

Town of Gawler

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2021



General Purpose Financial Statements

for the year ended 30 June 2021

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General Purpose Financial Statements

for the year ended 30 June 2021

Certification of Financial Statements

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

In our opinion:

- the accompanying financial statements comply with the *Local Government Act 1999, Local Government (Financial Management) Regulations 2011* and Australian Accounting Standards,
- the financial statements present a true and fair view of the Council's financial position at 30 June 2021 and the results of its operations and cash flows for the financial year,
- internal controls implemented by the Council provide a reasonable assurance that the Council's financial records are complete, accurate and reliable and were effective throughout the financial year,
- the financial statements accurately reflect the Council's accounting and other records.



Henry Inat
Chief Executive Officer

23 November 2021



Karen Redman
Mayor

23 November 2021

Statement of Comprehensive Income

for the year ended 30 June 2021

\$ '000	Notes	2021	2020
Income			
Rates	2a	24,095	23,450
Statutory Charges	2b	982	745
User Charges	2c	1,599	1,388
Grants, Subsidies and Contributions	2g	4,530	3,688
Investment Income	2d	24	29
Reimbursements	2e	413	362
Other income	2f	325	531
Net Gain - Equity Accounted Council Businesses	19(a)	187	—
Total Income		32,155	30,193
Expenses			
Employee costs	3a	11,281	10,960
Materials, Contracts and Other Expenses	3b	13,541	12,670
Depreciation, Amortisation and Impairment	3c	6,434	5,901
Finance Costs	3d	618	741
Net loss - Equity Accounted Council Businesses	19(a)	48	176
Total Expenses		31,922	30,448
Operating Surplus / (Deficit)		233	(255)
Physical Resources Received Free of Charge	2h	36,174	4,020
Asset Disposal & Fair Value Adjustments	4	(1,086)	(311)
Amounts Received Specifically for New or Upgraded Assets	2g	1,100	2,025
Net Surplus / (Deficit)		36,421	5,479
Other Comprehensive Income			
Amounts which will not be reclassified subsequently to operating result			
Changes in Revaluation Surplus - I,PP&E	9a	2,084	4,369
Share of Other Comprehensive Income - Equity Accounted Council Businesses	19	—	150
Other Equity Adjustments - Equity Accounted Council Businesses		(22)	17
Total Amounts which will not be reclassified subsequently to operating result		2,062	4,536
Total Other Comprehensive Income		2,062	4,536
Total Comprehensive Income		38,483	10,015

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

Statement of Financial Position

as at 30 June 2021

\$ '000	Notes	2021	2020
ASSETS			
Current assets			
Cash & Cash Equivalent Assets	5a	89	254
Trade & Other Receivables	5b	2,101	1,914
Inventories	5c	17	23
Total current assets		2,207	2,191
Non-current assets			
Financial Assets	6a	164	183
Equity Accounted Investments in Council Businesses	6b	4,637	4,520
Work in Progress		8,873	8,504
Infrastructure, Property, Plant & Equipment	7a(i)	306,713	267,737
Total non-current assets		320,387	280,944
TOTAL ASSETS		322,594	283,135
LIABILITIES			
Current Liabilities			
Trade & Other Payables	8a	5,101	4,662
Borrowings	8b	2,820	1,046
Provisions	8c	2,996	2,911
Total Current Liabilities		10,917	8,619
Non-Current Liabilities			
Borrowings	8b	16,425	17,786
Provisions	8c	251	212
Total Non-Current Liabilities		16,676	17,998
TOTAL LIABILITIES		27,593	26,617
Net Assets		295,001	256,518
EQUITY			
Accumulated surplus		106,407	70,751
Asset revaluation reserves	9a	185,714	183,630
Other reserves	9b	2,880	2,137
Total Council Equity		295,001	256,518
Total Equity		295,001	256,518

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

Statement of Changes in Equity

for the year ended 30 June 2021

\$ '000	Notes	Accumulated surplus	Asset revaluation reserve	Other reserves	Total equity
2021					
Balance at the end of previous reporting period		70,751	183,630	2,137	256,518
Net Surplus / (Deficit) for Year		36,421	—	—	36,421
Other Comprehensive Income					
- Gain (Loss) on Revaluation of I,PP&E	7a	—	2,084	—	2,084
- Other Equity Adjustments - Equity Accounted Council Businesses	19	(22)	—	—	(22)
Other comprehensive income		(22)	2,084	—	2,062
Total comprehensive income		36,399	2,084	—	38,483
Transfers between Reserves		(743)	—	743	—
Balance at the end of period		106,407	185,714	2,880	295,001
2020					
Balance at the end of previous reporting period		65,202	179,261	2,040	246,503
Net Surplus / (Deficit) for Year		5,479	—	—	5,479
Other Comprehensive Income					
- Share of OCI - Equity Accounted Council Businesses		150	—	—	150
- Gain (Loss) on Revaluation of I,PP&E	7a	—	4,369	—	4,369
- Other Equity Adjustments - Equity Accounted Council Businesses	19	17	—	—	17
Other comprehensive income		167	4,369	—	4,536
Total comprehensive income		5,646	4,369	—	10,015
Transfers between Reserves		(97)	—	97	—
Balance at the end of period		70,751	183,630	2,137	256,518

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

Statement of Cash Flows

for the year ended 30 June 2021

\$ '000	Notes	2021	2020
Cash flows from operating activities			
<u>Receipts</u>			
Operating Receipts		31,465	29,660
Investment Receipts		24	29
<u>Payments</u>			
Operating Payments to Suppliers and Employees		(23,957)	(23,254)
Finance Payments		(635)	(818)
Net cash provided by (or used in) Operating Activities	11b	<u>6,897</u>	<u>5,617</u>
Cash flows from investing activities			
Amounts Received Specifically for New/Upgraded Assets		1,066	2,419
Sale of Replaced Assets		–	147
Sale of Surplus Assets		106	1,185
Repayments of Loans by Community Groups		10	4
<u>Payments</u>			
Expenditure on Renewal/Replacement of Assets		(2,270)	(3,874)
Expenditure on New/Upgraded Assets		(6,320)	(3,706)
Net cash provided (or used in) investing activities		<u>(7,408)</u>	<u>(3,825)</u>
Cash flows from financing activities			
<u>Receipts</u>			
Proceeds from Borrowings		438	–
<u>Payments</u>			
Repayments of Borrowings		–	(1,566)
Repayment of Finance Lease Liabilities		(92)	(85)
Net Cash provided by (or used in) Financing Activities		<u>346</u>	<u>(1,651)</u>
Net Increase (Decrease) in Cash Held		<u>(165)</u>	<u>141</u>
plus: Cash & Cash Equivalents at beginning of period		254	113
Cash and cash equivalents held at end of period	11a	<u>89</u>	<u>254</u>

Additional Information:

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

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

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Notes to the Financial Statements

for the year ended 30 June 2021

Note 1. Summary of Significant Accounting Policies

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

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

(1) Basis of Preparation

1.1 Compliance with Australian Accounting Standards

This general purpose financial report has been prepared on a going concern basis using the historical cost convention (except as stated below) 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 23 November 2021.

