



## **AGENDA**

**FOR AUDIT AND RISK COMMITTEE MEETING TO BE HELD ON**

**9 OCTOBER 2024 AT 6.30 PM**

**IN WITTBER & DR RUBY DAVY ROOMS, SALISBURY COMMUNITY HUB,**

**34 CHURCH STREET, SALISBURY**

### **MEMBERS**

Cr Kylie Grenfell (Chair)  
Cr B Brug (Deputy Chair)  
Ms P Davies  
Mr N Ediriweera  
Mr D Powell

### **REQUIRED STAFF**

Chief Executive Officer, Mr J Harry  
Deputy Chief Executive Officer, Mr C Mansueto  
Manager Governance, Mr R Deco  
Audit and Risk Manager, Ms S Kinsella

### **APOLOGIES**

### **LEAVE OF ABSENCE**

### **PRESENTATION OF MINUTES**

Presentation of the Minutes of the Audit and Risk Committee Meeting held on 13 August 2024.

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**REPORTS**

*For Decision*

7.1.1 End of Financial Year Statements and Analysis ..... 11  
7.1.2 BDO's Audit Completion Report 30 June 2024 ..... 95

**QUESTIONS ON NOTICE**

*There are no Questions on Notice.*

**MOTIONS ON NOTICE**

*There are no Motions on Notice.*

**OTHER BUSINESS**

*(Questions Without Notice, Motions Without Notice, CEO Update)*



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**ORDERS TO EXCLUDE THE PUBLIC**

**7.4.1 In-Confidence Session with the External Auditor as per Terms of Reference and approved Audit and Risk Committee Annual Work Plan 2023/2024 (verbal discussion)**

**Recommendation**

Pursuant to section 83(5) of the *Local Government Act 1999* the Chief Executive Officer has indicated that, if the Audit and Risk Committee so determines, this matter may be considered in confidence under Part 3 of the *Local Government Act 1999* on grounds that:

1. *Pursuant to Section 90(2) and (3)(b)(i) and (b)(ii) and (d)(i) and (d)(ii) of the Local Government Act 1999, the principle that the meeting should be conducted in a place open to the public has been outweighed in relation to this matter because:*

- *it relates to information the disclosure of which could reasonably be expected to confer a commercial advantage on a person with whom the council is conducting, or proposing to conduct, business, or to prejudice the commercial position of the council; and*

- *information the disclosure of which would, on balance, be contrary to the public interest; and*

- *commercial information of a confidential nature (not being a trade secret) the disclosure of which could reasonably be expected to prejudice the commercial position of the person who supplied the information, or to confer a commercial advantage on a third party; and*

- *commercial information of a confidential nature (not being a trade secret) the disclosure of which would, on balance, be contrary to the public interest.*

2. *In weighing up the factors related to disclosure,*

- *disclosure of this matter to the public would demonstrate accountability and transparency of the Council's operations*

- *non-disclosure of the discussion of this item in confidence would protect confidential information relating to Council's commercial position.*

*On that basis the public's interest is best served by not disclosing the **In-Confidence Session with the External Auditor as per Terms of Reference and approved Audit and Risk Committee Annual Work Plan 2023/2024 (verbal discussion)** item and discussion at this point in time.*

3. *Pursuant to Section 90(2) of the Local Government Act 1999 it is recommended the Committee orders that all members of the public be excluded from attendance at the meeting for this Agenda Item.*

**CLOSE**





**MINUTES OF AUDIT AND RISK COMMITTEE MEETING HELD IN WITTBER & DR  
RUBY DAVY ROOMS, SALISBURY COMMUNITY HUB,**

**34 CHURCH STREET, SALISBURY ON**

**13 AUGUST 2024**

**MEMBERS PRESENT**

Cr Kylie Grenfell (Chairman)  
Cr B Brug (Deputy Chairman)  
Ms P Davies (*via Teams video conference*)  
Mr N Ediriweera  
Mr D Powell

**CONSULTANT**  
*conference)*

Ms C Garrett (UHY Haines Norton - For Item 7.1.1 only) (*via Teams video*

**STAFF**

Chief Executive Officer, Mr J Harry  
Deputy Chief Executive Officer, Mr C Mansueto (*via Teams video*  
*conference*)  
Manager Governance, Mr R Deco  
Audit and Risk Manager, Ms S Kinsella  
Manager Finance & Procurement Services, Ms K George  
Manager City Shaping, Mr L Lopez Digon  
Manager Technology & Digital Solutions, Ms M Collins  
Senior Strategic Planner, Mr D Tian

The meeting commenced at 6.36pm.

The Chairman welcomed the Elected Members, members of the public and staff to the meeting.

**APOLOGIES**

Nil.

**LEAVE OF ABSENCE**

Nil.

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## PRESENTATION OF MINUTES

Moved Mr D Powell  
Seconded Mr N Ediriweera

The Minutes of the Audit and Risk Committee Meeting held on 09 April 2024, be taken as read and confirmed.

**CARRIED**  
Unanimously

## REPORTS

*For Decision*

### 7.1.1 Internal Audit Report - Rates Setting and Revenue Process

Moved Cr B Brug  
Seconded Ms P Davies

That Council:

1. Notes the final internal audit report with management comments for the Rate Setting and Revenue Process internal audit as set out in attachment 1 to this report (Item no. 7.1.1, Audit and Risk Committee, 13 August 2024).

**CARRIED**

### 7.1.2 City Plan 2040 - Engagement Report & Recommendations

Moved Mr D Powell  
Seconded Ms P Davies

That Council:

1. Notes that, in accordance with the *Local Government Act 1999* Section 126(4)(b), the Audit and Risk Committee has reviewed the City Plan 2040 as outlined in this report (Attachment 1, Item No. 7.1.2, Audit and Risk Committee, 13 August 2024), and that it has been prepared for Council's approval and adoption.
2. Notes that the final design will be undertaken after the Council's deliberations and recommendations, under delegation to the Chief Executive Officer.

**CARRIED**

*The Chairman sought leave of the meeting to bring forward Item 7.2.1 Climate Change Risk Assessment and confidential Item 7.4.1 Quarterly Cybersecurity Report. Leave was granted.*

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*For Information*

**7.2.1 Climate Change Risk Assessment**

Moved Mr N Ediriweera  
Seconded Cr B Brug

That the Audit and Risk Committee:

1. Notes the report.

**CARRIED**

**ORDERS TO EXCLUDE THE PUBLIC**

**7.4.1 Quarterly Cybersecurity Report - 30 June 2024**

Moved Mr D Powell  
Seconded Mr N Ediriweera

The Audit and Risk Committee orders,

1. Pursuant to Section 90(2) and (3)(b)(ii) and (e) of the *Local Government Act 1999*, that it is necessary and appropriate to exclude the public for the consideration of Agenda Item 7.4.1 - *Quarterly Cybersecurity Report – 30 June 2024* with the exception of the following persons:
  - Chief Executive Officer, Mr J Harry
  - Deputy Chief Executive Officer, Mr C Mansueto
  - Manager Governance, Mr R Deco
  - Auditor & Risk Manager, Ms S Kinsella
  - Manager Technology and Digital Solutions, Ms M Collins

On the basis, that public discussion and disclosure of the Agenda Item 7.4.1 could reasonably be expected to affect the security of the Council.

In weighing up the factors related to disclosure,

- disclosure of this matter to the public would demonstrate accountability and transparency of the Council’s operations.
  - non-disclosure of the matter and discussions of this item in confidence would protect confidential information.
2. Accordingly, on this basis, the principle that Committee meetings should be conducted in a place open to the public has been outweighed by the need to keep the information or matter confidential.

**CARRIED**

The meeting moved into confidence at 7:29pm.

The meeting moved out of confidence at 7:40pm.

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**7.1.3 Audit & Risk Committee Annual Work Plan - 2023/2024 and 2024/2025**

Moved Ms P Davies  
Seconded Mr N Ediriweera

That Council:

1. Approves the updated Audit & Risk Committee Annual Work Plan 2024/2025 as set out in Attachment 1 to this report (Item No. 7.1.3, Audit & Risk Committee, 13 August 2024).

**CARRIED**

**7.1.4 3-Year Internal Audit Plan**

Moved Ms P Davies  
Seconded Mr D Powell

That Council:

1. Approves the updates made to the 3-year Internal Audit Plan 2024 to 2027 as set out in Attachment 1 to this report (Item no. 7.1.4, Audit and Risk Committee, 13 August 2024).

**CARRIED**

**7.1.5 Risk Management and Internal Control Activities**

Moved Cr B Brug  
Seconded Mr D Powell

That Council:

1. Notes the updates on Risk Management and Internal Control Activities detailed for 2024/2025, as set out in this report (Item No.7.1.5, Audit and Risk Committee, 13 August 2024).

**CARRIED**

**7.1.6 Policy Review - Enterprise Risk Management Policy**

Moved Ms P Davies  
Seconded Cr B Brug

That Council:

1. Adopts the revised Enterprise Risk Management Policy as set out in Attachment 1 to this report (Item no. 7.1.6, Audit and Risk Committee, 13 August 2024).

**CARRIED**

**7.1.7 Audit and Risk Committee Annual Report 2023/2024**

Moved Mr N Ediriweera  
 Seconded Mr D Powell

That the Audit and Risk Committee in accordance with its statutory functions:

1. Approves the Audit and Risk Committee annual report for the 2023/2024 financial year as set out in Attachment 1 to this report (Item No, 7.1.7, Audit and Risk Committee, 13 August 2024).
2. Notes the report from the Chief Executive Officer on the Council’s Internal Audit process, in accordance with Section 99(1)(ib) of the *Local Government Act 1999* as set out in Attachment 2 to this report (Item No. 7.1.7, Audit and Risk Committee, 13 August 2024).

**CARRIED**

*For Information*

**7.2.2 Outstanding Actions Arising from Internal Audits**

Moved Mr N Ediriweera  
 Seconded Ms P Davies

That Council:

1. Notes the report and the Internal Audit - Action Register in Attachment 1 to this report (Item No.7.2.2, Audit and Risk Committee, 13 August 2024).

**CARRIED**

**QUESTIONS ON NOTICE**

*There were no Questions on Notice.*

**MOTIONS ON NOTICE**

*There were no Motions on Notice.*

**OTHER BUSINESS**

*(Questions Without Notice, Motions Without Notice, CEO Update)*

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## ORDERS TO EXCLUDE THE PUBLIC

### QWON1 Litigation Update

Moved Ms P Davies

Seconded Mr N Ediriweera

The Audit and Risk Committee orders

1. Pursuant to Section 90 (3)(h) and (i) of the *Local Government Act 1999*, the committee orders that the public be excluded from the meeting for the consideration Item QWON1 Litigation Update with the exception of the following persons:

- Chief Executive Officer
- Deputy Chief Executive Officer
- Manager Governance
- Audit and Risk Manager

to enable the Committee to consider Item QWON1 in confidence on the basis the Committee considers it necessary and appropriate to act in a meeting closed to the public (excepting those persons listed above) in order to receive, discuss or consider in confidence the following information or matter relating to Agenda Item QWON1:

- Legal advice and actual litigation

Being, information relating to legal advice and actual litigation, or litigation that the council or council committee believes on reasonable grounds will take place, involving the council or an employee of the council;

2. Accordingly, on this basis, the principle that committee meetings should be conducted in a place open to the public have been outweighed by the need to keep the information or matter confidential.

**CARRIED**

The meeting moved into confidence at 8:09pm.

The meeting closed at 8.22pm.



<b>ITEM</b>	7.1.1
	<b>AUDIT AND RISK COMMITTEE</b>
<b>DATE</b>	09 October 2024
<b>HEADING</b>	End of Financial Year Statements and Analysis
<b>AUTHOR</b>	Melissa Hamilton, Team Leader Accounting Services, Business Excellence
<b>CITY PLAN LINKS</b>	4.2 We deliver quality outcomes that meet the needs of our community
<b>SUMMARY</b>	This report and the associated attachments provides the Audit and Risk Committee with the information required to review the Annual Financial Statements for 2024 in accordance with the requirements of the <i>Local Government Act 1999</i> .

### **RECOMMENDATION**

#### That Council:

1. Receives the information.
2. Notes that the Audit and Risk Committee, in accordance with Section 126(4)(a) of the *Local Government Act 1999*, reviewed the annual financial statements of the Council for the year ended 30 June 2024 and is satisfied they present fairly the state of affairs of Council.
3. Notes that the annual financial statements have been prepared on a going concern basis using the historical cost convention in accordance with Australian Accounting Standards as they apply to not-for-profit entities, other authoritative pronouncements of the Australian Accounting Standards Board, Interpretations and relevant South Australian legislation.
4. Approves, in accordance with Regulation 22 of the *Local Government (Financial Management) Regulations 2011* clauses (3) (a) and (4), that the Chief Executive Officer and the Chair of the City of Salisbury Audit and Risk Committee sign the statement to certify the independence of the Council Auditor, BDO Australia.
5. Approves that the draft analysis of the Annual Financial Statements, as presented in Attachment 1 to this report (Item 7.1.1, Audit and Risk Committee, 9 October 2024), be included in the End of Year Financial Statements Report to Council.

### **ATTACHMENTS**

This document should be read in conjunction with the following attachments:

1. Proposed General Business Item
2. Draft 2024 Annual Financial Statements

## 1. BACKGROUND

1.1 Section 126(4) of the *Local Government Act 1999* details the functions of an Audit and Risk Committee which includes:

(a) *reviewing annual financial statements to ensure that they present fairly the state of affairs of the council.*

1.2 Regulation 22 part 3(a) of the *Local Government (Financial Management) Regulations 2011* requires annually that the Chief Executive Officer and the Presiding Member of the Audit and Risk Committee certify the independence of the Council Auditor for the respective financial year.

## 2. CONSULTATION / COMMUNICATION

### 2.1 Internal

2.1.1 This report provides the mechanism for consultation and communication with the Audit and Risk Committee regarding the City of Salisbury's Annual Financial Statements for the year ending 30 June 2024.

### 2.2 External

2.2.1 The Annual Financial Statements have been reviewed by Council's external auditor BDO Australia.

## 3. REPORT

3.1 The City of Salisbury's Annual Financial Statements (AFS) for 2024 have been prepared in accordance with the *Local Government Act 1999*, the *Local Government (Financial Management) Regulations 2011*, the Australian Accounting Standards and the South Australian Model Financial Statements 2024.

3.2 The Annual Financial Statements have been prepared on a going concern basis using the historical cost convention unless otherwise disclosed in Note 1 of the statements, in accordance with the 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.

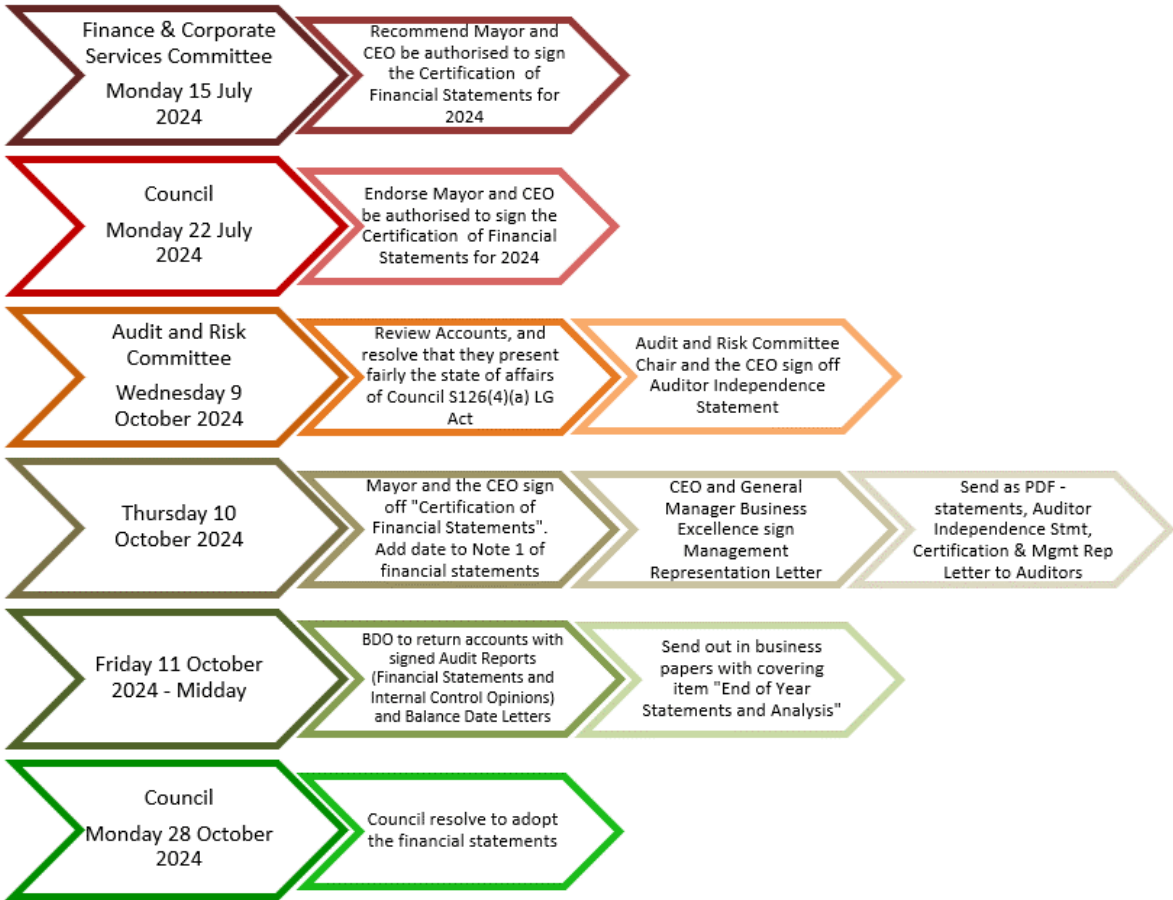
3.3 The City of Salisbury's Audit and Risk Committee is required under section 126(4)(a) of the *Local Government Act 1999* to review the annual financial statements to ensure that they present fairly the state of affairs of the Council.

3.4 Our external Auditors, BDO Australia, have conducted their review of the Annual Financial Statements for 2024, and are awaiting the Audit and Risk Committee's review prior to signing their audit opinion, after which the Annual Financial Statements for 2024 can be certified and then adopted by Council.

3.5 The Chief Executive Officer and the Mayor will sign the Certification of the 2024 Annual Financial Statements following the Audit and Risk Committee review, and it should be noted that this is also required by BDO Australia prior to them furnishing their audit opinions on the Annual Financial Statements and Internal Controls for 2024.

3.6 A timeline shown below demonstrates the process that is required to be followed to sign off the Annual Financial Statements for 2024.

Sign off Process Annual Financial Statements for 2024



Item 7.1.1

3.7 An analysis of the Annual Financial Statements and results for the year will be presented to Council on 28 October 2024, and a draft copy of that report is attached to this report (Attachment 2) for the Audit and Risk Committee’s reference and review.

3.8 Independence of Council Auditor

3.8.1 Regulation 22 of the *Local Government (Financial Management) Regulations 2011* provide in clauses (3) (a) and (4) that:

(3) *The following persons must each provide, on an annual basis, a statement that provides a certification as to compliance for the relevant financial year with the requirement that the auditor be independent of the council, council subsidiary or regional subsidiary (as the case may be):*

(a) *In a case involving a council or council subsidiary – the chief executive officer of the relevant council and the presiding member of the Audit and Risk Committee of the relevant body;*

(4) *A statement under sub-regulation (3) must accompany the financial statements for the relevant body.*

**4. CONCLUSION / PROPOSAL**

- 4.1 The Annual Financial Statements for the year ended 30 June 2024 have been prepared by Council Administration and have been audited by the City of Salisbury's external auditor BDO Australia. Following the review of the Annual Financial Statements for 2024 by the Audit and Risk Committee, the Statements will be certified by the Chief Executive Office and the Mayor and then BDO Australia will sign their audit opinion.
- 4.2 It is appropriate for the City of Salisbury's Audit and Risk Committee following its review of the Financial Statements to endorse, in accordance with Section 126 (4)(a) of the *Local Government Act 1999*, that they present fairly the state of affairs of Council and also that the external auditor's independence be certified in accordance with Regulation 22 of the *Local Government (Financial Management) Regulations 2011*.
- 4.3 The draft analysis of the Annual Financial Statements, as presented in Attachment 1 be recommended by the Audit and Risk Committee for inclusion in the End of Year Financial Statements Report to Council.

## ITEM

## ITEM

## COUNCIL

**DATE** 28 October 2024

**HEADING** End of Year Financial Statement and Analysis

**AUTHORS** Melissa Hamilton, Team Leader Accounting Services, Business Excellence  
Sadaf Hashim, Accountant, Business Excellence

**CITY PLAN LINKS** 4.2 We deliver quality outcomes that meet the needs of our community

**SUMMARY** The City of Salisbury end of year processes for the financial year ended 30 June 2024 have been finalised and audited by Council's external auditor BDO Australia. This report provides detail of actual results compared to prior year actuals and to the original budget position.

