



Alexandrina Council

Financial Statements 30 June 2020

Our plan to thrive



Alexandrina Council

General Purpose Financial Statements for the year ended 30 June 2020

	Page
Table of Contents	
1. Council Certificate	2
2. Primary Financial Statements:	
- Statement of Comprehensive Income	3
- Statement of Financial Position	4
- Statement of Changes in Equity	5
- Statement of Cash Flows	6
3. Notes to the Financial Statements	7
4. Independent Auditor's Report - Financial Statements	44
5. Independent Auditor's Report - Internal Controls	46
6. Certificates of Audit Independence	
- Council Certificate of Audit Independence	48
- Audit Certificate of Audit Independence	49

Alexandrina Council


General Purpose Financial Statements for the year ended 30 June 2020

Certification of Financial Statements

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

In our opinion:

- the accompanying financial statements comply with the *Local Government Act 1999*, *Local Government (Financial Management) Regulations 2011* and Australian Accounting Standards,
- the financial statements present a true and fair view of the Council's financial position at 30 June 2020 and the results of its operations and cash flows for the financial year,
- internal controls implemented by the Council provide a reasonable assurance that the Council's financial records are complete, accurate and reliable and were effective throughout the financial year,
- the financial statements accurately reflect the Council's accounting and other records.



Glenn Rappensberg
CHIEF EXECUTIVE OFFICER



Keith Parkes
MAYOR

Date: 24 November 2020

Alexandrina Council

Statement of Comprehensive Income

for the year ended 30 June 2020

\$ '000	Notes	2020	2019
Income			
Rates	2a	41,234	39,484
Statutory Charges	2b	999	1,068
User Charges	2c	1,724	1,978
Grants, Subsidies and Contributions	2g	3,407	4,458
Investment Income	2d	11	19
Reimbursements	2e	446	513
Other Income	2f	872	649
Net Gain - Equity Accounted Council Businesses	19	45	34
Total Income		48,738	48,203
Expenses			
Employee Costs	3a	16,704	15,825
Materials, Contracts & Other Expenses	3b	17,999	18,147
Depreciation, Amortisation & Impairment	3c	12,092	11,267
Finance Costs	3d	1,145	1,357
Net loss - Equity Accounted Council Businesses	19	353	383
Total Expenses		48,293	46,979
Operating Surplus / (Deficit)		445	1,224
Asset Disposal & Fair Value Adjustments	4	(1,258)	(1,161)
Amounts Received Specifically for New or Upgraded Assets	2g	1,407	1,272
Physical Resources Received Free of Charge	2i	2,339	2,422
Net Surplus / (Deficit) ¹		2,933	3,757
Other Comprehensive Income			
<i>Amounts which will not be reclassified subsequently to operating result</i>			
Changes in Revaluation Surplus - I,PP&E	9a	10,520	16,834
Share of Other Comprehensive Income - Equity Accounted Council Businesses	19	21	21
Total Other Comprehensive Income		10,541	16,855
Total Comprehensive Income		13,474	20,612

¹ Transferred to Statement of Changes in Equity

Alexandrina Council

Statement of Financial Position

as at 30 June 2020

\$ '000	Notes	2020	2019
ASSETS			
Current Assets			
Cash and Cash Equivalents	5a	1,126	996
Trade & Other Receivables	5b	4,051	5,337
Inventories	5c	25	33
Total Current Assets		5,202	6,366
Non-Current Assets			
Financial Assets	6a	129	148
Equity Accounted Investments in Council Businesses	6b	10,235	10,523
Infrastructure, Property, Plant & Equipment	7a	460,618	451,598
Total Non-Current Assets		470,982	462,269
TOTAL ASSETS		476,184	468,635
LIABILITIES			
Current Liabilities			
Trade & Other Payables	8a	7,871	6,700
Borrowings	8b	894	764
Provisions	8c	1,924	1,811
Total Current Liabilities		10,689	9,275
Non-Current Liabilities			
Borrowings	8b	22,475	29,941
Provisions	8c	3,259	3,132
Total Non-Current Liabilities		25,734	33,073
TOTAL LIABILITIES		36,423	42,348
Net Assets		439,761	426,287
EQUITY			
Accumulated Surplus		169,659	165,819
Asset Revaluation Reserves	9a	269,694	259,174
Other Reserves	9b	408	1,294
Total Council Equity		439,761	426,287

Alexandrina Council

Statement of Changes in Equity for the year ended 30 June 2020

\$ '000		Accumulated Surplus	Asset Revaluation Reserve	Other Reserves	Total Equity
	Notes				
2020					
Balance at the end of previous reporting period		165,819	259,174	1,294	426,287
Net Surplus / (Deficit) for Year		2,933	-	-	2,933
Other Comprehensive Income					
- Gain (Loss) on Revaluation of I,PP&E	7a	-	10,520	-	10,520
- Share of OCI - Equity Accounted Council Businesses	19	21	-	-	21
Other Comprehensive Income		21	10,520	-	10,541
Total Comprehensive Income		2,954	10,520	-	13,474
Transfers between Reserves		886	-	(886)	-
Balance at the end of period		169,659	269,694	408	439,761
2019					
Balance at the end of previous reporting period		151,759	242,340	11,576	405,675
Net Surplus / (Deficit) for Year		3,757	-	-	3,757
Other Comprehensive Income					
- Gain (Loss) on Revaluation of I,PP&E	7a	-	16,834	-	16,834
- Share of OCI - Equity Accounted Council Businesses	19	21	-	-	21
Other Comprehensive Income		21	16,834	-	16,855
Total Comprehensive Income		3,778	16,834	-	20,612
Transfers between Reserves		10,282	-	(10,282)	-
Balance at the end of period		165,819	259,174	1,294	426,287

Alexandrina Council

Statement of Cash Flows

for the year ended 30 June 2020

\$ '000	Notes	2020	2019
Cash Flows from Operating Activities			
<u>Receipts</u>			
Operating Receipts		49,610	46,697
Investment Receipts		11	19
<u>Payments</u>			
Operating Payments to Suppliers and Employees		(34,256)	(32,492)
Finance Payments		(1,244)	(1,386)
Net Cash provided by (or used in) Operating Activities	11b	14,121	12,838
Cash Flows from Investing Activities			
<u>Receipts</u>			
Amounts Received Specifically for New/Upgraded Assets		2,707	1,272
Sale of Replaced Assets		107	213
Repayments of Loans by Community Groups		49	87
<u>Payments</u>			
Expenditure on Renewal/Replacement of Assets		(3,206)	(4,990)
Expenditure on New/Upgraded Assets		(6,200)	(7,436)
Capital Contributed to Equity Accounted Council Businesses		(21)	-
Net Cash provided by (or used in) Investing Activities		(6,564)	(10,854)
Cash Flows from Financing Activities			
<u>Receipts</u>			
Nil			
<u>Payments</u>			
Repayments of Borrowings		(7,336)	(1,465)
Repayment of Lease Liabilities		(91)	-
Net Cash provided by (or used in) Financing Activities		(7,427)	(1,465)
Net Increase (Decrease) in Cash Held		130	519
plus: Cash & Cash Equivalents at beginning of period	11	996	477
Cash & Cash Equivalents at end of period	11	1,126	996

