

ANNUAL FINANCIAL STATEMENTS

2018-2019



OUR MISSION

“To provide a range of services which meet the environmental, social and economic needs of our community”



DISTRICT COUNCIL OF GRANT

General Purpose Financial Reports

for the year ended 30 June 2019

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DISTRICT COUNCIL OF GRANT
Annual Financial Statements
for the year ended 30 June 2019

CERTIFICATION OF FINANCIAL STATEMENTS

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

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



Jane Fetherstonhaugh
ACTING CHIEF EXECUTIVE OFFICER



Richard Sage
MAYOR

Date: 4 November 2019

DISTRICT COUNCIL OF GRANT
Statement of Comprehensive Income
for the year ended 30 June 2019

		2019	2018
	Notes	\$'000	\$'000
INCOME			
Rates	2	9,659	9,358
Statutory charges	2	256	319
User charges	2	2,335	2,151
Grants, subsidies and contributions	2	2,671	1,906
Investment income	2	112	103
Reimbursements	2	100	248
Other income	2	429	331
Total Income		15,562	14,416
EXPENSES			
Employee costs	3	5,707	5,531
Materials, contracts & other expenses	3	4,837	4,164
Depreciation, amortisation & impairment	3	4,292	4,379
Finance costs	3	242	270
Total Expenses		15,078	14,344
OPERATING SURPLUS / (DEFICIT)		484	72
Asset disposal & fair value adjustments	4	(576)	(765)
Amounts received specifically for new or upgraded assets	2	575	1,398
Physical resources received free of charge	2	868	27
NET SURPLUS / (DEFICIT) (transferred to Equity Statement)		1,351	732
Other Comprehensive Income			
<i>Amounts which will not be reclassified subsequently to operating result</i>			
Changes in revaluation surplus - infrastructure, property, plant & equipment	9	19,406	154
Total Other Comprehensive Income		19,406	154
TOTAL COMPREHENSIVE INCOME		20,757	886

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

DISTRICT COUNCIL OF GRANT
Statement of Financial Position
as at 30 June 2019

		2019	2018
	Notes	\$'000	\$'000
ASSETS			
Current Assets			
Cash and cash equivalents	5	6,015	6,420
Trade & other receivables	5	1,153	755
Inventories	5	158	189
Total Current Assets		7,326	7,364
Non-current Assets			
Financial assets	6	208	245
Infrastructure, property, plant & equipment	7	135,132	114,293
Total Non-current Assets		135,340	114,538
Total Assets		142,666	121,902
LIABILITIES			
Current Liabilities			
Trade & other payables	8	1,611	1,175
Borrowings	8	529	524
Provisions	8	965	853
Total Current Liabilities		3,105	2,552
Non-current Liabilities			
Trade & Other Payables	8	-	-
Borrowings	8	3,621	4,150
Provisions	8	31	48
Total Non-current Liabilities		3,652	4,198
Total Liabilities		6,757	6,750
NET ASSETS		135,909	115,152
EQUITY			
Accumulated Surplus		38,334	36,958
Asset Revaluation Reserves	9	96,560	77,165
Other Reserves	9	1,015	1,029
TOTAL EQUITY		135,909	115,152

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

DISTRICT COUNCIL OF GRANT

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

	2019	Notes	Acc'd Surplus \$'000	Asset Rev'n Reserve \$'000	Other Reserves \$'000	Total Council Equity \$'000	TOTAL EQUITY \$'000
Balance at end of previous reporting period			36,958	77,165	1,029	115,152	115,152
Net Surplus / (Deficit) for Year			1,351			1,351	1,351
Other Comprehensive Income							
Gain on revaluation of infrastructure, property, plant & equipment	9			19,406		19,406	19,406
Transfers between reserves	9		25	(11)	(14)	-	-
Balance at end of period			38,334	96,560	1,015	135,909	135,909

	2018	Notes	Acc'd Surplus \$'000	Asset Rev'n Reserve \$'000	Other Reserves \$'000	Total Council Equity \$'000	TOTAL EQUITY \$'000
Balance at end of previous reporting period			35,320	77,011	1,935	114,266	114,266
Restated opening balance			35,320	77,011	1,935	114,266	114,266
Net Surplus / (Deficit) for Year			732			732	732
Other Comprehensive Income							
Changes in revaluation surplus - infrastructure, property, plant & equipment	9			154		154	154
Transfers between reserves	9		906		(906)	-	-
Balance at end of period			36,958	77,165	1,029	115,152	115,152

