

The Barossa Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2020



The Barossa Council

The Barossa Council

General Purpose Financial Statements for the year ended 30 June 2020

Table of Contents	Page
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	50
5. Independent Auditor's Report - Internal Controls	52
6. Certificates of Audit Independence	
- Council Certificate of Audit Independence	54
- Audit Certificate of Audit Independence	55

The Barossa Council

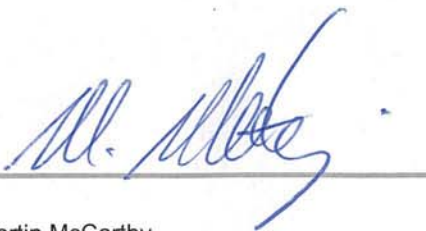
General Purpose Financial Statements for the year ended 30 June 2020

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.



Martin McCarthy
CHIEF EXECUTIVE OFFICER



Michael (Bim) Lange
MAYOR

Date: 21 October, 2020

The Barossa Council

Statement of Comprehensive Income

for the year ended 30 June 2020

\$ '000	Notes	2020	2019
Income			
Rates	2a	31,415	30,192
Statutory Charges	2b	701	678
User Charges	2c	2,674	2,957
Grants, Subsidies and Contributions	2g	2,971	3,242
Investment Income	2d	255	393
Reimbursements	2e	13	117
Other Income	2f	1,118	1,245
Net Gain - Equity Accounted Council Businesses	19	28	28
Total Income		39,175	38,852
Expenses			
Employee Costs	3a	13,967	13,419
Materials, Contracts and Other Expenses	3b	14,820	15,071
Depreciation, Amortisation and Impairment	3c	8,197	7,717
Finance Costs	3d	680	802
Total Expenses		37,664	37,009
Operating Surplus / (Deficit)		1,511	1,843
Asset Disposal and Fair Value Adjustments	4	(738)	(640)
Amounts Received Specifically for New or Upgraded Assets	2g	2,606	1,526
Physical Resources Received Free of Charge	2i	1,793	4,762
Net Surplus / (Deficit) ¹		5,172	7,491
Other Comprehensive Income			
<i>Amounts which will not be reclassified subsequently to operating result</i>			
Changes in Revaluation Surplus - Infrastructure and Property	9a	(8,286)	16,426
Share of Other Comprehensive Income - Equity Accounted Council Businesses	19	-	574
Impairment (Expense) / Recoupments Offset to Asset Revaluation Reserve	9a	6	(6)
Total Other Comprehensive Income		(8,280)	16,994
Total Comprehensive Income		(3,108)	24,485

¹ Transferred to Statement of Changes in Equity

The Barossa Council

Statement of Financial Position as at 30 June 2020

\$ '000	Notes	2020	2019
ASSETS			
Current Assets			
Cash and Cash Equivalents	5a	10,708	12,817
Trade and Other Receivables	5b	2,680	2,773
Inventories	5d	375	224
Total Current Assets		13,763	15,814
Non-Current Assets			
Financial Assets	6a	867	944
Equity Accounted Investments in Council Businesses	6b	2,299	2,271
Infrastructure, Property, Plant and Equipment	7a	375,542	377,898
Other Non-Current Assets	6c	4,074	3,607
Total Non-Current Assets		382,782	384,720
TOTAL ASSETS		396,545	400,534
LIABILITIES			
Current Liabilities			
Trade and Other Payables	8a	4,918	4,160
Borrowings	8b	1,889	1,923
Provisions	8c	2,832	2,970
Total Current Liabilities		9,639	9,053
Non-Current Liabilities			
Borrowings	8b	8,683	10,490
Provisions	8c	1,164	824
Total Non-Current Liabilities		9,847	11,314
TOTAL LIABILITIES		19,486	20,367
Net Assets		377,059	380,167
EQUITY			
Accumulated Surplus		85,224	80,385
Asset Revaluation Reserves	9a	280,014	288,294
Other Reserves	9b	11,821	11,488
Total Council Equity		377,059	380,167

The Barossa Council

Statement of Changes in Equity

for the year ended 30 June 2020

\$ '000	Notes	Accumulated Surplus	Asset Revaluation Reserve	Other Reserves	Total Equity
2020					
Balance at the end of previous reporting period		80,385	288,294	11,488	380,167
Restated Opening Balance		80,385	288,294	11,488	380,167
Net Surplus / (Deficit) for Year		5,172	-	-	5,172
Other Comprehensive Income					
- Gain (Loss) on Revaluation of Infrastructure and Property	7a	-	(8,286)	-	(8,286)
- Infrastructure, Property, Plant and Equipment Impairment (Expense) / Recoupments Offset to Asset Revaluation Reserve	7a	-	6	-	6
Other Comprehensive Income		-	(8,280)	-	(8,280)
Total Comprehensive Income		5,172	(8,280)	-	(3,108)
Transfers between Reserves	9	(333)	-	333	-
Balance at the end of period		85,224	280,014	11,821	377,059
2019					
Balance at the end of previous reporting period		74,468	271,300	9,914	355,682
Restated Opening Balance		74,468	271,300	9,914	355,682
Net Surplus / (Deficit) for Year		7,491	-	-	7,491
Other Comprehensive Income					
- Gain (Loss) on Revaluation of Infrastructure and Property	7a	-	16,426	-	16,426
- Infrastructure, Property, Plant and Equipment Impairment (Expense) / Recoupments Offset to Asset Revaluation Reserve	7a	-	(6)	-	(6)
- Share of Other Comprehensive Income - Equity Accounted Council Businesses	19	-	574	-	574
Other Comprehensive Income		-	16,994	-	16,994
Total Comprehensive Income		7,491	16,994	-	24,485
Transfers between Reserves	9	(1,574)	-	1,574	-
Balance at the end of period		80,385	288,294	11,488	380,167

The Barossa Council

Statement of Cash Flows for the year ended 30 June 2020

\$ '000	Notes	2020	2019
Cash Flows from Operating Activities			
<u>Receipts</u>			
Rates		31,368	30,234
Statutory Charges		702	718
User Charges		2,941	3,130
Grants, Subsidies and Contributions (operating purpose)		3,284	3,350
Investment Receipts		267	411
Reimbursements		14	124
Other Receipts		3,268	3,146
<u>Payments</u>			
Payments to Employees		(13,668)	(13,134)
Payments for Materials, Contracts and Other Expenses		(17,160)	(17,636)
Finance Payments		(718)	(811)
Net Cash provided by (or used in) Operating Activities	11b	10,298	9,532
Cash Flows from Investing Activities			
<u>Receipts</u>			
Amounts Received Specifically for New/Upgraded Assets		2,828	1,147
Sale of Replaced Assets		210	340
Sale of Surplus Assets		355	105
Repayments of Loans by Community Groups		72	67
<u>Payments</u>			
Expenditure on Renewal/Replacement of Assets		(4,571)	(4,989)
Expenditure on New/Upgraded Assets		(9,329)	(7,775)
Loans Made to Community Groups		-	(25)
Net Cash provided by (or used in) Investing Activities		(10,435)	(11,130)
Cash Flows from Financing Activities			
<u>Receipts</u>			
Proceeds from Borrowings		1,000	1,750
Proceeds from Bonds and Deposits		165	98
<u>Payments</u>			
Repayments of Borrowings		(2,988)	(1,947)
Repayment of Lease Liabilities		(51)	(5)
Repayment of Bonds and Deposits		(98)	(9)
Net Cash provided by (or used in) Financing Activities		(1,972)	(113)
Net Increase (Decrease) in Cash Held		(2,109)	(1,711)
plus: Cash and Cash Equivalents at beginning of period	11a	12,817	14,528
Cash and Cash Equivalents at end of period	11a	10,708	12,817

The Barossa Council

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	16
3	Expenses	19
4	Asset Disposal and Fair Value Adjustments	21
	Current Assets	
5a	Cash and Cash Equivalent Assets	22
5b	Trade and Other Receivables	22
5c	Inventories	22
	Non-Current Assets	
6a	Financial Assets	23
6b	Equity Accounted Investments in Council Businesses	23
6c	Other Non-Current Assets	23
	Fixed Assets	
7a	Infrastructure, Property, Plant and Equipment	24
7b	Valuation of Infrastructure, Property, Plant and Equipment	25
	Liabilities	
8a	Trade and Other Payables	28
8b	Borrowings	28
8c	Provisions	28
	Reserves	
9a	Asset Revaluation Reserve	29
9b	Other Reserves	29
10	Assets Subject to Restrictions	31
11	Reconciliation to Statement of Cash Flows	32
12a	Functions	33
12b	Components of Functions	34
13	Financial Instruments	35
14	Commitments for Expenditure	39
15	Financial Indicators	40
16	Uniform Presentation of Finances	41
17	Leases	42
18	Superannuation	44
19	Interests in Other Entities	45
20	Contingencies and Assets/Liabilities Not Recognised in the Balance Sheet	47
21	Events After the Statement of Financial Position Date	48
22	Related Party Transactions	49

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 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.