The annual financial statements have also been reviewed by the Audit and Risk Committee at the meeting on 9 October 2024. Further Council's external auditors are satisfied that they present fairly the state of affairs of the Council.

**RECOMMENDATION**

That Council:

1. Adopts the Annual Financial Statements for the year ended 30 June 2024 (Attachment 1, Item no xxx, 28 October 2024 Council Meeting).

**ATTACHMENTS**

This document should be read in conjunction with the following attachments:

1. 2024 Annual Financial Statements

**1. BACKGROUND**

- 1.1 Regulation 10 of the Local Government (Financial Management) Regulations 2011 requires the Council to

(1) *...by no later than 31 December in each year, prepare and consider a report showing the audited financial results of each item shown in the statement of comprehensive income and balance sheet of the budgeted financial statements of the Council, ... for the previous financial year compared with the estimated financial results set out in the budget presented in a manner consistent with the Model Financial Statements.*

(2) *...must also include in a report under subregulation (1) audited financial results for the previous financial year of the council's operating surplus ratio, net financial liabilities ratio and asset renewal funding ratio compared with*

## ITEM

*estimates set out in the budget presented in a manner consistent with the Model Financial Statements entitled Financial Indicators.*

## 2. CONSULTATION / COMMUNICATION

### 2.1 Internal

2.1.1 This report provides the mechanism for consultation and communication with Council regarding the City of Salisbury's Annual Financial Statements (AFS) for the year ending 30 June 2024. This report has been reviewed by the City of Salisbury's Audit and Risk Committee at the meeting held 9 October 2024 and feedback from the Committee has been included into the 2024 AFS.

### 2.2 External

2.2.1 The AFS for 2024 have been audited by Council's Auditors, BDO Australia, and they have provided an unqualified audit opinion.

## 3. REPORT

3.1 The City of Salisbury's Financial Statements for the 2024 financial year have been prepared on a going concern basis using the historical cost convention, unless otherwise disclosed in Note 1 of the statements, in accordance with the *Local Government Act 1999*, the *Local Government (Financial Management) Regulations 2011*, the Australian Accounting Standards and the South Australian 2024 Model Financial Statements.

3.2 In accordance with Section 126(4)(a) of the *Local Government Act 1999* the Audit Committee advised that it has reviewed the annual financial statements of the Council for the year ended 30 June 2024 and is satisfied they present fairly the state of affairs of Council.

3.3 The external auditors BDO Australia have conducted their audit and have provided an unqualified audit opinion on the Annual Financial Statements.

3.4 The following comments are provided with respect to the 2024 AFS, with commentary highlighting significant movements' year on year and to the original budget position.

3.5 Please note the date convention that has been used in this report, where 2024 refers to the 2023/24 financial year and 2023 refers to the 2022/23 financial year.

## 4. FINANCIAL STATEMENT ANALYSIS – YEAR ON YEAR

### 4.1 Statement of Comprehensive Income 30 June 2024

4.1.1 The Statement of Comprehensive Income shows an Operating Deficit before capital amounts and other comprehensive income of \$2,890k compared to an Operating Surplus of \$11,954k in the prior year, with the primary cause of this deficit being the early receipt of 100% of the estimated Financial Assistance and Untied Local Roads (FA&ULR) funding in 2023 and no early payment for 2025 received in 2024. Overall, Income has decreased by \$2,251k and Expenditure increased \$12,594k primarily in Materials, Contracts and Other Expenses. Further details on the major movements are outlined in the tables below.



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City Of Salisbury  
Statement of Comprehensive Income  
As at 30 June 2024

	End of Financial Year		
	2024 \$000	2023 \$000	Variance \$000
<b>Income</b>			
Rates Revenues	122,381	112,253	10,128
Statutory Charges	4,183	3,933	250
User Charges	6,037	5,385	652
Grants, Subsidies & Contributions	6,675	20,258	(13,582)
Investment Income	466	291	174
Reimbursement	469	536	(67)
Other Income	1,184	1,276	(92)
Net Gain - Equity Accounted Council Businesses	627	340	287
<b>Total Income</b>	<b>142,022</b>	<b>144,272</b>	<b>(2,251)</b>
<b>Expenses</b>			
Employee Costs	42,822	40,404	2,418
Materials, Contracts and Other Expenses	66,310	59,093	7,217
Depreciation, amortisation & impairment	35,457	32,106	3,351
Finance Costs	323	394	(71)
Net Loss - Equity Accounted Council Businesses	-	321	(321)
<b>Total Expenses</b>	<b>144,912</b>	<b>132,318</b>	<b>12,594</b>
<b>Operating Surplus/(Deficit)</b>	<b>(2,890)</b>	<b>11,954</b>	<b>(14,844)</b>
Asset Disposal and Fair Value Adjustments	(8,281)	310	(8,591)
Amounts Received Specifically for New or Upgraded Assets	7,920	6,799	1,121
Physical Resources Received Free of Charge	-	1,955	(1,955)
<b>Net Surplus/(Deficit)<sup>(1)</sup></b>	<b>(3,251)</b>	<b>21,018</b>	<b>(24,270)</b>
<b>Other Comprehensive Income</b>			
Changes in Revaluation Surplus - I,PP&E	227,995	297,472	(69,477)
Share of other comprehensive income - equity accounted council businesses		222	(222)
<b>Total Other Comprehensive Income</b>	<b>227,995</b>	<b>297,694</b>	<b>(69,699)</b>
<b>Total Comprehensive Income</b>	<b>224,744</b>	<b>318,712</b>	<b>(93,969)</b>

ITEM

**4.2 Income Analysis**

Income	Variance inc/(dec) \$'000	Year on Year Analysis																
Rates	10,128	Increased by 9% as a result of the endorsed average rate increase of 6.9% for 2024, compared to 3.5% residential and 3.9% commercial average rates endorsed in 2023 and additional revenue derived from development activity. Also contributing is Regional Landscape Levy has also increased \$152k in 2024 compared to the prior year.																
Statutory Charges	249	Increased by 6.3% with the most significant impacts being Parking Fines \$137k from increased patrols, Health Fines and Costs \$103k mainly due to an increase in hoarding clean ups and Animal Registrations and Fines \$70k. Building and Development Application Fees have also increased by \$56k primarily because of a few large-scale commercial developments commencing that attracted sizeable fees, plus higher volumes of external building application work undertaken. Offsetting this is a decrease in Planning Fees of \$100k with the reduction of Planning Application fees in 2024 compared to 2023.																
User Charges	652	Increased by 12% with higher commercial water supply \$738k in 2024 compared to 2023. Other user charges have also increased by \$111k primarily related to Aged Care Programs \$79k, Public Libraries \$49k and Community Centres \$36k. This is partly offset by a decrease in Cemetery Fees \$205k with lower number of burials/licenses in 2024.																
Grants Subsidies and Contributions	(13,582)	<p>Decreased by 67% mainly due to the estimated 2024 FA&amp;ULR grant being 100% paid in advance in 2023, and no advance payment made in 2024 for the 2025 year.</p> <p>The FA&amp;ULR grant received in 2024 was \$1,103k compared to the 2023 total received of \$14,284k, which reflects the final calculation by the Grants Commission.</p> <table border="1" data-bbox="619 1216 1174 1397"> <thead> <tr> <th data-bbox="619 1216 804 1301">FA&amp;ULR Details of Payment</th> <th data-bbox="804 1216 922 1301">2023 \$'000s</th> <th data-bbox="922 1216 1040 1301">2024 \$'000s</th> <th data-bbox="1040 1216 1174 1301">Notes</th> </tr> </thead> <tbody> <tr> <td data-bbox="619 1301 804 1335">Standard Payment</td> <td data-bbox="804 1301 922 1335">3,782</td> <td data-bbox="922 1301 1040 1335">1,103</td> <td data-bbox="1040 1301 1174 1335">[B]</td> </tr> <tr> <td data-bbox="619 1335 804 1368">Advance Payment</td> <td data-bbox="804 1335 922 1368">10,502</td> <td data-bbox="922 1335 1040 1368">0</td> <td data-bbox="1040 1335 1174 1368">[A]</td> </tr> <tr> <td data-bbox="619 1368 804 1397"></td> <td data-bbox="804 1368 922 1397"><b>14,284</b></td> <td data-bbox="922 1368 1040 1397"><b>1,103</b></td> <td data-bbox="1040 1368 1174 1397"></td> </tr> </tbody> </table> <p data-bbox="619 1424 1174 1496"><i>[A] Advance Payment represents estimated four quarters of the next year's allocation in 2023 and no next year's allocation in 2024.</i></p> <p data-bbox="619 1496 1174 1545"><i>[B] Standard Payment represents 2023 and 2024 remaining allocations paid during the year.</i></p>	FA&ULR Details of Payment	2023 \$'000s	2024 \$'000s	Notes	Standard Payment	3,782	1,103	[B]	Advance Payment	10,502	0	[A]		<b>14,284</b>	<b>1,103</b>	
FA&ULR Details of Payment	2023 \$'000s	2024 \$'000s	Notes															
Standard Payment	3,782	1,103	[B]															
Advance Payment	10,502	0	[A]															
	<b>14,284</b>	<b>1,103</b>																

Item 7.1.1 - Attachment 1 - Proposed General Business Item



## ITEM

Income	Variance inc/(dec) \$'000	Year on Year Analysis
Investment Income	174	Increased by 59% relating to higher interest rates during the year, with an average interest rate on the short-term investments for 2024 being 4.5% compared to 3.2% in 2023. Cash holdings at the end of 2023 were significantly impacted by the late receipt of the FA&URL grant (received on 29 June 2023) and when adjusted for this, average cash holdings were consistent year on year.
Reimbursements	(67)	Remaining relatively stable year on year, with the decrease in 2024 related to a one-off reimbursement of Emergency Services Levies \$102k received in 2023.
Other Income	(92)	Decreased by 7.2% primarily because of profit shares from Recreation Centres being higher in 2023 as a result of the 2022 profit share being received in 2023. This has since been regulated and received as normal.
Net Gain – Equity Accounted Council Businesses	287	The 2024 result shows Council's share of NAWMA's performance, which includes a net surplus of \$1,183k with Council's portion being \$627k. This is an increase compared to 2023, when NAWMA reported a deficit of \$563k and Council's subsequent share in that deficit was \$321k. The 2023 figure was also adjusted by \$222k for Council's share of Other Comprehensive Income related to Asset Revaluations, resulting in a total net gain of \$241k and equity adjustment of \$340k for 2023.

## 4.3 Expenditure Analysis

Expenses	Variance inc/(dec) \$'000	Year on Year Analysis
Employee Costs	2,418	The Enterprise Bargaining Agreement (EB) increases of 4.5% for MOA (Municipal Officers Agreement) and 3.5% for LGE (Local Government Employees) staff in 2024, along with higher Business Transformation employee costs of \$500k and other various adjustments relating to staff increments, reclasses and oncosts have contributed to the overall increase. Also contributing is \$385k lower time capitalised during the year resulting in a total increase of 5.9% in 2024 compared to 2023.

## ITEM

Expenses	Variance inc/(dec) \$'000	Year on Year Analysis
Materials, Contracts and Other Expenses	7,217	<p>Overall 12.2% increase in expenditure for the 2024 year as a result of various factors including increased costs associated with software agreements, licensing and contractual/consulting expenditure relating to Project Connect \$1,940k and IT applications \$991k as a result of new systems moving to Cloud-based products within Corporate Support. Advertising and Promotion expenditure is also increased \$324k with \$185k relating to the opening of the Salisbury Aquatic Centre and \$96k associated with Recruitment and Induction.</p> <p>Public Health and Safety has increased \$1.2M mainly related to Street lighting electricity costs \$319k higher than 2023 because of contractual pricing increases plus other lighting costs relating to repairs and maintenance \$530k. Animal Control is also \$240k higher than 2023 mainly due to \$150k increased Kennel Cleaning at the Pound and Health and Food Regulations expenditure has increased \$76k due to Clean-up charges, noting that these costs are recoverable from the property owners.</p> <p>Waste Management has increased year-on-year \$724k primarily in the NAWMA contractual pricing \$550k, Road sweeping \$105k and Dumped Rubbish collection \$78k higher than 2023.</p> <p>Aged Care expenditure has increased overall \$369k mainly due to \$242k Home and Community Care which correlates to year-on-year grant funding indexation and Neighbourhood Development \$142k mainly due to increased cleaning \$107k and building maintenance \$54k with Centre's now being managed by Council.</p> <p>Significant increases in operational areas including \$1,014k Park Maintenance primarily in water usage \$896k, Tree Management \$318k mainly in Tree Pruning \$141k and Tree Planting \$99k due to contractual pricing impacts and Urban Structures \$316k mainly in Playground Maintenance \$159k are also contributing to the overall increase year-on-year.</p> <p>Various other increases/decreases have occurred throughout the 2024 year because of variations in contracts, materials and other factors.</p>
Depreciation	3,351	<p>Overall, there is a 10.4% increase in 2024 compared to 2023, primarily due to 6.2% indexation and incremental adjustments in 2024 and the depreciation of new assets capitalised in the previous financial year. Key projects contributing to this depreciation include the Operations Centre upgrade (\$5.6 million), Burton Community Centre (\$6.4 million), John and Church Street works (\$5.8 million), a \$2.3 million transition to LED lighting, and the Fairbanks Drive Reserve Upgrade (\$2.6 million).</p> <p>It should be noted that some major projects completed in 2024, such as the Salisbury Aquatic Centre, will significantly increase next year's depreciation. Furthermore, the increase in asset values from the Road and Bridge Assets audit conducted in 2023 has also affected this year's depreciation, contributing to the overall year-on-year variance.</p>

## ITEM

Expenses	Variance inc/(dec) S'000	Year on Year Analysis
Finance Costs	(71)	Decreased by 18% mainly due to lower levels of long-term borrowings and Council's limited need for only short-term cash advances in 2024.
Asset Disposal and Fair Value Adjustments	(8,591)	Asset disposal and fair value adjustments, amounts received specifically for new or upgraded assets and physical resources received free of charge, which are all items below the operating surplus, are discussed in detail in the budget and variance analysis table below (Section 5.5).

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## ITEM

**4.4 Statement of Financial Position 30 June 2024**

4.4.1 The 2024 Statement of Financial Position shows Net Assets (Total Assets less Total Liabilities) or 'Equity' has increased by 10.9% or \$224.7M from \$2,064M in 2023 to \$2,288M in 2024. Further details on the major movements are outlined in the table in Section 4.5.

**City Of Salisbury  
Statement of Financial Position  
As at 30 June 2024**

	End of Financial Year		Variance \$'000
	2024 \$'000	2023 \$'000	
<b>Current Assets</b>			
Cash and Cash Equivalents	449	10,970	(10,521)
Trade and Other Receivables	10,345	8,074	2,270
Inventories	524	910	(386)
<b>Total Current Assets</b>	<b>11,318</b>	<b>19,954</b>	<b>(8,636)</b>
<b>Non Current Assets</b>			
Financial Assets	708	662	46
Equity Accounted Investments in Council Businesses	6,917	6,290	627
Other Non-Current Assets	13,876	33,997	(20,121)
Infrastructure, Property, Plant and Equipment	2,305,453	2,046,434	259,019
<b>Total Non Current Assets</b>	<b>2,326,954</b>	<b>2,087,383</b>	<b>239,571</b>
<b>Total Assets</b>	<b>2,338,272</b>	<b>2,107,337</b>	<b>230,935</b>
<b>Current Liabilities</b>			
Cash Advance Debentures	10,650	-	10,650
Trade and Other Payables	26,617	28,354	(1,737)
Borrowings	1,963	1,840	123
Provisions	7,581	8,065	(484)
<b>Total Current Liabilities</b>	<b>46,811</b>	<b>38,259</b>	<b>8,552</b>
<b>Non Current Liabilities</b>			
Borrowings	1,493	3,485	(1,992)
Provisions	1,540	1,909	(369)
<b>Total Non Current Liabilities</b>	<b>3,033</b>	<b>5,394</b>	<b>(2,361)</b>
<b>Total Liabilities</b>	<b>49,844</b>	<b>43,653</b>	<b>6,191</b>
<b>Net Assets</b>	<b>2,288,428</b>	<b>2,063,684</b>	<b>224,744</b>
<b>Equity</b>			
Accumulated Surplus	396,524	403,343	(6,819)
Asset Revaluation Reserves	1,838,572	1,610,577	227,995
Other Reserves	53,332	49,764	3,568
<b>Total Equity</b>	<b>2,288,428</b>	<b>2,063,684</b>	<b>224,744</b>

## ITEM

## 4.5 Statement of Financial Position Analysis

Statement of Financial Position	Variance inc/(dec) \$'000	Year on Year Analysis
Cash and Cash Equivalents	(10,521)	Cash held by Council on 30 June has decreased by \$10,521k primarily due to no advance payment of FA&ULR Grant received in 2024, compared to the 100% early receipt of the estimated 2024 FA&ULR Grant received in late June 2023.
Infrastructure, Property, Plant and Equipment	259,019	Infrastructure additions to Council's asset portfolio totaling \$72M and net asset revaluation increments totaling \$228.4M, primarily being revaluation increments for Land \$77M, Land Improvements \$8.4M, Buildings \$6M and Infrastructure \$137M have contributed to the increase year on year. Offsetting these increases are depreciation \$35.4M and disposals of assets renewed or replaced \$8.9M.
Other Non-Current Assets	(20,121)	Decrease mainly relates to the Capital Works in Progress (CWIP) \$32.6M in 2023 to \$12.5M in 2024, which is primarily associated with the delivery of Council's infrastructure program and completion of some major projects in 2024 that were in progress last year such as the Salisbury Aquatic Centre (\$8.4M), Yalumba Reserve Building and Carpark upgrade (\$2.9M) and Paddocks Sports Facility upgrade (\$3.7M).
Liabilities	6,191	<p>Liabilities have increased primarily in terms of borrowings due to the balance of Cash Advance Debentures (CADs) drawdowns on 30 June 2024 \$10,650k, in contrast to CAD drawdown requirements during 2023 being fully repaid by year end. CAD drawdowns are correlated to the delivery of the infrastructure program, receipts of grant funding and the timing of rate revenue receipts. Offsetting this is lower Payables outstanding on 30 June 2024 compared to the prior year and other minor movements.</p> <p>Net Financial Liabilities are defined as total liabilities less financial assets, expressed as a percentage of total operating revenue. These have increased in 2024 when compared to 2023 with the position as a proportion of total operating income increasing 10.4% from 16.6% in 2023 to 27.0% in 2024. Whilst the ratio has increased year on year, it remains inside the target range of less than 70% endorsed by Council for 2024.</p>
Asset Renewal Funding Ratio	(14%)	The Asset Renewal Funding Ratio has trended downwards to 89% in 2024 from 103% in 2023 (noting that prior year results of 88.6% in 2022). This is the result of the timing of renewal infrastructure works undertaken during 2024, with the total amount being identified as renewal carry forwards into 2025 being \$13.6M compared to \$4.7M in 2023 (carried into 2024).



## ITEM

## 4.6 Statement of Cash Flows 30 June 2024

4.6.1 The Statement of Cash Flows indicates a net decrease in cash held \$10,521k compared to a net increase \$1,485k in 2023. Further details on the movements are outlined in the table below in Section 4.7.