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

Contents of the Notes accompanying the Financial Statements

Note	Details	Page
1	Significant Accounting Policies	8
2	Income	15
3	Expenses	18
4	Asset Disposal & Fair Value Adjustments	19
	Current Assets	
5a	Cash & Cash Equivalent Assets	20
5b	Trade & Other Receivables	20
5c	Inventories	20
	Non-Current Assets	
6a	Financial Assets	20
6b	Equity Accounted Investments in Council's Businesses	20
	Fixed Assets	
7a	Infrastructure, Property, Plant & Equipment	21
7b	Valuation of Infrastructure, Property, Plant & Equipment	22
	Liabilities	
8a	Trade & Other Payables	24
8b	Borrowings	24
8c	Provisions	24
	Reserves	
9a	Asset Revaluation Reserve	25
9b	Other Reserves	25
11	Reconciliation to Statement of Cashflows	26
12a	Functions	28
12b	Components of Functions	29
13	Financial Instruments	30
14	Capital Expenditure and Investment Property Commitments	34
15	Financial Indicators	35
16	Uniform Presentation of Finances	36
17	Leases	36
18	Superannuation	38
19	Interests in Other Entities	39
21	Contingencies & Assets/Liabilities Not Recognised in the Balance Sheet	41
22	Events After the Statement of Financial Position Date	42
23	Related Party Transactions	43

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

Note 1. Summary of Significant Accounting Policies

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

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

1 Basis of Preparation

1.1 Compliance with Australian Accounting Standards

This general purpose financial report has been prepared on a going concern basis using the historical cost convention (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*.

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.

Particular areas involving a high degree of judgement or complexity include the estimation of future payments and timing in relation to tip restoration liability. Further information in relation to the estimation of these liabilities are given in the relevant sections of these Notes.

1.3 Rounding

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

2 The Local Government Reporting Entity

Alexandrina Council is incorporated under the South Australian *Local Government Act 1999* and has its principal place of business at 11 Cadell Street, GOOLWA. These consolidated 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.

The principal activities and entities conducted other than in the Council's own name that have been included in these consolidated financial statements are:

1. Adelaide Hills Region Waste Management Authority
2. Fleurieu Regional Waste Authority
3. Fleurieu Regional Aquatic Centre Authority

Council has elected to not include activities related to the Southern and Hills Local Government Association in these consolidated financial statements as they are deemed to be immaterial.

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

3 Income Recognition

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

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

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

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

Note 1. Summary of Significant Accounting Policies (continued)

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:

\$ '000	Cash Payment Received	Annual Allocation	Difference
2017/18	\$1,410	\$1,312	+\$98
2018/19	\$2,419	\$1,723	+\$696
2019/20	\$1,512	\$1,700	- \$188

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.

4 Cash, Cash Equivalents and other Financial Instruments

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

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

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

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

5 Inventories

Inventories held in respect of stores have been valued by using the weighted average cost on a continual basis, after adjustment for loss of service potential. 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 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.

Infrastructure	\$10,000
Land Improvements	\$20,000
Buildings	\$15,000
Furniture & Fittings	\$5,000
Operational Equipment	\$5,000
IT Equipment	\$3,000
Other	\$5,000
Plant	\$15,000
Software	\$50,000

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

Note 1. Summary of Significant Accounting Policies (continued)

6.3 Subsequent Recognition

All material asset classes are revalued on a regular basis such that the carrying values are not materially different from fair value. 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 and Fittings	10 to 35 years
Office Electrical Equipment	4 to 10 years
Computer Equipment	3 to 10 years
Minor Equipment	5 to 25 years
Plant	units of usage
Software	10 years

Building & Other Structures

Sub structure	150 years
Super structure	50 to 100 years
Roofing	40 to 50 years
Fit out	15 to 25 years
Services	30 years

Infrastructure

Bridges

Sub structure	40 to 100 years
Super structure	40 to 100 years
Culverts	80 to 100 years
Rail	40 to 100 years

Surfaces	13 to 40 years
Sealed Road Pavement	40 to 100 years
Sealed Road Sub-Base	160 to 400 years
Unsealed Road Surfaces	12 to 35 years
Footpaths	20 to 70 years
Footpaths Sub-Base	60 to 280 years
Kerbing	50 to 70 years
Stormwater Drainage	10 to 100 years
Water	15 to 80 years
Common Effluent Treatment Plant	15 to 80 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.

7 Payables

7.1 Goods & Services

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

7.2 Payments Received in Advance & Deposits

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

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

Note 1. Summary of Significant Accounting Policies (continued)

8 Borrowings

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

9 Employee Benefits

9.1 Salaries, Wages & Compensated Absences

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

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

Council has recognised a provision for sick leave liabilities for the employees falling under the AWU enterprise bargaining agreement, in case where the liability has vested.

9.2 Superannuation

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

10 Provisions for Reinstatement, Restoration and Rehabilitation

Close down and restoration costs include the dismantling and demolition of infrastructure and the removal of residual materials and remediation and rehabilitation of disturbed areas. Estimated close down and restoration costs are provided for in the accounting period when the obligation arising from

the related disturbance occurs and are carried at the net present value of estimated future costs.

An independent review was undertaken by Fleurieu Regional Waste Authority (FRWA) in 2019-20 of the provision for post closure costs for the two landfill cells at the Goolwa Waste and Recycling Depot. The review of the Landfill Closure Plan is conducted in conjunction with the South Australian EPA – Environmental management of landfill facility – solid waste disposal 2019. This review has resulted a significant reduction to Council's provisions (Note 8(c)). The movement has been recognised as Remeasurement of Capping provision under Other Income (Note 2) in the Statement of Comprehensive Income.

Although estimated future costs are based on a closure plan, such plans are based on current environmental requirements which may change.

11 Leases

Accounting policy applicable from 01 July 2019

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

11.1 Council as a lessee

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

i.) Right-of-Use-Assets

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

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

Note 1. Summary of Significant Accounting Policies (continued)

Plant and equipment	2 to 3 years
Building	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.

ii.) Lease Liabilities

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

iii) Short-term leases and leases of low-value assets

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

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.

The Adelaide Hills Region Waste Management Authority is a Local Government Authority Section 43 Regional Subsidiary under the control of Adelaide Hills Council, Alexandrina Council, The District Council of Mt Barker and Rural City of Murray Bridge, this organisation operates as a regional waste management authority within the combined area.

The Southern and Hills Local Government Association has been created as regional subsidiary to represent the interest of all Councils in the Southern Hills, Fleurieu Peninsula and Kangaroo Island, within Local Government in SA. The group meet on a monthly basis and discuss Local

Government policy and procedures, and provide advice back to the LGA from a regional perspective.

The Fleurieu Regional Waste Authority is Local Government Authority Section 43 Regional Subsidiary under the control of Alexandrina Council, Kangaroo Island Council, Yankalilla Council and the City of Victor Harbor. This organisation operates as a regional waste management authority within the combined area.

The Fleurieu Regional Aquatic Centre Authority is Local Government Authority Section 43 Regional Subsidiary under the control of Alexandrina Council, and the City of Victor Harbor. This organisation operates an aquatic centre.

During 2018-19, Council has made the decision to no longer recognise the value of these entities separately in Equity. Council already recognises its interest in the entities in Assets and so also recognising in Equity provided no extra information to Statement users.