1.2 Critical Accounting Estimates

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

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

1.3 Estimates and assumptions

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

Examples include:

1. Development Application Fees - Due to an increase in residents taking advantage of Federal Government Stimulus Packages this revenue has increased 103% from 2019/2020.
2. Funding received as part of the Federal Government's Local Roads and Community Infrastructure Program which was established as part of the Federal Government's financial and economic response to the COVID-19 pandemic (\$659K).
3. One-off contributions to various community groups as part of Council's economic stimulus package which was Council's response to the COVID-19 pandemic (\$326K).
2. Visitors Information Centre - Decrease in revenue (\$72K) and expenditure (64K) due to mandatory shutdowns.
3. Library - Running expenses have decreased (\$130K) due to mandatory shutdowns.
4. Increase in external plant hire expenses due to the requirement to hire additional fleet items to comply with COVID-19 spacing requirements (\$28K).

COVID-19 is not expected to have a significant financial impact on Council operations with the Council working to [reduce discretionary expenditure in the short term to help mitigate the effect of the reduced revenue and increased costs]. It is expected further financial impacts will flow into the 2021/22 financial year but these have been largely taken into account during the development of the budget process for 2021/22 including, but not limited to further Economic Stimulus Funding provided by Council to community groups and another round of Federal Government funding for Local Roads & Community Infrastructure Program. The budget assumptions for 2021/22 assume that no further harsher restrictions are put in place by the government. However, Council has determined that there is no material uncertainty that casts doubt on Council's ability to continue as a going concern.

1.4 Rounding

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

(2) The Local Government Reporting Entity

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 consolidated financial statements include the Council's direct operations and all

Notes to the Financial Statements

for the year ended 30 June 2021

Note 1. Summary of Significant Accounting Policies (continued)

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

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

(3) Income Recognition

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

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

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

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

Notes to the Financial Statements

for the year ended 30 June 2021

Note 1. Summary of Significant Accounting Policies (continued)

	Cash Payment Received	Annual Allocation	Difference
2017/18	\$1,865,349	\$1,010,087	+ \$855,262
2018/19	\$1,829,959	\$875,049	+ \$954,910
2019/20	\$1,825,650	\$860,335	+ \$965,315
2020/21	\$1,866,757	\$871,824	+ \$994,933

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

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

Impact of COVID-19

Construction Contracts

(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.

Notes to the Financial Statements

for the year ended 30 June 2021

Note 1. Summary of Significant Accounting Policies (continued)

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

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

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

(6) Inventories

Inventories held in respect of stores have been valued by using the weighted average cost on a continual basis, after adjustment for loss of service potential. Inventories held in respect of business undertakings have been valued at the lower of cost and net realisable value.

5.1 Real Estate Assets Developments

Real Estate Assets developments have been classified as Inventory in accordance with AASB 102 and are valued at the lower of cost or net realisable value. Cost includes the costs of acquisition, development, borrowing and other costs incurred on financing of that acquisition and up to the time of sale. Any amount by which cost exceeds the net realisable value has been recognised as an expense.

Revenues arising from the sale of property are recognised in the operating statement when settlement is completed.

Properties not acquired for development, but which Council has decided to sell as surplus to requirements, are recognised at the carrying value at the time of that decision.

5.2 Other Real Estate Held for Resale

Properties not acquired for development, but which Council has decided to sell as surplus to requirements, are recognised at the carrying value at the time of that decision.

Certain properties, auctioned for non-payment of rates in accordance with the Local Government Act but which failed to meet the reserve set by Council and are available for sale by private treaty, are recorded at the lower of the unpaid rates and charges at the time of auction or the reserve set by Council. Holding costs in relation to these properties are recognised as an expense when incurred.

(7) Infrastructure, Property, Plant & Equipment

6.1 Initial Recognition

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

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

6.2 Materiality

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

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

Office Furniture & Equipment	\$5,000
Other Plant & Equipment	\$5,000

Notes to the Financial Statements

for the year ended 30 June 2021

Note 1. Summary of Significant Accounting Policies (continued)

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

6.3 Subsequent Recognition

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

6.4 Depreciation of Non-Current Assets

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

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

Major depreciation periods for each class of asset are 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	25 to 40 years
Sealed Roads – Structure	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

Other Assets

Artworks	Indefinite
Playground Equipment	15 to 20 years
Swimming Pools	40 to 50 years
Shade Structures	10 to 30 years

continued on next page ...

Notes to the Financial Statements

for the year ended 30 June 2021

Note 1. Summary of Significant Accounting Policies (continued)

Bores	20 to 40 years
Court Surfaces	14 to 25 years
Other Assets	7 to 100 years

6.5 Impairment

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

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

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

6.6 Borrowing Costs

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

(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 oncosts) measured in accordance with AASB 119.

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

Weighted avg. discount rate 1.36% (2020, 1.36%)

Weighted avg. settlement period 5.4 years (2020, 5.5 years)

Notes to the Financial Statements

for the year ended 30 June 2021

Note 1. Summary of Significant Accounting Policies (continued)

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. Details of the accounting policies applied and Council's involvement with the schemes are reported in Note 18.

(11) Leases

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

12.1 Council as a Lessee

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

The Council recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received and the estimate of costs to be incurred to restore the leased asset. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Plant and equipment	2 to 3 years
Computers	2 to 3 years

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

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

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

(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

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

Notes to the Financial Statements

for the year ended 30 June 2021

Note 1. Summary of Significant Accounting Policies (continued)

Amendments to AASB 101 and AASB 108 Definition of Material

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

Amendments to AASB 16 Covid-19 Related Rent Concessions

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

Standards issued by the AASB not yet effective

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

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

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

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

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

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

(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.

Notes to the Financial Statements

for the year ended 30 June 2021

Note 2. Income

\$ '000	2021	2020
(a) Rates		
General Rates		
General Rates	22,902	22,097
Less: Mandatory Rebates	(417)	(395)
Less: Discretionary Rebates, Remissions & Write Offs	(1,492)	(981)
Total General Rates	20,993	20,721
Other Rates (Including Service Charges)		
Natural Resource Management Levy	365	367
Waste Collection	2,511	2,144
Separate Rate	179	176
Total Other Rates (Including Service Charges)	3,055	2,687
Other Charges		
Penalties for Late Payment	47	47
Total Other Charges	47	47
Less: Discretionary Rebates, Remissions & Write Offs	–	(5)
Total Rates	24,095	23,450
(b) Statutory Charges		
Development Act Fees	475	231
Health & Septic Tank Inspection Fees	20	26
Animal Registration Fees & Fines	267	297
Parking Fines / Expiation Fees	155	141
Sundry	65	50
Total Statutory Charges	982	745
(c) User Charges		
Lease and Property Rents	489	450
Aquatic Centre Fees and Charges	362	347
Recreation Fees and Charges	385	252
Cemetery Fees	169	148
Visitors Information Centre	35	56
Civic Centre Operations	32	31
Sundry	127	104
Total User Charges	1,599	1,388
(d) Investment Income		
Interest on Investments		
- Local Government Finance Authority	21	22
Developer Contributions	3	7
Total Investment Income	24	29

Notes to the Financial Statements

for the year ended 30 June 2021

Note 2. Income (continued)

\$ '000	2021	2020
(e) Reimbursements		
Vehicle Use Reimbursements	101	106
Insurance Claims / Rebates	3	71
Other	309	185
Total Reimbursements	413	362