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

DISTRICT COUNCIL OF GRANT

Statement of Cash Flows for the year ended 30 June 2019

		2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES	Notes	\$'000	\$'000
<i>Receipts:</i>			
Rates - general & other		9,592	9,343
Fees & other charges		256	344
User charges		2,350	2,429
Investment receipts		119	101
Grants utilised for operating purposes		2,671	2,049
Reimbursements		100	273
Other revenues		435	1,267
<i>Payments:</i>			
Employee costs		(5,586)	(5,629)
Materials, contracts & other expenses		(4,784)	(5,285)
Finance payments		(226)	(265)
Net Cash provided by (or used in) Operating Activities		4,927	4,627
 CASH FLOWS FROM INVESTING ACTIVITIES			
<i>Receipts:</i>			
Amounts specifically for new or upgraded assets		575	1,398
Sale of replaced assets		726	685
Repayments of loans by community groups		56	53
<i>Payments:</i>			
Expenditure on renewal/replacement of assets		(2,685)	(2,441)
Expenditure on new/upgraded assets		(3,464)	(2,358)
Loans made to community groups		(6)	(60)
Net Cash provided by (or used in) Investing Activities		(4,798)	(2,723)
 CASH FLOWS FROM FINANCING ACTIVITIES			
<i>Receipts:</i>			
Proceeds from borrowings		-	60
<i>Payments:</i>			
Repayments of borrowings		(524)	(489)
Net Cash provided by (or used in) Financing Activities		(524)	(429)
Net Increase (Decrease) in cash held		(395)	1,475
 Cash & cash equivalents at beginning of period	10	6,420	4,945
Cash & cash equivalents at end of period	10	6,025	6,420

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

DISTRICT COUNCIL OF GRANT

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

Note 1 - SIGNIFICANT ACCOUNTING POLICIES (con't)

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

1 Basis of Preparation

1.1 Compliance with Australian Accounting Standards

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

The financial report was authorised for issue by certificate under regulation 14 of the *Local Government (Financial Management) Regulations 2011* dated 4 November 2019.

1.2 Historical Cost Convention

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

1.3 Critical Accounting Estimates

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

1.4 Rounding

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

2 The Local Government Reporting Entity

District Council of Grant is incorporated under the SA Local Government Act 1999 and has its principal place of business at 324 Commercial Street West, Mount Gambier. These financial statements include the Council's direct operations and all entities through which Council controls resources to carry on its functions. In the process of reporting on the Council as a single unit, all transactions and balances between activity areas and controlled entities have been eliminated.

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

3 Income recognition

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

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

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

	Cash Payment Received	Annual Allocation	Difference	
2016/17	\$2,211,743	\$1,459,726	+	\$752,017
2017/18	\$1,661,603	\$1,461,177	+	\$200,426
2018/19	\$2,511,248	\$1,282,141	+	\$1,229,107

DISTRICT COUNCIL OF GRANT
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 1 - SIGNIFICANT ACCOUNTING POLICIES (con't)

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 and Net Liabilities Ratio disclosed in Note 14 have also been calculated after adjusting for the distortions resulting from the differences between the actual grants received and the grants entitlements allocated.

The actual amounts of untied grants received during the reporting periods (including the advance allocations) are disclosed in Note 2.

3.1 Construction Contracts

Construction works undertaken by Council for third parties are generally on an agency basis where the third party reimburses Council for actual costs incurred, and usually do not extend beyond the reporting period. As there is no profit component, such works are treated as 100% completed. Reimbursements not received are recognised as receivables and reimbursements received in advance are recognised as "payments received in advance".

4 Cash, Cash Equivalents and other Financial Instruments

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

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

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

AASB 7 Financial Instruments - Disclosures and AASB 9 Financial Instruments commenced from 1 July 2018 and have the effect that non-contractual receivables (e.g. rates & charges) are now treated as financial instruments. Although the disclosures made in Note 12 Financial Instruments have changed, there are no changes to the amounts disclosed.

All financial instruments are recognised at fair value at the date of recognition. A detailed statement of the accounting policies applied to financial instruments also form part of Note 12.

5 Inventories

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

6 Infrastructure, Property, Plant & Equipment

6.1 Land under roads

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

6.2 Initial Recognition

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

DISTRICT COUNCIL OF GRANT
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 1 - SIGNIFICANT ACCOUNTING POLICIES (con't)

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

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

6.3 Materiality

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

6.4 Subsequent Recognition

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

6.5 Depreciation of Non-Current Assets

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

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

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

6.6 Impairment

Assets that have an indefinite useful life are not subject to depreciation and are reviewed annually for impairment. Assets carried at fair value whose future economic benefits are not dependent on the ability to generate cash flows, and where the future economic benefits would be replaced if Council were deprived thereof, are not assessed for impairment.

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

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

7 Payables

7.1 Goods & Services

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

DISTRICT COUNCIL OF GRANT
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 1 - SIGNIFICANT ACCOUNTING POLICIES (con't)

7.2 Payments Received in Advance & Deposits

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

8 Borrowings

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

9 Employee Benefits

9.1 Salaries, Wages & Compensated Absences

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

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

Weighted average discount rate	1.9% (2018, 2.20%)
Weighted average settlement period	1 year (2018, 1 year)

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

9.2 Superannuation

The Council makes employer superannuation contributions in respect of its employees to the Local Government Superannuation Scheme. The Scheme has two types of membership, each of which is funded differently. No changes in accounting policy have occurred during either the current or previous reporting periods. Details of the accounting policies applied and Council's involvement with the schemes are reported in Note 16.

10 Leases

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

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

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

11 GST Implications

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

- Receivables and Creditors include GST receivable and payable.
- Except in relation to input taxed activities, revenues and operating expenditures exclude GST receivable and payable.
- Non-current assets and capital expenditures include GST net of any recoupment.

DISTRICT COUNCIL OF GRANT
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 1 - SIGNIFICANT ACCOUNTING POLICIES (con't)

- Amounts included in the Statement of Cash Flows are disclosed on a gross basis.

12 Pending Accounting Standards

Certain new accounting standards and UIG interpretations have been published that are not mandatory for the 30 June 2019 reporting period and have not been used in preparing these reports.