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

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

1.2 Historical Cost Convention

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

1.3 Critical Accounting Estimates

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

1.4 Rounding

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

2 The Local Government Reporting Entity

The Barossa Council is incorporated under the South Australian Local Government Act 1999 and has its principal place of business at 43-51 Tanunda Road, Nuriootpa. These financial statements include the Council's direct operations and all entities through which Council controls resources to carry on its functions. In the process of reporting on the Council as a single unit, all transactions and balances between activity areas and controlled entities have been eliminated.

3 Subsidiary Operation

Pursuant to the Local Government Act 1999, Section 42, The Barossa Council oversees the Nuriootpa Centennial Park Authority which is a subsidiary that operates and maintains both the Barossa Valley Tourist Park and its surrounding parklands. The Authority's information as at the reporting date has been consolidated in the accounts within this report.

4 Income Recognition

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

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.

Note 1. Summary of Significant Accounting Policies (continued)

4 Income Recognition (continued)

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.

Where grants, contributions and donations recognised as incomes during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the amounts subject to those undischarged conditions are included in these notes.

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

<i>Year</i>	<i>Cash Payment Received</i>	<i>Annual Allocation</i>	<i>Difference</i>
2017/18	\$1,383,712	\$1,325,083	\$58,629
2018/19	\$2,041,448	\$1,451,846	\$589,602
2019/20	\$1,322,566	\$1,555,963	-\$233,397
2020/21	\$0	\$238,334	-\$238,334

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

The Adjusted 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 grant entitlements allocated.

4.1 Construction Contracts

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

5 Cash, Cash Equivalents and other Financial Instruments

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

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

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

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

Note 1. Summary of Significant Accounting Policies (continued)

6 Inventories

Inventories held in respect of Depot stores (Fuel and Rubble) have been valued by using the weighted average cost on a continual basis or at cost for the Barossa Regional Gallery, Barossa Visitor Centre and Nuriootpa Centennial Park Authority, 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.

6.1 Other Real Estate Held for Resale

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

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

7 Infrastructure, Property, Plant and Equipment

7.1 Initial Recognition

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

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

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

7.2 Materiality

Assets with an economic life in excess of one year are only capitalised where the cost of acquisition exceeds materiality thresholds established by Council for each type of asset. In determining (and in annually reviewing) such thresholds, regard is had to the nature of the asset and its estimated service life. Capitalisation thresholds applied during the year are as follows (no capitalisation threshold is applied to the acquisition of land or interests in land). Any new or upgrade work below these threshold amount(s) will be expensed as maintenance.

Buildings *	\$
- Buildings (including Toilets)	20,000
- Sheds, Pergolas, Cabins, Carports and Other Structures	10,000
- Buildings at Componentisation	50,000
Sealed Roads *	
- Reconstruction and Renewal Work	20,000
Sheeted Roads	
- Resheeting, Major Patch Repair and Road Shoulders	15,000
Footpaths, Kerbs and Carpark Surfaces	10,000
Community Wastewater Management Systems (CWMS)	5,000
Stormwater and Drainage	5,000
Bridges, Floodways and Major Culverts	15,000
Parks and Reserves Development	5,000
Plant and Equipment	5,000
Furniture and Fittings	5,000
Core Software Programs	15,000
Right-of-use Assets	Value of Lease
Leasehold Improvements	20,000
All Other Assets	5,000

* These assets are capitalised when replacing/renewing assets that are >10% of the Depreciable Replacement Value

The Barossa Council

Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

Note 1. Summary of Significant Accounting Policies (continued)

7 Infrastructure, Property, Plant and Equipment (continued)

7.3 Subsequent Recognition

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

7.4 Depreciation of Non-Current Assets

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

Major depreciation periods for each class of asset are shown in the following table. 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.

Depreciation Periods per Class of Asset

Buildings	Complete	20 to 100 years
	Substructure	40 to 300 years
	Superstructure	20 to 300 years
	Roof Structure	40 to 60 years
	Internal Fit Out	20 to 25 years
	Services	20 to 100 years
	Town Hall Solid Flooring only	150 years
Transport	Unformed Roads (Earthworks) •	Unlimited
	Sheeted Roads *	12 to 50 years
	Sealed Roads - Pavement *	40 to 200 years
	Sealed Roads - Surface *	10 to 50 years
	Footpaths *	Up to 100 years
	Kerb	50 to 100 years
	Car Park Surfaces *	30 to 50 years
Bridges	Bridges *	Up to 100 years
	Major Culverts *	Up to 100 years
	Floodways *	Up to 100 years
	Footbridges *	Up to 100 years
CWMS	Pump Stations - Components	10 to 50 years
	Lagoons - Components	40 to 100 years
	Waste Water Treatment Plant - Components	5 to 50 years
	Pipes	60 to 100 years
Recreation/ Community Infrastructure	Fences	40 years
	Monuments	100 years
	Other	10 to 100 years
Stormwater and Drainage	Drainage Channels	25 to 150 years
	Other	150 years
Plant and Equipment	Plant and Machines	3 to 10 years
	Vehicles	3 to 33 years
	Computer Equipment	5 to 33 years
	Hill and Son Historic Pipe Organ	300 years
Furniture and Fittings		10 to 25 years
Leasehold Improvements	Complete	Term of Lease
Right-of-use Assets	Leased	Term of Lease

* These asset types are made up of two components. The useful lives listed above are for the first component. The second component being a long life asset with lives ranging from 150 to 750 years. Please refer to Council's adopted Asset Accounting Policy for further information.

• Road Earthworks should not be depreciated in line with AASB 1055 (interpretation). Council Policy shows an unlimited useful life for these assets and current practice is not to depreciate them.

The Barossa Council

Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

Note 1. Summary of Significant Accounting Policies (continued)

7 Infrastructure, Property, Plant and Equipment (continued)

7.5 Impairment

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

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 the Asset Revaluation Reserve, any excess being recognised as an expense.

8 Payables

8.1 Goods and Services

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

8.2 Payments Received in Advance and Deposits

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

9 Borrowings

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

10 Employee Benefits

10.1 Salaries, Wages and Compensated Absences

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

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

Weighted average discount rate	0.51% (2019: 1.08%)
Weighted average settlement period	0.25 years (2019: 0.53 years)

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

10.2 Superannuation

Council makes employer superannuation contributions in respect of its employees to schemes selected by employees under the "choice of fund" legislation. Council uses Statewide Super as its default superannuation fund. This Scheme has two types of membership, each of which is funded differently. Council's subsidiary, Nuriootpa Centennial Park Authority makes contributions to other superannuation schemes. 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.

The Barossa Council

Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

Note 1. Summary of Significant Accounting Policies (continued)

11 Leases

The Council applied AASB 16 for the first time from 1 July 2019. AASB 16 supersedes AASB 117 'Leases, Interpretation 4 Determining whether an Arrangement contains a Lease' and other related interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet under a single on-balance sheet model. The Council has lease contracts for various items of land, 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 recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

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 - refer Item 7.4 for details.

The right-of-use assets are also subject to impairment - refer to item 7.5 for details.

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

Assets

Land, Plant and Equipment (Right-of-use Asset)	198
Short-term Finance Lease (previously classified as Finance Lease)	19
Total Assets	217

Liabilities

Additions	217
Total Liabilities	217

Accumulated Surplus

0

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.

The Barossa Council

Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

Note 1. Summary of Significant Accounting Policies (continued)

11 Leases (continued)

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 plant 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 plant and 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.