(f) Other income

Commissions	2	3
Donations	5	4
Recognition of Volunteer Hours	272	284
Public Lighting Tariff Dispute Settlement	–	172
Other	46	68
Total Other income	325	531

(g) Grants, Subsidies, Contributions

Amounts Received Specifically for New or Upgraded Assets	1,100	2,025
Total Amounts Received Specifically for New or Upgraded Assets	1,100	2,025
Other Grants, Subsidies and Contributions	902	380
Financial Assistance Grant	1,509	1,535
Local Roads Grant	359	291
Roads to Recovery	323	576
Library Operating Grant	74	72
Home Support Program Grant	705	760
Youth Development	–	74
Local Roads and Community Infrastructure Program Grant	658	–
Total Other Grants, Subsidies and Contributions	4,530	3,688
Total Grants, Subsidies, Contributions	5,630	5,713

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

(i) Sources of grants

Commonwealth Government	2,710	4,394
State Government	1,700	673
Other	1,220	646
Total	5,630	5,713

(ii) Individually Significant Items

Grant Commission (FAG) Grant in advance recognised as income	995	965
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(h) Physical Resources Received Free of Charge

Land & Improvements	305	498
Stormwater Drainage	6,052	1,228
Kerb & Gutter	4,691	743

Notes to the Financial Statements

for the year ended 30 June 2021

Note 2. Income (continued)

\$ '000	2021	2020
Roads & Footpaths	12,363	1,551
Roundabouts	417	—
Bridges	12,346	—
<u>Total Physical Resources Received Free of Charge</u>	<u>36,174</u>	<u>4,020</u>

Notes to the Financial Statements

for the year ended 30 June 2021

Note 3. Expenses

\$ '000	Notes	2021	2020
(a) Employee costs			
Salaries and Wages		10,031	9,915
Employee Leave Expense		724	655
Superannuation - Defined Contribution Plan Contributions	18	738	675
Superannuation - Defined Benefit Plan Contributions	18	235	288
Workers' Compensation Insurance		242	286
Income Protection Insurance		181	160
Less: Capitalised and Distributed Costs		(870)	(1,019)
Total Operating Employee Costs		11,281	10,960
Total Number of Employees (full time equivalent at end of reporting period)		131	130

(b) Materials, Contracts and Other Expenses**(i) Prescribed Expenses**

Auditor's Remuneration			
- Auditing the Financial Reports		20	40
Bad and Doubtful Debts		-	1
Elected Members' Expenses		255	247
Election Expenses		7	7
Lease Expense - Low Value Assets / Short Term Leases		96	282
Subtotal - Prescribed Expenses		378	577

Notes to the Financial Statements

for the year ended 30 June 2021

Note 3. Expenses (continued)

\$ '000	2021	2020
(ii) Other Materials, Contracts and Expenses		
Advertising, Printing, Postage & Freight	222	227
Bank Charges & Payment Collection Agencies	67	57
Canteen Supplies (Cost of Goods Sold)	60	47
Cleaning & Hygiene	393	331
Communications	112	138
Computer Software / Hardware	484	318
Consultants & Agency Staff	1,330	1,153
Contractors	2,169	2,295
Contribution - Gawler Business Development Group	179	176
Contribution - Other	668	398
Contribution - State Government Gawler East Link Road	297	151
Contribution - State Government Regional Landscape Levey	361	366
Corporate Memberships	103	111
Energy (Fuel, Gas, Electricity)	913	968
Fringe Benefit Tax	118	92
Insurance	337	304
Legal Fees (including Debt Recovery)	266	245
Levies - Emergency Services	18	17
Maintenance	308	250
Materials - Depot Store	30	36
Minor Asset Purchases	91	62
Property Valuations (Valuer General Expenses)	47	47
Recognition of Volunteer Hours	272	284
Rubble, Bitumen & Concrete	134	160
Security	52	60
Staff Training	88	83
Sundry	782	667
Vehicle / Machine Parts & Registrations	101	103
Waste Collection & Disposal Charges	2,538	2,259
Water Supply & Consumption Charges	623	688
Subtotal - Other Material, Contracts & Expenses	13,163	12,093
Total Materials, Contracts and Other Expenses	13,541	12,670

(c) Depreciation, Amortisation and Impairment

(i) Depreciation and Amortisation

Infrastructure		
- Stormwater Drainage	985	914
- Roundabouts	40	34
- Urban Elements	107	105
- Bridges & Major Culverts	222	145
- Roads	2,076	1,901
- Footpaths	592	520
- Kerb & Gutter	764	707
Right-of-use Assets	86	72
Buildings	855	733
Equipment	495	554
Other Assets	212	216
Subtotal	6,434	5,901

continued on next page ...

Notes to the Financial Statements

for the year ended 30 June 2021

Note 3. Expenses (continued)

\$ '000	2021	2020
<u>Total Depreciation, Amortisation and Impairment</u>	<u>6,434</u>	<u>5,901</u>

Notes to the Financial Statements

for the year ended 30 June 2021

Note 3. Expenses (continued)

\$ '000	2021	2020
(d) Finance Costs		
Interest on Overdraft and Short-Term Drawdown	326	363
Interest on Loans	292	357
Bank Guarantee Charges	–	21
Total Finance Costs	618	741

Note 4. Asset Disposal & Fair Value Adjustments

\$ '000	2021	2020
Infrastructure, Property, Plant & Equipment		
(i) Assets Renewed or Directly Replaced		
Proceeds from Disposal	–	147
Less: Carrying Amount of Assets Sold	(44)	(107)
Gain (Loss) on Disposal	(44)	40
(ii) Assets Surplus to Requirements		
Proceeds from Disposal	106	14
Less: Carrying Amount of Assets Sold	(1,148)	(365)
Gain (Loss) on Disposal	(1,042)	(351)
Net Gain (Loss) on Disposal or Revaluation of Assets	(1,086)	(311)

Notes to the Financial Statements

for the year ended 30 June 2021

Note 5. Current Assets

\$ '000	2021	2020
(a) Cash & Cash Equivalent Assets		
Cash on Hand at Bank	89	254
<u>Total Cash & Cash Equivalent Assets</u>	<u>89</u>	<u>254</u>
(b) Trade & Other Receivables		
Rates - General & Other	1,206	1,447
Accrued Revenues	86	52
Debtors - General	695	280
Prepayments	95	119
Loans to Community Organisations	23	20
Subtotal	<u>2,105</u>	<u>1,918</u>
Less: Allowance for Doubtful Debts	(4)	(4)
<u>Total Trade & Other Receivables</u>	<u>2,101</u>	<u>1,914</u>
(c) Inventories		
Trading Stock	17	23
<u>Total Inventories</u>	<u>17</u>	<u>23</u>

Notes to the Financial Statements

for the year ended 30 June 2021

Note 6. Non-Current Assets

\$ '000	2021	2020
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(a) Financial Assets

Receivables

Loans to Community Organisations

	164	183
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Subtotal	164	183
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Total Receivables	164	183
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<u>Total Financial Assets</u>	<u>164</u>	<u>183</u>
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\$ '000	Notes	2021	2020
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(b) Equity Accounted Investments in Council Businesses