**Statement of Cash Flows  
for the year ended 30 June 2024**

	End of Financial Year		
	2024 \$'000	2023 \$'000	Variance \$'000
<b>Cash flows from operating activities</b>			
<u>Receipts</u>			
Rates	123,904	112,177	11,727
Statutory charges	4,350	4,076	274
User charges	5,890	5,213	677
Grants, subsidies and contributions (operating purpose)	11,396	20,543	(9,147)
Investment receipts	483	272	211
Reimbursements	469	536	(67)
Other receipts	2,392	14,827	(12,435)
<u>Payments</u>			
Payments to employees	(43,789)	(40,269)	(3,520)
Payments for materials, contracts and other expenses	(74,040)	(67,614)	(6,426)
Finance payments	(243)	(394)	151
<b>Net cash provided by (or used in) operating activities</b>	<b>30,812</b>	<b>49,367</b>	<b>(18,555)</b>
<b>Cash flows from investing activities</b>			
<u>Receipts</u>			
Sale of real estate developments	249	296	(47)
Amounts received specifically for new or upgraded assets	7,920	6,799	1,121
Sale of replaced assets	471	434	37
Sale of surplus assets	1,048	5,110	(4,062)
Repayments of loans by community groups	-	367	(367)
<u>Payments</u>			
Expenditure on renewal/replacement of assets	(27,285)	(21,043)	(6,242)
Expenditure on new/upgraded assets	(32,165)	(39,574)	7,409
Development of real estate for sale	538	883	(345)
<b>Net cash provided (or used in) investing activities</b>	<b>(49,224)</b>	<b>(46,728)</b>	<b>(2,496)</b>
<b>Cash flows from financing activities</b>			
<u>Receipts</u>			
Proceeds from loans	20,876	-	20,876
Proceeds from bonds and deposits	-	196	(196)
<u>Payments</u>			
Repayment of bonds and deposits	(66)	-	(66)
Repayments of borrowings	(11,636)	(1,321)	(10,315)
Repayment of lease liabilities	(1,283)	(29)	(1,254)
<b>Net cash provided by (or used in) financing activities</b>	<b>7,891</b>	<b>(1,154)</b>	<b>9,045</b>
<b>Net increase (decrease) in cash held</b>	<b>(10,521)</b>	<b>1,485</b>	<b>(12,006)</b>
plus: cash & cash equivalents at beginning of period	10,970	9,485	1,485
<b>Cash and cash equivalents held at end of period</b>	<b>449</b>	<b>10,970</b>	<b>(10,521)</b>
Additional information:			
plus: investments on hand — end of year	615	615	-
<b>Total cash, cash equivalents and investments</b>	<b>1,064</b>	<b>11,585</b>	<b>(10,521)</b>

## ITEM

## 4.7 Statement of Cash Flows Analysis

Statement of Cash Flows	Variance inc/(dec) \$'000	Year on Year Analysis
Cash flows from Operating Activities	(18,555)	Decreased 37.6% mainly due to lower Grants, Subsidies and Contributions received \$9,147k due to the timing of the early receipt of FA&ULR, with no early payment received in 2024. Payments for materials, contracts and other expenses have increased \$6,426k and payments to employees have also increased \$3,520k year on year.
Cash flows from Investing Activities	(2,496)	Decrease in cashflow relating to the sale of surplus assets \$4,062k compared to 2023 with the remaining items remaining consistent year on year. Expenditure on renewal/replacement of assets is \$6,242k higher than 2023, however this is offset by lower expenditure on new/upgraded assets \$7,409k compared to 2023.
Cash flows from Financing Activities	9,045	Net cash used in Financing Activities is related to Council's investment and borrowing activities. Increased due to the drawdown of CADs during the year to fund the delivery of the infrastructure program and operating activities. The drawdown of CADs is dependent on the timing of grant funding and rate revenue and repaid when funds are received.

## ITEM

## 5. BUDGET ACTUAL ANALYSIS

- 5.1 The analysis below is based on the comparison between the actual end of year results for the year ended 30 June 2024 and the 2024 original budget. Comment is made only to variances greater than \$50k unless there are significant issues that need to be brought to members' attention.

City Of Salisbury  
Statement of Comprehensive Income  
As at 30 June 2024

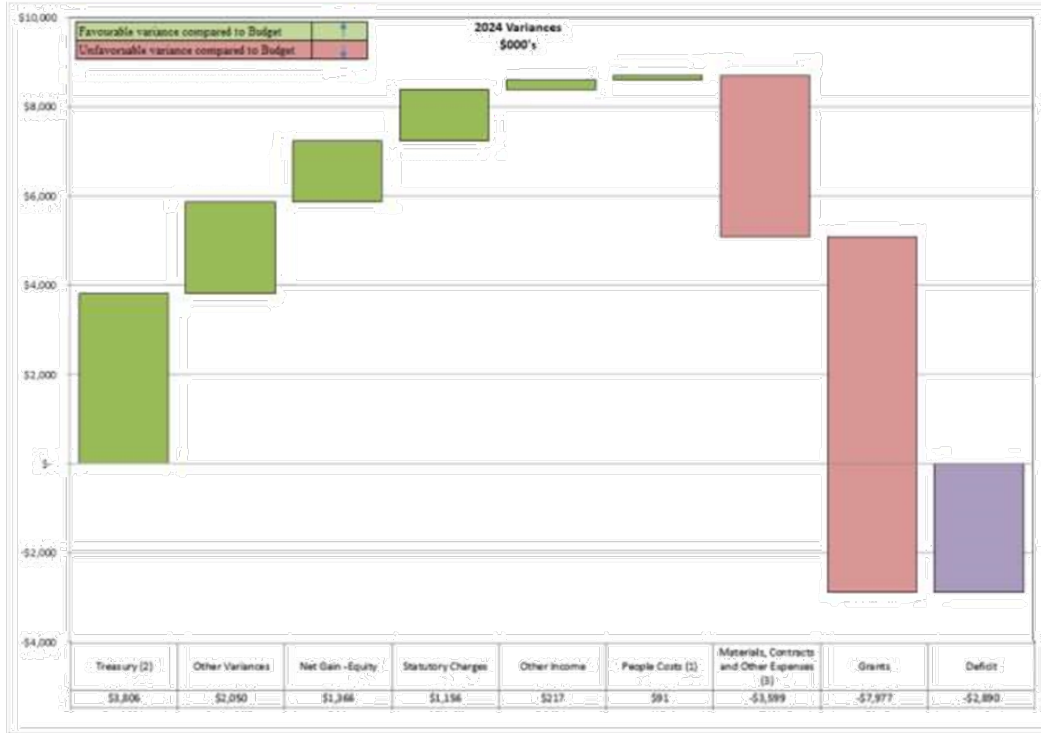
	Actual \$000	End of Financial Year Original Budget \$000	Variance \$000
<b>Income</b>			
Rates Revenues	122,381	121,959	422
Statutory Charges	4,183	3,027	1,156
User Charges	6,037	5,974	63
Grants, Subsidies & Contributions	6,675	14,652	(7,977)
Investment Income	466	77	389
Reimbursement	469	277	192
Other Income	1,184	967	217
Net Gain - Equity Accounted Council Businesses	627	-	627
<b>Total Income</b>	<b>142,022</b>	<b>146,932</b>	<b>(4,911)</b>
<b>Expenses</b>			
Employee Costs	42,822	44,765	1,943
Materials, Contracts and Other Expenses	66,310	60,859	(5,451)
Depreciation, amortisation & impairment	35,457	33,643	(1,814)
Finance Costs	323	3,740	3,417
Net Loss - Equity Accounted Council Businesses	-	739	739
<b>Total Expenses</b>	<b>144,912</b>	<b>143,746</b>	<b>(1,166)</b>
<b>Operating Surplus/(Deficit)</b>	<b>(2,890)</b>	<b>3,186</b>	<b>(6,077)</b>
<b>Other Comprehensive Income</b>			
Asset Disposal and Fair Value Adjustments	(8,281)	2,199	(10,480)
Amounts Received Specifically for New or Upgraded Assets	7,920	897	7,023
Physical Resources Received Free of Charge	-	1,000	(1,000)
<b>Net Surplus/(Deficit) <sup>(1)</sup></b>	<b>(3,251)</b>	<b>7,282</b>	<b>(10,534)</b>
<b>Other Comprehensive Income</b>			
Changes in Revaluation Surplus - I,PP&E	227,995	50,254	177,741
<b>Total Other Comprehensive Income</b>	<b>227,995</b>	<b>50,254</b>	<b>177,741</b>
<b>Total Comprehensive Income</b>	<b>224,744</b>	<b>57,536</b>	<b>167,207</b>



ITEM

5.2 Waterfall Analysis

5.2.1 The graph below shows the major components contributing to the results achieved in 2024 compared to original budget. Commentary is incorporated in the analysis table in Item 5.3.



- (1) People Costs is expenditure category "Employee Costs" less agency costs for backfilling vacancies, short term positions funded through the salary and wages provision and agency costs to deliver grant funded services which are disclosed within "Materials, Contracts and Other Expenses."
- (2) Treasury Costs is income category "Investment Income" together with savings on expenditure category "Finance Costs."
- (3) Materials, Contracts and Other Expenses have been adjusted for the variance in Agency costs for backfilling vacancies, which has been adjusted against People Costs.

## ITEM

## 5.3 Income Analysis

Income	Variance inc/(dec) \$'000	Original Budget Variance Analysis
Rates Revenues	422	Favourable variance primarily due to final valuation increases from development activity on adoption compared with budget.
Statutory Charges	1,156	Favourable variance due to higher than budgeted Building and Development Lodgment fees and Planning fees of \$1,014k primarily associated to a higher number of applications processed than anticipated. Also contributing are Parking Expiations \$156k with increased patrols occurring during the year and Health Fines \$99k higher related to unexpected hoarding charges, offset by increased expenditure.  Animal Registrations were unfavourable \$87k because of the timing of expiations sent to the Fines Enforcement Unit.
User Charges	63	Favourable variance mainly due to \$87k higher than budgeted Water Supply charges relating to commercial customer usage.
Grants, Subsidies and Contributions	(7,977)	Unfavourable variance primarily relates to 100% of the 2024 FA&ULR grant being received in 2023 with only \$1,103k indexation received in 2024 resulting in a variance of \$7,977k when compared to the budget of \$8,160k. There was no early receipt of the FA&ULR grant in 2024.  Offsetting favourable variances related to grants related to Small Business Fundamentals \$175k and Neighbourhood Development \$99k.
Investment Income	389	Favourable variance mainly the result of higher than expected cash held during the first half of the financial year with the average interest rate for 2024 4.5% compared to 3.2% in 2023 when the budget was formulated.
Reimbursements	192	Favourable variance is primarily the result of various reimbursements received relating to works or services undertaken by Council, with the key areas being Recreational Services Contract Management \$126k, Club Lease Management \$24k and Security costs \$26k. These amounts relate to costs incurred within the materials, contracts, and other expenses classification and are adjusted for during the year.
Net Gain – Equity Accounted Council Businesses	627	Favourable variance reflects Council's share of results in our Regional Subsidiary NAWMA, which produced a net surplus of \$1,183k in 2024 with council's share being \$627k. Profit/Loss on share of joint ventures such as NAWMA are budgeted to be a nil impact to ensure that Council is forming budgets that are sustainable without these equity impacts and noting that NAWMA is not intended to generate surpluses.

## ITEM

## 5.4 Expenditure Analysis

Expenditure	Variance inc/(dec) \$'000	Original Budget Variance Analysis
Employee Costs	1,943	<p>Favourable variance is primarily related to Wages and Salaries savings of \$4,071k across the organisation. This is partially offset by \$1,852k higher than budgeted agency costs relating to the backfilling of operational and grant funded positions, reported in Materials, Contracts and Other Expenses below. There were also vacancies during the year which resulted in the result being favourable to the original budget, with these savings declared to the Wages and Salaries Provision. The Provision ended the year with savings of \$2,521k, with allocations also made throughout the year to support operational requirements.</p> <p>Offsetting the favourable variance is \$1,889k lower than budgeted staff time capitalised, with adjustments made throughout the year to offset vacancies totaling \$746k.</p> <p>Further, Workers Compensation costs were \$128k lower than budgeted due to the budgeted percentage rate being 4.25%, however the actual percentage rate applied for 2024 was 4.10%.</p>
Materials, Contracts and Other Expenses	(5,451)	<p>Agency costs of \$1,852k higher than budget contribute to the unfavourable variance, relating to the backfilling of vacancies and grant funded positions as mentioned above. Removing this impact reduces the overall variance to \$3,599k as illustrated in the Waterfall Analysis Graph in section 5.2.</p> <p>Operating components of projects \$1,543k higher than budget including costs associated with Business Transformation projects \$1,336k and Salisbury City Centre Renewal Project \$415k. Various smaller favourable variances offset these variances.</p> <p>Software licensing costs are higher than budget \$686k mainly due to Council shifting to cloud-based software products whilst still incurring costs for existing platforms that are yet to be decommissioned during the transition process.</p> <p>Other unfavourable variances are associated with Legal expenses \$555k driven by a higher level of appeals in Development Services \$174k and Governance Administration \$297k and Advertising and Promotion \$433k which incorporates marketing costs for the Salisbury Aquatic Centre adjusted for in budget review.</p> <p>Parks and Landscape program is \$953k higher than budget primarily attributable to Water supply \$558k and other variances associated with contractual pricing increases and Lighting expenditure \$309k primarily in Reserve Lighting \$167k and Street Lighting \$182k.</p> <p>Offsetting these unfavourable variances are lower than budgeted operating expense in Kerb and Gutter Replacement \$687k, Operating Leases \$490k as Council shift away from leasing IT Equipment and Domestic Waste Management \$384k plus other various other minor variances.</p>

## ITEM

Expenditure	Variance inc/(dec) \$'000	Original Budget Variance Analysis
Depreciation Costs	(1,814)	<p>Unfavourable variance is primarily due to various incremental changes in valuations primarily in Infrastructure \$622k and Land Improvements \$340k and Buildings \$242k, resulting from higher unit rates across various asset categories.</p> <p>Depreciation for IT Leased asset is \$424k unfavourable as it was not included in original budget predictions. Depreciation is based on existing Leased assets recognised in accordance with AASB16 Leases with a brought forward carrying amount of \$1,469k. Council is moving from lease to purchase for IT equipment, subsequently resulting in lower leasing costs for the 2024 year as detailed in Materials, Contracts and Other Expenses above. No new IT leased items were added during 2024.</p>
Finance Costs	3,417	<p>Favourable variance relates to the timing of cash receipts and disbursements, with the budget allowing for the drawdown on cash advance debentures to fund the infrastructure program. This, however, was required only for a short period of time during the last quarter of the 2024 financial year accumulating interest of \$73k. This is due to the significant level of carry forwards at 30 June 2024 totaling \$37.3M (\$33.6M capital and \$3.7M operating) and returned funds of \$9.6M.</p>
Net Loss – Equity Accounted Council Businesses	739	<p>Original budget set for an expected loss in Council's share of results in our regional subsidiary NAWMA, however they produced a net surplus of \$1,183k in 2024 with council's share being \$627k profit as reported in section 5.3.</p>



## ITEM

## 5.5 Non-Operating Items Analysis

Non-Operating Items	Variance inc/(dec) \$'000	Original Budget Variance Analysis
Net Gain/(Loss) on disposal of assets	(10,480)	<p>Net Gain/(Loss) on disposal of assets is unfavourable, resulting primarily from the early renewal of infrastructure assets which necessitates the remaining value of those assets written off earlier than anticipated totaling \$9,525k. This includes Building Assets \$1,698k primarily related to The Paddocks Sportsfields and Yalumba Drive Reserve upgrades and Land Improvement Assets \$737k including renewal works at Salisbury Oval and Yalumba Drive Reserve carparks and renewal works at Greenfields Wetlands. Also contributing is Infrastructure Assets \$5,433k mainly relating to Road Seal \$2,315k and Road Pavement \$2,811k. All these assets have been renewed or replaced earlier than expected given the lives of these assets, resulting in a residual value needing to be written off.</p> <p>The original budget also anticipated a gain of \$2,199k for net proceeds from property sales based on the projects at the time of setting the budget, however net proceeds from property sales for 2024 was \$792k related to the Hoyle Green Development and \$960k related to sale of land, resulting an unfavourable variance of \$447k. These unfavourable variances are slightly offset by \$192k related to a gain on disposal of items of Plant, Furniture and Equipment.</p>
Amounts specifically for new or upgraded assets	7,023	Favourable resulting from higher than budgeted grant funding received including \$4,390k for the Salisbury Aquatic Centre, \$1,780k Local Roads and Community Infrastructure Program (LRCI), \$410k Mobarra Park Footbridge, \$310k Salisbury Changing Places Facility plus other amounts received. A total of \$12M was received in capital grants during 2024, however these have been reviewed in accordance with AASB 1058 and a total of \$4.3M has been deferred to the 2025 year in accordance with the assets' construction stage.
Physical resources received free of charge	(1,000)	<p>Normally represents the assets donated to Council that are associated with external property development and residential infill, with typical assets being road, kerbing, footpaths, drainage, and verges. It should be noted that the budget is an estimated figure due to the complexities involved in determining the expected levels of donated assets.</p> <p>There have been no donations finalised in 2024 to Council, with a number of developments awaiting final completion as at 30 June 2024.</p>

## ITEM

**5.6 Other Comprehensive Income Analysis**

<b>Other Comprehensive Income</b>	<b>Variance inc/(dec) \$'000</b>	<b>Original Budget Variance Analysis</b>
Changes in Revaluation Surplus – IPP&E	177,741	Original Budget figure is based on the 2023 revaluation changes plus estimated fair value increases for the 2024 year. Based on this, the variance is the result of actual revaluation increments for Land \$76,895k, Land Improvements \$8,471k, Buildings \$6,052k and Infrastructure \$136,577k.

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## ITEM

**5.7 Statement of Financial Position**

5.7.1 The Statement of Financial Positions at 30 June 2024 shows a favourable variance when compared to budget for Net Assets (Total Assets less Total Liabilities) or Equity of \$442k. Commentary has been made on significant variances between the estimates as presented at the adoption of the budget and the 2024 end of year position table below (Section 5.8).

**City Of Salisbury**  
**Statement of Financial Position**  
**As at 30 June 2024**

	Actual \$'000	End of Financial Year Original Budget \$'000	Variance \$'000
<b>Current Assets</b>			
Cash and Cash Equivalents	449	-	449
Trade and Other Receivables	10,345	6,612	3,733
Inventories	524	1,761	(1,237)
<b>Total Current Assets</b>	<b>11,317</b>	<b>8,373</b>	<b>2,944</b>
<b>Non Current Assets</b>			
Financial Assets	708	47	661
Equity Accounted Investments in Council Businesses	6,917	5,310	1,607
Infrastructure, Property, Plant and Equipment	2,305,453	1,903,639	401,814
Other Non-Current Assets	13,876	31,307	(17,431)
<b>Total Non Current Assets</b>	<b>2,326,954</b>	<b>1,940,303</b>	<b>386,651</b>
<b>Total Assets</b>	<b>2,338,273</b>	<b>1,948,676</b>	<b>389,596</b>
<b>Current Liabilities</b>			
Cash Advance Debentures	(10,650)	(65,521)	54,871
Trade and Other Payables	(34,043)	(19,756)	(14,287)
Borrowings	(1,504)	(1,504)	0
Provisions	(4,536)	(10,264)	5,729
Current Liab-Other	2,104	-	2,104
<b>Total Current Liabilities</b>	<b>(48,629)</b>	<b>(97,045)</b>	<b>48,417</b>
<b>Non Current Liabilities</b>			
Borrowings	(855)	(2,841)	1,986
Provisions	(360)	(2,302)	1,942
<b>Total Non Current Liabilities</b>	<b>(1,215)</b>	<b>(5,142)</b>	<b>3,928</b>
<b>Total Liabilities</b>	<b>(49,844)</b>	<b>(102,188)</b>	<b>52,345</b>
<b>Net Assets</b>	<b>2,288,428</b>	<b>1,846,488</b>	<b>441,940</b>
<b>Equity</b>			
Accumulated Surplus	(395,218)	(388,860)	(6,359)
Asset Revaluation Reserves	(1,838,573)	(1,410,976)	(427,597)
Other Reserves	(54,636)	(46,652)	(7,984)
<b>Total Equity</b>	<b>(2,288,428)</b>	<b>(1,846,488)</b>	<b>(441,940)</b>

## ITEM

**5.8 Statement of Financial Position Analysis**

	<b>Variance inc/(dec) \$'000</b>	<b>Original Budget Variance Analysis</b>
Infrastructure, Property, Plant and Equipment	401,814	Infrastructure, Property, Plant and Equipment is \$402M higher than originally budgeted, with revaluation increments totaling \$227,995k as noted in section 5.6. Additional assets totaling \$72,499k have also contributed to the variance, mainly in Buildings \$23,997k, \$27,573k Infrastructure assets and \$17,151k Land Improvements plus other adjustments.
Other non-current assets	(17,431)	Other non-current assets are lower than budget estimates, which is primarily the result of lower than anticipated infrastructure projects in progress at the end of 2024 as a result of a couple of large-scale projects being finalised during the year. The budget was set with the last known actual result (30 June 2023), as it is expected to remain relatively static, although the mix of projects will of course change over time.
Liabilities	52,345	Liabilities are overall lower than budget mainly due to the Original Budget including an expectation that Council would need to drawdown on Cash Advance Debentures \$65,521k. A total of \$20,876k was drawn down during 2024 with \$10,226k repaid prior to 30 June 2024 with the remaining balance of \$10,650k. The lower drawdown is a result of the level of carry forwards of \$37.3M and the level of returned funds \$9.1M, noting that carried forward funds are expected to increase our cash requirements in 2025.

**6. FINANCIAL INDICATOR ANALYSIS**

**6.1** The Financial Indicators presented in the original budget are set out below and have been compared to actual results for 2024. Also included are adjusted Financial Indicators which normalise the ratios for the timing of the FA&ULR Grant.