AASB 15	Revenue from Contracts with Customers
AASB 16	Leases
AASB 1058	Income of Not-for-Profit Entities

Standards containing consequential amendments to other Standards and Interpretations arising from the above - AASB 2010-7, AASB 2014-1, AASB 2014-3, AASB 2014-4, AASB 2014-5, AASB 2014-6, AASB 2014-7, AASB 2014-8, AASB 2014-9, AASB 2014-10, AASB 2015-1, AASB 2015-2, AASB 2015-3, AASB 2015-4, AASB 2015-5, AASB 2015-6 and AASB 2015-7.

(Standards not affecting local government have been excluded from the above list.)

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

AASB 16 Leases, which will commence from 1 July 2019, requires that the right of use conveyed by leasing contracts - except leases with a maximum term of 12 months and leases for non-material amounts - be recognised as a form of Infrastructure, Property, Plant and Equipment, and that the lease liability be disclosed as a liability.

At 30 June 2019, Council has no leases to which this treatment will need to be applied.

DISTRICT COUNCIL OF GRANT
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 2 - INCOME

	Notes	2019 \$'000	2018 \$'000
RATES REVENUES			
<u>General Rates</u>		7,846	7,614
Less: Mandatory rebates		(8)	(8)
Less: Discretionary rebates, remissions & write offs		(17)	(17)
		<u>7,821</u>	<u>7,589</u>
<u>Other Rates</u> (including service charges)			
Natural Resource Management levy		582	559
Waste collection		597	581
Community wastewater management systems		678	647
		<u>1,857</u>	<u>1,787</u>
<u>Other Charges</u>			
Penalties for late payment		37	38
		<u>37</u>	<u>38</u>
Less: Discretionary rebates, remissions & write offs		(56)	(56)
		<u>9,659</u>	<u>9,358</u>
<i>Total amount paid by the State Government on behalf of pensioners</i>			
STATUTORY CHARGES			
Development Act fees		84	83
Town planning fees		78	124
Animal registration fees & fines		91	108
Parking fines / expiation fees		3	4
		<u>256</u>	<u>319</u>
USER CHARGES			
Cemetery/crematoria fees		11	4
Airport		834	954
Saleyards		1,304	1,012
Sanitary & Garbage		53	33
Rural Transaction Centre		82	89
Sundry		51	59
		<u>2,335</u>	<u>2,151</u>
INVESTMENT INCOME			
Interest on investments:			
Local Government Finance Authority		105	94
Banks & other		1	2
Loans to community groups		6	7
		<u>112</u>	<u>103</u>

DISTRICT COUNCIL OF GRANT
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019
Note 2 - INCOME (con't)

	Notes	2019 \$'000	2018 \$'000
REIMBURSEMENTS			
- for roadworks		13	125
- for private works		87	123
		<u>100</u>	<u>248</u>
OTHER INCOME			
Insurance & other recoupments - infrastructure, property, plant & equipment		233	175
Sundry		196	156
		<u>429</u>	<u>331</u>
GRANTS, SUBSIDIES, CONTRIBUTIONS			
Amounts received specifically for new or upgraded assets		575	1,398
Other grants, subsidies and contributions			
Untied - Financial Assistance Grant		1,449	1,301
Roads to Recovery		234	477
Fuel Rebate		58	61
Library & Community Centres		37	39
Sundry		893	28
		<u>2,671</u>	<u>1,906</u>
		<u>3,246</u>	<u>3,304</u>
<i>The functions to which these grants relate are shown in Note 11.</i>			
Sources of grants			
Commonwealth government		356	538
State government		2,614	2,747
Other		276	19
		<u>3,246</u>	<u>3,304</u>
PHYSICAL RESOURCES RECEIVED FREE OF CHARGE			
Land & Improvements		11	-
Roads, Bridges & Footpaths		761	27
Stormwater Drainage		30	-
Community wastewater management systems		66	-
TOTAL PHYSICAL RESOURCES RECEIVED		<u>868</u>	<u>27</u>

DISTRICT COUNCIL OF GRANT
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 3 - EXPENSE

	Notes	2019 \$'000	2018 \$'000
EMPLOYEE COSTS			
Salaries and Wages		4,818	4,682
Employee leave expense		629	558
Superannuation - defined contribution plan contributions	16	330	298
Superannuation - defined benefit plan contributions	16	133	156
Workers' Compensation Insurance		153	240
Less: Capitalised and distributed costs		(356)	(403)
Total Operating Employee Costs		5,707	5,531
 Total Number of Employees		67	67
<i>(Full time equivalent at end of reporting period)</i>			
 MATERIALS, CONTRACTS & OTHER EXPENSES			
<u>Prescribed Expenses</u>			
Auditor's Remuneration			
- Auditing the financial reports		21	20
Bad and Doubtful Debts		-	6
Elected members' expenses		173	156
Election expenses		20	-
Subtotal - Prescribed Expenses		214	182
 <u>Other Materials, Contracts & Expenses</u>			
Contractors		1,030	1,114
Energy		345	227
Maintenance		624	491
Legal Expenses		163	76
Levies paid to government			
- NRM Levy		581	557
- Emergency Services Levy		40	39
Materials		339	146
Fuel		331	306
Insurance		232	309
Donations & Grants		185	165
Sundry		753	552
Subtotal - Other Materials, Contracts & Expenses		4,623	3,982
		4,837	4,164

