

The Rural City of Murray Bridge

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2022



General Purpose Financial Statements

for the year ended 30 June 2022

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General Purpose Financial Statements
for the year ended 30 June 2022

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 2022 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.



Michael Sedgman
Chief Executive Officer

24 October 2022



Brenton Lewis
Mayor

24 October 2022

The Rural City of Murray Bridge

General Purpose Financial Statements

for the year ended 30 June 2022

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 & 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 2022.

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 4 "primary" financial statements:

1. **A Statement of Comprehensive Income**
A summary of Council's financial performance for the year, listing all income & expenses.
2. **A Balance Sheet**
A 30 June snapshot of Council's financial position including its assets & liabilities.
3. **A Statement of Changes in Equity**
The overall change for the year (in dollars) of Council's "net wealth".
4. **A 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 4 Primary Financial Statements.

About the Auditor's Reports

Council's Financial Statements are required to be audited by external accountants (that generally specialize 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.

Statement of Comprehensive Income

for the year ended 30 June 2022

\$ '000	Notes	2022	2021
Income			
Rates	2a	27,768	27,094
Statutory Charges	2b	592	705
User Charges	2c	2,583	2,288
Grants, Subsidies and Contributions	2g	14,777	10,801
Investment Income	2d	18	32
Reimbursements	2e	278	3,559
Other income	2f	468	418
Net Gain - Equity Accounted Council Businesses	19(a)	85	435
Total Income		46,569	45,332
Expenses			
Employee costs	3a	20,718	18,527
Materials, Contracts and Other Expenses	3b	15,123	17,244
Depreciation, Amortisation and Impairment	3c	9,034	7,659
Finance Costs	3d	284	231
Total Expenses		45,159	43,661
Operating Surplus / (Deficit)		1,410	1,671
Physical Resources Received Free of Charge	2i	1,779	690
Asset Disposal & Fair Value Adjustments	4	(1,846)	(1,824)
Amounts Received Specifically for New or Upgraded Assets	2g	1,781	8,759
Net Surplus / (Deficit)		3,124	9,296
Other Comprehensive Income			
Amounts which will not be reclassified subsequently to operating result			
Changes in Revaluation Surplus - I,PP&E	9a	7,778	10,836
Total Amounts which will not be reclassified subsequently to operating result		7,778	10,836
Total Other Comprehensive Income		7,778	10,836
Total Comprehensive Income		10,902	20,132

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

Statement of Financial Position

as at 30 June 2022

\$ '000	Notes	2022	2021
ASSETS			
Current assets			
Cash & Cash Equivalent Assets	5a	1,687	3,735
Trade & Other Receivables	5b	2,530	2,430
Inventories	5c	716	665
<u>Subtotal</u>		<u>4,933</u>	<u>6,830</u>
Non-Current Assets Held for Sale	20	599	571
<u>Subtotal</u>		<u>599</u>	<u>571</u>
Total current assets		<u>5,532</u>	<u>7,401</u>
Non-current assets			
Equity Accounted Investments in Council Businesses	6a	605	520
Other Non-Current Assets	6b	9,014	6,719
Infrastructure, Property, Plant & Equipment	7a(i)	346,855	334,351
Total non-current assets		<u>356,474</u>	<u>341,590</u>
TOTAL ASSETS		<u>362,006</u>	<u>348,991</u>
LIABILITIES			
Current Liabilities			
Trade & Other Payables	8a	15,888	12,875
Borrowings	8b	3,081	3,518
Provisions	8c	4,441	4,067
<u>Subtotal</u>		<u>23,410</u>	<u>20,460</u>
Total Current Liabilities		<u>23,410</u>	<u>20,460</u>
Non-Current Liabilities			
Borrowings	8b	9,938	10,819
Provisions	8c	679	635
Total Non-Current Liabilities		<u>10,617</u>	<u>11,454</u>
TOTAL LIABILITIES		<u>34,027</u>	<u>31,914</u>
Net Assets		<u>327,979</u>	<u>317,077</u>
EQUITY			
Accumulated surplus		117,075	113,951
Asset revaluation reserves	9a	210,904	203,126
Total Council Equity		<u>327,979</u>	<u>317,077</u>
Total Equity		<u>327,979</u>	<u>317,077</u>

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

Statement of Changes in Equity

for the year ended 30 June 2022

\$ '000	Notes	Accumulated surplus	Asset revaluation reserve	Total equity
2022				
Balance at the end of previous reporting period		113,951	203,126	317,077
Restated opening balance		113,951	203,126	317,077
Net Surplus / (Deficit) for Year		3,124	–	3,124
Other Comprehensive Income				
- Gain (Loss) on Revaluation of I,PP&E	7a	–	7,778	7,778
Other comprehensive income		–	7,778	7,778
Total comprehensive income		3,124	7,778	10,902
Balance at the end of period		117,075	210,904	327,979
2021				
Balance at the end of previous reporting period		104,655	192,290	296,945
Restated opening balance		104,655	192,290	296,945
Net Surplus / (Deficit) for Year		9,296	–	9,296
Other Comprehensive Income				
- Gain (Loss) on Revaluation of I,PP&E	7a	–	10,836	10,836
Other comprehensive income		–	10,836	10,836
Total comprehensive income		9,296	10,836	20,132
Balance at the end of period		113,951	203,126	317,077