<b>Financial Indicators</b>	<b>Endorsed Operating Range</b>	<b>2023-24 Original Budget</b>	<b>2023-24 Actuals</b>	<b>Variance to Original Budget</b>	<b>2023-24 Adjusted Actuals</b>	<b>Adjusted Variance to Original Budget</b>
Operating Surplus Ratio	0.5% - 5%	2.17%	(2.0%)	(4.17%)	5.0%	2.83%
Net Financial Liabilities Ratio	<70%	65.00%	27.0%	38.0%	25.1%	39.9%
Asset Renewal Funding Ratio	90-110%	100.0%	89.0%	(11.0%)	N/A	N/A



## ITEM

	Variance inc/(dec) \$'000	Financial Indicator Analysis
Operating Surplus Ratio	(4.17%) <i>Adj.</i> 2.83%	<p>Whilst the operating surplus ratio is unfavourable compared to budget, when adjusted for the year-on-year timing impact of the early receipt of the 2024 FA&amp;ULR grant \$10,502k in 2023 and no early receipt of the 2025 grant in 2024, the ratio increases to 5% which results in a favourable variance of 2.83% compared to budget.</p> <p>Excluding the Grant receipts, the main factors contributing to this variance when compared to budget are Statutory charges \$1,156k (Table 5.3), plus lower expenses such as Employee costs \$1,943k and Finance Costs \$3,417k (Table 5.4), with variances detailed in referenced paragraphs. The current endorsed operating range for this indicator is 0.5%-5%.</p>
Net Financial Liabilities Ratio	38.0% <i>Adj.</i> 39.9%	<p>The Net Financial Liabilities is favourable when compared to the original budget, mainly due to budget expectations that we would be in a drawdown position on CADs of \$65.5M in 2024 based on the budgeted infrastructure program. The CAD drawdown balance on 30 June 2024 equated to only \$10.7M in the final quarter of the 2024 financial year. This was primarily due to the timing of the delivery of the infrastructure program, and the level of carry forwards of \$37.3M will likely result in higher drawdowns in 2025. The actual result of 27% falls within the current endorsed operating range for this indicator, being less than 70%.</p>
Asset Renewal Funding Ratio	(11%)	<p>This ratio is unfavourable to budget, however just outside the endorsed target range of 90% to 110% for 2024 and reflects a satisfactory level of achievement against the asset management plan. There is significant renewal carry forwards from 2024 into 2024 of \$13.6M compared to \$4.7M in 2023 which has resulted in this variance to budget.</p>

## 7. CONCLUSION / PROPOSAL

- 7.1 The Annual Financial Statements for 2024 have been prepared in accordance with the applicable Australian Accounting Standards and legislative requirements and are recommended for adoption.

CLICK OR TAP HERE TO ENTER TEXT.



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# City of Salisbury

## GENERAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2024

*A progressive, sustainable and connected community*



## City of Salisbury

General Purpose Financial Statements  
for the year ended 30 June 2024

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## City of Salisbury

### General Purpose Financial Statements for the year ended 30 June 2024

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#### 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 2024 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.

---

John Harry  
Chief Executive Officer

10 October 2024

Gillian Aldridge  
Mayor

10 October 2024

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## City of Salisbury

### General Purpose Financial Statements

for the year ended 30 June 2024

### Understanding Council's Financial Statements

#### Introduction

Each year, individual Local Governments across South Australia are required to present a set of audited Financial Statements to their Council and Community.

#### About the Certification of Financial Statements

The Financial Statements must be certified by the Chief Executive Officer and Mayor as 'presenting a true and fair view' of the Council's financial results for the year and ensuring both responsibility for and ownership of the Financial Statements across Council.

#### What you will find in the Statements

The Financial Statements set out the financial performance, financial position and cash flows of Council for the financial year ended 30 June 2024.

The format of the Financial Statements is standard across all South Australian Councils and complies with both the accounting and reporting requirements of Australian Accounting Standards and the requirements as set down in the South Australia Model Financial Statements. The Financial Statements incorporate four 'primary' financial statements:

1. **Statement of Comprehensive Income**  
A summary of Council's financial performance for the year, listing all income and expenses.
2. **Statement of Financial Position**  
A 30 June snapshot of Council's financial position including its assets and liabilities.
3. **Statement of Changes in Equity**  
The overall change for the year (in dollars) of Council's 'net wealth'.
4. **Statement of Cash Flows**  
Indicates where Council's cash came from and where it was spent.

#### About the Notes to the Financial Statements

The Notes to the Financial Statements provide greater detail and additional information on the four Primary Financial Statements.

#### About the Auditor's Reports

Council's Financial Statements are required to be audited by external accountants (that generally specialise in Local Government).

In South Australia, the Auditor provides an audit report, with an opinion on whether the Financial Statements present fairly the Council's financial performance and position.

#### About the Independence Certificates

Council's Financial Statements are also required to include signed Certificates by both the Council and the Auditors that the Council's Auditor has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011*.

#### Who uses the Financial Statements?

The Financial Statements are publicly available documents and are used by (but not limited to) Councillors, Residents and Ratepayers, Employees, Suppliers, Contractors, Customers, the Local Government Association of South Australia, the SA Local Government Grants Commission, and Financiers including Banks and other Financial Institutions.

Under the *Local Government Act 1999* the Financial Statements must be made available at the principal office of the Council and on Council's website.

## City of Salisbury

## Statement of Comprehensive Income

for the year ended 30 June 2024

\$ '000	Notes	2024	2023
<b>Income</b>			
Rates	2a	122,381	112,253
Statutory charges	2b	4,183	3,933
User charges	2c	6,037	5,385
Grants, subsidies and contributions - operating	2g	6,675	20,258
Investment income	2d	466	291
Reimbursements	2e	469	536
Other income	2f	1,184	1,276
Net gain - equity accounted council businesses	19(a)	627	340
<b>Total income</b>		<b>142,022</b>	<b>144,272</b>
<b>Expenses</b>			
Employee costs	3a	42,822	40,404
Materials, contracts and other expenses	3b	66,310	59,093
Depreciation, amortisation and impairment	3c	35,457	32,106
Finance costs	3d	323	394
Net loss - equity accounted council businesses	19(a)	-	321
<b>Total expenses</b>		<b>144,912</b>	<b>132,318</b>
<b>Operating surplus / (deficit)</b>		<b>(2,890)</b>	<b>11,954</b>
Physical resources received free of charge	2i	-	1,955
Asset disposal and fair value adjustments	4	(8,281)	310
Amounts received specifically for new or upgraded assets	2g	7,920	6,799
<b>Net surplus / (deficit)</b>		<b>(3,251)</b>	<b>21,018</b>
<b>Other comprehensive income</b>			
<b>Amounts which will not be reclassified subsequently to operating result</b>			
Changes in revaluation surplus - I, PP&E	9a	227,995	297,472
Share of other comprehensive income - equity accounted council businesses	19	-	222
<b>Total amounts which will not be reclassified subsequently to operating result</b>		<b>227,995</b>	<b>297,694</b>
<b>Total other comprehensive income</b>		<b>227,995</b>	<b>297,694</b>
<b>Total comprehensive income</b>		<b>224,744</b>	<b>318,712</b>

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

## City of Salisbury

## Statement of Financial Position

as at 30 June 2024

\$ '000	Notes	2024	2023
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalent assets	5a	449	10,970
Trade and other receivables	5b	10,345	8,074
Inventories	5c	524	910
<b>Total current assets</b>		<u>11,318</u>	<u>19,954</u>
<b>Non-current assets</b>			
Trade and other receivables	6a	708	662
Equity accounted investments in council businesses	6b	6,917	6,290
Other non-current assets	6c	13,876	33,997
Infrastructure, property, plant and equipment	7	2,305,453	2,046,434
<b>Total non-current assets</b>		<u>2,326,954</u>	<u>2,087,383</u>
<b>TOTAL ASSETS</b>		<u>2,338,272</u>	<u>2,107,337</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	8a	26,617	28,354
Borrowings	8b	1,963	1,840
Provisions	8c	7,581	8,065
<b>Total current liabilities</b>		<u>36,161</u>	<u>38,259</u>
<b>Non-current liabilities</b>			
Borrowings	6b	12,143	3,485
Provisions	8c	1,540	1,909
<b>Total non-current liabilities</b>		<u>13,683</u>	<u>5,394</u>
<b>TOTAL LIABILITIES</b>		<u>49,844</u>	<u>43,653</u>
<b>Net assets</b>		<u>2,288,428</u>	<u>2,063,684</u>
<b>EQUITY</b>			
Accumulated surplus		395,220	403,343
Asset revaluation reserves	9a	1,838,572	1,610,577
Other reserves	9b	54,636	49,764
<b>Total council equity</b>		<u>2,288,428</u>	<u>2,063,684</u>
<b>Total equity</b>		<u>2,288,428</u>	<u>2,063,684</u>

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



## City of Salisbury

## Statement of Changes in Equity

for the year ended 30 June 2024

\$ '000	Notes	Accumulated surplus	Asset revaluation reserve	Other reserves	Total equity
<b>2024</b>					
Balance at the end of previous reporting period		403,343	1,610,577	49,764	2,063,684
Net surplus / (deficit) for year		(3,251)	-	-	(3,251)
<b>Other comprehensive income</b>					
- Gain (Loss) on Revaluation of I,PP&E	7a	-	227,995	-	227,995
<b>Other comprehensive income</b>		-	227,995	-	227,995
<b>Total comprehensive income</b>		(3,251)	227,995	-	224,744
Transfers between reserves		(4,872)	-	4,872	-
<b>Balance at the end of period</b>		395,220	1,838,572	54,636	2,288,428
<b>2023</b>					
Balance at the end of previous reporting period		385,015	1,313,105	46,852	1,744,972
Net surplus / (deficit) for year		21,018	-	-	21,018
<b>Other comprehensive income</b>					
- Gain (Loss) on Revaluation of I,PP&E	7a	-	297,472	-	297,472
Share of OCI - equity accounted council businesses		222	-	-	222
<b>Other comprehensive income</b>		222	297,472	-	297,694
<b>Total comprehensive income</b>		21,240	297,472	-	318,712
Transfers between reserves		(2,912)	-	2,912	-
<b>Balance at the end of period</b>		403,343	1,610,577	49,764	2,063,684

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

## City of Salisbury

## Statement of Cash Flows

for the year ended 30 June 2024

\$ '000	Notes	2024	2023
<b>Cash flows from operating activities</b>			
<u>Receipts</u>			
Rates		123,904	112,177
Statutory charges		4,350	4,076
User charges		5,890	5,213
Grants, subsidies and contributions (operating purpose)		11,396	20,543
Investment receipts		483	272
Reimbursements		469	536
Other receipts		2,392	14,827
<u>Payments</u>			
Payments to employees		(43,789)	(40,269)
Payments for materials, contracts and other expenses		(74,040)	(67,614)
Finance payments		(243)	(394)
<b>Net cash provided by (or used in) operating activities</b>	11b	<u>30,812</u>	<u>49,367</u>
<b>Cash flows from investing activities</b>			
<u>Receipts</u>			
Sale of real estate developments		249	296
Amounts received specifically for new or upgraded assets		7,920	6,799
Sale of replaced assets		471	434
Sale of surplus assets		1,048	5,110
Repayments of loans by community groups		-	367
<u>Payments</u>			
Expenditure on renewal/replacement of assets		(27,285)	(21,043)
Expenditure on new/upgraded assets		(32,165)	(39,574)
Development of real estate for sale		538	883
<b>Net cash provided (or used in) investing activities</b>		<u>(49,224)</u>	<u>(46,728)</u>
<b>Cash flows from financing activities</b>			
<u>Receipts</u>			
Proceeds from loans		20,876	-
Proceeds from bonds and deposits		-	196
<u>Payments</u>			
Repayment of bonds and deposits		(66)	-
Repayments of borrowings		(11,636)	(1,321)
Repayment of lease liabilities		(1,283)	(29)
<b>Net cash provided by (or used in) financing activities</b>		<u>7,891</u>	<u>(1,154)</u>
<b>Net increase (decrease) in cash held</b>		<u>(10,521)</u>	<u>1,485</u>
plus: cash & cash equivalents at beginning of period		10,970	9,485
<b>Cash and cash equivalents held at end of period</b>	11a	<u>449</u>	<u>10,970</u>
Additional information:			
plus: investments on hand – end of year	6b	615	615
<b>Total cash, cash equivalents and investments</b>		<u>1,064</u>	<u>11,585</u>

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

## City of Salisbury

### Notes to and forming part of the Financial Statements for the year ended 30 June 2024

#### Contents of the Notes accompanying the General Purpose Financial Statements

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## City of Salisbury

### Notes to and forming part of the Financial Statements for the year ended 30 June 2024

#### Note 1. Summary of Material Accounting Policies

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

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

##### (1) Basis of preparation

###### 1.1 Compliance with Australian Accounting Standards

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

The financial report was authorised for issue by certificate under regulation 14 of the *Local Government (Financial Management) Regulations 2011* dated 10 October 2024.

###### 1.2 Historical cost convention

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

###### 1.2 Critical accounting estimates

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

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

###### 1.3 Rounding

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

##### (2) The local government reporting entity

City of Salisbury is incorporated under the *South Australian Local Government Act 1999* and has its principal place of business at 34 Church Street, Salisbury. These financial statements include the Council's direct operations and all entities through which Council controls resources to carry on its functions.

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

##### (3) Income recognition

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

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

In other cases, *AASB 1058* applies when Council 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.

continued on next page

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## City of Salisbury

### Notes to and forming part of the Financial Statements for the year ended 30 June 2024

#### Note 1. Summary of Material Accounting Policies (continued)

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

Financial Year	Payment Received In Advance \$'000	Comments
2020/21	4,737	Relates to 2021/22
2021/22	6,706	Relates to 2022/23
2022/23	10,502	Relates to 2023/24
2023/24	0	Relates to 2024/25

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

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

#### (4) Cash, cash equivalents and other financial instruments

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

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

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

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

#### (5) Inventories

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

##### 5.1 Real estate assets developments

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

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

##### 5.2 Other real estate held for resale

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

continued on next page

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## City of Salisbury

### Notes to and forming part of the Financial Statements for the year ended 30 June 2024

#### Note 1. Summary of Material Accounting Policies (continued)

##### (6) Infrastructure, property, plant and equipment

###### 6.1 Initial recognition

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

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

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.

###### 6.2 Materiality

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

Examples of capitalisation thresholds applied during the year are disclosed in Note 7. No capitalisation threshold is applied to the acquisition of land or interests in land.

###### 6.3 Subsequent recognition

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

###### 6.4 Depreciation of non-current assets

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

Depreciation methods, useful lives and residual values of classes of assets are reviewed annually; these reviews are conducted either internally or externally through the completion of asset audits and valuations.

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

###### 6.5 Intangible Assets

Intangible Assets have been accounted for in accordance with the requirements of *AASB 138 Intangible Assets*. An item is recognised as an intangible if it meets the definition of an intangible asset, it is probable that future economic benefits will flow to Council and the cost of the asset can be reliably measured.

Intangible Assets are tested for impairment yearly or when there is objective evidence or an indication that these assets may be impaired. Further determinations on useful lives are reviewed annually.

continued on next page

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## City of Salisbury

### Notes to and forming part of the Financial Statements for the year ended 30 June 2024

#### Note 1. Summary of Material Accounting Policies (continued)

##### 6.6 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 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 amounts as stands to the credit of that class of assets in the Asset Revaluation Reserve, any excess being recognised as an expense.

##### (7) Payables

###### 7.1 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.

###### 7.2 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. In accordance with *AASB 1058 Income for Not-For-Profit Entities*, grant revenue received to construct assets has been recognised as payments received in advance in the 2024 financial year.

##### (8) Borrowings

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

##### (9) Employee benefits

###### 9.1 Salaries, Wages and Compensated Absences

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

Liabilities for employee benefits not expected to be paid or settled within twelve 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.

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

###### 9.2 Superannuation

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

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## City of Salisbury

### Notes to and forming part of the Financial Statements for the year ended 30 June 2024

#### Note 1. Summary of Material Accounting Policies (continued)

##### (10) Leases

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

Lease arrangements have been accounted for in accordance with AASB 16 Leases which was applied by Council for the first time from 1 July 2019.

##### 10.1 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. Land is amortised over a period of 30 years, details for both as follows:

Plant and equipment	3 to 5 years
Water Harvesting Site	30 years

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

##### ii) Lease Liabilities

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

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

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

##### (11) 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 are accounted for in accordance with AASB 128 *Investments in Associates and Joint Ventures* and set out in detail in Note 19.

##### (12) GST implications

In accordance with Interpretation 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.

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## City of Salisbury

### Notes to and forming part of the Financial Statements for the year ended 30 June 2024

#### Note 1. Summary of Material Accounting Policies (continued)

##### (13) New accounting standards and UIG interpretations

The Council applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2023. New standards and amendments relevant to the Council are listed below. The Council has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

- *AASB 2020-1 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-Current (amended by AASB 2020-6 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-Current - Deferral of Effective Date, AASB 2022-6 Amendments to Australian Accounting Standards - Non-current Liabilities with Covenants)*
- *AASB 2021-6 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies; Tier 2 and Other Australian Accounting Standards*
- *AASB 2021-2 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies and Definition of Accounting Estimates.*

The AASB has issued Australian Accounting Standards and Interpretations which are not effective at 30 June 2024, these standards have not been adopted by Council and will be included in the financial statements on their effective date. Where the standard is expected to have a significant impact for Council then further information has been provided in this note.

##### Effective for NFP annual reporting periods beginning on or after 1 January 2024

- *AASB 2022-5 Amendments to Australian Accounting Standards - Lease Liability in a Sale and Leaseback (This Standard makes amendments to AASB 16 Leases)*

Council has assessed all the standards/interpretations which are not yet effective and have determined that there is no expected material impact on the reported financial position or performance.

##### (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 and/or the notes.

##### (15) Disclaimer

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

## City of Salisbury

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

## Note 2. Income

\$ '000	2024	2023
<b>(a) Rates</b>		
<b>General rates</b>		
General rates	121,279	111,231
Less: mandatory rebates	(1,407)	(1,306)
Less: Discretionary Rebates, Remissions and Write Offs	(484)	(401)
<b>Total general rates</b>	<b>119,388</b>	<b>109,524</b>
<b>Other rates (including service charges)</b>		
Green Adelaide Board Regional Landscape Levy	2,404	2,251
Salisbury Business Association Separate Rate	171	163
Globe Derby Community Club Separate Rate	9	9
<b>Total other rates (including service charges)</b>	<b>2,584</b>	<b>2,423</b>
<b>Other charges</b>		
Penalties for late payment	409	306
<b>Total other charges</b>	<b>409</b>	<b>306</b>
<b>Total rates</b>	<b>122,381</b>	<b>112,253</b>
<b>(b) Statutory charges</b>		
Development Act fees	1,449	1,391
Town planning fees	952	1,052
Animal registration fees and fines	904	834
Parking fines / expiation fees	376	240
Other licences, fees and fines	502	416
<b>Total statutory charges</b>	<b>4,183</b>	<b>3,933</b>
<b>(c) User charges</b>		
Water Supply	2,704	1,966
Property lease	1,007	1,028
Cemetery Fees	564	769
Aged and Disability Services	861	783
Waste Disposal Fees	91	63
Sundry	810	776
<b>Total user charges</b>	<b>6,037</b>	<b>5,385</b>
<b>(d) Investment income</b>		
Interest on investments		
- Local Government Finance Authority	382	200
- Banks and other	84	91
<b>Total investment income</b>	<b>466</b>	<b>291</b>

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## City of Salisbury

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2024

## Note 2. Income (continued)

\$ '000	2024	2023
<b>(e) Reimbursements</b>		
Other	344	427
Contract Maintenance	125	109
<b>Total reimbursements</b>	<b>469</b>	<b>536</b>

**(f) Other income**

Rebates received	787	762
Sundry	397	514
<b>Total other income</b>	<b>1,184</b>	<b>1,276</b>

**(g) Grants, subsidies and contributions****Capital grants, subsidies and contributions**

Amounts received specifically for new or upgraded assets	7,920	6,799
<b>Total amounts received for new or upgraded assets</b>	<b>7,920</b>	<b>6,799</b>

**Operating grants, subsidies and contributions****Other grants, subsidies and contributions - operating**

Other grants, subsidies and contributions	5,572	5,974
Untied Financial Assistance Grant	1,103	3,782
Individually Significant Item - Additional Financial Assistance Grant (refer below)	-	10,502
<b>Total other grants, subsidies and contributions - operating</b>	<b>6,675</b>	<b>20,258</b>

The functions to which these grants, subsidies and contributions relate are disclosed in Note 12, with the exception of Amounts Received Specifically for New or Upgraded Assets.

<b>Total grants, subsidies and contributions</b>	<b>14,595</b>	<b>27,057</b>
--------------------------------------------------	---------------	---------------

**(i) Sources of grants**

Commonwealth Government	3,368	5,609
State Government	10,887	21,011
Other	340	437
<b>Total</b>	<b>14,595</b>	<b>27,057</b>

**(ii) Individually significant items**

Advanced Financial Assistance Grant Recognised as Income	-	10,502
----------------------------------------------------------	---	--------

Council has not received any advance payment of the 2024/25 Financial Assistance Grant during the 2023/24 year, compared to the 100% received in advance in the prior year. As a result of the funding being restored to a normal schedule, this has materially decreased Council's operating results in the current year when compared to the prior year, as these amounts are recognised as income upon receipt, as detailed in Note 1.