Gawler River Floodplain Management Authority	19	3,764	3,817
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Northern Adelaide Waste Management Authority	19	873	703
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<u>Total Equity Accounted Investments in Council Businesses</u>		<u>4,637</u>	<u>4,520</u>
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Notes to the Financial Statements

for the year ended 30 June 2021

Note 7. Infrastructure, Property, Plant & Equipment

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

		as at 30/06/20				Asset movements during the reporting period									as at 30/06/21			
		Fair Value Level	At Fair Value	Accumulated Depreciation	Carrying amount	Transition adjustment - AASB 16	Asset Additions New / Upgrade	Asset Additions Renewals	WDV of Asset Disposals	Depreciation Expense (Note 3c)	Adjustments & Transfers	Revaluation Decrements to Equity (ARR) (Note 9)	Revaluation Increments to Equity (ARR) (Note 9)		At Fair Value	At Cost	Accumulated Depreciation	Carrying amount
\$ '000																		
Land	2		17,906	—	17,906	—	435	81	(100)	—	—	—	39		18,279	82	—	18,361
Land - Community	3		18,389	—	18,389	—	—	—	—	—	—	—	—		18,389	—	—	18,389
Infrastructure																		
- Stormwater Drainage	3		81,983	326 (28,086)	54,223	—	6,057	269	—	(985)	—	—	1,121		90,072	269	(29,656)	60,685
- Roundabouts	3		1,719	— (549)	1,170	—	421	—	—	(40)	—	—	23		2,175	—	(601)	1,574
- Urban Elements			5,339	162 (1,329)	4,172	—	28	—	—	(107)	—	—	—		—	5,529	(1,436)	4,093
- Bridges & Major Culverts	3		12,516	— (7,873)	4,643	—	12,348	—	(322)	(222)	—	—	86		24,291	—	(7,758)	16,533
- Roads	3		96,788	1,323 (33,530)	64,581	—	13,636	766	(100)	(2,076)	—	—	1,316		113,151	766	(35,793)	78,124
- Footpaths	3		26,867	731 (8,177)	19,421	—	3,248	159	(4)	(592)	—	—	419		30,806	755	(8,910)	22,651
- Kerb & Gutter	3		61,224	537 (22,419)	39,342	—	4,696	158	(3)	(764)	—	—	642		67,558	158	(23,645)	44,071
Right-of-Use Assets			—	239 (72)	167	—	80	—	—	(86)	—	—	—		239	—	(78)	161
Buildings	3		43,677	469 (11,398)	32,748	—	1,080	214	(652)	(585)	(71)	(1,562)	—		49,472	—	(18,300)	31,172
Buildings	2		6,073	— (2,706)	3,367	—	1	—	—	(270)	—	—	—		3,098	—	—	3,098
Other Assets			—	6,852 (2,886)	3,966	—	143	135	—	(212)	—	—	—		—	7,129	(3,097)	4,032
Equipment			—	7,261 (3,619)	3,642	—	508	43	—	(495)	71	—	—		—	7,844	(4,075)	3,769
Total Infrastructure, Property, Plant & Equipment			372,481	17,900 (122,644)	267,737	—	42,681	1,825	(1,181)	(6,434)	—	(1,562)	3,646		417,530	22,532	(133,349)	306,713
Comparatives			339,704	36,070 (116,060)	259,714	215	7,080	2,732	472	5,901	—	—	4,369		372,481	17,900	(122,644)	267,737

Notes to the Financial Statements

for the year ended 30 June 2021

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

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

Valuation of Assets

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

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

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

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

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

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

Information on Valuations

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.

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.

Notes to the Financial Statements

for the year ended 30 June 2021

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

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 2021
- Valuer: Valuer General, GPO BOX 1354, Adelaide SA 5001

Buildings & Other Structures

- Basis of valuation: Market Value / Depreciated Replacement Cost
- Date of valuation: 30 June 2021
- Valuer: Mitch Ekonomopoulos of AssetVal Pty Ltd, L1/148 Frome Street, Adelaide SA 5000

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 subsequent years, 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 Subsequent years, 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. Subsequent years, Administration elected to undertake a desktop review in accordance with our revised valuation methodology for infrastructure assets.

Urban Elements

- Recognition at Cost

Notes to the Financial Statements

for the year ended 30 June 2021

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

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. Subsequent years, 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

Notes to the Financial Statements

for the year ended 30 June 2021

Note 8. Liabilities

\$ '000	2021 Current	2021 Non Current	2020 Current	2020 Non Current
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(a) Trade and Other Payables

Goods & Services	2,746	—	2,734	—
Payments Received in Advance	1,287	—	1,130	—
Accrued Expenses - Employee Entitlements	397	—	384	—
Accrued Expenses - Finance Costs	167	—	184	—
Accrued Expenses - Other	500	—	225	—
Deposits, Retentions & Bonds	4	—	5	—
<u>TOTAL Trade and Other Payables</u>	<u>5,101</u>	<u>—</u>	<u>4,662</u>	<u>—</u>

\$ '000	Notes	2021 Current	2021 Non Current	2020 Current	2020 Non Current
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(b) Borrowings

Loans		1,037	2,839	971	3,876
Lease Liabilities	17b	93	54	75	79
Cash Advance Debenture Facility ¹		1,690	13,532	—	13,831
<u>TOTAL Borrowings</u>		<u>2,820</u>	<u>16,425</u>	<u>1,046</u>	<u>17,786</u>

(1) The Cash Advance Debenture Facility comprises of 9 accounts with the maturity dates ranging from 15/06/2022 to 17/08/2030.

(c) Provisions

Employee Entitlements for Long Service Leave (including oncosts)	1,610	251	1,610	212
Employee Entitlements for Annual Leave (including oncosts)	1,386	—	1,301	—
<u>TOTAL Provisions</u>	<u>2,996</u>	<u>251</u>	<u>2,911</u>	<u>212</u>

Notes to the Financial Statements

for the year ended 30 June 2021

Note 9. Reserves

	as at 30/06/20				as at 30/06/21
\$ '000	Opening Balance	Increments (Decrements)	Transfers	Impairments	Closing Balance
(a) Asset Revaluation Reserve					
Land	29,393	39	—	—	29,432
Infrastructure					
- Stormwater Drainage	43,025	1,121	—	—	44,146
- Roundabouts	1,290	23	—	—	1,313
- Bridges & Major Culverts	1,019	86	—	—	1,105
- Roads	46,379	1,316	—	—	47,695
- Footpaths	17,635	419	—	—	18,054
- Kerb & Gutter	30,010	642	—	—	30,652
Buildings	13,324	—	(1,563)	—	11,761
JV's / Associates - Other Comprehensive Income	1,555	—	—	—	1,555
Total Asset Revaluation Reserve	183,630	3,646	(1,563)	—	185,713
Comparatives	179,261	4,369	—	—	183,630

	as at 30/06/20				as at 30/06/21
\$ '000	Opening Balance	Tfrs to Reserve	Tfrs from Reserve	Other Movements	Closing Balance
(b) Other Reserves					
Carparking	495	154	(18)	—	631
Open Space	—	142	(142)	—	—
Stormwater Drainage	—	6	(6)	—	—
Willaston Cemetery - Babies Memorial	2	—	—	—	2
Waste Management Service Charge	—	23	(5)	—	18
Property	1,028	4	(27)	50	1,055
Historic Walls	84	—	—	—	84
Property Improvement	6	—	(6)	—	—
Urban Tree Fund	12	—	(4)	—	8
Heritage	—	3	(3)	—	—
Gawler East Development - Community					
Infrastructure	166	185	—	—	351
Gawler East Development - Traffic Interventions	344	387	—	—	731
Total Other Reserves	2,137	904	(211)	50	2,880
Comparatives	2,040	825	(728)	—	2,137

Notes to the Financial Statements

for the year ended 30 June 2021

Note 9. Reserves (continued)

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.