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

Statement of Cash Flows

for the year ended 30 June 2022

\$ '000	Notes	2022	2021
Cash flows from operating activities			
<u>Receipts</u>			
Rates Receipts		28,455	27,454
Statutory Charges		592	705
User Charges		2,583	2,288
Grants, Subsidies and Contributions		15,197	12,308
Investment Receipts		18	32
Reimbursements		278	3,559
Other Receipts		513	269
<u>Payments</u>			
Payments to Employees		(20,290)	(18,259)
Payments for Materials, Contracts & Other Expenses		(14,475)	(20,973)
Finance Payments		(289)	(230)
Net cash provided by (or used in) Operating Activities	11b	<u>12,582</u>	<u>7,153</u>
Cash flows from investing activities			
<u>Receipts</u>			
Amounts Received Specifically for New/Upgraded Assets		2,486	8,441
Sale of Replaced Assets		114	335
Sale of Surplus Assets		207	—
<u>Payments</u>			
Expenditure on Renewal/Replacement of Assets		(7,378)	(7,643)
Expenditure on New/Upgraded Assets		(9,116)	(22,763)
Net cash provided (or used in) investing activities		<u>(13,687)</u>	<u>(21,630)</u>
Cash flows from financing activities			
<u>Receipts</u>			
Proceeds from Borrowings		—	8,720
Proceeds from Aged Care Facility Deposits		2,460	4,167
<u>Payments</u>			
Repayments of Borrowings		(872)	(1,210)
Repayment of Aged Care Facility Deposits		(2,072)	(1,642)
Net Cash provided by (or used in) Financing Activities		<u>(484)</u>	<u>10,035</u>
Net Increase (Decrease) in Cash Held		<u>(1,589)</u>	<u>(4,442)</u>
plus: Cash & Cash Equivalents at beginning of period		1,076	5,518
Cash and cash equivalents held at end of period	11a	<u>(513)</u>	<u>1,076</u>
Additional Information:			
Total Cash, Cash Equivalents & Investments		<u>(513)</u>	<u>1,076</u>

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

Notes to and forming part of the Financial Statements for the year ended 30 June 2022

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Notes to and forming part of the Financial Statements for the year ended 30 June 2022

Note 1. Summary of Significant Accounting Policies

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

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

(1) Basis of Preparation

1.1 Compliance with Australian Accounting Standards

This general purpose financial report has been prepared on a going concern basis using the historical cost convention 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 24 October 2022.

Covid-19, an infectious disease caused by a new virus, was declared a world-wide pandemic by the World Health Organisation (WHO) on 11 March 2020. The measures to slow the spread of Covid-19 have had a significant impact on the global economy. Although the 2022 financial year is the second annual reporting period impacted by the Covid-19 pandemic, the economic and financial impacts are still evolving and presenting economic and health challenges worldwide.

The financial impacts are a direct result of either Council's response to the pandemic or due to mandatory shutdowns as directed by the Australian Government and the advice from the Australian Government Department of Health and SA Health. Major impacts from the Covid-19 pandemic in the 2021/22 financial year include increased labour and materials costs at the Lerwin Aged Care Facility as a direct result of 3 Covid19 breakouts between January and June 2022. Furthermore Council experienced increased contractor and material costs, increased leave liabilities and delays to capital programs.

To reduce the impact of Covid-19, Council has endeavoured to reduce discretionary expenditure in the short term to help mitigate the effect of the increased costs. The budget assumptions for 2022/23 assume a continued easing of restrictions put in place by the government. Council has determined that there is no material uncertainty that casts doubt on Council's ability to continue as a going concern.

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

The Rural City of Murray Bridge is incorporated under the South Australian Local Government Act 1999 and has its principal place of business at 2 Seventh Street, Murray Bridge SA 5253. These consolidated financial statements include the Council's direct operations and all entities through which Council controls resources to carry on its functions. In the process of reporting on the Council as a single unit, all transactions and balances between activity areas and controlled entities have been eliminated.

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

1. Lerwin Nursing Home

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

(3) Income Recognition

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

Note 1. Summary of Significant Accounting Policies (continued)

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

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

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

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:

	Cash Payment Received	Annual Allocation	Difference
2019/20	\$3.990m	\$4.174m	- \$0.184m
2020/21	\$3.961m	\$4.200m	- \$0.240m
2021/22	\$5.478m	\$4.336m	\$1.142m

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

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

Construction Contracts

Construction works undertaken by Council for third parties are generally on an agency basis where the third party reimburses Council for actual costs incurred, and usually do not extend beyond the reporting period. Reimbursements not received are recognised as receivables and reimbursements received in advance are recognised as "payments received in advance".

For works undertaken on a fixed price contract basis, revenues are recognised over time using the input method, with costs incurred compared to total expected costs used as a measure of progress. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

(4) Cash, Cash Equivalents and other Financial Instruments

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

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

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

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

(5) Inventories

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

Note 1. Summary of Significant Accounting Policies (continued)

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. These weighted average costs includes the provision for reinstatement of rubble pits.