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 and amended accounting standards and interpretations

In the current year, Council adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current reporting period.

Alexandrina Council has not applied any Australian Accounting Standards and Interpretations that have been issued but are not yet effective.

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

Note 1. Summary of Significant Accounting Policies (continued)

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

The Council applied AASB 15 and AASB 1058, for the first time from 1 July 2019. AASB 1058 clarifies and simplifies the income recognition requirements that apply to not-for-profit (NFP) entities, in conjunction with AASB 15. These Standards supersede the NFP income recognition requirements previously in AASB 1004 Contributions (with the exception of certain matters relating to public sector NFP entities) as well as current revenue recognition guidance including AASB 118 Revenue, AASB 111 Construction Contracts and the related Interpretations. The timing of income recognition depends on whether such a transaction gives rise to a liability or other performance obligation (a promise to transfer a good or service).

The Council has elected to adopt the modified retrospective method on transition to the new standards with an initial application date of 1 July 2019. The cumulative effect of initially applying AASB 15 and AASB 1058 is recognised at the date of initial application as an adjustment to the opening balance of Accumulated Surplus. Therefore, the comparative information was not restated and continues to be reported under AASB 111, AASB 118, AASB 1004 and related Interpretations.

The Council has determined the impact of the new standards will mainly impact the timing of revenue recognition in relation to special purpose grants. These grants are provided to the Council to construct or acquire an asset to be controlled by the Council. They are accounted for under AASB 1058 and as such, amounts received in relation to these grants are recorded as a liability "Amounts in Advance" and recorded in revenue as the asset is constructed. The impact of adopting the new standards as at 1 July 2019 was an increase to liabilities of \$1,305,000 and a decrease to Accumulated Surplus of \$1,305,000.

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

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

	Amounts prepared under	
	AASB 15/1058	Previous AASB
	\$'000	\$'000
Grants, subsidies and contributions	\$4,815,000	\$6,120,000
	\$4,815,000	\$6,120,000

AASB 16 Leases

The Council applied AASB 16 Leases, for the first time from 1 July 2019. This standard requires that the right of use conveyed by leasing contracts (except leases with a maximum term of 12 months and leases for low-value assets) be recognised as a form of Infrastructure, Property, Plant and Equipment, and that the lease liability be disclosed as a liability. At 30 June 2020, Council has leases to which this treatment is applied.

Adoption of AASB 16 Leases (AASB 16)

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

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

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

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

Note 1. Summary of Significant Accounting Policies (continued)

recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

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

	\$'000
Assets	
Infrastructure, Property, Plant and Equip.	
- Right-of-Use-Assets	\$212
Total Assets	\$212
Liabilities	
Interest-bearing loans and borrowings	\$5
- Other	\$207
Total Liabilities	\$212
Accumulated Surplus	nil

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

	\$'000
Operating lease commitments as at 30 June 2019	\$237
Effect of discounting using the weighted average incremental borrowing rate as at 1 July 2019 of 2.3%	(4)
Less:	
Commitments relating to short-term leases	(21)
Commitments relating to leases of low-value assets	(0)
Other	(0)
Add:	
Commitments relating to leases previously classified as finance leases	0
Other	0
Other	0
Lease liabilities as at 1 July 2019	212

Standards issued by the AASB not yet effective

The AASB has issued Australian Accounting Standards and Interpretations, which are not effective at 30 June 2020; these standards have not been adopted by Council and will be included in the

financial statements on their effective date. Where the standard is expected to have a significant impact for Council then further information has been provided in this note.

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

Effective for NFP annual reporting periods beginning on or after 1 January 2020

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

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

- AASB 17 Insurance Contracts

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

- AASB 2014-10 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (amended by AASB 2015-10 and AASB 2017-5)

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.

Alexandrina Council

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

Note 2. Income

\$ '000	Notes	2020	2019
(a). Rates Revenues			
General Rates			
General Rates		35,401	33,858
Less: Discretionary Rebates, Remissions & Write Offs		(553)	(525)
Total General Rates		34,848	33,333
Other Rates (Including Service Charges)			
Natural Resource Management Levy		1,535	1,525
Water Supply		5	5
Community Wastewater Management Systems		4,632	4,465
Total Other Rates		6,172	5,995
Other Charges			
Penalties for Late Payment		214	156
Total Other Charges		214	156
Total Rates Revenues		41,234	39,484
(b). Statutory Charges			
Development Act Fees		173	193
Town Planning Fees		194	227
Health & Septic Tank Inspection Fees		140	164
Animal Registration Fees & Fines		339	334
Sundry		153	150
Total Statutory Charges		999	1,068
(c). User Charges			
Cemetery Fees		111	141
Hall & Equipment Hire		80	102
Sundry		533	520
Community Wastewater Management Fees (CWMS)		289	456
Lease / Rental - Non-Investment Properties		622	694
Waste Management Fees		68	37
Water Supply		21	28
Total User Charges		1,724	1,978

Alexandrina Council

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

Note 2. Income (continued)

\$ '000	Notes	2020	2019
(d). Investment Income			
Interest on Investments			
- Local Government Finance Authority		8	16
- Banks & Other		3	3
Total Investment Income		11	19
(e). Reimbursements			
Roadworks		39	94
Private Works		5	8
Other		402	411
Total Reimbursements		446	513
(f). Other Income			
Insurance & Other Recoupments - Infrastructure, IPP&E		138	24
Sundry		433	556
Remeasurement of Capping Provision		301	69
Total Other Income		872	649
(g). Grants, Subsidies, Contributions			
Amounts Received Specifically for New or Upgraded Assets		1,407	1,272
Other Grants, Subsidies and Contributions		3,407	4,458
Total Grants, Subsidies, Contributions		4,814	5,730
The functions to which these grants relate are shown in Note 12.			
(i) Sources of grants			
Commonwealth Government		2,126	975
State Government		1,832	3,596
Other		856	1,159
Total		4,814	5,730
(ii) Individually Significant Items			
Financial Assistance Grant (FAG) received in advance as at 30 June		1,021	1,425

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

Note 2. Income (continued)

\$ '000	Notes	2020	2019
(h). Conditions over Grants & Contributions			
Grants and contributions which were obtained on the condition that they be expended for specified purposes or in a future period, but which are not yet expended in accordance with those conditions, are as follows:			
Unexpended at the close of the previous reporting period		889	309
<i>Less:</i>			
<i>Expended during the current period from revenues recognised in previous reporting periods</i>			
Roads Infrastructure		(190)	-
Heritage & Cultural Services		(199)	(9)
Other Services		(500)	(114)
Subtotal		(889)	(123)
<i>Plus:</i>			
<i>Amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions</i>			
Roads Infrastructure		2	190
Heritage & Cultural Services		-	13
Other Services		-	500
Subtotal		2	703
Unexpended at the close of this reporting period		2	889
Net increase (decrease) in assets subject to conditions in the current reporting period		(887)	580
(i). Physical Resources Received Free of Charge			
Buildings		-	1,750
Infrastructure - Roads		328	260
Infrastructure - Stormwater		1,123	32
Infrastructure - CWMS		334	290
Infrastructure - Kerbs		45	37
Infrastructure - Bridges and Major culverts		421	-
Infrastructure - Recreation Open Space		7	-
Infrastructure - Footpaths		80	53
Total Physical Resources Received Free of Charge		2,339	2,422