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 Development Reserves

These reserves are used to hold developer contributions relating to Gawler East Development Infrastructure.

Heritage Reserve

This reserve is to hold any donations received through the Cultural Heritage Centre. The cost of the donation tap and go system will off-set any funds received by Council.

Notes to the Financial Statements

for the year ended 30 June 2021

Note 10. Assets Subject to Restrictions

\$ '000	2021	2020
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The uses of the following assets are restricted, wholly or partially, by legislation or other externally imposed requirements. The assets are required to be utilised for the purposes for which control was transferred to Council, or for which the revenues were originally obtained.

Cash & Financial Assets

Developer Contributions	1,165	307
Southern Urban Areas Developer Contributions	1,055	1,068
Total Cash & Financial Assets	2,220	1,375
Total Assets Subject to Externally Imposed Restrictions	2,220	1,375

Note 11. Reconciliation to Statement of Cash Flows

\$ '000	Notes	2021	2020
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(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	89	254
Balances per Statement of Cash Flows		89	254

Notes to the Financial Statements

for the year ended 30 June 2021

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

\$ '000	2021	2020
(b) Reconciliation of Change in Net Assets to Cash from Operating Activities		
Net Surplus/(Deficit)	36,421	5,479
Non-Cash Items in Income Statements		
Depreciation, Amortisation & Impairment	6,434	5,901
Equity Movements in Equity Accounted Investments (Increase)/Decrease	(134)	176
Non-Cash Asset Acquisitions	(36,450)	(4,020)
Grants for capital acquisitions treated as Investing Activity	(1,100)	(2,025)
Net (Gain) Loss on Disposals	1,086	311
	<u>6,257</u>	<u>5,822</u>
Add (Less): Changes in Net Current Assets		
Net (Increase)/Decrease in Receivables	(184)	1,454
Net (Increase)/Decrease in Inventories	6	1
Net (Increase)/Decrease in Other Assets	–	(90)
Net Increase/(Decrease) in Trade & Other Payables	694	275
Net Increase/(Decrease) in Other Provisions	124	325
Net Increase/(Decrease) in Other Liabilities	–	(2,170)
Net Cash provided by (or used in) operations	<u>6,897</u>	<u>5,617</u>

\$ '000	Notes	2021	2020
(c) Non-Cash Financing and Investing Activities			
Acquisition of assets by means of:			
Physical Resources Received Free of Charge	2h	36,174	4,020
Amounts recognised in Income Statement		<u>36,174</u>	<u>4,020</u>
Total Non-Cash Financing and Investing Activities		<u>36,174</u>	<u>4,020</u>

(d) Financing Arrangements

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

Corporate Credit Cards	50	43
LGFA Cash Advance Debenture Facility	26,788	26,788

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

Notes to the Financial Statements

for the year ended 30 June 2021

Note 12(a). Functions

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

					OPERATING		GRANTS INCLUDED		TOTAL ASSETS HELD	
		INCOME		EXPENSES	SURPLUS (DEFICIT)		IN INCOME		(CURRENT &	
\$ '000	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Functions/Activities										
Business Undertakings	—	—	—	—	—	—	—	—	(911)	2,702
Community Services	979	1,047	2,421	2,303	(1,442)	(1,256)	725	728	31,270	34,807
Culture	108	112	921	1,037	(813)	(925)	74	72	263	275
Economic Development	338	523	1,584	1,624	(1,246)	(1,101)	—	7	1,825	1,966
Environment	2,551	2,364	5,135	4,881	(2,584)	(2,517)	14	—	2,508	2,519
Recreation	780	656	3,653	3,537	(2,873)	(2,881)	7	50	30,172	29,343
Regulatory Services	2,345	1,372	4,207	4,113	(1,862)	(2,741)	780	308	292	295
Transport & Communication	1,406	939	5,140	4,688	(3,734)	(3,749)	1,403	938	498	519
Plant Hire & Depot/Indirect	32	33	(329)	(204)	361	237	17	24	4,393	3,087
Unclassified Activities	—	—	—	—	—	—	—	—	21	21
Council Administration	23,431	23,143	9,142	8,351	14,289	14,792	1,510	1,561	252,263	207,601
Total Functions/Activities	31,970	30,189	31,874	30,330	96	(141)	4,530	3,688	322,594	283,135

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

Notes to the Financial Statements

for the year ended 30 June 2021

Note 12(b). Components of Functions

The activities relating to Council functions are as follows:

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, Regional Landscapes 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 the Financial Statements

for the year ended 30 June 2021

Note 13. Financial Instruments

Recognised Financial Instruments

Bank, Deposits at Call, Short Term Deposits

Accounting Policy:

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

Terms & Conditions:

Deposits are returning fixed interest rates between 1% and .25% (2020: 1.5% and 1.25%).

Carrying Amount:

Approximates fair value due to the short term to maturity.

Receivables - Rates & Associated 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:

Secured over the subject land, arrears attract interest of 5.2% (2020: 6.35%). Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries in the State.

Carrying Amount:

Approximates fair value (after deduction of any allowance).

Receivables - Fees & Other Charges

Accounting Policy:

Initially recognised at fair value and subsequently measured at amortised cost. An impairment provision is recognised using the expected credit loss method.

Terms & Conditions:

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

Carrying Amount:

Approximates fair value (after deduction of any allowance).

Receivables - Other Levels of Government

Accounting Policy:

Initially recognised at fair value and subsequently measured at amortised cost. An impairment provision is recognised using the expected credit loss method.

Terms & Conditions:

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

Carrying Amount:

Approximates fair value.

Notes to the Financial Statements

for the year ended 30 June 2021

Note 13. Financial Instruments (continued)

Liabilities - Creditors and Accruals

Accounting Policy:

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

Terms & Conditions:

Liabilities are normally settled on 30 day terms.

Carrying Amount:

Approximates fair value.

Liabilities - Interest Bearing Borrowings

Accounting Policy:

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

Terms & Conditions:

Secured over future revenues, borrowings are repayable (describe basis); interest is charged at fixed (or variable - describe) rates between **2.2%** and **7.88%** (2020: **3.35%** and **7.88%**).

Carrying Amount:

Approximates fair value.