Reconciliation of Opening Balance as at 1 July 2019

Lease liabilities as at 1 July 2019 reconciled to the operating lease commitments as of 30 June 2019:

Operating Lease Commitments as at 30 June 2019	458
Add: Commitments relating to Leases previously classified as Finance Leases as at 30 June 2019	19
Effect of discounting using the weighted average incremental borrowing rate as at 1 July 2019 of 2.2%	(12)
Less: Commitments relating to short-term leases	(29)
Commitments relating to leases of low-value assets	(219)
Lease Liabilities as at 1 July 2019	217

Council is lessee for various peppercorn leases and licenses that have not been included for AASB 16. The function, period(s) to and potential costs are as follows:

Function/Purpose	Period to	\$/pa each
Barossa Visitor Centre and Library - Tanunda	30/06/2026	\$1 on demand
Kroemer Crossing, Tanunda - Reserve	30/03/2039	\$1 on demand
Nuriootpa to Angaston (bike-walking path)	09/04/2035	\$1 on demand
Barossa Trail (bike-walking path) - 2 licenses	2034	\$1 on demand
Barossa Trail (bike-walking path) - 2 licenses	2035	\$1 on demand
Barossa Trail (bike-walking path) - 1 license	31/07/2052	\$1 on demand
Barossa Trail (bike-walking path) - numerous licenses	2062	\$1 on demand
Barossa Trail (bike-walking path) - 1 license	26/04/2064	\$1 on demand
Railway line Barossa Valley Way between Tanunda /Nuriootpa (Rose Hedge)	No lease	\$199
Williamstown land used for car park	Lease under negotiation	\$456

12 Equity Accounted Council Businesses

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

13 GST Implications

In accordance with AASB Interpretation UIG Abstract 1031 Accounting for the Goods and 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 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.

The Barossa Council

Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

Note 1. Summary of Significant Accounting Policies (continued)

15 Disclaimer

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

16 Pending Accounting Standards

Certain new accounting standards and interpretations have been published that are not mandatory for the reporting period 30 June 2020 and have not been used in preparing these reports.

As at the date of authorisation of the financial statements, the standards and interpretations listed below were in issue but not yet effective. The standards are not expected to have a material impact upon Council's future financial statements.

Effective for 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 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)

17 COVID-19

Council continues to monitor the impact of the COVID-19 pandemic on our community, organisation, services and service delivery. This will impact on Council finances but at this time is not expected to vary significantly from the long term financial plan and financial position.

Council also has a number of additional costs due to COVID-19. These included cleaning, personal protective equipment and ICT related costs.

There are minor short term revenue and expenditure impacts to support our community. The following list provides the policy and relief efforts offered:

- Rate deferral on application by postponing the due date of ratepayers who are suffering hardship and a hold on rates debt recovery actions;
- An increase in discretionary rate remission on application for ratepayers who qualify under Council's approved Rates Hardship Policy;
- COVID-19 Recovery Plan including expenditure on marketing, community and business grants and community development;
- Temporary removal of lease / licence fees for Community Groups and in some cases loan interest repayments for a 12 month period.

The Council has worked to reduce discretionary expenditure in the short term to help mitigate the effect of the reduced revenue and increased costs. However, Council has determined that there is no material uncertainty that casts doubt on Council's ability to continue as a going concern.

The Barossa 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		26,518	25,628
Less: Mandatory Rebates		(493)	(476)
Less: Discretionary Rebates, Remissions, Write Offs and Valuation/Land Use Objections		(165)	(146)
Total General Rates		25,860	25,006
Other Rates (Including Service Charges)			
Natural Resource Management Levy		542	530
Waste and Recycling Collection		2,014	1,732
Community Wastewater Management Systems		2,819	2,722
Total Other Rates		5,375	4,984
Other Charges			
Penalties for Late Payment		140	152
Legal and Other Costs Recovered		40	50
Total Other Charges		180	202
Total Rates Revenues		31,415	30,192
(b). Statutory Charges			
Development Act and Town Planning Fees		356	325
Septic Tank Inspection Fees		77	87
Animal Registration Fees and Fines		242	236
Parking Fines and Expiation Fees		3	3
Other Licences, Fees and Fines		23	27
Total Statutory Charges		701	678
(c). User Charges			
Bushgarden Seed/Seedling Sales		38	25
Caravan Park Fees		1,874	1,906
Cemetery Fees		70	102
CWMS Reuse Water Sales		164	187
Hall and Equipment Hire		20	38
Immunisation Fees		31	27
Lease Fees		80	45
Photocopying Fees		16	20
Property Search Fees		44	44
Recreation Park Fees		31	52
Sundry		49	59
Tourism - Souvenir and Other Sales		94	106
Transport Scheme Fees		103	139
Waste Collection Bins		41	188
Waste Disposal/Transfer Station Fees		19	19
Total User Charges		2,674	2,957

The Barossa 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		159	274
- Banks and Other		50	70
- Loans to Community Groups		46	49
Total Investment Income		255	393
(e). Reimbursements			
Employee Costs		6	54
Other		7	63
Total Reimbursements		13	117
(f). Other Income			
Insurance and Other Recoupments-including Infrastructure, Property, Plant and Equipment		186	176
Rebates Received		44	69
Donations Received		13	27
Contributions		179	243
Sundry		696	730
Total Other Income		1,118	1,245
(g). Grants, Subsidies, Contributions			
Amounts Received Specifically for New or Upgraded Assets		2,606	1,526
Total Amounts Received Specifically for New or Upgraded Assets		2,606	1,526
Other Grants, Subsidies and Contributions		2,249	2,048
Additional Grants Commission Payment	1	722	1,194
Total Other Grants, Subsidies and Contributions		2,971	3,242
Total Grants, Subsidies, Contributions		5,577	4,768
The functions to which these grants relate are shown in Note 12.			
Sources of Grants			
Commonwealth Government		989	535
State Government		3,736	3,433
Other		852	800
Total		5,577	4,768

The Barossa 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
(h). Conditions over Grants and 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		1,326	1,818
<i>Less:</i>			
<i>Expended during the current period from revenues recognised in previous reporting periods</i>			
Roads Infrastructure		(80)	(393)
Recreation		(1,099)	(163)
Community Services		(13)	(26)
Culture		(5)	-
Environment		(67)	(71)
Shared Services		-	(7)
Stormwater		-	(31)
Tourism		-	(10)
Youth		(20)	-
Subtotal		(1,284)	(701)
<i>Plus:</i>			
<i>Amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions</i>			
Recreation		1,401	108
Community Services		20	13
Culture		6	5
Environment		65	63
Social Support		20	-
Waste		25	20
Subtotal		1,537	209
Unexpended at the close of this reporting period		1,579	1,326
Net increase (decrease) in assets subject to conditions in the current reporting period		253	(492)
(i). Physical Resources Received Free of Charge			
Land and Land Improvements		228	484
Roads, Bridges and Footpaths		-	2,635
Stormwater and Drainage		622	1,229
Transport		824	-
Community Wastewater Management Scheme		104	401
Community Infrastructure		-	13
Plant and Equipment		15	-
Total Physical Resources Received Free of Charge		1,793	4,762

The Barossa 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		12,573	11,966
Employee Leave Expense Movement		200	367
Superannuation - Defined Contribution Plan Contributions	18	903	868
Superannuation - Defined Benefit Plan Contributions	18	217	223
Workers Compensation Insurance		334	344
Less: Capitalised and Distributed Costs		(260)	(349)
Total Operating Employee Costs		13,967	13,419
Total Number of Employees (full time equivalent at end of reporting period)		142.54	146.70
(b). Materials, Contracts and Other Expenses			
(i) Prescribed Expenses			
Auditor's Remuneration			
- Auditing the Financial Reports		21	23
Bad and Doubtful Debts		-	2
Elected Members Expenses		280	267
Election Expenses		-	111
Operating Lease Rentals - Non-Cancellable Leases (2019 only)	17		
- Minimum Lease Payments		-	129
Lease Expense - Low Value Assets / Short Term Leases (2020 only)		143	-
Subtotal - Prescribed Expenses		444	532
(ii) Other Materials, Contracts and Expenses			
Contractors		5,622	5,367
Bank Charges		91	101
Energy (including Fuel)		1,822	1,853
Maintenance		1,508	1,798
Legal Expenses		121	207
Levies Paid to Government - NRM levy		540	530
Levies - Other		75	86
Parts, Accessories and Consumables		900	909
Professional Services		377	452
Communications and Information Technology		733	679
Contributions and Donations		451	502
Water		786	599
Advertising and Printing		166	143
Insurance		700	654
Sundry		646	790
Less: Capitalised and Distributed Costs		(162)	(131)
Subtotal - Other Material, Contracts and Expenses		14,376	14,539
Total Materials, Contracts and Other Expenses		14,820	15,071