DISTRICT COUNCIL OF GRANT
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 3 - EXPENSE con't

	2019	2018
Notes	\$'000	\$'000
DEPRECIATION, AMORTISATION & IMPAIRMENT		
Depreciation		
Buildings - Level 2	166	55
Buildings - Level 3	477	441
Other Structures - Level 2	5	4
Other Structures - Level 3	161	250
Playgrounds	30	30
Roads & Kerbs	2,480	2,666
Bridges	1	1
Footways	15	15
Stormwater Drainage	12	11
CWMS	263	262
Plant & Equipment	543	522
IT & Office Fittings	42	43
Marine & River	48	48
Open Space	49	31
	<u>4,292</u>	<u>4,379</u>
FINANCE COSTS		
Interest on Loans	242	270
	<u>242</u>	<u>270</u>

DISTRICT COUNCIL OF GRANT
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 4 - ASSET DISPOSALS AND FAIR VALUE ADJUSTMENTS

	2019	2018
Notes	\$'000	\$'000
INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT		
<i>Assets renewed or directly replaced</i>		
Proceeds from disposal	726	685
Less: Carrying amount of assets sold	1,302	1,450
NET GAIN (LOSS) ON DISPOSAL OR REVALUATION OF ASSETS	(576)	(765)

DISTRICT COUNCIL OF GRANT
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019
Note 5 - CURRENT ASSETS

	Notes	2019 \$'000	2018 \$'000
CASH & EQUIVALENT ASSETS			
Cash on Hand and at Bank		176	768
Deposits at Call		5,839	5,652
		6,015	6,420
TRADE & OTHER RECEIVABLES			
Rates - General & Other		466	399
Rates postponed for State Seniors		-	-
Accrued Revenues		12	19
Debtors - general		542	183
GST Recoupment		89	95
Prepayments		11	13
Loans to community organisations		33	46
Total		1,153	755
Less: Allowance for Doubtful Debts		-	-
		1,153	755
INVENTORIES			
Quarry Stock		118	145
Fuel & Lubricant		24	24
Other		16	20
		158	189

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

DISTRICT COUNCIL OF GRANT
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 6 - NON-CURRENT ASSETS

		2019	2018
FINANCIAL ASSETS	Notes	\$'000	\$'000
Receivables			
Loans to community organisations		165	202
		<u>165</u>	<u>202</u>
Other Financial Assets			
Caveat		43	43
TOTAL FINANCIAL ASSETS		<u>208</u>	<u>245</u>

DISTRICT COUNCIL OF GRANT

Notes to and forming part of the Financial Statements

for the year ended 30 June 2019

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

	Fair Value Level	2018 \$'000				2019 \$'000			
		Fair Value	Cost	Acc' Dep'n	Carrying Amount	Fair Value	Cost	Acc' Dep'n	Carrying Amount
Land - Level 2	2	-	-	-	-	1,220	-	-	1,220
Land - Level 3	3	11,131	808	-	11,939	13,684	10	-	13,694
Buildings - Level 2	2	1,610	39	(833)	816	7,215	-	(3,831)	3,384
Buildings - Level 3	3	12,533	6,714	(10,867)	8,380	20,615	435	(11,583)	9,467
Other Structures - Level 2	2	-	-	-	-	126	9	(100)	35
Other Structures - Level 3	3	10,614	251	(5,668)	5,197	4,595	123	(1,539)	3,179
Playgrounds	3	883	11	(544)	350	883	11	(574)	320
Roads & Kerbs	3	93,174	7,647	(31,080)	69,741	112,711	2,725	(31,087)	84,349
Bridges	3	74	-	(21)	53	74	-	(22)	52
Footways	3	500	100	(175)	425	500	100	(190)	410
Stormwater Drainage	3	1,034	121	(406)	749	1,157	32	(418)	771
CWMS	3	12,685	-	(4,855)	7,830	12,518	298	(5,041)	7,775
Plant & Equipment		-	7,854	(2,580)	5,274	-	8,067	(2,898)	5,169
IT & Office Fittings		-	738	(562)	176	-	760	(554)	206
Marine & River WIP	3	2,789	-	(339)	2,450	-	2,789	(387)	2,402
Open Space	3	-	313	-	313	-	1,092	-	1,092
		-	1,013	(413)	600	-	2,035	(428)	1,607
		147,027	25,609	(58,343)	114,293	175,298	18,486	(58,652)	135,132
Total IPP&E		144,314	26,245	(55,417)	115,142	147,027	25,609	(58,343)	114,293

Comparatives

This Note continues on the following pages.