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## City of Salisbury

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

## Note 2. Income (continued)

\$ '000	2024	2023
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**(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, and are required to be repaid to the funding body if not expended, are as follows:

<b>Unexpended at the close of the previous reporting period</b>	<u>3,655</u>	<u>4,661</u>
<b>Less:</b>		
<i>Expended during the current period from revenues recognised in previous reporting periods</i>		
Domestic Hardwaste	(97)	(43)
Animal Pound Pooraka	-	(489)
Mawson Lakes School - Kiss and Drop	-	(54)
Redhill Road Ingle Farm - Traffic Improvement	-	(64)
Salisbury Oval Indoor Community Cricket and Recreation Facility	-	(200)
Fairbanks Drive Reserve Toilets and Sports Facility	-	(305)
Yalumba Drive Reserve	-	(400)
Technology Drive Mawson Lakes - Dual Traffic	-	(450)
Little Para River Capital Works	(62)	(255)
Waterwatch	(139)	(152)
Other	(171)	(190)
Salisbury Recreation Precinct Entry Carpark	(280)	-
Salisbury Aquatic Centre	(639)	-
<b>Subtotal</b>	<u>(1,388)</u>	<u>(2,602)</u>

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## City of Salisbury

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

## Note 2. Income (continued)

\$ '000	2024	2023
<b>Plus:</b>		
<i>Amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions</i>		
Salisbury Aquatic Centre	941	639
Waterwatch General	189	139
Other	61	193
DHS Neighbourhood Development Program	60	-
Social Worker in Libraries Program	50	-
Salisbury Recreation Precinct Entry Carpark	-	280
Domestic Hard waste	-	230
Little Para River Capital Works	-	62
CCTV Henderson Square	-	53
<b>Subtotal</b>	<b>1,301</b>	<b>1,596</b>
<b>Unexpended at the close of this reporting period</b>	<b>3,568</b>	<b>3,655</b>
<b>Net increase (decrease) in assets subject to conditions in the current reporting period</b>	<b>(87)</b>	<b>(1,006)</b>
 (i) Physical resources received free of charge		
Land and improvements	-	11
Roads, bridges and footpaths	-	859
Stormwater drainage	-	1,085
<b>Total physical resources received free of charge</b>	<b>-</b>	<b>1,955</b>



## City of Salisbury

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

## Note 3. Expenses

\$ '000	Notes	2024	2023
<b>(a) Employee costs</b>			
Salaries and wages		35,387	33,261
Employee leave expense		5,020	5,582
Superannuation - defined contribution plan contributions	18	475	524
Superannuation - defined benefit plan contributions	18	3,875	3,453
Workers' compensation insurance		1,827	1,699
Less: capitalised and distributed costs		(3,762)	(4,115)
<b>Total operating employee costs</b>		<b>42,822</b>	<b>40,404</b>
Total number of employees (full time equivalent at end of reporting period)		417	432
<b>(b) Materials, contracts and other expenses</b>			
<b>(i) Prescribed expenses</b>			
Auditor's remuneration			
- Auditing the financial reports		47	35
- Other auditors		6	9
Bad and doubtful debts		1	11
Elected members' expenses		477	503
Election expenses		48	728
Lease expense - low value assets / short term leases		24	134
<b>Subtotal - prescribed expenses</b>		<b>603</b>	<b>1,420</b>
<b>(ii) Other materials, contracts and expenses</b>			
Contractors		45,078	39,722
Energy		4,655	4,081
Legal expenses		782	538
Levies Paid to Government - Regional Landscape Levy		2,289	2,140
Levies - other		300	306
Parts, accessories and consumables		3,185	3,164
Insurance		1,570	1,321
Water Rates		924	703
Sundry		6,924	5,698
<b>Subtotal - Other material, contracts and expenses</b>		<b>65,707</b>	<b>57,673</b>
<b>Total materials, contracts and other expenses</b>		<b>66,310</b>	<b>59,093</b>

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## City of Salisbury

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

## Note 3. Expenses (continued)

\$ '000	2024	2023
<b>(c) Depreciation, amortisation and impairment</b>		
<b>(i) Depreciation and amortisation</b>		
Infrastructure	18,596	16,348
Land improvements	7,808	6,958
Buildings and other structures	5,520	4,950
Plant and equipment	2,951	3,241
Right-of-use assets	424	420
Library books	158	189
<b>Subtotal</b>	<b>35,457</b>	<b>32,106</b>
<b>Total depreciation, amortisation and impairment</b>	<b>35,457</b>	<b>32,106</b>
<b>(d) Finance costs</b>		
Interest on loans	289	339
Interest on leases	34	55
<b>Total finance costs</b>	<b>323</b>	<b>394</b>

## Note 4. Asset disposal and fair value adjustments

\$ '000	2024	2023
<b>Infrastructure, property, plant and equipment</b>		
<b>(i) Assets renewed or directly replaced</b>		
Proceeds from disposal	471	434
Less: carrying amount of assets sold	(8,923)	(4,415)
<b>Gain (loss) on disposal</b>	<b>(8,452)</b>	<b>(3,981)</b>
<b>(ii) Assets surplus to requirements</b>		
Proceeds from disposal	1,048	5,110
Less: carrying amount of assets sold	(1,126)	(1,115)
<b>Gain (loss) on disposal</b>	<b>(78)</b>	<b>3,995</b>
<b>Real estate development assets</b>		
Proceeds from disposal	792	1,230
Less: carrying amount of assets sold	(543)	(934)
<b>Gain (loss) on disposal</b>	<b>249</b>	<b>296</b>
<b>Net gain (loss) on disposal or revaluation of assets</b>	<b>(8,281)</b>	<b>310</b>

## City of Salisbury

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

## Note 5. Current assets

\$ '000	Notes	2024	2023
<b>(a) Cash and cash equivalent assets</b>			
Cash on hand and at bank		449	10,970
<b>Total cash and cash equivalent assets</b>		<b>449</b>	<b>10,970</b>
<b>(b) Trade and other receivables</b>			
Rates - general and other		4,177	3,550
Accrued revenues		2	19
Debtors - general		2,596	2,169
GST recoupment		1,702	1,462
Prepayments		1,868	874
<b>Subtotal</b>		<b>10,345</b>	<b>8,074</b>
<b>Total trade and other receivables</b>		<b>10,345</b>	<b>8,074</b>
<b>(c) Inventories</b>			
Stores and materials		318	235
Real estate developments	6	155	640
Cemetery Plinths, Vaults and Inurnments		51	35
<b>Total inventories</b>		<b>524</b>	<b>910</b>

## Note 6. Non-current assets

\$ '000	2024	2023
<b>(a) Trade and other receivables</b>		
<b>Receivables</b>		
Council rates postponement scheme	93	47
<b>Subtotal</b>	<b>93</b>	<b>47</b>
<b>Total receivables</b>	<b>93</b>	<b>47</b>
<b>Other financial assets (investments)</b>		
Mortgages over Property - Affordable Housing Scheme	615	615
<b>Total other financial assets (investments)</b>	<b>615</b>	<b>615</b>
<b>Total financial assets</b>	<b>708</b>	<b>662</b>

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## City of Salisbury

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2024

## Note 6. Non-current assets (continued)

\$ '000	Notes	2024	2023
<b>(b) Equity accounted investments in council businesses</b>			
Northern Adelaide Waste Management Authority	19	6,917	6,290
<u>Total equity accounted investments in Council businesses</u>		<u>6,917</u>	<u>6,290</u>
<b>(c) Other non-current assets</b>			
<b>Inventories</b>			
Real estate developments		1,100	1,153
<b>Total inventories</b>		<b>1,100</b>	<b>1,153</b>
<b>Other</b>			
Capital work in progress		12,566	32,634
Intangible Assets - Water Licenses		210	210
<b>Total other</b>		<b>12,776</b>	<b>32,844</b>
<u>Total other non-current assets</u>		<u>13,876</u>	<u>33,997</u>
<b>Other disclosures</b>			
<b>Real estate developments - current and non-current</b> (Valued at the lower of cost and net realisable value)			
Residential		1,255	1,793
<b>Total real estate for resale</b>		<b>1,255</b>	<b>1,793</b>
<b>Represented by:</b>			
Acquisition costs		1,196	1,266
Development costs		59	527
<b>Subtotal</b>		<b>1,255</b>	<b>1,793</b>
<b>Apportionment of real estate developments</b>			
Current assets		155	640
Non-current assets		1,100	1,153

City of Salisbury

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2024

Note 7. Infrastructure, Property, Plant and Equipment

Infrastructure, property, plant and equipment

\$ '000	Fair Value Level	as at 30/06/23				Asset movements during the reporting period					as at 30/06/24			
		At Fair Value	At Cost	Accumulated Depreciation	Carrying amount	Asset Additions New / Upgrade	Asset Additions Renewals	WDV of Asset Disposals	Depreciation Expense (Note 3c)	Revaluation Increments to Equity (ARR) (Note 9)	At Fair Value	At Cost	Accumulated Depreciation	Carrying amount
Land - other	2	726,574	-	-	726,574	307	-	(1,016)	-	76,895	802,760	-	-	802,760
Land improvements	3	270,940	-	(107,365)	163,575	16,751	3,874	(737)	(7,808)	8,471	303,151	-	(119,025)	184,126
Buildings and other structures	3	185,151	-	(59,660)	125,491	22,728	1,266	(1,698)	(5,520)	6,053	214,775	-	(66,455)	148,320
Infrastructure	3	1,577,736	-	(561,251)	1,016,485	9,460	18,113	(5,433)	(18,596)	136,576	1,777,187	-	(620,582)	1,156,605
Right-of-use assets		-	3,201	(1,733)	1,468	-	-	-	(424)	-	-	3,201	(2,157)	1,044
Plant and equipment		-	36,350	(24,576)	11,774	508	2,740	(524)	(2,951)	-	-	28,122	(16,574)	11,548
Library books		-	2,096	(1,029)	1,067	141	-	-	(158)	-	-	2,060	(1,010)	1,050
<b>Total infrastructure, property, plant and equipment</b>		<b>2,760,401</b>	<b>41,647</b>	<b>(755,614)</b>	<b>2,046,434</b>	<b>49,895</b>	<b>25,993</b>	<b>(9,408)</b>	<b>(35,457)</b>	<b>227,995</b>	<b>3,097,873</b>	<b>33,383</b>	<b>(825,803)</b>	<b>2,305,453</b>
Comparatives		2,349,386	39,953	(663,931)	1,725,408	38,620	22,488	(5,447)	(32,106)	297,472	2,760,401	41,647	(755,614)	2,046,434

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Item 7.1.1 - Attachment 2 - Draft 2024 Annual Financial Statements

## City of Salisbury

### Notes to and forming part of the Financial Statements for the year ended 30 June 2024

#### Note 7. Infrastructure, Property, Plant and Equipment (continued)

##### Valuation of infrastructure, property, plant and equipment and investment property

###### Valuation of assets

Council measures and recognises the following assets at fair value on a recurring basis after initial recognition:

- Land
- Land Improvements
- Infrastructure
- Buildings and Other Structures

Council does not subsequently measure any liabilities at fair value on a recurring basis, or any assets or liabilities at fair value on a non-recurring basis.

###### a) Fair Value Hierarchy

AASB 13 *Fair Value Measurement* requires the disclosure of fair value information according to the relevant level in the fair value hierarchy. This hierarchy categorises fair value measurements into one of three possible levels based on the lowest level that a significant input can be characterised into. The levels are outlined below:

Level 1	Level 2	Level 3
Measurements based on quoted prices (unadjusted) in active markets for identical assets that the entity can access at the measurement date.	Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset, either directly or indirectly.	Measurements based on unobservable inputs for the asset.

The fair value of assets that are not traded in an active market is determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

###### b) Valuation Techniques

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

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

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

During 2017/18 Council initially undertook a review of the internal overhead costs, such as project management, supervision and design, that are directly related to the renewal of Council's Transport and Stormwater assets. The purpose of the review was to ensure that the appropriate level of direct internal overhead costs (expressed as a percentage) were being reflected in the unit rates that are utilised to revalue these asset classes. These overhead percentages were independently reviewed by Tonkin Consulting and continue to be incorporated into their review of Council's Asset Valuations.

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## City of Salisbury

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

## Note 7. Infrastructure, Property, Plant and Equipment (continued)

**c) Capitalisation Thresholds**

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

	\$
Office Furniture and Equipment	5,000
Plant and Light Vehicles	5,000
Buildings - new construction/extensions	10,000
Park and Playground Furniture and Equipment	5,000
Road construction and reconstruction	10,000
Paving and Footpaths, Kerb and Gutter	5,000
Drains and Culverts	10,000
Reticulation Extensions	5,000
Sidelines and household connections	5,000
Artworks	5,000

**d) Estimated Useful Lives**

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

Plant, Furniture and Equipment

Office Equipment	3 to 10 years
Office Furniture	3 to 10 years
Vehicles and Road-making Equipment	2 to 20 years
Other Plant and Equipment	3 to 20 years

Building and Other Structures

Building Components	10 to 120 years
Playground Equipment	10 to 25 years
Benches, Seats, etc	10 to 15 years

Infrastructure

Roads - Seal	20 to 35 years
Roads - Base	60 to 105 years
Roads - Sub-Base	180 to 315 years
Unsealed Roads	5 to 10 years
Bridge Components	20 to 100 years
Footpaths	8 to 80 years
Kerb, Gutter and Medians	48 to 315 years
Drainage Pipes	80 to 150 years
Culverts, Headwalls and Junction Boxes	80 to 100 years
Dams and Reservoirs	200 to 400 years
Bores	75 years
Reticulation Pipes - PVC	50 to 80 years
Pumps and Telemetry	10 to 50 years

Other Assets

Library Books	3 to 7 years
Artworks/Local History	6 years to indefinite
Street Trees / Screens	25 to 50 years
Right of Use Assets	3 to 5 years

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## City of Salisbury

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2024

## Note 7. Infrastructure, Property, Plant and Equipment (continued)

## e) Table of Fair Values 2023/24

	Level 1 \$'000s	Level 2 \$'000s	Level 3 \$'000s	Total \$'000s
Land	-	802,760	-	802,760
Land Improvements	-	-	184,126	184,126
Buildings and Other Structures	-	4,306	144,014	148,320
Infrastructure	-	-	1,156,605	1,156,605
<b>Total</b>	<b>-</b>	<b>807,066</b>	<b>1,484,745</b>	<b>2,291,811</b>

## f) Disclosed Fair Value Measurements

Asset Category	Fair Value Hierarchy Level	Valuation Technique	Fair Value \$'000s
Land	2	Market Value	802,760

Valuations of assets in this category are undertaken using the State Valuer Generals Site Values.

Asset Category	Fair Value Hierarchy Level	Valuation Technique	Fair Value \$'000s
Land Improvements	3	Cost Approach	184,126

Valuations of assets in this category are undertaken via one of the following methods:

- Independent valuations are provided by Tonkin Consulting using a methodology that utilises observable Council specific contract rates or industry construction guides to derive a unit rate used to calculate a current replacement cost for each asset. Assets valued via this method include Footpaths, Kerbing and Carpark Pavement/Seals all situated on Council Reserves. In 2023/24 a 3 year average of these unit rates have been utilised.
- Revalued using a 3 year average of the Local Government Pricing Index (LGPI) in 2022/23 and Local Government Pricing Index (LGPI) as at March 2024 for the 2023/24 financial year. Assets include Fencing, Irrigation Equipment, Playgrounds, Sports Courts/Facilities, Reserve Furniture, Landscaping and Other Structures all situated on Council Reserves.
- In 2022/23 and 2023/24, an independent valuation of the current replacement cost for these assets was undertaken using a 3 year average of an ASR Asset Price Index provided by Tonkin Consulting, derived from references to various construction guides (such as Rawlinson's Australian Construction Handbook). Asset components associated with Council's Recycled Stormwater Business Unit include pipework, pumps, bores, valves, electrical and computer equipment.
- Independent valuations initially provided by JLL in 2017/18 using a methodology that utilises observable rates and cost information from their research across the Playground and Fitness Equipment industries. Assets valued via this method included Playgrounds and Fitness Equipment. These assets have been revalued from 2018/19 to 2020/21 utilising the Local Government Pricing Index (LGPI) and from 2021/22 to 2022/23 utilising a 3 year average of the Local Government Pricing Index (LGPI). In 2023/24 assets have been revalued using the LGPI as at March 2024 quarter.

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## City of Salisbury

### Notes to and forming part of the Financial Statements for the year ended 30 June 2024

#### Note 7. Infrastructure, Property, Plant and Equipment (continued)

Asset Category	Fair Value Hierarchy Level	Valuation Technique	Fair Value \$'000s
Building and Other Structures	2	Market Value	4,306
Building and Other Structures	3	Cost Approach	144,014
<b>Total</b>			<b>148,320</b>

Valuation of assets in this category are undertaken via the following method:

- Independent market valuations were provided by Public Private Property for the 2022/23 and 2023/24 Financial Year using a methodology that utilises observable, comparable market sales data in the City of Salisbury area.
- Independent valuations of the current replacement cost for buildings at a component level was undertaken by Sproutt - Professional Engineering Services and Public Private Property as at 1 July 2020 using a methodology that utilises observable rates and cost information from their extensive knowledge across Building Infrastructure. For the 2021/22, 2022/23 and 2023/24 financial years, an independent valuation of the current replacement cost for these assets was undertaken using a 3 year average of Building Component Indexes provided by Tonkin Consulting, derived from references to the Rawlinson's Australian Construction Handbook.

Asset Category	Fair Value Hierarchy Level	Valuation Technique	Fair Value \$'000s
Infrastructure	3	Cost Approach	1,156,605

Valuation of assets in this category are undertaken via one of the following methods:

- Independent valuations are provided by Tonkin Consulting using a methodology that utilises observable Council specific contract rates or industry construction guides to derive a unit rate used to calculate a current replacement cost for each asset. Assets valued via this method include Footpaths, Kerbing, Carpark Pavements/Seals and Drainage Pipes/Pits all situated on or under Council Roads. In 2021/22, 2022/23 and 2023/24 a 3 year average of these unit rates have been utilised.
- Independent valuations initially provided by SMEC in 2016/17 using a methodology that utilises observable rates and cost information from their extensive knowledge of water retention related infrastructure. Assets valued via this method include Major Drainage Dams. In the financial years from 2017/18 to 2020/21 these assets were revalued using the Local Government Pricing Index (LGPI), in 2021/22 and 2022/23 a 3 year average of the LGPI was utilised. In the 2023/24 year these assets were revalued using LGPI as at the March 2024 quarter.
- Independent valuations provided by Infrastructure Management Group and Counterpart Solutions as at 30 June 2022 utilising a methodology that utilises their extensive knowledge across Road Infrastructure as well as a 3 year average of unit rates derived from references to the Rawlinson's Australian Construction Handbook. Assets valued under this method include Road Seals/Pavements. In 2022/23 and 2023/24 a 3 year average of these unit rates have been utilised.
- Revalued using the Local Government Pricing Index (LGPI) as at March 2024 quarter for the 2023/24 year. Assets valued via this method include Bridges, Irrigation Equipment on Roads, Road Furniture, Landscaping on Roads, Open Drainage Systems and Minor Drainage Dams. These were revalued in 2021/22 and 2022/23 using a 3 year average of the LGPI.

The requirements of *AASB 13 Fair Value Measurement* have been applied to all valuations undertaken since 1 July 2013. There has been no change in the valuation technique(s) used to calculate the fair values disclosed in the financial statements from previous years.

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## City of Salisbury

### Notes to and forming part of the Financial Statements for the year ended 30 June 2024

#### Note 7. Infrastructure, Property, Plant and Equipment (continued)

##### Highest and best use

All of Council's non financial assets are considered as being utilised for their highest and best use, unless market or other factors suggest a different use by market participants would maximise the value of the asset.

##### Land Under Roads

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

##### Land

Much of the land under Councils care and control is Crown land or has been declared as community land under the provision of the *Local Government Act 1999*. Other types of restrictions on the land may also apply. Valuations of this land are based on the State Valuer-Generals Site Values, which are based on observable sales in an active market of similar properties with a similar land use on both vacant land and land with improvements. Adjustments to these values are then made by the State Valuer-General taking into consideration the highest and best use of the property e.g. if there is a single house on the land but zoning would allow it to be divided for home units.

##### Infrastructure, Buildings and Land Improvements

As there is no known active market for the majority of infrastructure, building and land improvement assets owned by Council, these assets have been valued at current replacement cost using the *Cost Approach*. Upon revaluation, the current replacement cost and accumulated depreciation are restated such that the difference (the current replacement cost) represents the fair value of the asset determined in accordance with *AASB 13 Fair Value Measurement*.

This method involves the determination of the current cost to construct the asset (or its modern engineering equivalent) and then calculating the value of its remaining service capacity (current replacement cost). Council utilise a number of observable and unobservable inputs in the calculation of these values which may include:

##### Observable Inputs:

- Council specific contract rates
- Recent construction costs for similar assets
- Independent valuations

##### Unobservable Inputs/Estimates:

- Quantities of materials used
- Economic (Useful) Lives of assets
- Residual Value of assets
- Preserved Value of assets
- Pattern of consumption of an assets economic benefits
- Condition
- Obsolescence
- Impairment
- Industry construction pricing indexes e.g. Rawlinson's Construction Handbook and Cost Guide
- Other construction pricing indexes e.g. Local Government Pricing Index which is an index developed by the Australian Bureau of Statistics and is prepared quarterly by the South Australia Centre for Economic Studies and is based on price movements in the goods and services purchased by Local Governments.