Alexandrina Council

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

Note 3. Expenses

\$ '000	Notes	2020	2019
(a). Employee Costs			
Salaries and Wages		12,993	12,150
Employee Leave Expense		1,936	1,852
Superannuation - Defined Contribution Plan Contributions	18	1,243	1,112
Superannuation - Defined Benefit Plan Contributions	18	209	238
Workers' Compensation Insurance		659	633
Accident & Sickness Insurance		249	251
Less: Capitalised and Distributed Costs		(585)	(411)
Total Operating Employee Costs		16,704	15,825
Total Number of Employees (full time equivalent at end of reporting period)		174	167
(b). Materials, Contracts and Other Expenses			
(i) Prescribed Expenses			
Auditor's Remuneration			
- Auditing the Financial Reports		19	19
Bad and Doubtful Debts		10	18
Elected Members' Expenses		480	521
Election Expenses		-	137
Subtotal - Prescribed Expenses		509	695
(ii) Other Materials, Contracts and Expenses			
Contractors		3,748	4,067
- Waste Management		2,665	2,219
- Professional Services		1,179	1,033
- Legal Expenses		379	322
- Roadside Vegetation		585	463
- Community Wastewater Management Schemes		657	450
Communications (Phone, Fax, Mobiles, Internet & Postage)		495	489
Energy		1,213	1,345
Levies Paid to Government - NRM levy		1,534	1,528
Levies - Other		32	25
Sundry		2,734	3,081
Donations & Contributions		1,518	1,624
Insurance		417	447
Water		334	359
Subtotal - Other Material, Contracts & Expenses		17,490	17,452
Total Materials, Contracts and Other Expenses		17,999	18,147

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

Note 3. Expenses (continued)

\$ '000	Notes	2020	2019
(c). Depreciation, Amortisation and Impairment			
(i) Depreciation and Amortisation			
Buildings & Other Structures		1,696	1,322
Infrastructure			
- Sealed Roads		3,642	3,597
- Unsealed Roads		1,416	1,398
- Stormwater Drainage		826	802
- CWMS		1,181	1,148
- Footpaths		498	464
- Kerbs		468	455
- Bridges & Major Culverts		417	370
- Water		17	17
- Rec & Open Space		849	607
Right-of-Use Assets		91	-
Furniture & Fittings		80	85
Plant		512	515
Equipment		388	476
Other Assets		11	11
Total Depreciation, Amortisation and Impairment		12,092	11,267
(d). Finance Costs			
Interest on Loans		1,145	1,357
Total Finance Costs		1,145	1,357

Note 4. Asset Disposal & Fair Value Adjustments

Infrastructure, Property, Plant & Equipment

(i) Assets Renewed or Directly Replaced

Proceeds from Disposal	107	213
Less: Carrying Amount of Assets Sold	(1,365)	(1,374)
Gain (Loss) on Disposal	(1,258)	(1,161)
Net Gain (Loss) on Disposal or Revaluation of Assets	(1,258)	(1,161)

Alexandrina Council

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

Note 5. Current Assets

\$ '000	Notes	2020	2019
(a). Cash & Cash Equivalent Assets			
Cash on Hand at Bank		283	518
Deposits at Call		843	478
Total Cash & Cash Equivalent Assets		1,126	996
(b). Trade & Other Receivables			
Rates - General & Other		2,014	2,662
Accrued Revenues		1	1
Debtors - General		2,056	2,314
Prepayments		389	729
Loans to Community Organisations		9	39
Subtotal		4,469	5,745
Less: Allowance for Doubtful Debts		(418)	(408)
Total Trade & Other Receivables		4,051	5,337
(c). Inventories			
Stores & Materials		25	33
Total Inventories		25	33

Note 6. Non-Current Assets

(a). Financial Assets

Receivables

Loans to Community Organisations		114	133
Other - Deferred Debtors		15	15
Total Receivables		129	148
Total Financial Assets		129	148

(b). Equity Accounted Investments in Council Businesses

Adelaide Hills Regional Waste Management Authority	19	111	99
Fleurieu Regional Waste Authority	19	306	274
Fleurieu Regional Aquatic Centre Authority	19	9,818	10,150
Total Equity Accounted Investments in Council Businesses		10,235	10,523

Alexandrina Council

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

Note 7a. Infrastructure, Property, Plant & Equipment

\$ '000	Fair Value Level	as at 30/6/2019				Asset Movements during the Reporting Period									as at 30/6/2020			
		At Fair Value	At Cost	Accumulated Dep'n	Carrying Value	Transition adjustment - AASB 16	Asset Additions		WDV of Asset Disposals	Depreciation Expense (Note 3c)	WIP Transfers	Adjustments & Transfers	Revaluation Decrements to Equity (ARR) (Note 9)	Revaluation Increments to Equity (ARR) (Note 9)	At Fair Value	At Cost	Accumulated Dep'n	Carrying Value
							New / Upgrade	Renewals										
Capital Work in Progress		-	6,353	-	6,353	-	-	-	-	-	(2,774)	-	-	-	-	3,580	-	3,580
Land - Community	2	102,610	-	-	102,610	-	8	-	-	-	-	-	-	-	102,610	8	-	102,618
Land Improvements		-	6,255	-	6,255	-	673	-	-	-	532	-	-	-	-	7,460	-	7,460
Buildings & Other Structures	2	25,699	-	17,519	8,180	-	419	146	-	(432)	(445)	-	(287)	413	26,232	-	18,238	7,994
Buildings & Other Structures Infrastructure	3	69,816	-	28,859	40,957	-	287	1	-	(1,264)	(230)	2	(482)	1,118	70,993	-	30,604	40,389
- Sealed Roads	3	151,700	-	48,470	103,230	-	328	337	(260)	(3,642)	1,472	(88)	-	1,357	155,007	-	52,273	102,734
- Unsealed Roads	3	27,329	-	11,796	15,533	-	-	1,170	(462)	(1,416)	-	88	-	63	27,670	-	12,695	14,974
- Stormwater Drainage	3	63,393	-	16,689	46,704	-	2,014	20	(25)	(826)	-	48	-	802	66,519	-	17,781	48,738
- CWMS	3	62,791	-	23,943	38,848	-	1,021	226	(65)	(1,181)	774	(43)	-	355	65,319	-	25,386	39,932
- Footpaths	3	23,389	-	4,833	18,556	-	1,292	201	(90)	(498)	(70)	31	-	530	24,830	-	4,876	19,954
- Kerbs	3	29,140	-	13,823	15,317	-	205	4	-	(468)	(4)	-	-	253	29,826	-	14,519	15,306
- Bridges & Major Culverts	3	34,946	-	12,296	22,650	-	421	-	(269)	(417)	467	(38)	-	5,852	43,432	-	14,766	28,666
- Water	3	1,351	-	802	549	-	-	-	-	(17)	-	-	-	9	1,372	-	833	540
- Rec & Open Space	3	27,055	-	8,927	18,128	-	1,492	325	(85)	(849)	414	-	-	537	29,665	-	9,704	19,961
Right-of-Use Assets		-	-	-	-	212	-	-	-	(91)	-	-	-	-	212	-	91	121
Furniture & Fittings		-	981	466	515	-	-	-	-	(80)	-	-	-	-	-	981	546	435
Plant		-	8,282	2,397	5,885	-	145	446	(110)	(512)	-	-	-	-	-	8,704	2,850	5,854
Equipment		-	4,827	3,711	1,116	-	244	330	-	(388)	(142)	-	-	-	-	5,259	4,099	1,160
Capping & Reinstatement		-	856	856	-	-	-	-	-	-	-	-	-	-	-	856	856	-
Other Assets		-	672	460	212	-	-	-	-	(11)	-	-	-	-	-	672	471	201
Total Infrastructure, Property, Plant & Equipment		619,220	28,226	195,847	451,598	212	8,548	3,206	(1,365)	(12,092)	(6)	-	(769)	11,289	643,686	27,520	210,588	460,618
Comparatives		571,868	26,887	166,141	432,614	-	9,858	4,989	(1,374)	(11,267)	(56)	-	(19,626)	36,460	619,220	28,226	195,847	451,598