DISTRICT COUNCIL OF GRANT
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019
Note 7 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

	2018 \$'000	CARRYING AMOUNT MOVEMENTS DURING YEAR \$'000									2019 \$'000
Carrying Amount		Additions		Disposals	Depreciation	Adjustments	Transfers		Net Revaluation	Carrying Amount	
		New / Upgrade	Renewals				In	Out			
Land - Level 2	-	-	-	-	-	-	1,180	-	40	1,220	
Land - Level 3	11,939	10	-	-	-	-	-	(1,180)	2,925	13,694	
Buildings - Level 2	816	-	-	-	(166)	-	-	-	2,734	3,384	
Buildings - Level 3	8,380	172	17	(23)	(477)	-	-	-	1,398	9,467	
Other Structures - Level 2	-	9	-	-	(5)	-	75	-	(44)	35	
Other Structures - Level 3	5,197	125	-	(10)	(161)	-	-	(75)	(1,897)	3,179	
Playgrounds	350	-	-	-	(30)	-	-	-	-	320	
Roads & Kerbs	69,741	2,049	1,285	(482)	(2,480)	-	-	-	14,236	84,349	
Bridges	53	-	-	-	(1)	-	-	-	-	52	
Footways	425	-	-	-	(15)	-	-	-	-	410	
Stormwater Drainage	749	30	-	-	(12)	-	-	-	4	771	
CWMS	7,830	-	297	(89)	(263)	-	-	-	-	7,775	
Plant & Equipment	5,274	99	1,027	(688)	(543)	-	-	-	-	5,169	
IT & Office Fittings	176	3	69	-	(42)	-	-	-	-	206	
Marine & River	2,450	-	-	-	(48)	-	-	-	-	2,402	
WIP	313	1,075	-	-	-	-	-	(296)	-	1,092	
Open Space	600	760	-	(10)	(49)	10	296	-	-	1,607	
Total IPP&E	114,293	4,332	2,695	(1,302)	(4,292)	10	1,551	(1,551)	19,396	135,132	
Comparatives	115,142	2,358	2,468	(1,450)	(4,379)	504	620	(620)	(350)	114,293	

This note continues on the following pages.

DISTRICT COUNCIL OF GRANT
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

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

Valuation of Assets

General Valuation Principles

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

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

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

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

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

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

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

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

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

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

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

DISTRICT COUNCIL OF GRANT
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2019

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

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

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

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

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

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

Land & Land Improvements

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

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

DISTRICT COUNCIL OF GRANT
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2019

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

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

Buildings & Other Structures

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

Playgrounds were valued as at 30 June 2011 by Peter Lornie, B.Comm, (VFM) AAPI, Certified Practising Valuer of Southwick Goodyear at current replacement cost. Additions are recognised at cost.

Infrastructure

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

Footways were valued at written down replacement cost by Council officers and verified by ACEAM Asset Management Practitioners at 30 June 2011. Condition ratings and unit rates were adjusted to reflect the actual costs of capital treatment in 2011/2012, resulting in revaluation adjustments. A further assessment was completed in 2013/2014 by an internal unit rate review. All acquisitions made after the respective dates of valuation are recorded at cost.

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

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

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

Plant, Furniture & Equipment

These assets are recognised on the cost basis.

Marine & River

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

Open Space

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

All other assets

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

DISTRICT COUNCIL OF GRANT
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 8 - LIABILITIES

		2019 \$'000		2018 \$'000	
TRADE & OTHER PAYABLES	Notes	Current	Non-current	Current	Non-current
Goods & Services		807		813	
Payments received in advance		478	-	104	-
Accrued expenses - employee entitlements		125	-	99	-
Accrued expenses - other		105	-	89	-
Deposits, Retentions & Bonds		93	-	70	-
Other		3	-	-	-
		1,611	-	1,175	-
BORROWINGS					
Loans		529	3,621	524	4,150
		529	3,621	524	4,150
<i>All interest bearing liabilities are secured over the future revenues of the Council.</i>					
PROVISIONS					
Employee entitlements (including oncosts)					
- Annual Leave		439	-	350	-
- Long Service Leave		526	31	503	48
		965	31	853	48

DISTRICT COUNCIL OF GRANT
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 9 - RESERVES

ASSET REVALUATION RESERVE		1/7/2018	Net Increments/ (Decrements)	Transfers, Impairments	30/6/2019
	Notes	\$'000	\$'000	\$'000	\$'000
Land		9,755	2,965	-	12,720
Buildings		10,792	4,132	-	14,924
Other Structures		9,019	(1,941)	-	7,078
Playgrounds		280	-	-	280
Roads & Kerbs		44,783	14,236	-	59,019
Bridges		3	-	-	3
Footways		360	-	-	360
Marine & River		1	-	(1)	-
Stormwater Drainage		228	4	-	232
CWMS		1,944	-	-	1,944
Open Space		-	10	(10)	-
TOTAL		77,165	19,406	(11)	96,560
Comparatives		77,011	154	-	77,165

OTHER RESERVES		1/7/2018	Transfers to Reserve	Transfers from Reserve	30/6/2019
Disaster Relief		135	2	(32)	105
Grants Unexpended		3	-	(2)	1
Donovans CWMS Grant		68	2	-	70
Open Space Contributions		130	2	-	132
Community Development		106	2	-	108
Tarpeena Cancer Support Fundraising		20	4	(3)	21
Future Infrastructure		452	8	-	460
Marine Facilities		14	1	-	15
Waste Management		101	2	-	103
TOTAL OTHER RESERVES		1,029	23	(37)	1,015
Comparatives		1,935	1,006	(1,912)	1,029

PURPOSES OF RESERVES

Asset Revaluation Reserve

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

DISTRICT COUNCIL OF GRANT
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019
Note 9 - RESERVES (con't)