##### Intangible Assets

Intangible Assets have been accounted for in accordance with the requirements of *AASB 138 Intangible Assets*. Council has purchased from the market in arm's length transactions, Water Licences that enable the harvesting and sale of stormwater, and is of the opinion that these Water Licences meet the definition and recognition requirements of Intangible Assets, specifically Intangible Assets with an indefinite useful life. Initial recognition of these Water Licences is at cost, and after initial recognition they are carried at cost less any accumulated impairment losses.

Testing for impairment, in accordance with *AASB 136 Impairment of Assets*, is undertaken annually, or whenever there may be an indication that the intangible assets may be impaired. The determination that these Water Licences have an indefinite useful life is reviewed annually to determine whether events and circumstances continue to support an indefinite useful life assessment.

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## City of Salisbury

### Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

#### Note 7. Infrastructure, Property, Plant and Equipment (continued)

##### Street Trees

Council is of the opinion that street trees and tree screens are tangible assets that Council uses to support the provision of environmental and recreational services to the community, and have an initial cost that can be reliably measured, that is the cost of planting and establishment. It is therefore considered that costs relating to tree plantings for Street Tree and Tree Screen renewal programs only meet the recognition criteria of property, plant and equipment and are recognised as an asset.

##### Plant, Furniture and Fittings

Assets are carried at cost, less any accumulated depreciation and impairment losses.

##### Library Books

Library books are accounted for under the replacement method. Library stock at 30 June 2024 is valued using nominal values recommended by the Public Library Service (PLS). All new purchases are treated as replacement items and the expense is classified as depreciation. This expense is then adjusted by the movement in the calculated value of the library stock.

##### Right of Use Assets

Valued as the initial measurement of the lease liability being the present value of future lease payments and any initial direct costs, pre-paid lease payments and any estimated costs to dismantle.

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## City of Salisbury

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2024

## Note 8. Liabilities

\$ '000	Notes	2024		2023	
		Current	Non Current	Current	Non Current
<b>(a) Trade and other payables</b>					
Goods and services		18,556	–	17,845	–
Payments received in advance		6,815	–	9,284	–
Accrued expenses - employee entitlements		721	–	658	–
Accrued expenses - other		80	–	56	–
Deposits, retentions and bonds		445	–	511	–
<b>Total trade and other payables</b>		<b>26,617</b>	<b>–</b>	<b>28,354</b>	<b>–</b>

**(b) Borrowings**

Short term draw down facility		–	–	–	–
Loans		1,504	11,505	1,410	2,359
Lease liabilities	17b	459	638	430	1,126
<b>Total Borrowings</b>		<b>1,963</b>	<b>12,143</b>	<b>1,840</b>	<b>3,485</b>

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

**(c) Provisions**

Salisbury Memorial Park Maintenance Provision		130	–	–	120
Mortgage Loss Provision		–	–	–	16
Employee entitlements (including oncosts)		7,451	1,540	8,065	1,773
<b>Total provisions</b>		<b>7,581</b>	<b>1,540</b>	<b>8,065</b>	<b>1,909</b>

**Movements in provisions**

2024 (current and non-current) \$ '000	Salisbury Memorial Park Maintenance Provision		Mortgage Loss Provision	
	2024		2024	
<b>Opening balance</b>			120	16
Add: additional amounts recognised			10	(16)
<b>Closing balance</b>			130	–

## City of Salisbury

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

## Note 9. Reserves

\$ '000	as at 30/06/23		as at 30/06/24
	Opening Balance	Increments (Decrements)	Closing Balance
<b>(a) Asset revaluation reserve</b>			
Land - other	626,253	76,895	703,148
Land improvements	52,880	8,471	61,351
Buildings and other structures	28,209	6,053	34,262
Infrastructure	900,897	136,576	1,037,473
Library books	2,338	-	2,338
<b>Total asset revaluation reserve</b>	<b>1,610,577</b>	<b>227,995</b>	<b>1,838,572</b>
Comparatives	1,313,105	297,472	1,610,577

\$ '000	as at 30/06/23			as at 30/06/24
	Opening Balance	Tfrs to Reserve	Tfrs from Reserve	Closing Balance
<b>(b) Other reserves</b>				
Development and Public Infrastructure Reserve	2,458	114	(200)	2,372
Open Space Reserve	1,907	87	-	1,994
Car Parking Reserve	986	45	-	1,031
Property Disposal Reserve	7,939	225	(4,335)	3,829
Mausoleum Perpetual Care Reserve	983	99	-	1,082
Salisbury Memorial Park Reserve	948	43	-	991
Carried Forward Funds Reserve	28,183	37,370	(28,183)	37,370
Salisbury Water Business Unit Reserve	2,351	397	-	2,748
Northern Futures Fund Reserve	273	13	-	286
Business Transformation Future Fund Reserve	3,736	1,625	(2,428)	2,933
<b>Total other reserves</b>	<b>49,764</b>	<b>40,018</b>	<b>(35,146)</b>	<b>54,636</b>
Comparatives	46,852	38,764	(35,852)	49,764

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## City of Salisbury

### Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

#### 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).

###### Development and Public Infrastructure Reserve

The Development and Public Infrastructure Reserve contains developer contributions towards future footpaths, street signs and street trees specific to the development site. It also contains developer contributions towards future works associated with drainage systems, water pipes and pumps, Council road network, trails and bridges necessary to facilitate the development and external to the development site.

###### Open Space Reserve

For developer contributions received that are to be utilised towards the future acquisition of open space areas.

###### Carpark Reserve

For the provision of future renewal and maintenance of car parking areas within the Salisbury Town Centre, Ingle Farm Town Centre and Mawson Lakes Town Centre.

###### Property Disposal Reserve

To retain the proceeds of any property sales, including surplus land and redevelopments, under the provision of Section 194 of the *Local Government Act 1999* and subject to compliance with all legal requirements thereof, and the cash proceeds received from Council's real estate developments. These proceeds are to be utilised to repay current debt or reduce future borrowing requirements.

###### Mausoleum Perpetual Care Fund Reserve

To provide maintenance for the Mausoleum situated at Salisbury Memorial Park.

###### Salisbury Memorial Park Reserve

To fund future development work and maintenance at the Salisbury Memorial Park.

###### Carried Forward Funds Reserve

Used for unspent budget funds at the end of financial year that are to be carried forward for use in the following year.

###### Salisbury Water Business Unit Reserve

Generated by the allocation of surpluses, and offset by deficits resulting from the operations of the Salisbury Water Business Unit. Allocations from the Reserve can only be made following a resolution of Council and can only be utilised to fund either business development, asset renewal, offset losses or to distribute dividends to Council.

###### Northern Futures Fund Reserve

Funds held to be utilised to support local communities, particularly those in priority groups, to engage in lifelong learning leading to employment and provide accessible, quality services and resources relating to schools to work transition, workforce development, employment programs, career transitioning and capacity building. A reference group including three industry representatives, two education representatives and a representative from both the SA Government and City of Salisbury have oversight of the fund and how monies will be disbursed.

###### Business Transformation Reserve

Generated by the allocation of identified expenditure savings and income gains as stated within the Business Transformation Future Fund Policy and to be utilised to fund future costs associated with projects that align with the City of Salisbury's three success factors being Exceptional Community Experience, Quality Outcomes and Great Place to Work, without unnecessarily burdening the community with the costs of these initiatives in the year of expenditure.



## City of Salisbury

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2024

## Note 10. Assets subject to restrictions

\$ '000	2024	2023
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The uses of the following assets are restricted, wholly or partially, by legislation or other externally imposed requirements. The assets are required to be utilised for the purposes for which control was transferred to Council, or for which the revenues were originally obtained.

**Cash and financial assets**

Open space contributions	1,994	1,907
Developer contributions	3,403	3,444
Unexpended Grants and Subsidy Funds	3,568	3,655
<b>Total cash and financial assets</b>	<b>8,965</b>	<b>9,006</b>

<b>Total assets subject to externally imposed restrictions</b>	<b>8,965</b>	<b>9,006</b>
----------------------------------------------------------------	--------------	--------------

Open Space Contributions are received primarily to fund reserves/playspaces and other recreational areas within new subdivisions. Developer Contributions are received primarily to fund infrastructure works in new subdivisions. These funds are held in Reserves (as disclosed in Note 9) until required and as such are regarded as restricted. Grant and Subsidy Funds received but not yet expended are regarded as restricted, and are disclosed in Note 2h.

## City of Salisbury

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2024

## Note 11. Reconciliation to Statement of Cash Flows

\$ '000	Notes	2024	2023
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## (a) Reconciliation of cash

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

Total cash and equivalent assets	5	449	10,970
<b>Balances per Statement of Cash Flows</b>		<u>449</u>	<u>10,970</u>

## (b) Reconciliation of change in net assets to cash from operating activities

<b>Net surplus/(deficit)</b>		(3,251)	21,018
<b>Non-cash items in income statements</b>			
Depreciation, amortisation and impairment		35,457	32,106
Equity movements in equity accounted investments (increase)/decrease		(627)	(19)
Non-cash asset acquisitions		–	(1,955)
Grants for capital acquisitions treated as investing activity		(7,920)	(6,799)
Net (gain)/loss on disposals		8,281	(310)
		<u>31,940</u>	<u>44,041</u>
<b>Add (less): changes in net current assets</b>			
Net (increase)/decrease in receivables		(449)	(1,541)
Net (increase)/decrease in inventories		(99)	18
Net increase/(decrease) in trade and other payables		273	6,686
Net increase/(decrease) in unpaid employee benefits		(847)	153
Net increase/(decrease) in other provisions		(6)	10
<b>Net cash provided by (or used in) operations</b>		<u>30,812</u>	<u>49,367</u>

## (c) Financing arrangements

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

Bank overdrafts	500	500
Corporate credit cards	500	500
LGFA cash advance debenture facility	34,687	47,467

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

## City of Salisbury

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2024

## Note 12(a). Functions

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

\$ '000	OPERATING INCOME		OPERATING EXPENSES		OPERATING SURPLUS (DEFICIT)		GRANTS INCLUDED IN OPERATING INCOME		TOTAL ASSETS HELD (CURRENT AND NON-CURRENT)	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
<b>Functions/Activities</b>										
Health	168	191	279	315	(111)	(124)	30	52	329	395
Social Security and Welfare	4,213	4,059	10,541	9,428	(6,328)	(5,369)	3,178	3,120	23,041	5,820
Housing and Community Services	3,762	3,273	39,627	38,324	(35,865)	(35,051)	275	253	656,848	614,014
Recreation and Culture	1,206	1,366	50,220	44,040	(49,014)	(42,674)	619	603	803,541	715,518
Transport and Communication	2,109	4,747	20,037	18,374	(17,928)	(13,627)	2,109	4,739	773,168	664,777
Economic Affairs	227	74	10,948	9,171	(10,721)	(9,097)	138	–	145	128
Other, Not Attributed and Admin	125,281	126,081	8,202	7,921	117,079	118,160	321	11,481	79,154	104,048
Public Order and Safety	4,429	4,141	5,058	4,424	(629)	(283)	5	10	2,046	2,637
<b>Total Functions/Activities</b>	<b>141,395</b>	<b>143,932</b>	<b>144,912</b>	<b>131,997</b>	<b>(3,517)</b>	<b>11,935</b>	<b>6,675</b>	<b>20,258</b>	<b>2,338,272</b>	<b>2,107,337</b>

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

## City of Salisbury

### Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

#### Note 12(b). Components of functions

The activities relating to Council functions are as follows:

##### **Public Order and Safety**

Supervision of various laws, fire prevention, crime prevention and repair, road safety and dog control.

##### **Health**

Health Act administration, immunisation services and pest and pest plant control.

##### **Social Security and Welfare**

Operation of a senior leisure centre, aged care services, youth services and community information.

##### **Housing and Community Services**

Town planning, community development planning, road sweeping, roadside rubbish collection, domestic refuse collection, operating of waste transfer station, stormwater drainage, operation of the St Kilda Mangrove trail, street signs, landscape design, tree management and operation of cemetery.

##### **Recreation and Culture**

Maintenance and operation of libraries, recreation centres, swimming pool, community centres, parks, gardens and reserves, clubrooms, playgrounds, sports grounds and halls.

##### **Transport and Communication**

Construction and maintenance of roads, footpaths, bridges, parking facilities and bus shelters.

##### **Economic Affairs**

Building Act administration, economic initiatives, tourism.

##### **Other, Not Attributed and Administration**

Rates, public debt transactions, administration costs, capital works in progress and costs which relate to multiple functions but cannot accurately be split between these functions.

##### **Governance**

Audit & Assurance, Planning and Performance, Legal Services and Major Projects.

##### **Equity accounted Council businesses**

Net Gain equity accounting Council businesses

Net Loss equity accounting Council businesses

## City of Salisbury

### Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

#### Note 13. Financial instruments

##### Recognised financial instruments

##### Bank, deposits at call, short term deposits

###### Accounting Policy:

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

###### Terms and Conditions:

Deposits are returning fixed interest rates between 4.35% and 4.55% (2023: 4.10% and 4.30%). Short term deposits have an average maturity of 30 days and an average interest rate of 4.55% (2023: 30 days and 4.30%).

###### Carrying Amount:

Approximates fair value due to the short term to maturity.

##### Receivables - rates and associated charges

###### Accounting Policy:

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

###### Terms and Conditions:

Secured over the subject land, arrears attract interest of 2.0% (2023: 2.0%). 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).

##### 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.

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## City of Salisbury

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2024

### Note 13. Financial instruments (continued)

#### Liabilities - creditors and accruals

**Accounting Policy:**

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

**Terms 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, borrowings are repayable biannually; interest is charged at fixed rates between 4.00% and 6.80% (2023: 4.00% and 6.80%).

**Carrying Amount:**

Approximates fair value.

#### Liabilities - leases

**Accounting Policy:**

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

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## City of Salisbury

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

## Note 13. Financial instruments (continued)

\$ '000	Due < 1 year	Due > 1 year and ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
<b>Financial assets and liabilities</b>					
<b>2024</b>					
<b>Financial assets</b>					
Cash and cash equivalents	449	–	–	449	449
Receivables	6,775	93	–	6,868	6,868
Other financial assets	–	–	615	615	615
<b>Total financial assets</b>	<b>7,224</b>	<b>93</b>	<b>615</b>	<b>7,932</b>	<b>7,932</b>
<b>Financial liabilities</b>					
Payables	19,802	–	–	19,802	19,802
Current borrowings	1,504	–	–	1,504	1,504
Non-current borrowings	–	11,441	64	11,505	11,505
Lease liabilities	459	638	–	1,097	1,097
<b>Total financial liabilities</b>	<b>21,765</b>	<b>12,079</b>	<b>64</b>	<b>33,908</b>	<b>33,908</b>
<b>Total financial assets and liabilities</b>	<b>28,989</b>	<b>12,172</b>	<b>679</b>	<b>41,840</b>	<b>41,840</b>
<b>2023</b>					
<b>Financial assets</b>					
Cash and cash equivalents	10,970	–	–	10,970	10,970
Receivables	5,738	47	–	5,785	5,785
Other financial assets	–	–	615	615	615
<b>Total financial assets</b>	<b>16,708</b>	<b>47</b>	<b>615</b>	<b>17,370</b>	<b>17,370</b>
<b>Financial liabilities</b>					
Payables	19,070	–	–	19,070	19,070
Current borrowings	1,410	–	–	1,410	1,410
Non-current borrowings	–	2,254	105	2,359	2,359
Lease liabilities	430	1,126	–	1,556	1,556
<b>Total financial liabilities</b>	<b>20,910</b>	<b>3,380</b>	<b>105</b>	<b>24,395</b>	<b>24,395</b>
<b>Total financial assets and liabilities</b>	<b>37,618</b>	<b>3,427</b>	<b>720</b>	<b>41,765</b>	<b>41,765</b>

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

\$ '000	2024		2023	
	Weighted Avg Interest Rate	Carrying Value	Weighted Avg Interest Rate	Carrying Value
Overdraft	10.72%	–	10.47%	–
Fixed interest rates	4.91%	14,106	5.10%	3,715
		<u>14,106</u>		<u>3,715</u>

**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.

continued on next page

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## City of Salisbury

### Notes to and forming part of the Financial Statements for the year ended 30 June 2024

#### 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 and impairment. All Council investments are made with the SA Local Government Finance Authority and are guaranteed by the SA Government. Except as detailed in Notes 5 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. Council consider borrowings as an organisational response to the need for funds for capital projects or cashflow, without specifically borrowing for a particular project. The term of any borrowings, whether fixed interest or floating interest rate borrowings are sought with a range of maturity dates including access to bank overdraft and standby borrowing facilities to ensure a base level of liquidity is available at all times. This is in accordance with the model Treasury Management Policy (LGA Information Paper 15) and Council's Treasury Policy.

**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.

Set out below is the movement in the allowance for expected credit losses:

#### Note 14. Capital expenditure and investment property commitments

\$ '000	2024	2023
---------	------	------

##### Capital commitments

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

Buildings	1,499	2,493
Infrastructure	12,736	24,374
Plant and equipment	4,062	1,763
	<u>18,297</u>	<u>28,630</u>
<b>These expenditures are payable:</b>		
Not later than one year	18,297	28,630
	<u>18,297</u>	<u>28,630</u>

## City of Salisbury

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2024

## Note 15. Financial indicators

\$ '000	Amounts	Indicator	Indicators	
	2024	2024	2023	2022

## Financial Indicators overview

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	(2,890)	(2.0)%	8.3%	9.8%
Total operating income	142,022			

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

**2. Net Financial Liabilities Ratio**

Net financial liabilities	38,342	27.0%	16.6%	14.3%
Total operating income	142,022			

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 and supplementary local roads grants, as explained in Note 1. The Adjusted Operating Surplus Ratio adjusts for the resulting distortion in the disclosed operating result for each year.

**Adjusted Operating Surplus Ratio**

Operating surplus	7,612	5.0%	5.8%	8.5%
Total operating income	152,524			

**3. Asset Renewal Funding Ratio**

Asset renewals	26,814			
Infrastructure and Asset Management Plan required expenditure	30,136	89.0%	103.0%	88.6%

Asset renewals expenditure is defined as capital expenditure on the renewal and replacement of existing assets relative to the optimal level planned, and excludes new capital expenditure on the acquisition of additional assets.

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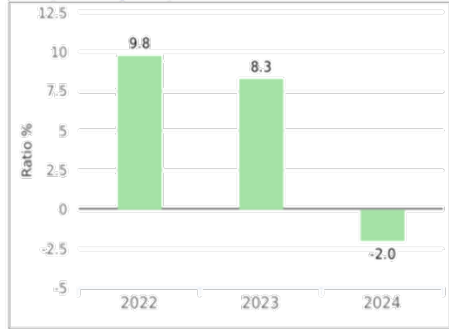
City of Salisbury

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2024

Note 15. Financial indicators (continued)

Financial indicators - graphs

1. Operating Surplus Ratio



**Purpose of operating surplus ratio**

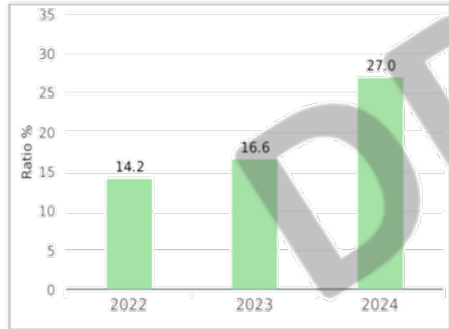
This indicator is to determine the percentage the operating revenue varies from operating expenditure

**Commentary on 2023/24 result**

2023/24 ratio (2.0)%

The target for the operating surplus ratio as per the 2023/24 Long Term Financial Plan and Annual Business Plan (LTFP & ABP) was 0.5% to 5.0% with the actual results falling just under these targets. This is primarily due to lower grant income received as a result of the State Government reverting back to payment of the Financial Assistance and Untied Local Roads funding in the year it relates to (100% of the 2023/24 grant was paid in the 2022/23 financial year).

2. Net Financial Liabilities Ratio



**Purpose of net financial liabilities ratio**

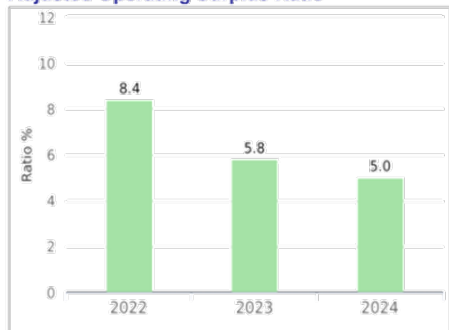
This indicator shows the significance of the net amount owed to others, compared to operating revenue

**Commentary on 2023/24 result**

2023/24 ratio 27.0%

The target for the net financial liabilities ratio as per the 2023/24 LTFP & ABP was <70%, with the actual result remaining lower than target. This is the result of consistent low levels of debt, although year on year the ratio has increased as a result of drawdowns of Cash Advance Debentures, which are expected to be repaid in 2024/25.