Liabilities - Leases

Accounting Policy:

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

Notes to the Financial Statements

for the year ended 30 June 2021

Note 13. Financial Instruments (continued)

\$ '000	Due < 1 year	Due > 1 year & ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
Financial Assets					
2021					
Cash & Cash Equivalents	89	—	—	89	89
Receivables	2,010	—	—	2,010	2,010
Other Financial Assets	—	164	—	164	164
Total Financial Assets	2,099	164	—	2,263	2,263
Financial Liabilities					
Payables	3,419	—	—	3,419	3,418
Current Borrowings	2,964	—	—	2,964	2,727
Non-Current Borrowings	—	3,895	11,540	15,435	16,371
Total Financial Liabilities	6,383	3,895	11,540	21,818	22,516
2020					
Cash & Cash Equivalents	254	—	—	254	254
Receivables	1,779	—	—	1,779	1,799
Other Financial Assets	—	183	—	183	183
Total Financial Assets	2,033	183	—	2,216	2,236
Financial Liabilities					
Payables	3,148	—	—	3,148	3,148
Current Borrowings	1,276	—	—	1,276	971
Non-Current Borrowings	—	7,495	10,143	17,638	17,707
Total Financial Liabilities	4,424	7,495	10,143	22,062	21,826

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

\$ '000	2021		2020	
	Weighted Avg Interest Rate	Carrying Value	Weighted Avg Interest Rate	Carrying Value
Other Variable Rates	2.10%	—	0.75%	—
Fixed Interest Rates	6.63%	19,245	6.63%	18,832
		19,245		18,832

Net Fair Value

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

Notes to the Financial Statements

for the year ended 30 June 2021

Note 13. Financial Instruments (continued)

Risk Exposures

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

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

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

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

Notes to the Financial Statements

for the year ended 30 June 2021

Note 14. Capital Expenditure and Investment Property Commitments

\$ '000	2021	2020
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(a) Capital Commitments

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

Infrastructure	1,140	820
	<u>1,140</u>	<u>820</u>

These expenditures are payable:

Not later than one year	1,140	820
Later than one year and not later than 5 years	–	–
Later than 5 years	–	–
	<u>1,140</u>	<u>820</u>

(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	64	84
	<u>64</u>	<u>84</u>

These expenditures are payable:

Not later than one year	43	20
Later than one year and not later than 5 years	21	64
	<u>64</u>	<u>84</u>

Notes to the Financial Statements

for the year ended 30 June 2021

Note 15. Financial Indicators

\$ '000	Indicator 2021	Indicators 2020	Indicators 2019
Financial Indicators overview <i>These Financial Indicators have been calculated in accordance with Information paper 9 - Local Government Financial Indicators prepared as part of the LGA Financial Sustainability Program for the Local Government Association of South Australia.</i>			
1. Operating Surplus Ratio			
Operating Surplus	0.72%	(0.84)%	0.61%
Total Operating Income			
<i>This ratio expresses the operating surplus as a percentage of total operating revenue.</i>			
2. Net Financial Liabilities Ratio			
Net Financial Liabilities	78.49%	80.37%	84.27%
Total Operating Income			
<i>Net Financial Liabilities are defined as total liabilities less financial assets (excluding equity accounted investments in Council businesses). These are expressed as a percentage of total operating revenue.</i>			
Adjustments to Ratios			
<i>In recent years the Federal Government has made advance payments prior to 30th June from future year allocations of financial assistance grants, as explained in Note 1. These Adjusted Ratios correct for the resulting distortion in key ratios for each year and provide a more accurate basis for comparison.</i>			
Adjusted Operating Surplus Ratio			
Operating Surplus	0.63%	(0.88)%	0.27%
Total Operating Income			
Adjusted Net Financial Liabilities Ratio			
Net Financial Liabilities	81.66%	83.60%	84.56%
Total Operating Income			
3. Asset Renewal Funding Ratio			
Net Asset Renewals	97.17%	114.19%	165.45%
Infrastructure & Asset Management Plan required expenditure			
<i>Net asset renewals expenditure is defined as net capital expenditure on the renewal and replacement of existing assets, and excludes new capital expenditure on the acquisition of additional assets.</i>			

Notes to the Financial Statements

for the year ended 30 June 2021

Note 15. Financial Indicators (continued)

Financial Indicators - Graphs

1. Operating Surplus Ratio



Purpose of operating surplus ratio

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

Commentary on 2020/21 result

2020/21 ratio 0.72%

The operating surplus of \$233K is influenced by increase in a 106% (compared to 2019/2020) increase (\$244K) in revenue from Development Applications, a decrease in expenditure from materials contracts and other expenses (\$308K) which is predominantly due to unspent Economic Stimulus Package funding in which projects will be brought forward to 2021/2022.

2. Net Financial Liabilities Ratio



Purpose of net financial liabilities ratio

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

Commentary on 2020/21 result

2020/21 ratio 78.49%

The Net Financial Liabilities Ratio has decreased from 80.37% in 2019/2020 to 78.49% in 2020/2021. This is due to an increase in operating revenue (\$2M).

Adjusted Operating Surplus Ratio



Purpose of adjusted operating surplus ratio

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

Commentary on 2020/21 result

2020/21 ratio 0.63%

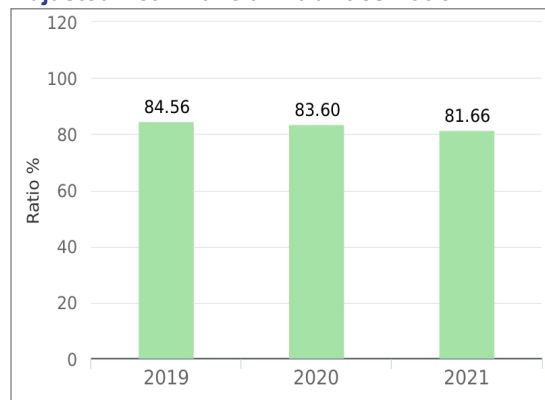
Council received Advance Financial Assistance Grant Payment of \$995K in 2020/2021 and \$965K in 2019/2020. This ratio represents Councils Operating Result including these payments.

Notes to the Financial Statements

for the year ended 30 June 2021

Note 15. Financial Indicators (continued)

Adjusted Net Financial Liabilities Ratio



Purpose of adjusted net financial liabilities ratio

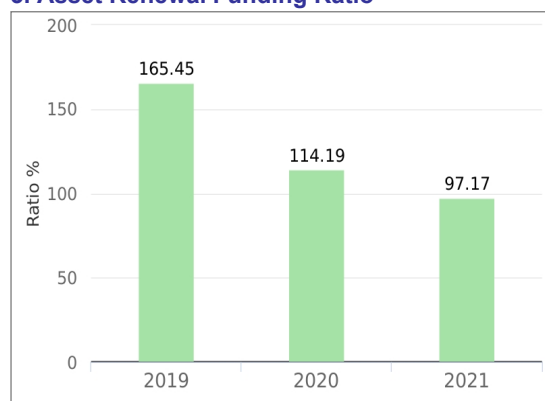
This indicator is to determine the percentage the operating revenue (adjusted for timing differences in the Financial Assistance Grant) varies from operating expenditure

Commentary on 2020/21 result

2020/21 ratio 81.66%

Council received Advance Financial Assistance Grant Payment of \$995K in 2020/2021 and \$965K in 2019/2020. This ratio represents Councils Operating Result including these payments.