Disaster Relief

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

Unspent Grants Contributions

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

Donovans CWMS Grant

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

Open Space Contributions

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

Community Development Reserve

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

Tarpeena Cancer Support Fundraising

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

Future Infrastructure Reserve

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

Marine Facilities Reserve

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

Waste Management Reserve

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

DISTRICT COUNCIL OF GRANT
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 10 - RECONCILIATION TO CASH FLOW STATEMENT

(a) Reconciliation of Cash

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

	Notes	2019 \$'000	2018 \$'000
Total cash & equivalent assets	5	<u>6,015</u>	<u>6,420</u>
Balances per Cash Flow Statement		<u>6,015</u>	<u>6,420</u>

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

Net Surplus (Deficit)	1,351	732
Non-cash items in Income Statement		
Depreciation, amortisation & impairment	4,282	4,379
Net increase (decrease) in unpaid employee benefits	121	(98)
Non-cash asset acquisitions	(868)	(27)
Grants for capital acquisitions treated as Investing Activity	(575)	(1,398)
Net (Gain) Loss on Disposals	576	765
	<u>4,887</u>	<u>4,353</u>
Add (Less): Changes in Net Current Assets		
Net (increase) decrease in receivables	(411)	565
Net (increase) decrease in inventories	31	18
Net increase (decrease) in trade & other payables	410	(304)
Net Cash provided by (or used in) operations	<u>4,917</u>	<u>4,632</u>

(c) Non-Cash Financing and Investing Activities

Acquisition of assets by means of:

Physical resources received free of charge	2	<u>868</u>	<u>27</u>
		<u>868</u>	<u>27</u>

(d) Financing Arrangements

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

Corporate Credit Cards	17	19
LGFA Cash Advance Debenture facility	2,000	2,000

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

DISTRICT COUNCIL OF GRANT
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 11 - FUNCTIONS

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

	INCOME		EXPENSES		OPERATING SURPLUS (DEFICIT)		GRANTS INCLUDED IN INCOME		TOTAL ASSETS HELD (CURRENT & NON-CURRENT)	
	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000				
Administration	9,994	9,066	2,447	2,075	7,547	6,991	1,460	1,310	12,273	9,872
Public Order & Safety	102	121	337	399	(235)	(278)	-	-	455	421
Health	3	4	178	192	(175)	(188)	-	-	20	16
Social Security & Welfare	6	6	101	56	(95)	(50)	2	2	442	422
Housing & Community Amenities	2,117	1,996	3,037	2,898	(920)	(902)	-	-	10,571	10,485
Protection of the Environment	67	12	141	42	(74)	(30)	-	-	1,803	835
Sport & Recreation	96	101	810	837	(714)	(736)	37	40	9,685	6,768
Agricultural Services	12	11	5	5	7	6	-	-	-	-
Mining, Manufacturing & Const.	53	57	161	129	(108)	(72)	-	-	118	145
Transport & Communication	1,218	1,593	5,245	5,335	(4,027)	(3,742)	1,101	482	91,760	76,301
Economic Affairs	1,530	1,169	1,857	1,777	(327)	(608)	-	2	9,667	10,442
Other Purposes	364	280	759	599	(395)	(319)	71	70	5,872	6,195
TOTALS	15,562	14,416	15,078	14,344	484	72	2,671	1,906	142,666	121,902

DISTRICT COUNCIL OF GRANT
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 11 (con't) - COMPONENTS OF FUNCTIONS

The activities relating to Council functions are as follows:

Administration

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

Public Order and Safety

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

Health

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

Social Security and Welfare

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

Housing and Community Amenities

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

Protection of the Environment NEC

Foreshore protection, flood prevention.

Sport and Recreation

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

Agricultural Services

Pest plant services.

Mining, Manufacturing and Construction

Building Act requirements, quarry operations.

Transport and Communications

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

Economic Affairs NEC

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

Other Purposes NEC

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

DISTRICT COUNCIL OF GRANT
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 12 - FINANCIAL INSTRUMENTS

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

Accounting Policies - 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 1.25% and 2.00% (2018: 1.95% and 2.00%). Short term deposits have an average maturity of 24 hours and an average interest rates of 1.48% (2018: 24 hours, 1.50%). Carrying amount: approximates fair value due to the short term to maturity.
Receivables - Rates & Associated Charges (including legal & penalties for late payment)	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 0.55% (2018: 0.5625%) Although Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries in the State. Carrying amount: approximates fair value (after deduction of any allowance).
Receivables - Fees & other charges	Accounting Policy: Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable. Terms & conditions: Unsecured, and do not bear interest. Although 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: Carried at nominal value. Terms & conditions: Amounts due have been calculated in accordance with the terms and conditions of the respective programs following advice of approvals, and do not bear interest. All amounts are due by Departments and Agencies of State and Federal Governments. Carrying amount: approximates fair value.

