 1.5% and 1.25% (2018: 1.5%).

Carrying Amount:

Approximates fair value due to the short term to maturity.

Receivables

Rates & Associated Charges

(including legals & penalties for late payment)

Note: These receivables do not meet the definition of "financial instruments" and have been excluded from the following disclosures.

Accounting Policy:

Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable.

Terms & Conditions:

Secured over the subject land, arrears attract interest of 6.35% (2018: 6.6%). Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries in the State.

Carrying Amount:

Approximates fair value (after deduction of any allowance).

Receivables

Fees & Other Charges

Accounting Policy:

Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable.

Terms & Conditions:

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

Carrying Amount:

Approximates fair value (after deduction of any allowance).

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

Note 13. Financial Instruments (continued)

\$ '000

Recognised Financial Instruments

Receivables

Other Levels of Government

Accounting Policy:

Carried at nominal value.

Terms & Conditions:

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

Carrying Amount:

Approximates fair value.

Liabilities

Creditors and Accruals

Accounting Policy:

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

Terms & Conditions:

Liabilities are normally settled on 30 day terms.

Carrying Amount:

Approximates fair value.

Liabilities

Interest Bearing Borrowings

Accounting Policy:

Carried at the principal amounts. Interest is charged as an expense as it accrues.

Terms & Conditions:

Secured over future revenues, borrowings are repayable (describe basis); interest is charged at fixed (or variable - describe) rates between 3.35% and 7.88% (2018: 3.75% and 7.88%).

Carrying Amount:

Approximates fair value.

Liabilities

Finance Leases

Accounting Policy:

Accounted for in accordance with AASB 117.

Town of Gawler

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

Note 13. Financial Instruments (continued)

\$ '000	Due < 1 year	Due > 1 year & ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
2019					
<u>Financial Assets</u>					
Cash & Equivalents	113	-	-	113	113
Receivables	2,290	193	-	2,483	2,483
Total Financial Assets	2,403	193	-	2,596	2,596
<u>Financial Liabilities</u>					
Payables	4,364	-	-	4,364	3,965
Current Borrowings	1,276	-	-	1,276	909
Non-Current Borrowings	-	8,766	11,129	19,895	19,335
Total Financial Liabilities	5,640	8,766	11,129	25,535	24,209
2018					
<u>Financial Assets</u>					
Cash & Equivalents	312	-	-	312	312
Receivables	832	129	-	961	961
Total Financial Assets	1,144	129	-	1,273	1,273
<u>Financial Liabilities</u>					
Payables	5,270	-	-	5,270	5,080
Current Borrowings	1,291	-	-	1,291	852
Non-Current Borrowings	-	3,928	10,324	14,252	13,817
Total Financial Liabilities	6,561	3,928	10,324	20,813	19,749

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

	30 June 2019		30 June 2018	
	Weighted Avg Interest Rate	Carrying Value	Weighted Avg Interest Rate	Carrying Value
Other Variable Rates	3.48%	14,488	3.60%	8,062
Fixed Interest Rates	6.61%	5,756	6.61%	6,607
		20,244		14,669

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 allowance for doubtful debts. All Council investments are made with the SA Local Government Finance Authority and are guaranteed by the SA Government. Except as detailed in Notes 5 & 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.

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

Note 13. Financial Instruments (continued)

\$ '000

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.

Note 14. Commitments for Expenditure

\$ '000

Notes

2019

2018

(a). Capital Commitments

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

Infrastructure	275	6,391
	275	6,391

These expenditures are payable:

Not later than one year	275	6,391
Later than one year and not later than 5 years	-	-
Later than 5 years	-	-
	275	6,391

(b). Other Expenditure Commitments

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

Audit Services	31	61
Employee Remuneration Contracts	4,081	4,585
	4,112	4,646

These expenditures are payable:

Not later than one year	1,418	1,751
Later than one year and not later than 5 years	2,694	2,895
Later than 5 years	-	-
	4,112	4,646

Town of Gawler

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

Note 15. Financial Indicators

\$ '000	Amounts 2019	Indicator 2019	Prior Periods 2018	Prior Periods 2017
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These Financial Indicators have been calculated in accordance with *Information paper 9 - Local Government Financial Indicators* prepared as part of the LGA Financial Sustainability Program for the Local Government Association of South Australia.