3. Asset Renewal Funding Ratio



Purpose of asset renewal funding ratio

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

Commentary on 2020/21 result

2020/21 ratio 97.17%

The Asset Sustainability Ratio is based in the capital expenditure for the replacement of assets as indicated in the Asset Management Plan and the 10 year Long-Term Financial Plan. The target range is 90-100%. The ratio for 2020/2021 is 97.17%

Notes to the Financial Statements

for the year ended 30 June 2021

Note 16. Uniform Presentation of Finances

\$ '000	2021	2020
<p>The following is a high level summary of both operating and capital investment activities of the Council prepared on a simplified Uniform Presentation Framework basis.</p> <p>All Councils in South Australia have agreed to summarise annual budgets and long-term financial plans on the same basis.</p> <p>The arrangements ensure that all Councils provide a common 'core' of financial information, which enables meaningful comparisons of each Council's finances.</p>		
Income	32,155	30,193
less Expenses	(31,922)	(30,448)
Operating Surplus / (Deficit)	233	(255)
Net Outlays on Existing Assets		
Capital Expenditure on Renewal and Replacement of Existing Assets	(2,270)	(3,874)
add back Depreciation, Amortisation and Impairment	6,434	5,901
add back Proceeds from Sale of Replaced Assets	–	147
	4,164	2,174
Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets (including Investment Property & Real Estate Developments)	(6,320)	(3,706)
add back Amounts Received Specifically for New and Upgraded Assets	1,066	2,419
add back Proceeds from Sale of Surplus Assets (including investment property, real estate developments & non-current assets held for resale)	106	1,185
	(5,148)	(102)
Net Lending / (Borrowing) for Financial Year	(751)	1,817

In accordance with the calculation method outlined in the 2021 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.

Notes to the Financial Statements

for the year ended 30 June 2021

Note 17. Leases

(i) Council as a lessee

Terms and conditions of leases

Asset Class here

Details here on the nature of the lease such as terms and conditions, lease term, repayments (fixed/variable), renewal options, lease increases such as CPI, residual value etc.

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

(a) Right of use assets

\$ '000	Ready to use	Total
2021		
Opening balance	167	167
Transfer from leased assets (former finance leases)	–	–
Additions to right-of-use assets	80	80
Adjustments to right-of-use assets due to re-measurement of lease liability	–	–
Depreciation charge	(86)	(86)
Impairment of right-of-use assets	–	–
Other	–	–
Balance at 30 June	161	161
2020		
Opening balance	215	215
Transfer from leased assets (former finance leases)	–	–
Additions to right-of-use assets	24	24
Adjustments to right-of-use assets due to re-measurement of lease liability	–	–
Depreciation charge	(72)	(72)
Impairment of right-of-use assets	–	–
Other	–	–
Balance at 30 June	167	167

(b) Lease liabilities

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

\$ '000	2021	2020
Balance at 1 July	154	215
Additions	80	24
Accretion of interest	5	8
Payments	(92)	(93)
Balance at 30 June	147	154
Classified as:		
Current	94	75
Non Current	53	79

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

Notes to the Financial Statements

for the year ended 30 June 2021

Note 17. Leases (continued)

\$ '000	2021	2020
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The Group had total cash outflows for leases of \$101.

The following are the amounts recognised in profit or loss:

Depreciation expense of Right-of-Use Assets	86	72
Interest expense on lease liabilities	5	8
Expense relating to leases of low-value assets	246	282
Total amount recognised in profit or loss	337	362

Notes to the Financial Statements

for the year ended 30 June 2021

Note 17. Leases (continued)

(ii) Council as a lessor

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

(i) Investment Property

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

\$ '000	2021	2020
Future minimum rentals receivable under non-cancellable operating leases as at 30 June, are as follows:		
Not later than one year	525	527
Later than one year and not later than 5 years	1,966	2,498
Later than 5 years	109	3,768
	<u>2,600</u>	<u>6,793</u>

Notes to the Financial Statements

for the year ended 30 June 2021

Note 18. Superannuation

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

Accumulation only Members

Accumulation only members receive both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of ordinary time earnings in accordance with superannuation guarantee legislation (9.50% in 2020/21; 9.50% in 2019/20). No further liability accrues to the Council as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

Salarylink (Defined Benefit Fund) Members

Salarylink is a defined benefit scheme where the benefit payable is based on a formula determined by the member's contribution rate, number of years and level of contribution and final average salary. Council makes employer contributions to Salarylink as determined by the Fund's Trustee based on advice from the appointed Actuary. The rate is currently 6.3% (6.3% in 2019/20) of "superannuation" salary.

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

The Salarylink section is a multi-employer sponsored plan. As the Salarylink section's assets and liabilities are pooled and are not allocated by each employer, and employees may transfer to another employer within the local government sector and retain membership of the Fund, the Actuary is unable to allocate benefit liabilities, assets and costs between employers. As provided by AASB 119.34(a), Council does not use defined benefit accounting for these contributions.

The most recent actuarial investigation was conducted by the Fund's actuary, Louise Campbell, FIAA, of Willis Towers Watson as at 30 June 2021. The Trustee has determined that the current funding arrangements are adequate for the expected Salarylink liabilities. However, future financial and economic circumstances may require changes to Council's contribution rates at some future time.

Contributions to Other Superannuation Schemes

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

Notes to the Financial Statements

for the year ended 30 June 2021

Note 19. Interests in Other Entities

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

\$ '000	Council's Share of Net Income		Council's Share of Net Assets	
	2021	2020	2021	2020
Council's Share of Net Income				
Joint Ventures	134	(176)	4,637	4,520
Total Council's Share of Net Income	134	(176)	4,637	4,520

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

(a) Carrying Amounts

\$ '000	Principal Activity	2021	2020
Northern Adelaide Waste Management Authority	Provision of waste management services	873	703
Gawler River Floodplain Management Authority	Management and co-ordination of flood mitigation projects	3,764	3,817
Total Carrying Amounts - Joint Ventures & Associates		4,637	4,520

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

	Interest in Operating Result		Ownership Share of Equity		Proportion of Voting Power	
	2021	2020	2021	2020	2021	2020
Northern Adelaide Waste Management Authority	9.91%	10.15%	9.91%	10.15%	30.00%	30.00%
Gawler River Floodplain Management Authority	17.30%	17.30%	17.30%	17.30%	16.00%	16.00%

Notes to the Financial Statements

for the year ended 30 June 2021

Note 19. Interests in Other Entities (continued)

(c) Movement in Investment in Joint Venture or Associate

\$ '000	Northern Adelaide Waste Management Authority		Gawler River Floodplain Management Authority	
	2021	2020	2021	2020
Opening Balance	703	667	3,817	3,862
Share in Operating Result	187	(133)	(48)	(43)
Share in Other Comprehensive Income	—	150	—	—
Adjustments to Equity	(17)	19	(5)	(2)
Council's Equity Share in the Joint Venture or Associate	873	703	3,764	3,817

(d) Summarised Financial Information of the Equity Accounted Business

Statement of Financial Position

Cash and Cash Equivalents	7,167	3,804	169	152
Other Current Assets	4,194	3,873	48	32
Non-Current Assets	22,914	23,828	21,690	22,011
Total Assets	34,275	31,505	21,907	22,195
Current Trade and Other Payables	6,667	5,856	36	42
Current Financial Liabilities	2,527	2,502	—	—
Current Provisions	366	255	—	—
Non-Current Financial Liabilities	10,512	12,466	—	—
Non-Current Provisions	5,388	3,502	—	—
Total Liabilities	25,460	24,581	36	42
Net Assets	8,815	6,924	21,871	22,153

Statement of Comprehensive Income

Other Income	115	4	20	99
Contributions from Constituent Councils	45,571	38,644	196	230
Interest Income	240	210	1	1
Total Income	45,926	38,858	217	330
Employee Costs	3,827	3,042	—	—
Materials, Contracts & Other Expenses	36,523	33,754	177	257
Depreciation, Amortisation and Impairment	512	2,841	321	321
Finance Costs	3,250	529	—	—
Total Expenses	44,112	40,166	498	578
Operating Result	1,814	(1,308)	(281)	(248)

Notes to the Financial Statements

for the year ended 30 June 2021

Note 19. Interests in Other Entities (continued)

(e) Share of Joint Operations Expenditure Commitments

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

\$ '000	2021	2020
(i) Capital Expenditures Payable		
Not later than one year	16,791	18,976
Later than one year and not later than 5 years	35,506	62,492
	<u>52,297</u>	<u>81,468</u>

The Northern Adelaide Waste Management Authority manages multiple external contracts with external suppliers for the collection, processing and disposal of waste on behalf of its Constituent Councils and customers. The commitments disclosed above reflect a consolidation of multiple contracts entered into with external suppliers.