DISTRICT COUNCIL OF GRANT

Notes to and forming part of the Financial Statements

Note 12 - FINANCIAL INSTRUMENTS (con't)

Receivables - Retirement Home Contributions	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: Amounts due have been calculated in accordance with the terms and conditions of the respective legislation. Carrying amount: approximates fair value (after deduction of any allowance).
Liabilities - Creditors and Accruals	Accounting Policy: Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Council. Terms & conditions: Liabilities are normally settled on 30 day terms. Carrying amount: approximates fair value.
Liabilities - Retirement Home Contributions	Accounting Policy: To avoid inconvenience when complying with the separate audit requirements imposed by the relevant legislation, amounts are carried at nominal values. Terms & conditions: Pursuant to Commonwealth legislation certain intending residents are required to contribute amounts on an interest free basis. The amounts are subject to certain deductions as prescribed by the legislation, the balance being repaid on termination of tenancy. Carrying amount: approximates fair value for short tenancies; may be non-materially over-stated for longer tenancies.
Liabilities - Interest Bearing Borrowings	Accounting Policy: Carried at the principal amounts. Interest is charged as an expense as it accrues. Terms & conditions: secured over future revenues, borrowings are repayable with half-yearly instalments with terms ranging from five to fifteen years; interest is charged at fixed rates between 3.60% and 7.12% (2018: 3.60% and 7.12%) Carrying amount: approximates fair value.
Liabilities - Finance Leases	Accounting Policy: accounted for in accordance with AASB 117.

DISTRICT COUNCIL OF GRANT
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 12 - FINANCIAL INSTRUMENTS (con't)

Liquidity Analysis

2019	Due < 1 year	Due > 1 year ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
	\$'000	\$'000	\$'000	\$'000	\$'000
<u>Financial Assets</u>					
Cash & Equivalents	6,015			6,015	6,015
Receivables	1,142	165	-	1,307	1,307
Other Financial Assets	43	-	-	43	43
Total	7,200	165	-	7,365	7,365
<u>Financial Liabilities</u>					
Payables	1,275	-	-	1,275	1,381
Current Borrowings	748	-	-	748	529
Non-Current Borrowings	-	2,631	1,745	4,376	3,621
Total	2,023	2,631	1,745	6,399	4,150

2018	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
	\$'000	\$'000	\$'000	\$'000	\$'000
<u>Financial Assets</u>					
Cash & Equivalents	6,420			6,420	6,420
Receivables	356	202	-	558	558
Other Financial Assets	-	43	-	43	43
Total	6,776	245	-	7,021	7,021
<u>Financial Liabilities</u>					
Payables	987	-	-	987	987
Current Borrowings	773	-	-	773	524
Non-Current Borrowings	-	2,861	2,263	5,124	4,150
Total	1,760	2,861	2,263	6,884	5,661

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

	30 June 2019		30 June 2018	
	Weighted Average Interest Rate	Carrying Value	Weighted Average Interest Rate	Carrying Value
	%	\$'000	%	\$'000
Fixed Interest Rates	5.473	4,150	5.943	4,674
		4,150		4,674

DISTRICT COUNCIL OF GRANT
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 12 - FINANCIAL INSTRUMENTS (con't)

Net Fair Value

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

Risk Exposures:

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

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

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

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

DISTRICT COUNCIL OF GRANT
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 13 - COMMITMENTS FOR EXPENDITURE

	2019	2018
Notes	\$'000	\$'000
Capital Commitments		
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Land (Waterfront - Stage 2)	705	805
Buildings (Airport Redevelopment)	5,660	-
Other Structures (Airport Redevelopment)	411	-
Roads & Footpaths (Airport Redevelopment)	2,133	-
Plant & Equipment	189	-
	<u>9,098</u>	<u>805</u>
These expenditures are payable:		
Not later than one year	7,098	805
Later than one year and not later than 5 years	2,000	-
Later than 5 years	-	-
	<u>9,098</u>	<u>805</u>

DISTRICT COUNCIL OF GRANT
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 14 - FINANCIAL INDICATORS

	2019	2018	2017
Operating Surplus Ratio			
<u>Operating Surplus</u>	3.1%	0.5%	1.1%
Total Operating Income			

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

Net Financial Liabilities Ratio

<u>Net Financial Liabilities</u>	-4.0%	-5.0%	7.0%
Total Operating Income			

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

Adjustments to Ratios

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

<i>Adjusted Operating Surplus Ratio</i>	-0.1%	0.3%	-4.3%
<i>Adjusted Net Financial Liabilities Ratio</i>	4.4%	-10.0%	2.0%

Asset Renewal Funding Ratio

<u>Net Outlays on Existing Assets</u>	71.7%	59.0%	60.0%
Net Asset Renewals - IAMP			

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

DISTRICT COUNCIL OF GRANT
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 15 - UNIFORM PRESENTATION OF FINANCES

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

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

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

	2019		2018
	\$'000		\$'000
Income	15,562		14,416
Expenses	(15,078)		(14,344)
Operating Surplus / (Deficit)	484		72
 Net Outlays on Existing Assets			
Capital Expenditure on renewal and replacement of Existing Assets	(2,685)		(2,441)
Add back Depreciation, Amortisation and Impairment	4,292		4,379
Proceeds from Sale of Replaced Assets	726		685
	2,333		2,623
 Net Outlays on New and Upgraded Assets			
Capital Expenditure on New and Upgraded Assets <i>(including investment property & real estate developments)</i>	(3,464)		(2,358)
Amounts received specifically for New and Upgraded Assets	575		1,398
	(2,889)		(960)
Net Lending / (Borrowing) for Financial Year	(72)		1,735

DISTRICT COUNCIL OF GRANT
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 16 – SUPERANNUATION

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

Accumulation only Members

Accumulation only members receive both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of ordinary time earnings in accordance with superannuation guarantee legislation (9.50% in 2018-19; 9.50% in 2019-20). No further liability accrues to the Council as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

Salarylink (Defined Benefit Fund) Members

Salarylink is a defined benefit scheme where the benefit payable is based on a formula determined by the member's contribution rate, number of years and level of contribution and final average salary. Council makes employer contributions to Salarylink as determined by the Fund's Trustee based on advice from the appointed Actuary. The rate is currently 6.3% (6.3% in 2017-18) of "superannuation" salary.