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

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

\$ '000

Valuation of Assets

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

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

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

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

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

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

Other Information

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.

Land

- Basis of valuation: Fair Value (Market Value as required)
- Date of valuation: 30 June 2019.
- Valuer: Office of the Valuer General. Last external valuation was undertaken by Public Private Property as at 30 June 2019.

Land Improvements

- Basis of valuation: Recognised at Cost

Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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

\$ '000

Valuation of Assets (continued)

Buildings

- Basis of valuation: Fair Value based on Market Value / Written down current replacement cost
- Date of valuation: 30 June 2019.
- Valuer: Council valuation using fair value and indexed according to LGPI March 2020 (1.6%). Last external valuation was undertaken by Public Private Property on 30 June 2019 and the condition assessment was undertaken by Sprout on 30 June 2019.

Alexandrina Council has identified assets which are required to be valued under a market approach, in accordance with AASB 13 - Fair Value Measurement. The balance of the assets are valued at Depreciated Replacement Cost. This asset class is next due to be revalued in 2022/23.

Infrastructure

- Basis of valuation: Fair Value (Replacement Cost). Additions at cost.
- Date of valuation: 30 June 2020.
- Valuer: Council valuation using unit rates and indexed according to LGPI March 2020 (1.6%).

Council's unit rates were indexed using the Local Government Price Index for 31 March 2020 of 1.6%.

Council plans to undertake condition based assessments of its Infrastructure assets on a four-yearly rolling program according to the following schedule in consultation with its external asset management consultants.

Bridges & Major Culverts	2023/24
Parks & Open Spaces	2022/23
Sealed Roads	2021/22
Unsealed Roads	2021/22
Kerbs & Footpaths	2020/21
CWMS & Water Supply	2021/22
Stormwater	2020/21

Bridges and Major Culverts.

- Basis of valuation: Fair Value / Written down current replacement cost
- Date of valuation: 30 June 2020.
- Market valuation was done by Public Private Property and condition assessment was done by Sprout.

Plant

- Recognised at cost

Equipment

- Recognised at cost

Furniture & Fittings

- Recognised at cost

Capping & Reinstatement

- Recognised at cost

All other Assets

- Recognised at cost

Alexandrina Council

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

Note 8. Liabilities

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

(a). Trade and Other Payables

Goods & Services		4,561	-	4,488	
Payments Received in Advance		444	-	920	-
- Grants, Subsidies, Contributions - Operating		9	-	-	-
- Grants & Contributions - Capital		1,779	-	-	-
Accrued Expenses - Employee Entitlements		453	-	490	-
Accrued Expenses - Finance Costs		370	-	469	-
Accrued Expenses - Other		23	-	26	-
Deposits, Retentions & Bonds		232	-	307	-
Total Trade and Other Payables		7,871	-	6,700	-

(b). Borrowings

Loans		773	22,475	764	29,941
Lease Liabilities	17	121	-	-	-
Total Borrowings		894	22,475	764	29,941

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

(c). Provisions

Employee Entitlements (including oncosts)					
Long Service Leave (including oncosts)		320	2,194	320	1,931
Annual & Sick Leave (including oncosts)		1,571	493	1,447	329
Future Reinstatement / Restoration	1.10	33	572	39	872
Other		-	-	5	-
Total Provisions		1,924	3,259	1,811	3,132

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

Note 9. Reserves

\$ '000	1/7/2019	Increments (Decrements)	Transfers	Impairments	30/6/2020
(a). Asset Revaluation Reserve					
Land - Community	80,157	-	-	-	80,157
Buildings & Other Structures	18,782	762	-	-	19,544
Infrastructure					
- Sealed Roads	58,796	1,357	-	-	60,153
- Unsealed Roads	8,910	63	-	-	8,973
- Stormwater Drainage	37,236	802	-	-	38,038
- CWMS	7,920	355	-	-	8,275
- Footpaths	8,946	530	-	-	9,476
- Kerbs	8,545	253	-	-	8,798
- Bridges & Major Culverts	19,803	5,852	-	-	25,655
- Water	604	9	-	-	613
- Rec & Open Space	9,475	537	-	-	10,012
Total Asset Revaluation Reserve	259,174	10,520	-	-	269,694
Comparatives	242,340	16,834	-	-	259,174

\$ '000	1/7/2019	Tfrs to Reserve	Tfrs from Reserve	Other Movements	30/6/2020
(b). Other Reserves					
Open Space	319	2	-	-	321
CWMS	-	5,064	(5,064)	-	-
Car Parking	86	1	-	-	87
Other Reserves	889	-	(889)	-	-
Total Other Reserves	1,294	5,067	(5,953)	-	408
Comparatives	11,576	6,695	(16,977)	-	1,294

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).

Open Space

In compliance with Div 4 s50(10)(a) of the Development Act 1993, Council has created a reserve for Open Space Contributions.

Alexandrina Council's interest in the Adelaide Hills Regional Waste Management Authority.

Council has elected to no longer recognise this separately in Equity, as it is already accounted for as an Asset.

Alexandrina Council

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

Note 9. Reserves (continued)

\$ '000

(b). Other Reserves (continued)

CWMS - Community Wastewater Management Scheme

In compliance with s155(6)(a)&(b) of the Local Government Act 1993, Council has created a reserve for Community Wastewater Management Schemes.

Car Parking

In compliance with Div 4 s50A(1) of the Development Act 1993, Council has created a reserve for Car Parking Contributions.

Other

Strathalbyn Woodshed and ACPA Support Committee funds held in reserve and unspent grants and contributions.

Note 10. Assets Subject to Restrictions

Council does not hold any assets subject to restrictions.