1. Operating Surplus Ratio

Operating Surplus	177			
Total Operating Income	28,967	0.6%	2.2%	3.4%

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

2. Net Financial Liabilities Ratio

Net Financial Liabilities	24,411			
Total Operating Income	28,967	84%	77%	62%

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

Adjustments to Ratios

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

Adjusted Operating Surplus Ratio		0.3%	1.9%	0.6%
Adjusted Net Financial Liabilities Ratio		85%	77%	64%

3. Asset Renewal Funding Ratio

Net Asset Renewals	6,555			
Infrastructure & Asset Management Plan required expenditure	3,962	165%	101%	99%

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

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

Note 15. Financial Indicators - Graphs (continued)

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Town of Gawler

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

Note 16. Uniform Presentation of Finances

\$ '000	2019	2018
<p>The following is a high level summary of both operating and capital investment activities of the Council prepared on a simplified Uniform Presentation Framework basis.</p> <p>All Councils in South Australia have agreed to summarise annual budgets and long-term financial plans on the same basis.</p> <p>The arrangements ensure that all Councils provide a common 'core' of financial information, which enables meaningful comparisons of each Council's finances.</p>		
Income	28,967	27,497
less Expenses	(28,790)	(26,886)
Operating Surplus / (Deficit)	177	611
Net Outlays on Existing Assets		
Capital Expenditure on Renewal and Replacement of Existing Assets	(6,609)	(2,530)
<i>add back</i> Depreciation, Amortisation and Impairment	5,582	4,850
<i>add back</i> Proceeds from Sale of Replaced Assets	54	54
Subtotal	(973)	2,374
Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets (including Investment Property & Real Estate Developments)	(8,189)	(10,795)
<i>add back</i> Amounts Received Specifically for New and Upgraded Assets	3,016	4,850
<i>add back</i> Proceeds from Sale of Surplus Assets (including Investment Property, Real Estate Developments and Non-Current Assets Held for Resale)	121	-
Subtotal	(5,052)	(5,945)
Net Lending / (Borrowing) for Financial Year	(5,847)	(2,961)

In accordance with the calculation method outlined in the 2019 Model Financial Statements approved by the Minister for Local Government, net outlays on assets (i.e. existing assets and new / upgraded assets) in the Statement above have been sourced from the Statement of Cash Flows. This means, however, that the Statement above does not consider material movements that may occur in associated Balance Sheet items from one reporting period to the next.

In this context, the Statement does not allow for the approximately \$700k increase in capital works related creditors from 2017/18 to 2018/19; the \$400k reduction in capital grants received in advance; and the \$1.171m debtor balance as at 30 June 2019 which relates to Proceeds from Sale of Surplus Assets (noting the debt owing to Council was paid on 2 July 2019).

Town of Gawler

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

Note 17. Operating Leases

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

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

(i) Investment Property

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

Leases commitments under all non-cancellable lease agreements, including those relating to Investment Property, are as follows:

Not later than one year	414	414
Later than one year and not later than 5 years	1,607	1,718
Later than 5 years	752	714
	<u>2,773</u>	<u>2,846</u>

(ii) Lease Payment Commitments of Council

Council has entered into non-cancellable operating leases for various items of computer hardware.

No lease imposes any additional restrictions on Council in relation to additional debt or further leasing.

Leases in relation to computer and office equipment permit Council, at expiry of the lease, to elect to re-lease return or acquire the equipment leased.

No lease contains any escalation clause.

Commitments under non-cancellable operating leases that have not been recognised in the financial statements are as follows:

Not later than one year	181	209
Later than one year and not later than 5 years	41	211
Later than 5 years	-	-
	<u>222</u>	<u>420</u>

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

Note 18. Superannuation

\$ '000

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

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 2017/18) of "superannuation" salary.

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

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

The most recent actuarial investigation was conducted by the Fund's actuary, Louise Campbell, FIAA, of Willie Towers Watson as at 30 June 2017. The Trustee has determined that the current funding arrangements are adequate for the expected Salarylink liabilities. However, future financial and economic circumstances may require changes to Council's contribution rates at some future time.

Contributions to Other Superannuation Schemes

Council 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.

Town of Gawler

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

Note 19. Interests in Other Entities

\$ '000

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

	Council's Share of Net Income		Council's Share of Net Assets	
	2019	2018	2019	2018
Joint Ventures	(46)	(48)	4,529	3,572
Total	(46)	(48)	4,529	3,572

(i) JOINT VENTURES, ASSOCIATES AND JOINT OPERATIONS

(a) Carrying Amounts

Name of Entity	Principal Activity	2019	2018
Northern Adelaide Waste Management Authority	Provision of waste management services	667	686
Gawler River Floodplain Management Authority	Management and co-ordination of flood mitigation projects	3,862	2,886
Total Carrying Amounts - Joint Ventures & Associates		4,529	3,572

Northern Adelaide Waste Management Authority

Established by Town of Gawler, City of Playford and the City of Salisbury, NAWMA is responsible for the provision of Waste Management Services.