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 the Financial Statements

for the year ended 30 June 2021

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 210 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 EXPENSES

Council is the planning consent authority for its area under the Development Act 1993 (as amended). Pursuant to that Act, certain persons aggrieved by a planning decision of the Council may appeal. It is normal practice that parties bear their own legal costs. At the date of these reports, Council had notice of 0 appeals against planning decisions made prior to reporting date. All known costs have been recognised, but the amount of further costs cannot be known until the appeals are determined.

Note 22. Events after the Balance Sheet Date

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

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

COVID-19 has been classified as a global pandemic by the World Health Organisation and has developed rapidly in 2021. Measures taken by the Federal and State governments have affected South Australia's economic activity and Council's operations.

At this stage, the financial impacts on Council's operations have not been significant and Council expects that further impacts on Council's operations to flow into the 2021/2022 financial year will not be significant.

Notes to the Financial Statements

for the year ended 30 June 2021

Note 23. Related Party Transactions

Key Management Personnel

Transactions with Key Management Personnel

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

\$ '000	2021	2020
The compensation paid to Key Management Personnel comprises:		
Short-Term Employee Benefits	1,303	1,270
Long-Term Benefits	23	25
Total	1,326	1,295

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

Notes to the Financial Statements

for the year ended 30 June 2021

Note 24. Council information and contact details

Principal place of business:

43 High St
Gawler East SA 5118

Contact details

Mailing Address:

PO Box 130
Gawler SA 5118

Telephone: 08 8522 9211

Opening hours:

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

Internet: www.gawler.sa.gov.au

Email: council@council.sa.gov.au

Officers

Henry Inat
Chief Executive Officer

AUDITORS

Galpins
3 Kensington Road
Norwood South SA 5067

Elected members

MAYOR

Karen Redman

COUNCILLORS

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

Other information

ABN: 29 861 749 581

David Chant CA, FCPA
Simon Smith CA, FCPA
David Sullivan CA, CPA
Jason Seidel CA
Renae Nicholson CA
Tim Muhlhausler CA
Aaron Coonan CA
Luke Williams CA, CPA
Daniel Moon CA



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ABN: 30 630 511 757

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INDEPENDENT AUDITOR'S REPORT

To the members of Town of Gawler

Opinion

We have audited the accompanying financial report of Town of Gawler (the Council), which comprises the statement of financial position as at 30 June 2021, the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Council Certificate of Town of Gawler.

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

Basis for opinion

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

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

In preparing the financial report, Council is responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related 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 responsibility for the audit of the financial report

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

As part of an audit of the financial report in accordance with 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 of the financial report 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 management.
- Conclude on the appropriateness of 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.

GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS



Tim Muhlhausler CA, Registered Company Auditor
Partner

26 November 2021

David Chant CA, FCPA
Simon Smith CA, FCPA
David Sullivan CA, CPA
Jason Seidel CA
Renaë Nicholson CA
Tim Muhlhausler CA
Aaron Coonan CA
Luke Williams CA, CPA
Daniel Moon CA



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To the members of Town of Gawler

Opinion

We have audited the compliance of Town of Gawler (the Council) with the requirements of Section 125 of the *Local Government Act 1999* in relation only to the Internal Controls established by the Council to ensure that financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities for the period 1 July 2020 to 30 June 2021 have been conducted properly and in accordance with law.

In our opinion, Town of Gawler has complied, in all material respects, with *Section 125 of the Local Government Act 1999* in relation to Internal Controls established by the Council in relation 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 2020 to 30 June 2021.

Basis for opinion

We conducted our engagement in accordance with applicable Australian Standards on Assurance Engagement ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* and ASAE 3150 *Assurance Engagements on Controls*, issued by the Australian Auditing and Assurance Standards Board, in order to state whether, in all material respects, the Council has complied with Section 125 of the *Local Government Act 1999* in relation only to the internal controls specified above for the period 1 July 2020 to 30 June 2021. ASAE 3000 also requires us to comply with the relevant ethical requirements of the Australian professional accounting bodies.

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

The Council's responsibility for 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, 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 apply Auditing Standard ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements* in undertaking this assurance engagement.

Auditor's responsibility

Our responsibility is to express an opinion on the Council's compliance with Section 125 of the *Local Government Act 1999* in relation only to the internal controls established by the Council to ensure that financial transactions relating to receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities have been conducted properly and in accordance with law, based on our procedures. Our engagement has been conducted in accordance with applicable Australian Standards on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Information* and ASAE 3150 *Assurance Engagements on Controls*, issued by the Australian Auditing and Assurance Standards Board, in order to state whether, in all material respects, the Council has complied with Section 125 of the *Local Government Act 1999* in relation only to the internal controls specified above for the period 1 July 2020 to 30 June 2021. ASAE 3000 also requires us to comply with the relevant ethical requirements for the Australian professional accounting bodies.

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 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.

Limitation of use

This report has been prepared for the members of the Council in Accordance with Section 129 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.

GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS

Tim Muhlhausler CA, Registered Company Auditor
Partner

26 November 2021

Town of Gawler

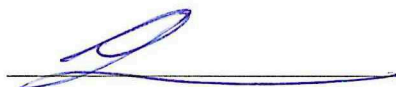
General Purpose Financial Statements

for the year ended 30 June 2021

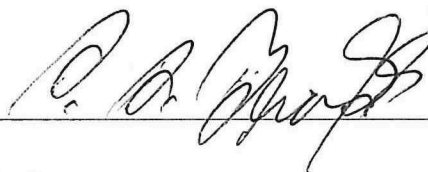
Certification of Auditor Independence

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of Town of Gawler for the year ended 30 June 2020, the Council's Auditor, Galpins 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*.



Henry Inat
Chief Executive Officer



Peter Brass
Presiding Member, Audit Committee

Date: 23 November 2021

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Simon Smith CA, FCPA
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Jason Seidel CA
Renae Nicholson CA
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TOWN OF GAWLER

GENERAL PURPOSE FINANCIAL STATEMENTS

For the year ended 30 June 2021

Statement by Auditor

I confirm that, for the audit of the financial statements of Town of Gawler for the year ended 30 June 2021, I have maintained my independence in accordance with the requirements of APES 110 – *Code of Ethics for Professional Accountants (Including Independence Standards)*, Part 4A, published by the Accounting Professional and Ethical Standards Board, in accordance with the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

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

GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS

Tim Muhlhausler CA, Registered Company Auditor

Partner

11 November 2021