The Barossa Council

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 and Other Structures		1,862	1,421
<i>Infrastructure</i>			
- Transport		3,136	3,113
- Bridges, Floodways and Major Culverts		455	456
- Community Wastewater Management System		986	1,001
- Stormwater and Drainage		361	342
- Recreation		312	259
- Community Infrastructure		24	23
Right-of-use Assets		46	-
Plant and Equipment		977	1,075
Furniture and Fittings		24	27
Leasehold Improvements		14	-
Subtotal		8,197	7,717
(ii) Impairment			
Bridges, Floodways and Major Culverts		-	6
Subtotal		-	6
Less: Impairment Expense Offset to Asset Revaluation Reserve	9	-	(6)
Total Depreciation, Amortisation and Impairment		8,197	7,717
(d). Finance Costs			
Interest on Loans		679	801
Interest on Leases		1	-
Charges on Finance Leases		-	1
Total Finance Costs		680	802

The Barossa Council

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

Note 4. Asset Disposal and Fair Value Adjustments

\$ '000	Notes	2020	2019
Infrastructure, Property, Plant and Equipment			
(i) Assets Renewed or Directly Replaced			
Proceeds from Disposal		210	340
Less: Carrying Amount of Assets Sold		(872)	(1,002)
Gain (Loss) on Disposal		(662)	(662)
(ii) Assets Surplus to Requirements			
Proceeds from Disposal		355	105
Less: Carrying Amount of Assets Sold		(431)	(83)
Gain (Loss) on Disposal		(76)	22
Net Gain (Loss) on Disposal or Revaluation of Assets		(738)	(640)

The Barossa 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 and Cash Equivalent Assets			
Cash on Hand at Bank		2,768	2,335
Deposits at Call		7,912	10,458
Short Term Deposits		28	24
Total Cash and Cash Equivalent Assets		10,708	12,817
(b). Trade and Other Receivables			
Rates - General and Other		1,577	1,550
Accrued Revenues		251	314
Debtors - General		389	436
GST Recoupment		292	313
Prepayments		95	88
Loans to Community Organisations		76	72
Total Trade and Other Receivables		2,680	2,773
<p>Amounts included in receivables that are not expected to be received within 12 months of reporting date are disclosed in Note 13.</p>			
(c). Inventories			
Stores and Materials		284	133
Trading Stock		91	91
Total Inventories		375	224

The Barossa Council

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

Note 6. Non-Current Assets

\$ '000	Notes	2020	2019
(a). Financial Assets			
Receivables			
Council Rates Postponement Scheme		92	72
Prepayments		69	90
Loans to Community Organisations		706	782
Total Receivables		867	944
Total Financial Assets		867	944
(b). Equity Accounted Investments in Council Businesses			
Gawler River Floodplain Management Authority	19	2,217	2,204
Central Local Government Association (Legatus)	19	82	67
Total Equity Accounted Investments in Council Businesses		2,299	2,271
(c). Other Non-Current Assets			
Other			
Capital Works-in-Progress		4,074	3,607
Total Other		4,074	3,607
Total Other Non-Current Assets		4,074	3,607

Note 7a Infrastructure, Property, Plant and 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 Depreciation	Carrying Value	Asset Additions		WDV of Asset Disposals	Depreciation Expense (Note 3c)	Impairment Loss (recognised in Equity) (Note 9)	Impairment Reversal (via Equity) (Note 9)	Adjustments and Transfers	Revaluation Decrements to Equity (Asset Revaluation Reserve) (Note 9)	Revaluation Increments to Equity (Asset Revaluation Reserve) (Note 9)	At Fair Value	At Cost	Accumulated Depreciation	Carrying Value
						New / Upgrade	Renewals											
Land - Community	3	62,209	484	-	62,693	228	-	(31)	-	-	-	241	(8,050)	-	54,853	228	-	55,081
Land - Other	2	4,880	310	-	5,190	-	-	(400)	-	-	-	(241)	(159)	-	4,390	-	-	4,390
Buildings and Other Structures	3	81,823	-	40,650	41,173	1,950	45	(70)	(1,728)	-	-	-	-	-	81,507	1,995	42,132	41,370
Buildings and Other Structures	2	4,537	-	407	4,130	869	80	(99)	(134)	-	-	-	-	-	4,424	949	527	4,846
<i>Infrastructure</i>																		
- Transport	3	205,326	15,635	61,203	159,758	1,841	3,581	(316)	(3,136)	-	-	-	-	38	203,690	21,095	63,019	161,766
- Bridges, Floodways and Major Culverts	3	44,801	133	21,471	23,463	597	315	(188)	(455)	-	6	-	(115)	-	44,085	1,044	21,506	23,623
- Community Wastewater Management System	3	53,458	703	23,612	30,549	1,256	21	(1)	(986)	-	-	-	-	-	53,455	1,979	24,595	30,839
- Stormwater and Drainage	3	44,714	3,523	9,303	38,934	1,652	93	(32)	(361)	-	-	-	-	-	44,669	5,268	9,651	40,286
- Recreation	3	8,982	2,064	4,817	6,229	1,301	103	(20)	(312)	-	-	-	-	-	8,908	3,466	5,073	7,301
- Community Infrastructure	3	1,003	519	517	1,005	118	13	(3)	(24)	-	-	-	-	-	996	649	536	1,109
Right-of-use Assets	-	-	-	-	-	-	-	-	(46)	-	-	198	-	-	-	198	46	152
Plant and Equipment	-	-	12,450	7,777	4,673	249	787	(143)	(977)	-	-	-	-	-	-	12,862	8,273	4,589
Furniture and Fittings	-	-	1,040	939	101	2	18	-	(24)	-	-	-	-	-	-	1,061	964	97
Leasehold Improvements	-	-	-	-	-	107	-	-	(14)	-	-	-	-	-	-	107	14	93
Total Infrastructure, Property, Plant and Equipment		511,733	36,861	170,696	377,898	10,170	5,056	(1,303)	(8,197)	-	6	198	(8,324)	38	500,977	50,901	176,336	375,542
Comparatives		490,852	27,163	164,262	353,753	11,973	4,502	(1,085)	(7,717)	(6)	-	52	(147)	16,573	511,733	36,861	170,696	377,898

Note 7b. Valuation of Infrastructure, Property, Plant and Equipment

Valuation of Assets

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

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

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

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

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

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

Information on Valuations

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

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

There is normally no known market for Council buildings, infrastructure and other assets (with the exception of properties at level 2 valued using Market Fair Value inputs). These assets are valued at depreciated current replacement cost. This method involves the determination of the cost to construct the asset (or its modern engineering equivalent) using current prices for materials and labour, the quantities of each being estimated based on recent experience of this Council, or on industry construction guides where these are more appropriate.

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.