Gawler River Floodplain Management Authority

Established by Town of Gawler, City of Playford, Adelaide Hills Council, The Barossa Council, Light Regional Council and the Adelaide Plains Council. GRFMA is responsible for the co-ordination of construction and management of projects.

(b) Relevant Interests

Name of Entity	Interest in Operating Result		Ownership Share of Equity		Proportion of Voting Power	
	2019	2018	2019	2018	2019	2018
Northern Adelaide Waste Management Authority	9.9%	10.2%	9.9%	10.2%	33%	33%
Gawler River Floodplain Management Authority	17.3%	17.3%	17.3%	17.3%	16%	16%

(c) Movement in Investment in Joint Venture or Associate

	Northern Adelaide Waste Management Authority		Gawler River Floodplain Management Authority	
	2019	2018	2019	2018
Opening Balance	686	632	2,886	2,925
Share in Operating Result	(22)	(9)	(24)	(39)
Share in Other Comprehensive Income	-	5	(5)	-
Adjustments to Equity	3	57	1,005	-
Council's Equity Share in the Joint Venture or Associate	667	686	3,862	2,886

Town of Gawler

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

Note 19. Interests in Other Entities (continued)

\$ '000

(d) Summarised Financial Information of the Equity Accounted Business

Statement of Financial Position	Northern Adelaide Waste Management Authority		Gawler River Floodplain Management Authority	
	2019	2018	2019	2018
Cash and Cash Equivalents	2,613	1,062	3	2
Other Current Assets	3,236	2,738	65	59
Non-Current Assets	14,709	16,585	22,332	16,651
Total Assets	20,558	20,385	22,400	16,712
Current Trade and Other Payables	3,410	2,271	-	-
Current Financial Liabilities	1,186	1,079	-	-
Current Provisions	191	263	-	-
Non-Current Financial Liabilities	6,318	7,415	-	-
Non-Current Provisions	2,698	2,605	-	-
Total Liabilities	13,803	13,633	-	-
Net Assets	6,755	6,752	22,400	16,712

Statement of Comprehensive Income	Northern Adelaide Waste Management Authority		Gawler River Floodplain Management Authority	
	2019	2018	2019	2018
Other Income	67	208	5	20
Contributions from Constituent Councils	33,758	29,026	232	80
Interest Income	209	108	2	3
Total Income	34,034	29,342	239	103
Employee Costs	2,753	2,191	-	-
Materials, Contracts & Other Expenses	29,756	25,524	130	85
Depreciation, Amortisation and Impairment	1,394	1,449	233	231
Finance Costs	351	373	-	-
Total Expenses	34,254	29,537	363	316
Other Revenue / Expense Items	-	-	(17)	(15)
Operating Result	(220)	(195)	(141)	(228)

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

Note 19. Interests in Other Entities (continued)

\$ '000

(e). Share of Joint Operations Expenditure Commitments

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

(i) Capital Expenditures Payable	2019	2018
Not later than one year	14,049	14,766
Later than one year and not later than 5 years	56,136	56,300
Later than 5 years	10,526	11,232
	80,711	82,298

The expenditure commitments shown above mainly relate to Waste Collection, Processing and Mobile Garbage Bin Supply Contracts (\$80.711M).

In addition to the above, Northern Adelaide Waste Management Authority has a performance bond/guarantee held with the Local Government Finance Authority to the Environment Protection Authority for an amount of \$1.350M.

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

Council does not have any Non-Current Assets Held for Sale or any Discontinued Operations.

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

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

The following assets and liabilities do not qualify for recognition in the Balance Sheet, but knowledge is considered relevant to the users of the financial report in making and evaluating decisions about the allocation of scarce resources.

1. LAND UNDER ROADS

As reported in the Financial 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 the 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 203 km of road reserves of average width 14 metres.

2. POTENTIAL INSURANCE LOSSES

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

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

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

3. LEGAL MATTERS

Council is the planning consent authority for its area under the Development Act 1993 (as amended). Pursuant to that Act, certain persons aggrieved by a planning decision of the Council may appeal. It is normal practice that parties bear their own legal costs. At the date of these reports, Council had notice no of appeals against planning decisions made prior to reporting date.