Note 11. Reconciliation to Statement of Cash Flows

\$ '000

Notes

2020

2019

(a). Reconciliation of Cash

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

Total Cash & Equivalent Assets	5	1,126	996
Balances per Statement of Cash Flows		1,126	996

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

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

\$ '000	Notes	2020	2019
(b). Reconciliation of Change in Net Assets to Cash from Operating Activities			
Net Surplus/(Deficit)		2,933	3,757
Non-Cash Items in Income Statements			
Depreciation, Amortisation & Impairment		12,092	11,267
Equity Movements in Equity Accounted Investments (Increase)/Decrease		(308)	349
Non-Cash Asset Acquisitions		(2,339)	(2,422)
Grants for Capital Acquisitions (Treated as Investing Activity Receipts)		(1,407)	(1,272)
Net (Gain) Loss on Disposals		1,258	1,161
Other		-	57
		12,229	12,897
Add (Less): Changes in Net Current Assets			
Net (Increase)/Decrease in Receivables		1,276	(2,245)
Change in Allowances for Under-Recovery of Receivables		(10)	(17)
Net (Increase)/Decrease in Inventories		8	(4)
Net (Increase)/Decrease in Other Current Assets		19	34
Net Increase/(Decrease) in Trade & Other Payables		1,173	2,017
Net Increase/(Decrease) in Other Provisions		(263)	156
Net Increase/(Decrease) in Other Liabilities		(311)	-
Net Cash provided by (or used in) operations		14,121	12,838
(c). Non-Cash Financing and Investing Activities			
Acquisition of assets by means of:			
- Physical Resources Received Free of Charge	2i	2,339	2,422
Amounts recognised in Income Statement		2,339	2,422
Total Non-Cash Financing & Investing Activities		2,339	2,422

(d). Financing Arrangements

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

Bank Overdrafts	1,200	1,200
Corporate Credit Cards	40	40
LGFA Cash Advance Debenture Facility	21,499	21,750

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

Alexandrina Council

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

Note 12a. Functions

Functions/Activities	Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 12(b).									
	INCOME		EXPENSES		OPERATING SURPLUS (DEFICIT)		GRANTS INCLUDED IN INCOME		TOTAL ASSETS HELD (CURRENT & NON-CURRENT)	
	Actual 2020	Actual 2019	Actual 2020	Actual 2019	Actual 2020	Actual 2019	Actual 2020	Actual 2019	Actual 2020	Actual 2019
\$ '000										
Business Undertakings	-	-	-	-	-	-	-	-	-	-
Office of the Chief Executive	602	486	2,311	1,898	(1,709)	(1,412)	121	33	39	35
Resources	38,833	37,019	7,334	6,722	31,499	30,297	1,038	1,085	22,661	24,062
Environment	1,871	3,368	20,756	20,617	(18,885)	(17,249)	1,615	2,712	452,871	443,912
Wellbeing	6,921	6,652	14,069	12,777	(7,148)	(6,125)	620	614	4	9
Growth	511	678	3,823	4,965	(3,312)	(4,287)	14	14	609	617
Total Functions/Activities	48,738	48,203	48,293	46,979	445	1,224	3,408	4,458	476,184	468,635

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

Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

Note 12b. Components of Functions

\$ '000

The activities relating to Council functions are as follows:

OFFICE OF THE CHIEF EXECUTIVE

Elected Members, Chief Executive's Office, Work Health & Safety, Risk Management, General Administration, Human Resource Management, Audit, Strategic Management, Communications and Natural Resources.

RESOURCES

Payroll, Rate Revenue, Finance General, Rate Processing, Debtors, Creditors, Loans & Investments Management, Records Management, Information Technology, Management of Council Owned Properties (including Halls, Administration Centres, Public Conveniences, Caravan Parks etc), Libraries (Goolwa and Strathalbyn) & Customer Service, Centre for Positive Ageing, Aged/Disabled/Disadvantaged Homes, Community Bus, Community Aid Services, Fleurieu Families/Family Links, Home Assist, Community Services, Youth Services, Goolwa Visitor Information Centre and Strathalbyn Visitor Centre.

ENVIRONMENT

Infrastructure/Assets/Contracts Management, Swimming Centres, Public Conveniences, Street Lighting, Parking Off Street, Sport and Recreation Facilities, Private Works, Foreshore Protection, Alexandrina Riverfront, Recreational Boating, Parks and Gardens, Playgrounds, Road Reserves, Cemeteries, Street Cleaning, Stormwater Drainage, Traffic Control, Road Maintenance, Resheeting, Footpath/Cycle Tracks, Vandalism, Plant Operations, Works Depot, and Technical Services.

WELLBEING

Health Prevention Services, Noxious Insects, Health Services, General Inspectors (Dog & Cat Management, Impounding Livestock, Parking), Fire Protection, Water Supply Scheme, Community Wastewater Management Schemes, Libraries (Goolwa and Strathalbyn) & Customer Service, Centre for Positive Ageing, Aged/Disabled/Disadvantaged Homes, Community Bus, Community Aid Services, Fleurieu Families/Family Links, Home Assist, Community Services, Youth Services, Goolwa Visitor Information Centre and Strathalbyn Visitor Centre.

GROWTH

Signal Point Interpretive Centre, Cultural Services, Regional Art Centre, Tourism and Events, Oscar W, Wooden Boat Festival, Economic Development, Development Assessment (Planning & Building).

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

Note 13. Financial Instruments

\$ '000

Recognised Financial Instruments

Bank, Deposits at Call, Short Term Deposits

Accounting Policy:

Initially recognised at fair value and subsequently measured at amortised cost; interest is recognised when earned.

Terms & Conditions:

Deposits are returning fixed interest rates 0.45% (2019: 1.3%).

Carrying Amount:

Approximates fair value due to the short term to maturity.

Receivables

Rates & Associated Charges

Accounting Policy:

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

Terms & Conditions:

Secured over the subject land, arrears attract interest of 0.28% (2019: 0.3% per month). 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).

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

Note 13. Financial Instruments (continued)

\$ '000

Recognised Financial Instruments

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.

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 6.7% (2019: 3.4% and 6.7%).

Carrying Amount:

Approximates fair value.

Liabilities

Leases

Accounting Policy:

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

Alexandrina Council

Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

Note 13. Financial Instruments (continued)

\$ '000	Due < 1 year	Due > 1 year & ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
2020					
Financial Assets					
Cash & Equivalents	1,126	-	-	1,126	1,126
Receivables	4,080	129	-	4,209	3,791
Total Financial Assets	5,206	129	-	5,335	4,917
Financial Liabilities					
Payables	5,639	-	-	5,639	5,639
Current Borrowings	1,730	-	-	1,730	782
Non-Current Borrowings	-	13,415	13,860	27,275	22,466
Lease Liabilities	122	-	-	122	121
Total Financial Liabilities	7,491	13,415	13,860	34,766	29,008

\$ '000	Due < 1 year	Due > 1 year & ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
2019					
Financial Assets					
Cash & Equivalents	996	-	-	996	996
Receivables	5,016	148	-	5,164	4,756
Total Financial Assets	6,012	148	-	6,160	5,752
Financial Liabilities					
Payables	5,715	-	-	5,715	5,780
Current Borrowings	2,062	-	-	2,062	764
Non-Current Borrowings	-	15,441	22,074	37,515	29,941
Total Financial Liabilities	7,777	15,441	22,074	45,292	36,485

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

	30 June 2020		30 June 2019	
	Weighted Avg Interest Rate	Carrying Value	Weighted Avg Interest Rate	Carrying Value
Other Variable Rates	2.20%	5,141	3.35%	6,872
Fixed Interest Rates	4.68%	18,107	4.53%	23,833
		23,248		30,705

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 and forming part of the Financial Statements

for the year ended 30 June 2020

Note 13. Financial Instruments (continued)

\$ '000

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.