Adjusted Operating Surplus Ratio



**Purpose of adjusted operating surplus ratio**

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

**Commentary on 2023/24 result**

2023/24 ratio 5.0%

The target for the operating surplus ratio as per the 2023/24 LTFP & ABP was 0.5% to 5.0% with the actual results adjusted for the timing differences of the Financial Assistance grant, the adjusted ratio is sitting just above the upper limit. 100% of the Financial Assistance and Untied Local Road grants relating to the 2023/24 year were paid in advance in 2022/23, with no advance payment made in the current year.

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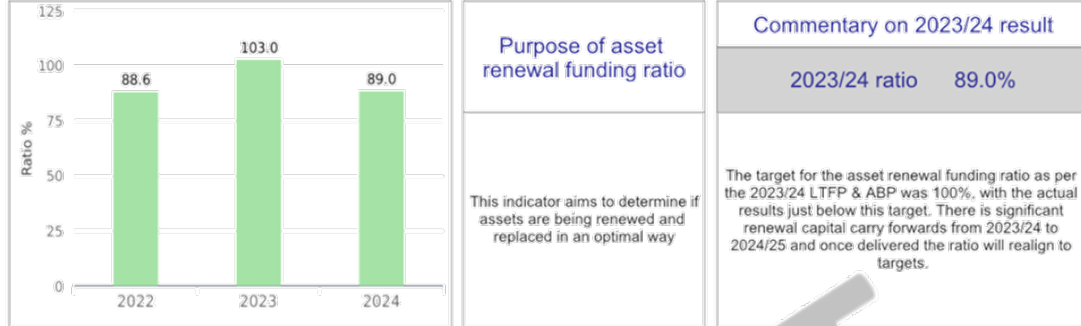
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City of Salisbury

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2024

Note 15. Financial indicators (continued)

3. Asset Renewal Funding Ratio



**Purpose of asset renewal funding ratio**

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

**Commentary on 2023/24 result**

2023/24 ratio	89.0%
---------------	-------

The target for the asset renewal funding ratio as per the 2023/24 LTFP & ABP was 100%, with the actual results just below this target. There is significant renewal capital carry forwards from 2023/24 to 2024/25 and once delivered the ratio will realign to targets.

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Item 7.1.1 - Attachment 2 - Draft 2024 Annual Financial Statements

## City of Salisbury

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2024

## Note 16. Uniform presentation of finances

\$ '000	2024	2023
The following is a high level summary of both operating and capital investment activities of the Council prepared on a simplified Uniform Presentation Framework basis.		
All Councils in South Australia have agreed to summarise annual budgets and long-term financial plans on the same basis.		
The arrangements ensure that all Councils provide a common 'core' of financial information, which enables meaningful comparisons of each Council's finances.		
<u>Income</u>		
Rates	122,381	112,253
Statutory charges	4,183	3,933
User charges	6,037	5,385
Grants, subsidies and contributions - operating	6,675	20,258
Investment income	466	291
Reimbursements	469	536
Other income	1,184	1,276
Net gain - equity accounted council businesses	627	340
<b>Total Income</b>	<b>142,022</b>	<b>144,272</b>
<u>Expenses</u>		
Employee costs	42,822	40,404
Materials, contracts and other expenses	66,310	59,093
Depreciation, amortisation and impairment	35,457	32,106
Finance costs	323	394
Net loss - equity accounted council businesses	-	321
<b>Total Expenses</b>	<b>144,912</b>	<b>132,318</b>
<b>Operating surplus / (deficit)</b>	<b>(2,890)</b>	<b>11,954</b>
<b>Adjusted Operating surplus / (deficit)</b>	<b>(2,890)</b>	<b>11,954</b>
<u>Net outlays on existing assets</u>		
Capital expenditure on renewal and replacement of existing assets	(27,285)	(21,043)
Add back depreciation, amortisation and impairment	35,457	32,106
Add back proceeds from sale of replaced assets	471	434
	<b>8,643</b>	<b>11,497</b>
<u>Net outlays on new and upgraded assets</u>		
Capital expenditure on new and upgraded assets (including investment property and real estate developments)	(32,419)	(39,921)
Add back amounts received specifically for new and upgraded assets	7,920	6,799
Add back proceeds from sale of surplus assets (including investment property, real estate developments and non-current assets held for resale)	1,297	5,406
	<b>(23,202)</b>	<b>(27,716)</b>
<b>Annual net impact to financing activities (surplus/(deficit))</b>	<b>(17,449)</b>	<b>(4,265)</b>



## City of Salisbury

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

## Note 17. Leases

## (i) Council as a lessee

## Terms and conditions of leases

Council leases information technology equipment and a parcel of land utilised as part of its recycled water operations. The repayments for the information technology assets are fixed and the land is subject to yearly increases in-line with contractual requirements. Information technology leases are either 3 or 5 year terms, and the land has a contractual agreement in place until 2048, with another right of renewal.

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

## (a) Right of use assets

\$ '000	Information Technology Assets	Land	Total
<b>2024</b>			
Opening balance	432	1,036	1,468
Additions to right-of-use assets	-	-	-
Adjustments to right-of-use assets due to re-measurement of lease liability	-	-	-
Depreciation charge	(378)	(46)	(424)
<b>Balance at 30 June</b>	<b>54</b>	<b>990</b>	<b>1,044</b>
<b>2023</b>			
Opening balance	810	1,078	1,888
Additions to right-of-use assets	-	-	-
Adjustments to right-of-use assets due to re-measurement of lease liability	-	-	-
Depreciation charge	(378)	(42)	(420)
<b>Balance at 30 June</b>	<b>432</b>	<b>1,036</b>	<b>1,468</b>

continued on next page

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## City of Salisbury

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

## Note 17. Leases (continued)

## (b) Lease liabilities

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

\$ '000	2024	2023
Balance at 1 July	1,556	1,985
Additions	–	–
Accretion of interest	34	56
Payments	(493)	(485)
Other	–	–
<b>Balance at 30 June</b>	<b>1,097</b>	<b>1,556</b>
<b>Classified as:</b>		
Current	459	429
Non-current	638	1,127

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

The Group had total cash outflows for leases of \$543k. The following are the amounts recognised in profit or loss:

Depreciation expense of right-of-use assets	424	420
Interest expense on lease liabilities	34	55
Expense relating to short term leases	24	134
<b>Total amount recognised in profit or loss</b>	<b>482</b>	<b>609</b>

## (ii) Council as a lessor

## Leases Providing Revenue to the Council

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

## Investment property

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

\$ '000	2024	2023
<b>Future minimum rentals receivable under non-cancellable operating leases as at 30 June, are as follows:</b>		
Not later than one year	752	1,011
Later than one year and not later than 5 years	1,960	2,063
Later than 5 years	1,235	1,611
	<b>3,947</b>	<b>4,685</b>

## City of Salisbury

### Notes to and forming part of the Financial Statements for the year ended 30 June 2024

#### Note 18. Superannuation

The Council makes employer superannuation contributions in respect of its employees to Hostplus (formerly Local Government Superannuation Scheme and 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 (including casuals) have all contributions allocated to the Accumulation section.

##### **Accumulation only members**

Accumulation only members receive both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of ordinary time earnings in accordance with superannuation guarantee legislation (11.00% in 2023/24; 10.50% in 2022/23). No further liability accrues to the Council as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

##### **Salarylink (Defined Benefit Fund) members**

Salarylink is a defined benefit scheme where the benefit payable is based on a formula determined by the member's contribution rate, number of years and level of contribution and final average salary. Council makes employer contributions to Salarylink as determined by the Fund's Trustee based on advice from the appointed Actuary. The rate is currently 6.3% (6.3% in 2020/21) of "superannuation" salary.

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

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

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

##### **Contributions to other superannuation schemes**

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

## City of Salisbury

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2024

## Note 19. Interests in other entities

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

\$ '000	Council's Share of Net Income		Council's Share of Net Assets	
	2024	2023	2024	2023
Joint Ventures - in profit	627	340	6,917	6,290
Joint Ventures - in loss	-	(321)	-	-
<b>Council's share of net income</b>				
Joint ventures	627	19	6,917	6,290
<b>Total Council's share of net income</b>	<b>627</b>	<b>19</b>	<b>6,917</b>	<b>6,290</b>

## ((a)i) Joint ventures, associates and joint operations

## (a) Carrying amounts

\$ '000	Principal Activity	2024	2023
Northern Adelaide Waste Management Authority	Waste Management	6,917	6,290
<b>Total carrying amounts - joint ventures and associates</b>		<b>6,917</b>	<b>6,290</b>

**Northern Adelaide Waste Management Authority**

Manages the waste collection, recycling and waste disposal for the Cities of Salisbury and Playford and the Town of Gawler.

Whilst the City of Salisbury has a 56.71% share of equity in NAWMA for the 2024 financial year, Council is of the opinion that it does not have control over NAWMA's operations. The rationale being that all three Constituent Councils hold equal voting power at 33.33% and NAWMA's Chairperson and CEO are independent from the constituent Councils. Therefore the ability for Council to control NAWMA's operations is limited to Council's voting power at 33.33%, not its share of equity at 56.71%. Accordingly Council has utilised the equity accounting method to recognise its share of equity in NAWMA for the 2024 financial year.

## (b) Relevant interests

	Interest in Operating Result		Ownership Share of Equity		Proportion of Voting Power	
	2024	2023	2024	2023	2024	2023
Northern Adelaide Waste Management Authority	56.71%	57.11%	56.71%	57.11%	56.71%	33.33%

continued on next page

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## City of Salisbury

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2024

## Note 19. Interests in other entities (continued)

## (c) Movement in investment in joint venture or associate

\$ '000	Northern Adelaide Waste Management Authority	
	2024	2023
Opening Balance	6,290	6,049
Share in Operating Result	(514)	(321)
Share of Amounts Received for New and Upgraded Assets	1,185	–
Share in Other Comprehensive Income	–	222
Adjustments to Equity	(44)	340
<b>Council's equity share in the joint venture or associate</b>	<b>6,917</b>	<b>6,290</b>

## (d) Summarised financial information of the equity accounted business

## Statement of Financial Position

Cash and Cash Equivalents	2,649	9,842
Other Current Assets	4,642	4,593
Non-Current Assets	27,588	19,337
<b>Total assets</b>	<b>34,879</b>	<b>33,772</b>
Current Trade and Other Payables	6,665	5,876
Current Financial Liabilities	2,803	2,503
Current Provisions	546	516
Non-Current Financial Liabilities	4,409	6,479
Non-Current Provisions	8,258	7,383
<b>Total liabilities</b>	<b>22,681</b>	<b>22,757</b>
<b>Net Assets</b>	<b>12,198</b>	<b>11,015</b>

## Statement of Comprehensive Income

Other Income	46,518	45,277
Management Fees	–	–
Interest Income	536	556
<b>Total income</b>	<b>47,054</b>	<b>45,833</b>
Employee Costs	4,688	4,767
Materials, Contracts and Other Expenses	39,635	37,482
Depreciation, Amortisation and Impairment	3,101	3,566
Finance Costs	537	576
<b>Total expenses</b>	<b>47,961</b>	<b>46,391</b>
<b>Operating Result</b>	<b>(907)</b>	<b>(558)</b>

continued on next page

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## City of Salisbury

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2024

## Note 19. Interests in other entities (continued)

**(e) Share of joint operations expenditure commitments**

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

\$ '000	2024	2023
<b>(i) Capital expenditures payable</b>		
Not later than one year	31,611	16,730
Later than one year and not later than 5 years	3,021	6,522
	<u>34,632</u>	<u>23,252</u>

The Northern Adelaide Waste Management Authority manages multiple external contracts with external suppliers for the collection, processing and disposal of waste on behalf of its Constituent Councils and customers. The commitments disclosed above reflect a consolidation of multiple contracts entered into with external suppliers. In future years, all contracts will be required to be renewed with external suppliers in accordance with adopted procurement policies and procedures of the Authority.

**(ii) Lease Payments Commitments Payable**

Not later than one year	1,564	1,313
Later than one year and not later than 5 years	1,533	2,364
	<u>3,097</u>	<u>3,677</u>

Council did not have any individually immaterial businesses

**((a)iii) Unconsolidated structured entities**

Council has no unconsolidated structured entities



## City of Salisbury

### Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

#### 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 is considered relevant to the users of the financial report in making and evaluating decisions about the allocation of scarce resources.

##### 1. Land under roads

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

##### 2. Potential insurance losses

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

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

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

##### 3. Legal matters

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

##### 4. Cemetery

Council operates a Cemetery Facility - Salisbury Memorial Park. A Contingent Liability exists for the ongoing maintenance of this Cemetery. This liability remains for a period of 100 years after the expiry of the lease on the last burial of the site. Council ceased the original leasing arrangement for the running of the Mausoleum situated at the Salisbury Memorial Park in November 2023 and contributions to the Perpetual Care Fund ceased. This fund was established to fund the long term maintenance of the Mausoleum upon expiry of the lease.

#### Note 21. Events after the Statement of Financial Position Date

Events that occur after the reporting date of 30 June 2024, up to and including the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

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

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

## City of Salisbury

### Notes to and forming part of the Financial Statements for the year ended 30 June 2024

#### Note 22. Related party transactions

##### Key management personnel

###### Transactions with key management personnel

The Key Management Personnel (KMP) of the Council include the Mayor, Councillors, CEO, General Managers and certain prescribed officers under section 112 of the *Local Government Act 1999*, as well as other personnel that satisfy the criteria of KMP as contained within *AASB 124 Related Party Transactions*. In some circumstances members of the KMP have left Council during the financial year, however their compensation has still been included. In all, 45 persons were paid the following total compensation:

\$ '000	2024	2023
<b>The compensation paid to key management personnel comprises:</b>		
Short-term employee benefits	6,020	5,567
Post-employment benefits	585	485
Long-term benefits	759	953
<b>Total</b>	<b>7,364</b>	<b>7,005</b>

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

###### Receipts from key management personnel comprise:

There have been no other material amounts received from KMP during the financial year, other than amounts paid in their capacity as ratepayers or residents (e.g. rates, swimming pool entry fees, etc).

###### Transactions with Regional Subsidiaries:

In regards to Council's Regional Subsidiary being NAWMA, further information relating to their specific activities and carrying amounts are disclosed in Note 19. Council is an equity owner, along with other member Councils, of NAWMA. Member Councils have equal representation on the Board of NAWMA and accordingly have influence over both the financial and operational decisions of the Subsidiary. However, no one Member Council individually has control over these decisions. The following material transactions occurred with Council's Regional Subsidiary, during the financial year:

	Payments	Outstanding
Northern Adelaide Waste Management Authority (NAWMA)	16,964	1,401
<b>Total</b>	<b>16,964</b>	<b>1,401</b>

###### Budgeted future year expenditure at the reporting date but not recognised in the financial statements as liabilities:

Northern Adelaide Waste Management Authority	17,595
<b>Total</b>	<b>17,595</b>

The budgeted expenditures are payable no later than one year from the reporting date

City of Salisbury

General Purpose Financial Statements  
for the year ended 30 June 2024

Independent Auditor's Report - Financial Statements

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City of Salisbury

General Purpose Financial Statements  
for the year ended 30 June 2024

Independent Auditor's Report - Internal Controls

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## City of Salisbury

### General Purpose Financial Statements for the year ended 30 June 2024

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#### Certification of Auditor Independence

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of City of Salisbury for the year ended 30 June 2023, the Council's Auditor, BDO Australia 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*.

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John Harry  
Chief Executive Officer

Kylie Grenfell  
Presiding Member, Audit Committee

Date: 09 October 2024

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City of Salisbury

General Purpose Financial Statements  
for the year ended 30 June 2024

Statement by Auditor

I confirm that, for the audit of the financial statements of City of Salisbury for the year ended 30 June 2024, I have maintained my independence in accordance with the requirements of APES 110 – Code of Ethics for Professional Accountants, Section 290, published by the Accounting Professional and Ethical Standards Board, in accordance with the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

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

Auditor's Name

Audit Firm Name

Date: 10 October 2024

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<b>ITEM</b>	7.1.2
	<b>AUDIT AND RISK COMMITTEE</b>
<b>DATE</b>	09 October 2024
<b>HEADING</b>	BDO's Audit Completion Report 30 June 2024
<b>AUTHOR</b>	Sharon Kinsella, Audit and Risk Manager, CEO and Governance
<b>CITY PLAN LINKS</b>	4.2 We deliver quality outcomes that meet the needs of our community

**SUMMARY** For the financial year ending 30 June 2024, BDO was engaged to perform an audit on the City of Salisbury (the Council) financial statements and internal controls, in accordance with the *Local Government Act 1999* ('the Act') and the *Local Government (Financial Management) Regulations* (2011) ('the Regulations').

### RECOMMENDATION

#### That Council:

1. Receives the Annual Completion Report for the year ending 30 June 2024, as set out in Attachment 1 to this report (Item 7.1.2, Audit and Risk Committee, 9 October 2024)
2. Notes the Management Representation Letter requested by BDO to be signed by the Chief Executive Officer and the Deputy Chief Executive Officer, as set out in Attachment 2 to this report (Item 7.1.2, Audit and Risk Committee 9 October 2024).

### ATTACHMENTS

This document should be read in conjunction with the following attachments:

1. 2024 Audit Completion Report - City of Salisbury
2. 2024 Audit representation letter

### 1. BACKGROUND

- 1.1 Council engaged BDO to perform an audit on the financial statements for the year ended 30 June 2024, and undertake assurance on the financial internal controls for the period 1 July 2023 to 30 June 2024, to ensure compliance with the requirements of sections 125 and 129 of the Act.
- 1.2 In accordance with section 129(3) of the Act, BDO is required to provide Council:
  - (a) An audit opinion with respect to the financial statements; and
  - (b) An audit opinion whether the controls audited are sufficient to provide reasonable assurance that Council's financial transactions have been conducted properly and in accordance with the law. The audit must be carried out in accordance with the Australian Accounting and Assurance Standards, the Act and the Regulations.

- 1.3 Regulation 19(2) Part 6 Division 1 of the *Local Government (Financial Management Regulations 2011* (the Regulations) states that “in forming an audit opinion for a council under section 129(3)(a) of the Act, the auditor must give due consideration to the adequacy of the council's policies, practices and procedures of internal control under section 125 of the Act.”
- 1.4 Section 125 of the Act states that “A council must ensure that appropriate policies, practices and procedures of internal control are implemented and maintained in order to assist the council to carry out its activities in an efficient and orderly manner to achieve its objectives, to ensure adherence to management policies, to safeguard the council's assets, and to secure (as far as possible) the accuracy and reliability of council records.”
- 1.5 Section 19(2) Part 6 Division 1 of the Regulations states that “in forming an audit opinion for a council under section 129(3)(b) of the Act, the auditor must assess the internal controls of the council referred to in section 129(1)(b) of the Act based on the criteria in the Better Practice Model - Internal Financial Controls.”

## 2. EXTERNAL CONSULTATION / COMMUNICATION

- 2.1 Council engaged BDO to perform an audit on the financial statements for the year ended 30 June 2024.

## 3. DISCUSSION

- 3.1 BDO representative Andrew Tickle (Partner) and Chelsea Aplin (Senior Manager) will attend the 9 October 2024 Audit and Risk Committee meeting to present BDO’s Annual Completion Report, along with its Independent Auditor’s Report.
- 3.2 BDO has:
  - 3.2.1 Audited the financial report of the City of Salisbury, which includes the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year end, and notes to the financial report, including material accounting policy information and the declaration by those charged with governance.
  - 3.2.2 Obtained 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.
- 3.3 Attachment 1 to this report is BDO’s Audit Completion Report which addresses the audit process and audit findings on both financial statements and internal controls assessment.
  - 3.3.1 BDO confirmed they *‘have not identified any corrected or uncorrected misstatements during our audit.’*
  - 3.3.2 BDO did *‘not identified any uncorrected misstatements that, in our judgement, either individually or in aggregate, could have a material effect on the financial report for the year ended 30 June 2024.’*
  - 3.3.3 BDO confirmed *‘audit procedures did not identify any significant deficiencies that in our professional judgment are of sufficient importance to merit the attention of the Audit and Risk Committee.’*

- 3.3.4 *'Based on the work completed, we [BDO] have not noted any reportable points or material exceptions that would lead to a qualification to the audit report on internal controls.'*
- 3.3.5 BDO *'have not identified any instances of non-compliance with laws and regulations as a result of our enquiries.'*
- 3.3.6 BDO *'have not identified any instances of fraud during the course of our audit.'*

3.4 The Management Representation Letter requested by BDO which is to be signed by Chief Executive Officer and the Deputy Chief Executive Officer on the same day the financial statements are adopted and signed, is included in Attachment 2, for Audit and Risk Committee review.