The Barossa Council

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

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

Valuation of Assets (continued)

Highest and best use

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

Transition to AASB 13 - Fair Value Measurement

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

Land and Land Improvements

- Basis of valuation: Fair Value Level 3, Market Value Level 2; additions are recognised at cost
- Date of valuation: 1 July 2019
- Valuer: JLL Public Sector Valuations

Buildings and Other Structures

- Basis of valuation: Fair Value Level 3, Market Value Level 2; additions are recognised at cost
- Date of valuation: 30 June 2019
- Valuer: Council in-house staff expertise using Rawlinsons Australian Construction Handbook Edition 37, 2019
- Condition Assessment: Opus International Consultants (Australia) Pty Ltd in 2013/14

Transport

- Basis of valuation: Written down current replacement cost; additions are recognised at cost
- Date of valuation: 1 July 2017
- Valuer: Tonkin Consulting
- Condition Assessment: Council Officers assessed Sealed Roads, Kerb and Gutter in 2017/18
Sheeted Roads and Car Parks were assessed in 2015/16

Bridges, Floodways and Major Culverts

- Basis of valuation: Written down current replacement cost; additions are recognised at cost
- Date of valuation: 1 July 2017
- Valuer: WSP Australia Pty Ltd for Bridges, Footbridges and some Major Culverts
Council Officers applied LGPI (Local Government Price Index) 3.4% on the previous valuation of 1 July 2015 for Floodways and the remaining Major Culverts in 2017/18
Condition Assessment: WSP Australia Pty Ltd assessed Bridges, Footbridges and some Major Culverts in 2017/18

Community Wastewater Management System

- Basis of valuation: Written down current replacement cost; additions are recognised at cost
- Date of valuation: 1 July 2017
- Valuer: Council Officers and Tonkin Consulting (pipe network only)
- Condition Assessment: Council Officers assessed CWMS Assets with an expiry date of 30 June 2020 (excluding pipe network)
Waste Water Treatment Plant and Lagoons were assessed in 2013/14

The Barossa Council

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

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

Valuation of Assets (continued)

Stormwater

- Basis of valuation: Written down current replacement cost; additions are recognised at cost
- Date of valuation: 1 July 2017
- Valuer: Tonkin Consulting

Recreation Infrastructure

- Basis of valuation: Written down current replacement cost; additions are recognised at cost
- Date of valuation: 1 July 2014
- Valuer: Council Officers using Rawlinsons Australian Construction Handbook Edition 33, 2015
- Condition Assessment: Calibre Consulting in 2015/16
- Revaluation during 2020 was delayed due to COVID-19 and will occur during 2021

Community Infrastructure

- Basis of valuation: Written down current replacement cost; additions are recognised at cost
- Date of valuation: 1 July 2010
- Valuer: Asset and Valuation Consulting Pty Ltd

This asset class is immaterial to the total asset value representing only 0.30% of the total value so revaluations are not necessary and should not occur. Only periodic audits will be conducted to ensure the assets are required for Council business and in the condition needed.

Plant, Equipment, Furniture and Fittings

- Basis of valuation: Cost basis

Leasehold Improvements

- Basis of valuation: Written down current replacement cost; additions are recognised at cost, based on term of lease

This asset class is immaterial to the total asset value representing only 0.02% of the total value so revaluations are not necessary and should not occur. Only periodic audits will be conducted to ensure the assets are required for Council business and in the condition needed.

Right-of-use Assets

- Basis of valuation: Lease and associated costs basis per AASB 16

The Barossa Council

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

Note 8. Liabilities

\$ '000	Notes	2020		2019	
		Current	Non Current	Current	Non Current
(a). Trade and Other Payables					
Goods and Services		2,208	-	2,038	-
Payments Received in Advance		1,581	-	1,326	-
Accrued Expenses - Employee Entitlements		418	-	292	-
Accrued Expenses - Other		513	-	373	-
Deposits, Retentions and Bonds		198	-	131	-
Total Trade and Other Payables		4,918	-	4,160	-

Amounts included in trade and other payables that are not expected to be settled within 12 months of reporting date are disclosed in Note 13

(b). Borrowings

Loans		1,829	8,576	1,918	10,475
Lease Liabilities	17	60	107	-	-
Lease Liabilities (2019 only)		-	-	5	15
Total Borrowings		1,889	8,683	1,923	10,490

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

(c). Provisions

Employee Entitlements (including oncosts)		2,782	802	2,554	824
Future Reinstatement - Landfill		50	362	416	-
Total Provisions		2,832	1,164	2,970	824

Movements in Provisions

\$ '000

2020 (current and non-current)

	Future Reinstatement - Landfill
Opening Balance	416
Additional Amounts Recognised	3
(Less) Payments	(7)
Closing Balance	412

The Barossa Council

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	52,612	(8,050)	-	-	44,562
Land - Other	637	(159)	-	-	478
Buildings and Other Structures	24,964	-	-	-	24,964
<i>Infrastructure</i>					
- Transport	139,162	38	-	-	139,200
- Bridges, Floodways and Major Culverts	14,087	(115)	-	6	13,978
- Community Wastewater Management System	19,322	-	-	-	19,322
- Stormwater and Drainage	30,355	-	-	-	30,355
- Recreation	5,824	-	-	-	5,824
- Community Infrastructure	493	-	-	-	493
Joint Ventures - Other Comprehensive Income	838	-	-	-	838
Total Asset Revaluation Reserve	288,294	(8,286)	-	6	280,014
Comparatives	271,300	17,000	-	(6)	288,294

\$ '000	1/7/2019	Transfers to Reserve	Transfers from Reserve	Other Movements	30/6/2020
(b). Other Reserves					
Community Wastewater Management	8,727	1,591	(1,078)	-	9,240
Refuse, Recycling and Green Waste	333	21	(85)	-	269
Recreation Facilities	344	103	(69)	-	378
Cultural Services	409	9	(2)	-	416
Caravan Parks	261	-	(150)	-	111
Economic Development	179	-	(4)	-	175
Environmental Projects	12	12	(6)	-	18
Plant and Equipment Replacement	175	5	(53)	-	127
Building Maintenance	16	-	(6)	-	10
Other Reserves	1,032	231	(186)	-	1,077
Total Other Reserves	11,488	1,972	(1,639)	-	11,821
Comparatives	9,914	2,187	(613)	-	11,488

The Barossa Council

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

Note 9. Reserves (Continued)

PURPOSES OF RESERVES

Asset Revaluation Reserves

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

Community Wastewater Management

Wastewater Management Scheme services charges raised under Section 155.

Refuse, Recycling and Green Waste

Collection of Refuse, Recycling and Green Waste service charges raised under Section 155.

Recreation Facilities

Recreation Facilities reserves are used to fund Capital Improvements at Council owned Recreation Parks.

Cultural Services

Cultural Facilities reserves are used to fund Capital Improvements at Council owned Community Halls.

Caravan Parks

Caravan Park Reserves are used towards the upgrade of Caravan Park and surrounding Recreation Park Facilities.

Economic Development

Economic Development Reserves are used to fund specific initiatives including Council Main Streets.

Environmental Projects

Environmental Project Reserves are used towards funding specific environmental projects and programs.

Plant and Equipment Replacement

Plant and Equipment Replacement Reserves are used to fund the replacement of Council's Community Transport cars and buses, funded by grants.

Building Maintenance

Building Maintenance Reserves are used towards funding specific disability access to Council owned Buildings.

Other Reserves

Other Reserves are used to account for developer contributions received towards future Capital Works, funds held in Trust and other minor reserves not elsewhere allocated.

The Barossa Council

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

Note 10. Assets Subject to Restrictions

\$ '000	2020	2019
---------	------	------

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

Grant funding or contributions which were received during the year ended 30 June 2020 (or in previous years) but which remain unspent, are also subject to restrictions - these funds would need to be repaid if the required expenditure does not go ahead in the future.

Cash and Financial Assets

Unexpended Amounts Received

Open Space Contributions	683	480
Developer Contributions	384	542
Grant Funding - Commonwealth	20	7
Grant Funding - State	1,468	1,221
Total Cash and Financial Assets	2,555	2,250

Total Assets Subject to Externally Imposed Restrictions	2,555	2,250
--	--------------	--------------

The Barossa Council

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

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 and Equivalent Assets	5a	10,708	12,817
Balances per Statement of Cash Flows		10,708	12,817
(b). Reconciliation of Change in Net Assets to Cash from Operating Activities			
Net Surplus/(Deficit)		5,172	7,491
Non-Cash Items in Income Statements			
Depreciation, Amortisation and Impairment		8,197	7,717
Equity Movements in Equity Accounted Investments (Increase)/Decrease		(28)	(28)
Non-Cash Asset Acquisitions		(1,793)	(4,762)
Grants for Capital Acquisitions (Treated as Investing Activity Receipts)		(2,828)	(1,147)
Net (Gain) Loss on Disposals		738	640
		9,458	9,911
Add (Less): Changes in Net Current Assets			
Net (Increase)/Decrease in Receivables		98	(57)
Net (Increase)/Decrease in Inventories		(151)	31
Net Increase/(Decrease) in Trade and Other Payables		691	(674)
Net Increase/(Decrease) in Unpaid Employee Benefits		206	315
Net Increase/(Decrease) in Other Provisions		(4)	6
Net Cash provided by (or used in) operations		10,298	9,532
(c). Non-Cash Financing and Investing Activities			
Acquisition of assets by means of:			
- Physical Resources Received Free of Charge	2i	1,793	4,762
Amounts recognised in Income Statement		1,793	4,762
- Estimated Future Reinstatement - Landfill	8c	3	6
Total Non-Cash Financing & Investing Activities		1,796	4,768
(d). Financing Arrangements			
Unrestricted access was available at balance date to the following lines of credit:			
Bank Overdrafts		300	300
Corporate Credit Cards		79	79
LGFA Cash Advance Debenture Facility		4,260	2,160