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

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

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

Contributions to Other Superannuation Schemes

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

DISTRICT COUNCIL OF GRANT
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 17 - CONTINGENCIES & ASSETS & LIABILITIES NOT RECOGNISED IN THE STATEMENT OF FINANCIAL POSITION

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

1. LAND UNDER ROADS

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

At reporting date, Council controlled 1,525 km of road reserves of average width 10 metres.

2. POTENTIAL INSURANCE LOSSES

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

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

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

3. LEGAL EXPENSES

Council is the planning consent authority for its area under the Development Act 1993 (as amended). Pursuant to that Act, certain persons aggrieved by a planning decision of the Council may appeal. It is normal practice that parties bear their own legal costs. At the date of these reports, Council has not received notice of any 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.

DISTRICT COUNCIL OF GRANT
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 18 - RELATED PARTY DISCLOSURES

KEY MANAGEMENT PERSONNEL

The Key Management Personnel (KMP) of the Council include the Mayor, Councillors, CEO and certain prescribed officers under section 112 of the Local Government Act 1999. In all, 24 persons were paid the following total compensation:

	2019	2018
	\$	\$
Salaries, allowances & other short term benefits	1,340,188	1,199,800
Post-employment benefits	-	-
Long term benefits	-	-
Termination benefits	97,840	-
TOTAL	1,438,028	1,199,800

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

	2019	2018
	\$	\$
Contributions for fringe benefits tax purposes	-	-
Planning and building applications fees	-	-
Rentals for Council property	-	-
TOTAL	-	-

PARTIES RELATED TO KEY MANAGEMENT PERSONNEL

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

Two close family members of KMP's are employed by Council in accordance with the terms of the Award, and as recorded in the public Register of Salaries maintained in accordance with section 105 of the *Local Government Act* 1999.

KMP's or close family members (including related parties) lodged one planning and building application during the year. In accordance with the Local Government Act 1999, this person declared conflicts of interest and took no part in the assessment or approval processes for this application. Total fees for this application (which was paid in full on application) amounted to \$258.

Five KMP's are members of various organisations that received Council support in the year. In accordance with the *Local Government Act 1999*, the elected members declare a conflict of interest and leave the meeting environs when any matter affecting their organisation is discussed or voted on. During the year Council contributed \$10,314 towards these organisations via community grant applications and scholarship programs.

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

We have audited the accompanying financial report of the District Council of Grant (the Council), which comprises the Statement of Financial Position as at 30 June 2019, Statement of Comprehensive Income, the Statements of Changes in Equity, the Statement of Cash Flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Council Certificate of Council.

In our opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of the Council as at 30 June 2019, and its financial performance and its cash flows for the year then ended in accordance with the *Local Government Act 1999* and the *Local Government (Financial Management) Regulation 2011* and the Australian Accounting Standards.

Basis for Opinion

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

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

Council's Responsibility for the Financial Report

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

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

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

DEAN NEWBERRY & PARTNERS
CHARTERED ACCOUNTANTS



JIM KEOGH
PARTNER

Signed on the 6th day of November 2019,
at 214 Melbourne Street, North Adelaide

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

In our opinion, the Council has complied, in all material respects, with Section 129(1)(b) of the *Local Government Act 1999* in relation to the Internal Controls established by the Council relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities so as to provide reasonable assurance that the financial transactions of the Council have been conducted properly and in accordance with law for the period 1 July 2018 to 30 June 2019.

Basis for opinion

We have audited the Internal Controls of the District Council of Grant (the Council) under the requirements of *Section 129(1)(b) of the Local Government Act 1999* in relation only to the Internal Controls established by the Council to ensure that financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities for the period 1 July 2018 to 30 June 2019 have been conducted properly and in accordance with law.

We conducted our engagement in accordance with Standard on Assurance Engagements *ASAE 3150 Assurance Engagements on Controls* issued by the Auditing and Assurance Standards Board.

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

The Council's Responsibility for the Internal Controls

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

Our Independence and Quality Control

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

Assurance Practitioner's Responsibilities

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

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

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

Limitation on Use

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

Limitations of Controls

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

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

**DEAN NEWBERY & PARTNERS
CHARTERED ACCOUNTANTS**

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

**JIM KEOGH
PARTNER**

Signed on the 6th day of November 2019
at 214 Melbourne Street, North Adelaide, South Australia, 5006

DISTRICT COUNCIL OF GRANT
Annual Financial Statements
for the year ended 30 June 2019

CERTIFICATION OF AUDITOR INDEPENDENCE

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

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



Jane Fetherstonhaugh
ACTING CHIEF EXECUTIVE OFFICER



Richard Sage
PRESIDING MEMBER
AUDIT COMMITTEE

Date: 4 November 2019

Certification of Auditor's Independence

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

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



JIM KEOGH

Partner

DEAN NEWBERY & PARTNERS

CHARTERED ACCOUNTANTS

Dated this 6th day of November 2019