#### **4. FINANCIAL OVERVIEW**

4.1 In performing this audit, BDO identified matters that, in the auditor's judgement, were of the most significance in the audit of the financial report. Their audit procedures also focused on areas that were considered to represent significant and elevated risk of material misstatement. These areas of focus are outlined below:

- Revaluation of infrastructure, property, plant and equipment
- Accounting treatment of Capital Work in Progress (WIP)
- Management override of controls
- Cut-off of grant funding and accuracy of any amounts deferred at 30 June 2024
- Changes in payroll IT applications

#### **5. CONCLUSION**

5.1 BDO confirms that unmodified audit opinions will be issued on both the financial statements and internal controls.





Item 7.1.2 - Attachment 1 - 2024 Audit Completion Report - City of Salisbury





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Dear Audit and Risk Committee

We are pleased to present this report to the Audit and Risk Committee of City of Salisbury in relation to the 30 June 2024 annual audit.

As at the date of this report, we have substantially completed our audit and subject to the satisfactory resolution of the matters outlined in the Executive Summary, we expect to issue an unmodified audit report.

We have set out in this document the significant matters arising from our audit. This summary covers those matters we believe to be material in the context of our work.

We look forward to the Audit and Risk Committee meeting on 9 October 2024 where we will have the opportunity to discuss this report.

Should you require clarification on any matter in this report before this date, please do not hesitate to contact me on +61 8 7324 6082.

We would like to take this opportunity to extend our appreciation to management for their assistance and cooperation throughout the course of our audit.

Yours faithfully



**ANDREW TICKLE**

Engagement partner

Adelaide, 23 September 2024



## Executive summary

### Purpose

The purpose of this report is to communicate significant matters arising from our audit to the Audit and Risk Committee. This report has been discussed with management.

### Scope

Our audit was conducted in accordance with Australian Auditing Standards and the *Local Government Act 1999 and Local Government (Financial Management) Regulations 2011* for the year ended 30 June 2024.

### Status of the audit

Our audit of the financial report is substantially complete. We expect to issue an unmodified audit report, subject to satisfactory completion of the following:

- Review of events subsequent to 30 June 2023 to date of signing the audit report
- Receipt of written management representations on various matters
- Receipt of formally adopted financial statements and agreement of these to drafts previously provided

A draft of the proposed audit report is included at Appendix 2.

### Summary of misstatements

We have not identified any corrected or uncorrected misstatements during our audit.

We have not identified any uncorrected misstatements that, in our judgement, either individually or in aggregate, could have a material effect on the financial report for the year ended 30 June 2024.

### Areas of audit focus

In performing our audit, we have identified those matters that, in the auditor's judgement, were of the most significance in the audit of the financial report. Our audit procedures also focused on areas that were considered to represent significant and elevated risks of material misstatement. These areas of focus are outlined below:

- Revaluation of infrastructure, property, plant and equipment
- Accounting treatment of Capital Work in Progress (WIP)
- Management override of controls
- Cut-off of grant funding and accuracy of any amounts deferred at 30 June 2024
- Changes in payroll IT applications

Refer to the relevant section for details on the significant risk areas and other areas focused on during the audit.

## Areas of audit focus

In assessing the risks of material misstatement at the planning phase, we used a spectrum of risk based on the likelihood of a misstatement occurring and the magnitude of the misstatement in the context of our materiality. Our audit procedures focused on areas that were considered to represent risks of material misstatement.

We set out the areas that were considered key areas of focus along with an outline of the work performed and a summary of findings.

REVALUATION OF INFRASTRUCTURE, PROPERTY, PLANT AND EQUIPMENT		
Description	Audit work performed	Summary of findings
Council’s infrastructure, property, plant and equipment is carried at valuation. There is a risk that these balances are misstated as a result of the application and inappropriate valuation methodologies, or incorrect underlying assumptions.	<p>This year all classes of Council assets were revalued by Council employees based on of the following:</p> <ul style="list-style-type: none"> <li>• Land: Valuer-general amounts</li> <li>• Buildings / Infrastructure: an indexation reflecting annual average movement values of like assets.</li> </ul> <p>We have obtained details of these calculations and tested their accuracy.</p>	<p>We noted that the revaluation resulted in the following increments, rounded to the nearest ‘000:</p> <ul style="list-style-type: none"> <li>• Land \$76,895</li> <li>• Buildings \$60,53</li> <li>• Infrastructure \$145,047</li> </ul> <p>There were no other findings noted during our testing.</p>

### Areas of audit focus *continued*

ACCOUNTING TREATMENT OF CAPITAL WORK IN PROGRESS (WIP)		
Description	Audit work performed	Summary of findings
There is a risk that the accounting treatment of items captured within Capital WIP may not be in accordance with Australian Accounting Standards.	We obtained the Capital WIP schedule and reviewed in detail a sample of projects outstanding at the end of the year to ensure they are likely to generate assets. We also reviewed a sample of assets transferred out of Capital WIP to check that the categorisation and value allocated to the relevant fixed asset class was appropriate.	No issues were noted in relation to the accounting treatment of capital work in progress.

MANAGEMENT OVERRIDE OF INTERNAL CONTROLS		
Description	Audit work performed	Summary of findings
Australian Auditing Standards require that we presume there is a risk that management has the ability to manipulate accounting records and override control that otherwise appear to be operating effectively.	We reviewed key internal controls at the Council to mitigate the risk of management override. We tested the appropriateness of journal entries and other adjustments made in the preparation of the financial report. We also reviewed accounting estimates for bias, and evaluated the business rationale (or lack of) of any significant transactions that are outside of the normal course of business or that otherwise appeared to be unusual.	The was no evidence of misstatement due to management override of controls noted.



## Areas of audit focus *continued*

### CUT-OFF OF GRANT FUNDING AND ACCURACY OF ANY AMOUNTS DEFERRED AT 30 JUNE 2024

Description	Audit work performed	Summary of findings
There is a risk of error in the calculation of grant income recognised and deferred at the end of the year by reference to grant agreements and Australian Accounting Standards.	We obtained the schedule of grant income recognised and deferred at year end. We selected a sample of grants and obtain the agreements to test that funding had been recognised in accordance with AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities.	No issues were noted in relation to the accounting treatment of grant funding.

### CHANGES IN PAYROLL IT APPLICATIONS

Description	Audit work performed	Summary of findings
During the year the Council implemented a new payroll IT application. There is a risk that payroll data may not have been appropriately or accurately transferred into the new system, which could result in material misstatements.	<p>We considered relevant IT general controls around IT system changes during the year.</p> <p>We also involved our information systems audit specialist to assist with the review, where appropriate.</p> <p>We performed substantive procedures to check that the leave balances have been brought across appropriately and accurately. Particular attention was paid to transactions immediately prior to the system change.</p>	We did not identify any issues in relation to the transfer of the payroll data.



## Internal control

### Current year

In accordance with ASA 265 *Communicating Deficiencies in Internal Control to Those Charged with Governance and Management*, we are required to communicate in writing, significant deficiencies in internal control identified during our audit to those charged with governance on a timely basis.

The standard defines a deficiency in internal control as:

1. A control is designed, implemented or operated in such a way that it is unable to prevent, or detect and correct, misstatements in the financial report on a timely basis; or
2. A control necessary to prevent, or detect and correct, misstatements in the financial report on a timely basis is missing.

Significant deficiency in internal control means a deficiency or combination of deficiencies in internal control that, in the auditor's professional judgement, is of sufficient importance to merit the attention of the Audit and Risk Committee.

Our audit procedures did not identify any significant deficiencies that in our professional judgment are of sufficient importance to merit the attention of the Audit and Risk Committee.

## Internal control risk assessment

We have completed the testing of internal controls for the purpose of providing an audit opinion on Council's internal controls. This work focuses on controls exercised by the Council in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities are sufficient to provide reasonable assurance that the financial transactions of the Council have been conducted properly and in accordance with law.

Our assessment of internal controls is based on the criteria in the Better Practice Model - Financial Internal Control for South Australian Councils as issued by the Local Government Association of South Australia.

The Better Practice Model emphasises a risk based approach to internal financial controls. It states that a Council should design and implement internal financial controls activities and monitoring systems that prioritise extreme and high financial risk as identified by the Council's risk tolerance framework.

We have been advised by the management that no risk assessment was performed for this financial year. Instead, self-assessment was performed over all 'core controls' that are suggested per Better Practice Model.

For the purpose of our internal control audit opinion, we have performed our own risk assessment to identify the key financial risks facing the Council, determine the inherent risk level and evaluate core controls activities to address this risk. Based on this work, we have not noted any material exceptions that would lead to a qualification to the audit report on internal controls.

Below is a table that shows the results of the work completed on internal controls in 2024:

Risk Category	Controls tested	Effective	Ineffective
Strategic Financial Planning	-	-	-
Assets	22	22	-
Liabilities	8	8	-
Revenue	14	14	-
Expenses	26	26	-
External Services	-	-	-
Financial Governance	-	-	-
<b>Total</b>	<b>70</b>	<b>70</b>	<b>-</b>

Based on the work completed, we have not noted any reportable points or material exceptions that would lead to a qualification to the audit report on internal controls.

## Other reporting requirements

### Independence and ethics

In conducting our audit, we are required to comply with the independence requirements of the *Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011* and Part 4A of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.

We have obtained independence declarations from all staff engaged in the audit.

We also have policies and procedures in place to identify any threats to our independence, and to appropriately deal with and if relevant mitigate those risks.

We have not become aware of any issue that would cause any member of the engagement team, BDO or any BDO network firm to contravene any ethical requirement or any regulatory requirement that applies to the audit engagement.

BDO has not provided any other services during the audit to City of Salisbury.

The *Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011* requires the lead auditor to make a declaration to the directors regarding independence. We are in a position to make this declaration, a draft of which has been included at [Appendix 3](#).

### Non-compliance with laws and regulations

We have made enquiries in relation to any non-compliance with laws and regulations during the course of our audit. We have not identified any instances of non-compliance with laws and regulations as a result of our enquiries.

We have not identified any reportable matters during the course of our audit.

### Fraud

Management have confirmed that there were no matters of fraud identified for the period under audit, or subsequently. It should be noted that our audit is not designed to detect fraud however should instances of fraud come to our attention we will report them to you.

We have not identified any instances of fraud during the course of our audit.

# Appendices



## Appendix 1 New developments

### Upcoming changes in financial reporting

#### Amendments to AASB 101 for classifying liabilities as current or non-current

Effective for annual reporting periods beginning on or after 1 January 2024, there are three main changes to the classification requirements within AASB 101 *Presentation of Financial Statements*:

- The right to defer settlement must exist at the end of the reporting period. If the right to defer settlement is dependent upon the entity complying with specified conditions (covenants), the right to defer only exists at reporting date if the entity complies with those conditions at reporting date (paragraph 72B).
- Classification is based on the right to defer settlement, and not intention (paragraph 73).
- If a liability could be settled by an entity transferring its own equity instruments prior to maturity (e.g. a convertible bond), classification is determined without considering the possibility of earlier settlement by conversion to equity, but only if the conversion feature is classified as equity under AASB 132 *Financial Instruments: Presentation* (paragraph 76B).

Classifying loans can be complicated where there has been a breach of a loan covenant, and can depend on whether and when the lender has provided a waiver or a period of grace. Our [publication](#) includes a flowchart and detailed examples to assist in this analysis.

Where a liability could be settled by an entity transferring its own equity instruments, such as for a convertible bond or note, this [publication](#) provides examples to assist with appropriate classification.

As these amendments apply for the first time to the 30 June 2025 balance sheet (and 30 June 2024 comparative balance sheet and 1 July 2023 opening balance sheet), at 30 June 2024, companies are in a position to assess the impacts regarding these changes. Entities must quantify the effect of any reclassification

on current and non-current liabilities as part of disclosures about the effect of new standards issued that are not effective as at 30 June 2024.

#### IFRS 18 *Presentation and Disclosure in Financial Statements*

On 9 April 2024, the International Accounting Standards Board issued IFRS 18 *Presentation and Disclosure in Financial Statements*, a new financial statements presentation standard to replace IAS 1 *Presentation of Financial Statements*. You can read more about this in our [recent publication](#).

The changes require income and expenses to be classified into five categories - investing, financing, income taxes, discontinued operations and operating (which is the residual category). Classification follows an entity's 'main business activities' so may differ from one entity to another. The Statement of Profit or Loss also includes two mandatory subtotals:

- Operating profit or loss - this is a sub-total of all income and all expenses classified as operating
- Profit or loss before financing and income taxes - this is the sub-total of operating profit or loss, and all income and expenses classified as investing.

There are also changes to the Statement of Cash Flows, including how interest and dividend cash inflows and interest cash outflows are classified.

Lastly, the financial statements must include new disclosures in single note about 'management-defined performance measures' such as earnings before interest, taxes, depreciation and amortisation (EBITDA), 'adjusted profit', operating profit excluding recurring items, etc.

The new disclosures apply to 'management-defined performance measures' if they are used in public communications outside the financial statements, to communicate to users of financial statements, management's view of an aspect of the entity's financial performance.



## Appendix 1 New developments *continued*

They do not apply to certain specific sub-totals in the Statement of Profit or Loss such as gross profit. They also do not apply to social media posts and oral communications, and to non-IFRS information based on financial measures that are not performance-related (such as measures based only on the financial position of the entity). Also, they do not apply if an entity makes no public communications (as may be the case for private companies).

The changes are effective for annual periods beginning on or after 1 January 2027.

If you have any questions or require more information regarding upcoming changes in financial reporting , please contact our [IFRS & Corporate Reporting team](#).



## Appendix 2 Proposed audit report

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CITY OF SALISBURY

#### Report on the Audit of the Financial Report

##### Opinion

We have audited the financial report of City of Salisbury (the Council), which comprises the statement of financial position as at 30 June 2024, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial report, including material accounting policy information and the declaration by those charged with governance.

In our opinion the accompanying financial report presents fairly, in all material respects, the financial position of the Council as at 30 June 2024 and its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards, 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 Council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Local Government Act 1999, which has been given to the Council, would be in the same terms if given to the Council as at the time of this auditor's report.

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

##### Other information

Those charged with governance are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the annual report Northern Adelaide Waste Management Authority for the year ended 30 June 2024, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Appendix 2 Proposed audit report *continued*

### Council's Responsibility for the Financial Report

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

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

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

### Auditor's 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 (<http://www.auasb.gov.au/Home.aspx>) at: [http://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf)

This description forms part of our auditor's report.

## Appendix 2 Proposed audit report *continued*

### INDEPENDENT ASSURANCE REPORT ON THE INTERNAL CONTROLS OF THE CITY OF SALISBURY

#### Opinion

We have undertaken a reasonable assurance engagement on the design and the operating effectiveness of controls established by City of Salisbury ('the Council') in relation to financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities, throughout the period 1 July 2023 to 30 June 2024 relevant to ensuring such transactions have been conducted properly and in accordance with law.

In our opinion, in all material respects:

- (a) The controls established by Council in relation to financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities were suitably designed to ensure such transactions have been conducted properly and in accordance with law; and
- (b) The controls operated effectively as designed throughout the period from 1 July 2023 to 30 June 2024.

#### Basis for opinion

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

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

#### The Council's responsibilities for the internal controls

The Council is responsible for:

- a) The receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities;
- b) Identifying the control objectives
- c) Identifying the risks that threaten achievement of the control objectives
- d) Designing controls to mitigate those risks, so that those risks will not prevent achievement of the identified control objectives; and
- e) Operating effectively the controls as designed throughout the period.

#### Our independence and quality control

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

#### Assurance practitioner's responsibilities

Our responsibility is to express an opinion, in all material respects, on the suitability of the design to achieve the control objectives and the operating effectiveness of controls established by Council in relation to financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities. ASAE 3150 requires that we plan and perform our procedures to obtain reasonable assurance about whether, in all material respects, the controls are suitably designed to achieve the control objectives and the controls operated effectively throughout the period.

## Appendix 2 Proposed audit report *continued*

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

### Limitations of controls

Because of the inherent limitations of an assurance engagement, together with 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 and so fraud, error, or non-compliance with laws and regulations may occur and not be detected.

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

## Appendix 3 Auditor independence declaration

### CERTIFICATION OF AUDITOR INDEPENDENCE

I confirm that, for the audit of the financial statements of the City of Salisbury for the year ended 30 June 2024, I have maintained my independence in accordance with the requirements of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code), 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*.



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We have prepared this report solely for the use of City of Salisbury. As you know, this report forms part of a continuing dialogue between the company and us and, therefore, it is not intended to include every matter, whether large or small, that has come to our attention. For this reason we believe that it would be inappropriate for this report to be made available to third parties and, if such a third party were to obtain a copy of this report without prior consent, we would not accept any responsibility for any reliance they may place on it.

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Item 7.1.2 - Attachment 1 - 2024 Audit Completion Report - City of Salisbury







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BDO Audit Pty Ltd  
422 King William Street  
ADELAIDE SA 5000

<DATE FINANCIAL STATEMENTS ARE SIGNED>

Dear Andrew

#### AUDIT FOR YEAR ENDED 30 JUNE 2024 OF CITY OF SALISBURY

This representation letter is provided in connection with your audit of the financial report of City of Salisbury for the year ended 30 June 2024, for the purpose of expressing an opinion as to whether the financial report presents fairly in accordance with the Australian Accounting Standards.

We confirm that to the best of our knowledge and belief, having made such enquiries as we considered necessary for the purposes of appropriately informing ourselves:

#### Financial report

1. We have fulfilled our responsibilities, as set out in your engagement letter dated 15 March 2024, for the preparation for the financial report in accordance with Australian Accounting Standards, the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011*; in particular that the financial report presents fairly in accordance therewith.
2. We have established and maintained adequate internal controls to facilitate the preparation of a reliable financial report and adequate records have been maintained. Any and all deficiencies in internal control of which we are aware have been communicated to you.
3. We confirm that the selection and application of accounting policies remains appropriate, and that there have been no changes to the accounting policies applied in the previous annual financial statements or the methods used in applying them.
4. We have no plans or intentions that may materially affect the carrying values, or classification, of assets and liabilities.
5. The entity has satisfactory title to all assets, and there are no liens or encumbrances on such assets that have not been disclosed, nor has any asset been pledged as collateral.
6. All significant judgments related to accounting estimates have taken into account all relevant information of which management is aware and the selection or application of the methods,

assumptions and data used by management in making the accounting estimates are consistent and appropriate.

7. The assumptions used in determining accounting estimates and related disclosures appropriately reflect management's intent and ability to carry out specific courses of action on behalf of the entity.
8. Disclosures related to accounting estimates, including disclosures describing estimation uncertainty, are complete and reasonable within the context of the applicable financial reporting framework.
9. The appropriate specialised skills or expertise has been applied in making the accounting estimates as applicable.

#### **Books, records and documentation**

10. We have provided you with:
  - Access to all information of which we are aware that is relevant to the preparation of the financial report such as records, documentation and other matters;
  - All minutes of meetings held by the Council and Audit & Risk Committee since the end of the previous reporting period have been given to you for your inspection;
  - Additional information that you have requested from us for the purpose of the audit;
  - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
11. All transactions have been recorded in the accounting records and are reflected in the financial report.

#### **Related parties**

12. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions.
13. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with Australian Accounting Standards in the financial report.

#### **Fraud**

14. We acknowledge our responsibility for the design, implementation and maintenance of accounting and internal control systems that are designed to prevent and detect fraud.
15. We have disclosed to you the results of our assessment of the risk that the financial report may be materially misstated as a result of fraud.
16. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the entity and involves:
  - Management;
  - Employees who have significant roles in internal control; or
  - Others where fraud could have a material impact on the financial report.
17. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the entity's financial report communicated by employees, former employees, analysts, regulators or others.

#### **Litigation and claims**

18. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered in the financial report; and accounted for and disclosed in accordance with Australian Accounting Standards.

**Compliance with laws and regulations**

19. We have disclosed to you all known actual or possible non-compliance with laws and regulations whose effects should be considered when preparing the financial report.
20. There have been no instances of non-compliance of laws and regulations involving management or employees who have a significant role in internal control.  
There have been no communications from regulatory agencies concerning non-compliance with, or deficiencies in, financial reporting practices that could have a material effect on the financial report.

**Subsequent events**

21. All events occurring subsequent to the date of the financial report and for which adjustment or disclosure are required, including but not limited to accounting estimates have been adjusted or disclosed.

**Other information**

22. We have informed you of all the documents that we expect to issue which may comprise other information accompanying the financial report.
23. The financial report and any other information obtained by you prior to the date of the auditor's report are consistent with one another, and the other information does not contain any material misstatements.

**Electronic presentation of Financial Report**

24. We are responsible for the electronic presentation of the financial report.
25. We will ensure that the electronic version of the audited financial report and the auditor's report on the web site will be identical to the final signed hard copy version.
26. We will clearly differentiate between audited and unaudited information in the construction of the entity's web site as we understand the risk of potential misrepresentation.
27. We have assessed the controls over the security and integrity of data on the web site and that adequate procedures are in place to ensure the integrity of the information published.
28. We will not present the auditor's report on the full financial statements with extracts only of the full financial statements.

Yours faithfully

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John Harry  
Chief Executive Officer  
City of Salisbury

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Charles Mansueto  
Deputy Chief Executive Officer  
City of Salisbury