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

The Barossa 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 12b									
	INCOME		EXPENSES		OPERATING SURPLUS (DEFICIT)		COMMONWEALTH AND STATE GRANTS		TOTAL ASSETS HELD (CURRENT AND 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	5,051	5,072	4,758	4,850	293	222	10	-	41,194	40,500
Community Services	1,080	1,105	2,536	2,505	(1,456)	(1,400)	768	832	8,868	10,141
Culture	287	339	2,420	2,407	(2,133)	(2,068)	194	171	14,689	16,889
Economic Development	141	249	1,025	1,105	(884)	(856)	19	35	-	1,159
Environment	3,202	2,947	5,574	5,078	(2,372)	(2,131)	253	282	56,277	58,068
Recreation	423	495	5,873	5,240	(5,450)	(4,745)	1,675	99	68,509	64,768
Regulatory Services	601	570	2,455	2,404	(1,854)	(1,834)	-	-	555	379
Transport	921	1,238	6,001	6,191	(5,080)	(4,953)	916	1,744	183,223	183,147
Plant Hire and Depot/Indirect	120	200	391	530	(271)	(330)	-	-	3,716	3,926
Council Administration	27,321	26,609	6,631	6,699	20,690	19,910	890	805	17,215	19,286
Joint Ventures	28	28	-	-	28	28	-	-	2,299	2,271
Total Functions/Activities	39,175	38,852	37,664	37,009	1,511	1,843	4,725	3,968	396,545	400,534

Income and expenses exclude amounts received specifically for new or upgraded assets and physical resources received free of charge. 'Council Administration' includes all rates income.

The Barossa Council

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

Note 12b. Components of Functions

The activities relating to Council functions are as follows:

BUSINESS UNDERTAKINGS

Caravan Parks, Gravel Pits/Quarries, Private Works and Sewerage/CWMS.

COMMUNITY SERVICES

Public Order and Safety, Emergency Services, Other Fire Protection, Other Public Order and Safety, Health Services, Pest Control – Health, Immunisation, Preventive Health Services, Other Health Services, Community Support, Elderly Citizens Facilities, Home Assistance Scheme, Other Services for the Aged and Disabled, Children and Youth Services, Community Assistance, Community Transport, Other Community Support, Community Amenities, Bus Shelters, Cemeteries, Public Conveniences, Car Parking – non-fee-paying and Other Community Amenities.

CULTURE

Library Services, Mobile Libraries and Housebound Services, Static Libraries, Other Library Services, Cultural Services, Cultural Venues, Heritage, Museums and Art Galleries and Other Cultural Services.

ECONOMIC DEVELOPMENT

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

ENVIRONMENT

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

RECREATION

Parks and Gardens, Sports Facilities – Indoor, Sports Facilities – Outdoor, Swimming Centres – Indoor, Swimming Centres – Outdoor and Other Recreation.

REGULATORY SERVICES

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

TRANSPORT

Bridges, Footpaths and Kerbing, Roads – Sealed, Roads – Formed, Roads – Natural Formed, Roads – Unformed, Traffic Management, LGGC – roads (formula funded) and Other Transport.

PLANT HIRE AND DEPOT

Plant, Machinery and Depot.

COUNCIL ADMINISTRATION

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

JOINT VENTURES

Gawler River Floodplain Management Authority and Central Local Government Association (Legatus).

Note 13. Financial Instruments

Recognised Financial Instruments

Bank, Deposits at Call, Short Term Deposits

Accounting Policy:

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

Terms and Conditions:

Deposits returned fixed interest rates between 0.65% and 2.20% (2019: 1.75% and 2.20%). Short term deposits returned interest rates between 0.25% and 1.75% (2019: 1.25% and 2.00%).

Carrying Amount:

Approximates fair value due to the short term to maturity.

Receivables

Rates and Associated Charges

(including legals and penalties for late payment)

Accounting Policy:

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

Terms and Conditions:

Secured over the subject land, arrears attract interest of 6.35% (2019: 6.60%). 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 and Other Charges

Accounting Policy:

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

Terms and 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).

Note 13. Financial Instruments (continued)

Recognised Financial Instruments

Receivables

Other Levels of Government

Accounting Policy:

Carried at nominal value.

Terms and 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 and Conditions:

Liabilities are normally settled on 30 day terms.

Carrying Amount:

Approximates fair value.

Liabilities

Interest Bearing Borrowings

Accounting Policy:

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

Terms and Conditions:

Secured over future revenues, fixed borrowings are repayable by equal 6 monthly instalments of principal and interest; interest is charged at fixed rates between 2.05% and 7.02% (2019: 3.60% and 7.02%). Variable borrowings were payable on a quarterly basis for interest only at the current Local Government Finance Authority cash advance debenture rates between 2.20% and 3.12% (2019: 3.35% and 3.60%).

Carrying Amount:

Approximates fair value.

Liabilities

Leases

Accounting Policy:

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

The Barossa 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 and Equivalents	10,708	-	-	10,708	10,708
Receivables	2,335	391	651	3,377	3,091
Total Financial Assets	13,043	391	651	14,085	13,799
Financial Liabilities					
Payables	3,987	-	-	3,987	3,987
Current Borrowings	2,411	-	-	2,411	1,829
Non-Current Borrowings	-	8,138	2,054	10,192	8,576
Lease Liabilities	60	107	-	167	167
Total Financial Liabilities	6,458	8,245	2,054	16,757	14,559

\$ '000	Due < 1 year	Due > 1 year & ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
2019					
Financial Assets					
Cash and Equivalents	12,817	-	-	12,817	12,817
Receivables	2,418	416	724	3,558	3,226
Other Financial Assets	-	-	-	-	-
Total Financial Assets	15,235	416	724	16,375	16,043
Financial Liabilities					
Payables	3,487	-	-	3,487	3,487
Current Borrowings	2,641	-	-	2,641	1,923
Non-Current Borrowings	-	7,254	5,419	12,673	10,490
Total Financial Liabilities	6,128	7,254	5,419	18,801	15,900

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	2.65%	-	3.58%	1,160
Fixed Interest Rates	6.32%	10,405	6.51%	11,253
		10,405		12,413

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.

Note 13. Financial Instruments (continued)

Risk Exposures

Credit Risk represents the loss that would be recognised if counterparties fail to perform as contracted. The maximum credit risk on financial assets of the Council is the carrying amount, net of any allowance for doubtful debts. All Council investments are made with the SA Local Government Finance Authority and are guaranteed by the SA Government. Except as detailed in Notes 5 and 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.