At 30 June 2020 Council had access to Cash Advance Debentures (CADs), with the following limits and End Dates:

Loan Number	Limit	End Date
CAD 54	\$440,000	09/02/2023
CAD 67	\$5,000,000	16/07/2022
CAD 68	\$3,000,000	16/07/2022
CAD 70	\$12,000,000	28/05/2025
CAD 71	\$5,000,000	15/08/2021
CAD 74	\$1,200,000	16/04/2022
CAD 77	\$7,000,000	15/03/2028

CADs are at call loans approved by Council that operate in a similar fashion to an Overdraw facility.

CADs that at 30 June 2020 had been converted to a fixed term loan are not listed above.

Alexandrina Council

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

Note 14. Capital Expenditure and Investment Property Commitments

\$ '000	Notes	2020	2019
(a). Capital Commitments			
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
Infrastructure		903	1,471
Plant & Equipment		557	42
		1,460	1,513
These expenditures are payable:			
Not later than one year		1,460	1,513
Later than one year and not later than 5 years		-	-
Later than 5 years		-	-
		1,460	1,513
(b). Other Expenditure Commitments			
Other non-capital expenditure commitments in relation to investment properties at the reporting date but not recognised in the financial statements as liabilities:			
Audit Services		55	17
Waste Management		7,611	7,611
Other Expenditure		3,197	2,889
		10,863	10,517
These expenditures are payable:			
Not later than one year		5,130	4,024
Later than one year and not later than 5 years		5,733	6,493
Later than 5 years		-	-
		10,863	10,517

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

Note 15. Financial Indicators

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

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

1. Operating Surplus Ratio

Operating Surplus	445	0.9%	2.5%	1.4%
Total Operating Income	48,738			

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

2. Net Financial Liabilities Ratio

Net Financial Liabilities	31,117	64%	74%	83%
Total Operating Income	48,738			

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

Adjustments to Ratios

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

Adjusted Operating Surplus Ratio	1.3%	1.1%	1.1%
----------------------------------	------	------	------

Adjusted Net Financial Liabilities Ratio	66%	78%	84%
--	-----	-----	-----

3. Asset Renewal Funding Ratio

Net Asset Renewals	3,099	46%	72%	73%
Infrastructure & Asset Management Plan required expenditure	6,701			

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.

Alexandrina Council

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

Note 16. Uniform Presentation of Finances

\$ '000	2020	2019
<p>The following is a high level summary of both operating and capital investment activities of the Council prepared on a simplified Uniform Presentation Framework basis.</p> <p>All Councils in South Australia have agreed to summarise annual budgets and long-term financial plans on the same basis.</p> <p>The arrangements ensure that all Councils provide a common 'core' of financial information, which enables meaningful comparisons of each Council's finances.</p>		
Income	48,738	48,203
less Expenses	(48,293)	(46,979)
Operating Surplus / (Deficit)	445	1,224
Net Outlays on Existing Assets		
Capital Expenditure on Renewal and Replacement of Existing Assets	(3,206)	(4,990)
<i>add back</i> Depreciation, Amortisation and Impairment	12,092	11,267
<i>add back</i> Proceeds from Sale of Replaced Assets	107	213
Subtotal	8,993	6,490
Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets (including Investment Property & Real Estate Developments)	(6,200)	(7,436)
<i>add back</i> Amounts Received Specifically for New and Upgraded Assets	2,707	1,272
Subtotal	(3,493)	(6,164)
Net Lending / (Borrowing) for Financial Year	5,945	1,550

Note 17. Leases

Council as a Lessee

Terms and conditions of leases

Photocopiers

A four year term lease for twenty photocopiers with equal monthly payments, not subject to CPI increase renewal options, lease increases such as CPI, residual value etc.

Community Hub

A five year term property lease with equal monthly payments, subject to annual CPI increase renewal options, lease increases such as CPI, residual value etc.

Alexandrina Council

Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

Note 17. Leases (continued)

\$ '000

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

Right of use assets

	Photocopiers \$'000	Community Hub \$'000	Total \$'000
2020			
Adoption of AASB 16 at 1 July 2019	98	114	212
Depreciation charge	(36)	(55)	(91)
Balance at 30 June 2020	62	59	121

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

\$ '000	2020
Balance at 1 July	-
Additions	212
Payments	(91)
Balance at 30 June	121
Classified as:	
Current	121
Non Current	-

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

The following are the amounts recognised in profit or loss:

Depreciation expense of Right-of-Use Assets	91
Total amount recognised in profit or loss	91

Council as a Lessor

Leases Providing Revenue to the Council

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

Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

Note 18. Superannuation

\$ '000

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

Accumulation only Members

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

Salarylink (Defined Benefit Fund) Members

Salarylink is a defined benefit scheme where the benefit payable is based on a formula determined by the member's contribution rate, number of years and level of contribution and final average salary. Council makes employer contributions to Salarylink as determined by the Fund's Trustee based on advice from the appointed Actuary. The rate is currently 6.3% (6.3% in 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 119.32(b), Council does not use defined benefit accounting for these contributions.

The most recent actuarial investigation was conducted by the Fund's actuary, Louise Campbell, FIAA, of Willis Towers Watson as at 30 June 2020. The Trustee has determined that the current funding arrangements are adequate for the expected Salarylink liabilities. However, future financial and economic circumstances may require changes to Council's contribution rates at some future time.

Contributions to Other Superannuation Schemes

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

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

Note 19. Interests in Other Entities

\$ '000

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

	Council's Share of Net Income		Council's Share of Net Assets	
	2020	2019	2020	2019
Joint Ventures	(308)	(349)	10,235	10,523
Total	(308)	(349)	10,235	10,523

(i) JOINT VENTURES, ASSOCIATES AND JOINT OPERATIONS

(a) Carrying Amounts

Name of Entity	Principal Activity	2020	2019
Adelaide Hills Regional Waste Management Authority	Waste Mangement	111	99
Fleurieu Regional Aquatic Centre Authority	Aquatic Centre	9,818	10,150
Fleurieu Regional Waste Authority	Waste Management	306	274
Total Carrying Amounts - Joint Ventures & Associates		10,235	10,523

Adelaide Hills Regional Waste Management Authority

The Authority is a Local Government Authority Section 43 Regional Subsidiary under the control of Adelaide Hills Council, Alexandrina Council, The District of Mount Barker and Rural City of Murray Bridge. This organisaiton operates as a regional waste management authority within the combined area.

The Authority has recorded the following disclosure included in Note 12 in their 2019-20 Financial Statements pertaining to the details of the Contingent Liability not recognised:

The Authority has been successful in defending a claim as a defendant in Supreme Court proceedings which has been disclosed as a contingent liability in previous financial years. As at reporting date, the Authority has received an Order for costs from the Court which is still in negotiations.

Southern and Hills Local Government Association

The Southern and Hills Local Government Association is a regional subsidiary to represent the interests of all Councils in the Southern Hills, Fleurieu Peninsula and Kangaroo Island, within Local Government in SA. The group meet on a monthly basis and discuss Local Government policy and procedures, and provide advice back to the LGA from a regional perspective.