Town of Gawler

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

Note 22. Events after the Balance Sheet Date

Events that occur after the reporting date of 30 June 2019, up to and including the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

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

Accordingly, the "authorised for issue" date is 07/11/19.

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

Note 23. Related Party Transactions

\$ '000	2019	2018
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Key Management Personnel

Transactions with Key Management Personnel

The Key Management Personnel of the Council include the Mayor, Councillors, CEO and certain prescribed officers under section 112 of the Local Government Act 1999. In all, 22 persons were paid the following total compensation:

The compensation paid to Key Management Personnel comprises:

Short-Term Employee Benefits	1,370	1,187
Long-Term Benefits	91	89
Total	1,461	1,276

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

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

Note 23. Related Party Transactions (continued)

\$ '000

Transactions with Council Regional Subsidiary entities

The information presented below represents additional information relating to transactions recorded during the financial year with Council's Subsidiary entities. The information presented below is in addition to that already disclosed in Note 19. Council is an equity owner of each Regional Subsidiary disclosed in Note 19. along with other Member Councils.

Member Councils have equal representation on the Board of which Council is a member of the following subsidiaries

- Northern Waste Management Authority
- Gawler River Floodplain Management Authority

Member Councils have influence in the financial & strategic operational decisions of the Subsidiary given their equal Board member representation.

No one Member Council individually has control over these decisions.

	Payments made to Entity during 2018/19 Financial Year \$ '000	Outstanding Balances owed to the Entity as at 30 June 2019 \$ '000
Northern Adelaide Management Authority	2,180	-
Gawler River Floodplain Management Authority	43	-
Total	2,223	-

Town of Gawler

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

Note 24. Council Information & Contact Details

Principal Place of Business:

43 High St
Gawler East SA 5118

Contact Details**Mailing Address:**

PO Box 130
Gawler SA 5118

Opening Hours:

Monday - Friday 9:00am - 5:00pm

Telephone: 08 8522 9211

Facsimile: 08 8522 9212

Internet: www.gawler.sa.gov.au

Email: council@gawler.sa.gov.au

Officers**CHIEF EXECUTIVE OFFICER**

Henry Inat

Elected Members**MAYOR**

Karen Redman

COUNCILLORS

Ian Tooley
Kevin Fischer
Cody Davies
Jim Vallelonga
Diane Fraser
Kelvin Goldstone
Paul Little
David Hughes
Paul Koch
Nathan Shanks
Brian Sambell

AUDITORS

Dean Newbery & Partners
214 Melbourne Street
PO BOX 755
North Adelaide SA 5006

Other Information

ABN: 29 861 749 581

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL REPORT**To the members of the Town of Gawler****Opinion**

We have audited the accompanying financial report of the Town of Gawler (the Council), which comprises the Statement of Financial Position as at 30 June 2019, 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 2019, 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 NEWBERRY & PARTNERS
CHARTERED ACCOUNTANTS



SAMANTHA CRETEN
PARTNER

Signed on the 27th day of November 2019,
at 214 Melbourne Street, North Adelaide

INDEPENDENT ASSURANCE REPORT ON THE INTERNAL CONTROLS OF THE TOWN OF GAWLER**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 2018 to 30 June 2019.

Basis for opinion

We have audited the Internal Controls of the Town of Gawler (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 2018 to 30 June 2019 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**



**SAMANTHA CRETEN
PARTNER**

Signed on the 27th day of November 2019
at 214 Melbourne Street, North Adelaide, South Australia, 5006

Town of Gawler

General Purpose Financial Statements for the year ended 30 June 2019

Certification of Auditor Independence

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of Town of Gawler for the year ended 30 June 2019, the Council's Auditor, Dean Newbery & Partners has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

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

A blue ink signature of Henry Inat, consisting of a stylized 'H' and 'I' followed by a horizontal line.

Henry Inat
CHIEF EXECUTIVE OFFICER

A blue ink signature of Peter Brass, featuring a stylized 'P' and 'B' with a horizontal line.

Peter Brass
PRESIDING MEMBER, AUDIT COMMITTEE

Date: 7 November 2019

Certification of Auditor's Independence

I confirm that, for the audit of the financial statements of the Town of Gawler for the year ended 30 June 2019, I have maintained my independence in accordance with the requirements of APES 110 – Code of Ethics for Professional Accountants, Section 290, published by the Accounting Professional and Ethical Standards Board, in accordance with the *Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011* made under that Act.

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



SAMANTHA CRETEN

Partner

DEAN NEWBERY & PARTNERS

CHARTERED ACCOUNTANTS

Dated this 25th day of October 2019