The Barossa Council

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

Note 14. Commitments for Expenditure

\$ '000	2020	2019
(a). Capital Commitments		
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Bridges	-	280
Buildings	1,171	-
Culture	6	12
Community Wastewater Management Scheme	123	-
Environment	9	29
Footpaths	300	535
Plant and Equipment	10	58
Recreation	2,561	4,787
Roads	9,482	12,519
Software	245	46
Stormwater and Drainage	100	544
Tourism	-	1
	14,007	18,811
These expenditures are payable:		
Not later than one year	6,470	9,489
Later than one year and not later than 5 years	7,537	7,333
Later than 5 years	-	1,989
	14,007	18,811
(b). Other Expenditure Commitments		
Other expenditure committed for (excluding inventories) at the reporting date but not recognised in the financial statements as liabilities:		
Audit Services	71	93
Caretaking Services	1,904	126
Community Services	49	6
Computer Equipment Leases	151	-
Consulting Services	181	115
Environmental Projects	96	100
Maintenance Projects	1,416	2,251
Photocopier Equipment Leases	63	85
Plant and Equipment	4	-
Printing Services	124	155
Recreation Equipment Leases	47	-
Recreation Projects	49	118
Septic Tank Desludging	1,274	1,494
Software	8	7
Tourism	-	93
Waste Management Services	29,253	22,567
	34,690	27,210
These expenditures are payable:		
Not later than one year	4,183	3,319
Later than one year and not later than 5 years	12,461	9,171
Later than 5 years	18,046	14,720
	34,690	27,210

The Barossa Council

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

Note 15. Financial Indicators

\$ '000	Amounts	Indicator	Prior Periods	
	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	1,511	3.86%	4.74%	5.90%
Total Operating Income	39,175			

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

2. Net Financial Liabilities Ratio

Net Financial Liabilities	5,231	13%	10%	7%
Total Operating Income	39,175			

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 30 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	4.43%	3.28%	5.76%
---	-------	-------	-------

Adjusted Net Financial Liabilities Ratio	16%	13%	8%
---	-----	-----	----

3. Asset Renewal Funding Ratio

Net Asset Renewals	4,571	92%	443%	373%
Infrastructure and Asset Management Plan required expenditure	4,964			

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.

A substantial amount of 'Upgraded' asset work completed each year (and for this financial year includes capital work on Springton roads and district wide footpaths) are partly renewing components of existing assets. For normal work cycles, components of these assets would need to be replaced when the depreciation or consumption of them had reduced their remaining life to zero, but as they are being upgraded to a better service level, they are effectively replacing asset components that would normally need to be replaced as/when due.

The calculation to compile the Asset Sustainability Ratio does not include any upgrade costs as it is not considered to be 'renewal/replacement'. This is then effectively understating the expenditure for asset replacement and the ratio is not then reflecting the true actual net asset renewals.

Infrastructure and Asset Management Plan (IAMP) required expenditure was sourced from Council's adopted plan. IAMP's are due for review in 2020/21.

The Barossa 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. 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	39,175	38,852
<i>less</i> Expenses	(37,664)	(37,009)
Operating Surplus / (Deficit)	1,511	1,843
Net Outlays on Existing Assets		
Capital Expenditure on Renewal and Replacement of Existing Assets	(4,571)	(4,989)
<i>add back</i> Depreciation, Amortisation and Impairment	8,197	7,717
<i>add back</i> Proceeds from Sale of Replaced Assets	210	340
Subtotal	3,836	3,068
Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets	(9,329)	(7,775)
<i>add back</i> Amounts Received Specifically for New and Upgraded Assets	2,828	1,147
<i>add back</i> Proceeds from Sale of Surplus Assets	355	105
Subtotal	(6,146)	(6,523)
Net Lending / (Borrowing) for Financial Year	(799)	(1,612)

The Barossa Council

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

Note 17. Leases

Council as a Lessee

Terms and conditions of leases

Refer to Note 1 for further details.

Land

Right-of-use Assets leased include land at Angaston that is a radio transmission site.

Plant and Equipment

Right-of-use Assets leased include Photocopiers and Computer Servers.

Right-of-use Assets

Set out below are the carrying amounts of Right-of-use Assets recognised within the above asset categories and the movements during the period:

\$ '000	Notes	Land	Plant and Equipment	Total
2020				
Adoption of AASB 16 at 1 July 2019		1	216	217
Less: Short-term Value Finance Lease		-	(19)	(19)
Depreciation charge		-	(46)	(46)
Balance at 30 June 2020	7a	1	151	152

Leases

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

\$ '000	Notes	2020
Balance at 1 July 2019		217
Additions		-
Accretion of Interest		6
Payments		(56)
Balance at 30 June 2020		167
Classified as:		
Current	8b	60
Non-Current	8b	107
		167

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

The following are the amounts recognised in profit or loss for leases:

Depreciation Expense of Right-of-use Assets	7a	46
Interest Expense on Lease Liabilities		6
Expense relating to Short-term Leases (includes one lease previously classified as a Finance Lease)		33
Expense relating to Leases of Low-value Assets		111
Total amount recognised in Profit or Loss		196

The Group had total cash outflows for leases of \$88,143

The Barossa Council

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

Note 17. Leases (continued)

\$ '000	2020	2019
---------	------	------

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 included in Note 2 as Lease Fees, Hall or Equipment Hire and Recreation Park Fees.

Leases commitments under lease agreements as at 30 June, are as follows:

Not later than one year	48	54
Later than one year and not later than 5 years	109	93
Later than 5 years	212	229
	<u>369</u>	<u>376</u>

Note 18. Superannuation

Council makes employer superannuation contributions in respect of its employees to schemes selected by employees under "choice of fund" legislation. Council uses Statewide Super as its default superannuation fund. With Statewide Super, 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 who are Statewide Super members (including casuals) have all contributions allocated to the Accumulation section (Marketlink).

Accumulation only Members (including Statewide Marketlink)

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.

Statewide Super 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, level of contribution and final average salary. Council makes employer contributions to Salarylink as determined by the Fund's Trustee based on advice from the appointed Actuary. The rate is currently 6.3% (6.3% in 2018/19) of "superannuation" salary.

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

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

The most recent actuarial investigation was conducted by the Fund's actuary, Louise Campbell, FIAA, of Willie Towers Watson as at 30 June 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 (including its subsidiary, Nuriootpa Centennial Park Authority) 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.

The Barossa 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 are required to prepare Annual Financial Statements that comply with the SA Local Government Model Financial Statements.

	Council's Share of Net Assets	
	2020	2019
Joint Ventures	2,299	2,271
Total	2,299	2,271

JOINT VENTURES

(a) Carrying Amounts

Name of Entity	Principal Activity	2020	2019
Gawler River Floodplain Management Authority	Flood Mitigation	2,217	2,204
Central Local Government Association (Legatus)	Local Government Regional Collaboration	82	67
Total Carrying Amounts - Joint Ventures and Associates		2,299	2,271

Gawler River Floodplain Management Authority

Established in 2002, this organisation is responsible for the construction, operation and maintenance of flood mitigation infrastructure in the Gawler River area.

Central Local Government Association (Legatus)

Established in 1998, this organisation is formed under Section 43 of the Local Government Act to allow membership Councils to approach regional issues in a collaborative manner.

(b) Relevant Interests

Name of Entity	Interest in Operating Result		Ownership Share of Equity		Proportion of Voting Power	
	2020	2019	2020	2019	2020	2019
Gawler River Floodplain Management Authority	10.01%	9.84%	10.01%	9.84%	15.38%	15.38%
Central Local Government Association (Legatus)	6.67%	6.67%	6.67%	6.67%	6.67%	6.67%

(c) Movement in Investment in Joint Venture

	Gawler River Floodplain Management Authority		Central Local Government Association (Legatus)	
	2020	2019	2020	2019
Opening Balance	2,204	1,614	67	55
Share in Operating Result	(25)	(14)	15	12
Share in Other Comprehensive Income	-	574	-	-
Adjustments to Equity	38	30	-	-
Council's Equity Share in the Joint Venture or Associate	2,217	2,204	82	67

The Barossa 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

(d) Summarised Financial Information of the Equity Accounted Business

Statement of Financial Position	Gawler River Floodplain Management Authority		Central Local Government Association (Legatus)	
	2020	2019	2020	2019
Cash and Cash Equivalents	7	3	1,258	972
Investments	145	64	-	-
Other Current Assets	32	2	94	70
Non-Current Assets	22,011	22,332	25	11
Total Assets	22,195	22,401	1,377	1,053
Current Trade and Other Payables	42	-	135	47
Current Provisions	-	-	11	2
Non-Current Provisions	-	-	7	3
Total Liabilities	42	-	153	52
Net Assets	22,153	22,401	1,224	1,001

Statement of Comprehensive Income	Gawler River Floodplain Management Authority		Central Local Government Association (Legatus)	
	2020	2019	2020	2019
Other Income	-	5	193	169
Subscriptions, Grants, Subsidies and Other Contributions	329	232	485	509
Reimbursements	-	-	38	38
Investment Income	1	2	11	17
Total Income	330	239	727	733
Employee Costs	-	-	221	192
Materials, Contracts and Other Expenses	236	130	273	356
Depreciation, Amortisation and Impairment	321	233	6	6
Other	21	17	-	-
Total Expenses	578	380	500	554
Operating Result	(248)	(141)	227	179

(e). Share of Joint Venture Expenditure Commitments

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

Operating Expenditures Payable	2020	2019
Not later than one year	29	26
	29	26

(f). Transactions with Council

Aggregate amount of transactions with Council	2020	2019
- receipts from Council	32	31
	32	31

Note 20. Contingencies and Assets/Liabilities Not Recognised in the Balance Sheet

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

1. LAND UNDER ROADS

Council has elected not to recognise land under roads as an asset in accordance with AASB 1051 Land Under Roads. Council is of the opinion that it is not possible to attribute a value sufficiently reliably for these assets to qualify for recognition, and accordingly land under roads has not been recognised in these reports. Land acquired for road purposes during the year is initially recognised at cost, but transferred to fair value at reporting date, effectively writing off the expenditure.