Alexandrina Councils interest in the Southern & Hills Local Government Association for 2019-20 is deemed to be immaterial in amount and has not been recognised. This will be reviewed annually.

Alexandrina Council

Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

Note 19. Interests in Other Entities (continued)

\$ '000

Fleurieu Regional Aquatic Centre Authority

The Fleurieu Regional Aquatic Centre Authority is Local Government Authority Section 43 Regional Subsidiary under the control of Alexandrina Council, and the City of Victor Harbor. This organisation operates an aquatic centre.

Fleurieu Regional Waste Authority

The Authority is a Local Government Authority Section 43 Regional Subsidiary under the control of Victor Harbor, Alexandrina Council, Kangaroo Island Council and Yankalilla District Council. This organisation operates as a regional waste management authority within the combined area.

(b) Relevant Interests

Name of Entity	Ownership Share of Equity		Proportion of Voting Power	
	2020	2019	2020	2019
Adelaide Hills Regional Waste Management Authority	9%	9%	25%	25%
Southern and Hills Local Government Association	14%	14%	14%	14%
Fleurieu Regional Aquatic Centre Authority	50%	50%	50%	50%
Fleurieu Regional Waste Authority	35%	35%	22%	22%

(c) Movement in Investment in Joint Venture or Associate

	Adelaide Hills Regional Waste Management Authority		Southern and Hills Local Government Association	
	2020	2019	2020	2019
Opening Balance	99	65	-	-
Share in Operating Result	12	34	-	-
Council's Equity Share in the Joint Venture or Associate	111	99	-	-

	Fleurieu Regional Aquatic Centre Authority		Fleurieu Regional Waste Authority	
	2020	2019	2020	2019
Opening Balance	10,150	10,503	274	283
Share in Operating Result	(353)	(374)	32	(9)
Share in Other Comprehensive Income	21	21	-	-
Council's Equity Share in the Joint Venture or Associate	9,818	10,150	306	274

(d). Transactions with Council

	2020	2019
Aggregate amount of transactions with Council		
- payments to Council	302	264
- receipts from Council	3,282	2,956
Aggregate amounts owed to/owed by Council		
- payments to Council	29	33
- receipts from Council	27	-

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

Note 19. Interests in Other Entities (continued)

\$ '000

(e) Basham Beach Trust

Trust monies and property held by Council but subject to the control of other persons have been excluded from these reports. Council performs a custodial role in respect of Basham Beach Trust monies, and because the monies cannot be used for Council purposes without Trustee approval, they are not brought to account in the financial report, but are disclosed for information purposes.

	Basham Beach Trust	
	2020	2019
Opening Balance	442	513
Add Port Elliot Caravan Park Lease (55%)	91	120
Interest	3	8
	536	641
Less Reimbursed Expenditure	158	199
	378	442
Add Outstanding Withdrawal	67	79
Closing LGFA Balance	445	521

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.

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.

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.

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

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

3. BANK GUARANTEES

Council has guaranteed certain loans and other banking facilities advanced to community organisations and sporting bodies, amounting to \$120,000 (2019: \$120,000) at reporting date.

Council does not expect to incur any loss arising from these guarantees.

4. LEGAL MATTERS

Council is the planning consent authority for its area under the Development Act 1993 (as amended). Pursuant to that Act, certain persons aggrieved by a planning decision of the Council may appeal. It is normal practice that parties bear their own legal costs.

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 Statement of Financial Position Date

Events that occur after the reporting date of 30 June 2020, up to and including the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

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

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

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

Note 23. Related Party Transactions

\$ '000	2020	2019
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 <i>Local Government Act 1999</i> . In all, 21 persons were paid the following total compensation:		
The compensation paid to Key Management Personnel comprises:		
Short-Term Employee Benefits	1,461	1,367
Post-Employment Benefits	131	112
Long-Term Benefits	-	12
Termination Benefits	26	-
Total	1,618	1,491

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

Family member of 2 Key Management Personnel lodged a planning and building application during the year. In accordance with the Local Government Act 1999, both declared conflict of interest and took no part in the assessment or approval processes for this application. Total fees for these lodgement) amounted to \$1,067.

A Key Management Personnel is on the board of a community group from which landscaping works were procured as required on 30 day account. Total purchases amounting to \$17,653 were made during 2019-20 (\$15,343 were made during 2018-19). A balance of \$ 11,970 is outstanding at the end of year.

A Key Management Personnel owns a business from which various services were purchased as required on 7 day account. Total purchases amounting to \$14,560 were made during 2019-20 (\$15,325 were made during 2018-19). A balance of \$811 is outstanding at the end of year.

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL REPORT

To the members of the Alexandrina Council

Opinion

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

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

Basis for Opinion

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

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

Council's Responsibility for the Financial Report

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

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

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

DEAN NEWBERY & PARTNERS
CHARTERED ACCOUNTANTS



JIM KEOGH
PARTNER

Signed on the 25th day of November 2020,
at 214 Melbourne Street, North Adelaide

INDEPENDENT ASSURANCE REPORT ON THE INTERNAL CONTROLS OF THE ALEXANDRINA COUNCIL

Opinion

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

Basis for opinion

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

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

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

The Council's Responsibility for the Internal Controls

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

Our Independence and Quality Control

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

Assurance Practitioner's Responsibilities

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

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

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

Limitation on Use

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

Limitations of Controls

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

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

**DEAN NEWBERY & PARTNERS
CHARTERED ACCOUNTANTS**

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

**JIM KEOGH
PARTNER**

Signed on the 25th day of November 2020
at 214 Melbourne Street, North Adelaide, South Australia, 5006

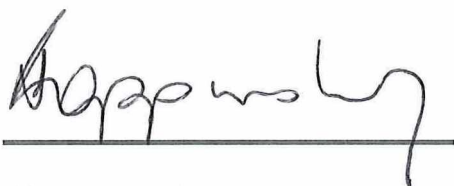
Alexandrina Council

General Purpose Financial Statements for the year ended 30 June 2020

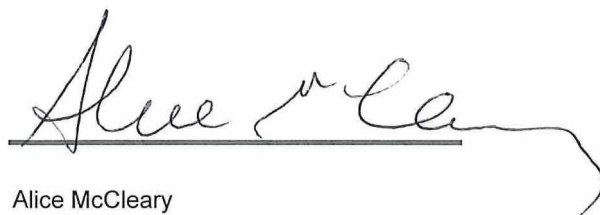
Certification of Auditor Independence

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of Alexandrina Council for the year ended 30 June 2020, the Council's Auditor, Dean Newbery & Partners has maintained its independence 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*.



Glenn Rappensberg
CHIEF EXECUTIVE OFFICER



Alice McCleary
PRESIDING MEMBER, AUDIT COMMITTEE

Date: 28 September 2020

Certification of Auditor's Independence

I confirm that, for the audit of the financial statements of the Alexandrina Council for the year ended 30 June 2020, I have maintained my independence in accordance with the requirements of APES 110 – Code of Ethics for Professional Accountants, Section 290, published by the Accounting Professional and Ethical Standards Board, in accordance with the *Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011* made under that Act.

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



JIM KEOGH

Partner

DEAN NEWBERY & PARTNERS

CHARTERED ACCOUNTANTS

Dated this 25th day of November 2020