At reporting date, Council controlled 988km of road reserves of average width of 20 metres.

2. POTENTIAL INSURANCE LOSSES

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

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

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

3. LEGAL MATTERS

Council is the planning consent authority for its area under the Development Act 1993 (as amended). Pursuant to that Act, certain persons aggrieved by a planning decision of the Council may appeal. It is normal practice that parties bear their own legal costs. A number of appeals were conducted during the year by persons aggrieved as a result of decisions by Council, or by Council on behalf of residents in relation to enforcement of use conditions, or by Council acting on behalf of the community in relation to proposed development that would adversely affect the region. Not all appeals were finalised as at 30 June 2020.

Note 21. 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 is aware of the following "non adjusting event" that merits disclosure:

At its ordinary meeting on 15 September 2020, Council resolved that recognising the Nuriootpa War Memorial Swimming Pool is an asset at the end of its useful life and also because it is located in a flood zone, permanently closes the pool at the end of the 2020/21 season (31 March 2021) and:

- a) Decommissions the pool with an appropriate budget allocation;
- b) Converts the open space area to a public park.

All details of the requirements to implement this resolution is to be determined during the 2020/21 and 2021/22 financial years.

The Barossa Council

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

Note 22. Related Party Transactions

\$ '000	2020	2019
---------	------	------

Key Management Personnel

The Key Management Personnel of the Council includes the Mayor, 11 Councillors, CEO, 12 Employees of the Executive Management Team and 10 Board Members of Nuriootpa Centennial Park Authority - Total 35 (2019: 38). This includes employees temporarily acting as CEO or Executive Management during periods of leave.

Transactions with Key Management Personnel

All close family members of Key Management Personnel were employed through an arm's length process. They are paid in accordance with the Award for the job they perform. The Council employs 142.54 (FTE) staff of which only 2 are close family members of Key Management Personnel.

Key Management Personnel Employee Expenses for Close Family Members	160	147
Total	160	147

Four people included in Key Management Personnel are on the board or committee of four separate businesses which provide Council with consulting, goods and other services. The total amount invoiced to Council by these businesses during this financial year totalled \$116,495 (excluding GST). Two of these businesses also received rate rebates to the value of \$39,046.

One person included in Key Management Personnel has a close family member who was employed through an agency to provide Council with social marketing services. The total amount invoiced to Council by this business during this financial year totalled \$19,350 (excluding GST). Also one person included in Key Management Personnel is a director of a business that provided an audit of cabins. The total amount invoiced to Council by the business during this financial year totalled \$2,090 (excluding GST).

Compensation paid to Key Management Personnel

35 Key Management Personnel (2019: 38) were paid the following total compensation:

Short-Term Employee Benefits	1,537	1,556
Long-Term Benefits	10	-
Termination Benefits	19	-
Total	1,566	1,556

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

Other Related Party Transactions

Receipts from Key Management Personnel comprise:

Council provides work and support in-kind for accounting, governance, asset management and executive services, along with being the conduit for electricity, insurance, loans, CWMS and other services for its subsidiary Nuriootpa Centennial Park Authority. The Authority maintains a Council Recreation Park at Nuriootpa for community benefit purposes including various sporting activities. The Authority's information as at the reporting date has been included in the accounts within this report and any inter-company transactions have been consolidated.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE BAROSSA COUNCIL

Opinion

We have audited the accompanying financial report of the Barossa Council, which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and the Certification of the Financial Statements.

In our opinion, the financial report gives a true and fair view of the financial position of the Barossa Council as of 30 June 2020, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards and the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011*.

Basis for Opinion

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

Responsibilities of Management and Those Charged with Governance for the Financial Report

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

In preparing the financial report, management is responsible for assessing the entity'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 management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the entity'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 an 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 this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at <http://www.auasb.gov.au/Home.aspx>. This description forms part of our auditor's report.

BENTLEYS SA AUDIT PARTNERSHIP



DAVID PAPA
PARTNER

Dated at Adelaide this 21st day of October 2020

INDEPENDENT ASSURANCE REPORT ON INTERNAL CONTROLS OF THE BAROSSA COUNCIL

Opinion

We have audited the compliance of the Barossa Council (the Council) with the requirements of *Section 125 of the Local Government Act 1999* in relation 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 are in accordance with legislative provisions.

In our opinion, the Council has complied, in all material respects, with *Section 125 of the Local Government Act 1999* in relation to Internal Controls, established by the Council in relation to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities so as to provide reasonable assurance that the financial transactions of the Council have been conducted properly and in accordance with legislative provisions for the period 1 July 2019 to 30 June 2020.

Limitation on Use

This report has been prepared for the members of the Council in accordance with *Section 129 of the Local Government Act 1999* in relation to 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 internal 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.

Independence

In conducting our engagement, we have complied with the independence requirements of the Australian professional accounting bodies.

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* in relation to Internal Controls, to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property, and incurring of liabilities are in accordance with legislative provisions.

Our Responsibility

Our responsibility is to express an opinion on the Council's compliance with *Section 125 of the Local Government Act 1999* in relation only to the Internal Controls established by the Council to ensure that financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities, based on our procedures. Our engagement has been conducted in accordance with applicable Australian Standards on Assurance Engagements *ASAE 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information* and *ASAE 3150 Assurance Engagement on Controls*, issued by the Australian Auditing and Assurance Standards Board, in order to state whether, in all material respects, the *Council* has complied with *Section 125 of the Local Government Act 1999* in relation only to the Internal Controls specified above for the period 1 July 2019 to 30 June 2020. ASAE 3000 also requires us to comply with the relevant ethical requirements of the Australian professional accounting bodies.

Our procedures included obtaining an understanding of internal controls in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities, evaluating management's assessment of these internal controls, assessing the risk that a material weakness exists, and testing and evaluating the design and implementation of controls on a sample basis on the assessed risks.

BENTLEYS SA AUDIT PARTNERSHIP



DAVID PAPA
PARTNER

Dated at Adelaide this 21st day of October 2020

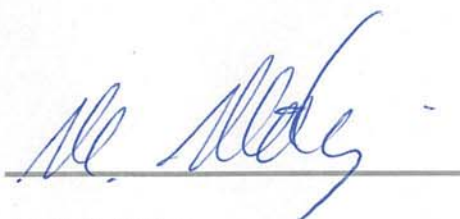
The Barossa Council

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 The Barossa Council for the year ended 30 June 2019, the Council's Auditor, Bentleys SA Pty Ltd has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

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



Martin McCarthy
CHIEF EXECUTIVE OFFICER



Peter Brass
PRESIDING MEMBER, AUDIT COMMITTEE

Date: 21 October, 2020

Bentleys SA Audit Partnership

Level 5
63 Pirie Street
Adelaide SA 5000

GPO Box 939
Adelaide SA 5001

ABN 43 877 091 903

T +61 8 8372 7900

F +61 8 8372 7999

admin@adel.bentleys.com.au
bentleys.com.au

Certification of Auditor Independence

I confirm that, for the audit of the financial statements of the Barossa 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 (including Independence Standards)*, Part 4A published by the Accounting Professional and Ethical Standards Board, in accordance with the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

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

Bentleys SA Audit Partnership



David Papa
Partner

Dated at Adelaide this 8th day of October 2020