5.2 Other Real Estate Held for Resale

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

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

(6) Infrastructure, Property, Plant & Equipment**6.1 Initial Recognition**

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

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

6.2 Materiality

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

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

Buildings	\$10,000
Infrastructure	\$10,000
Plant & Vehicles	\$5,000
Equipment	\$5,000
Furniture & Fittings	\$5,000
Other - Artworks	\$5,000
Land	\$1

In addition to the above asset types that are capitalised, Council owns 2 Water Licences and 80 Aged Care Residential Bed Licences. These Licences are not capitalised as they were not originally purchased and they are not periodically valued.

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.

Notes to and forming part of the Financial Statements for the year ended 30 June 2022

Note 1. Summary of Significant Accounting Policies (continued)

6.4 Depreciation of Non-Current Assets

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

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

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

Plant, Furniture & Equipment

Office Equipment	5 to 10 years
Office Furniture	10 to 20 years
Vehicles and Road-making Equip	5 to 10 years
Other Plant & Equipment	5 to 20 years

Building & Other Structures

Buildings – masonry	60 to 150 years
Buildings – other construction	60 to 70 years
Park Structures – masonry	50 to 100 years
Park Structures – other construction	25 to 80 years
Playground equipment	10 to 60 years
Benches, seats, etc	10 to 25 years

Infrastructure

Sealed Roads – Surface	22 to 50 years
Sealed Roads – Structure	80 years
Unsealed Roads	20 to 40 years
Bridges – Concrete	100 years
Paving & Footpaths	20 to 50 years
Drains	30 to 100 years
Culverts	70 to 100 years
Dams and Reservoirs	80 to 100 years
Reticulation Pipes – PVC	70 to 100 years
Reticulation Pipes – other	25 to 75 years
Pumps & Telemetry	10 to 25 years

Other Assets

Library Books	10 years
Artworks	indefinite

6.5 Impairment

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

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

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

Notes to and forming part of the Financial Statements for the year ended 30 June 2022

Note 1. Summary of Significant Accounting Policies (continued)

6.6 Borrowing Costs

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

(7) Payables

7.1 Goods & Services

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

7.2 Payments Received in Advance & Deposits

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

(8) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred and are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method.

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

(9) Employee Benefits

9.1 Salaries, Wages & Compensated Absences

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

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

Weighted avg. discount rate 7.08% (2021, 6.9%)

Weighted avg. settlement period 0.60 years (2021, 0.59 years)

9.2 Superannuation

The Council makes employer superannuation contributions in respect of its employees to the Statewide Superannuation Scheme. The Scheme has two types of membership, each of which is funded differently. Details of the accounting policies applied and Council's involvement with the schemes are reported in Note 18.

(10) Provisions for Reinstatement, Restoration and Rehabilitation

Rehabilitation and restoration costs in relation to open rubble quarries include the dismantling and demolition of infrastructure and the removal of residual materials and remediation and rehabilitation of disturbed areas. Estimated close down and restoration costs are provided for in the accounting period when the obligation arising from the related disturbance occurs and are carried at the net present value of estimated future costs.

(11) Leases

Accounting policy applicable from 01 July 2019

Notes to and forming part of the Financial Statements for the year ended 30 June 2022

Note 1. Summary of Significant Accounting Policies (continued)

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

11.1 Council as a lessee

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

i) Right-of-Use-Assets

The Council recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received and the estimate of costs to be incurred to restore the leased asset.

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.

iv) Cemetery Leases

The Council does not recognise leases on the cemetery as a liability. Amounts received at the start of the interment right are recognised as revenue and not amortised over the life of the interment due to the immaterial nature and that annual assessments will be performed in future financial years.

(12) Equity Accounted Council Businesses

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

(13) GST Implications

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

- Receivables and Creditors include GST receivable and payable.
- Except in relation to input taxed activities, revenues and operating expenditures exclude GST receivable and payable.
- Non-current assets and capital expenditures include GST net of any recoupment.
- Amounts included in the Statement of Cash Flows are disclosed on a gross basis.

(14) New accounting standards and UIG interpretations

Standards issued by the AASB not yet effective

The AASB has issued Australian Accounting Standards and Interpretations which are not effective at 30 June 2022, these standards have not been adopted by Council and will be included in the financial statements on their effective date. Where the standard is expected to have a significant impact for Council then further information has been provided in this note.

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

Notes to and forming part of the Financial Statements for the year ended 30 June 2022

Note 1. Summary of Significant Accounting Policies (continued)

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

- AASB 2020-3 Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments

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

- AASB 2020-1 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-Current and associated standards (amended by AASB 2020-6)
- AASB 2021-2 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies and Definition of Accounting Estimates (amended by AASB 2021-6)

Effective for NFP annual reporting periods beginning on or after 1 January 2025

- AASB 2014-10 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (amended by AASB 2015-10, AASB 2017-5 and AASB 2021-7)

(15) Comparative Figures

To ensure comparability with the current reporting period's figures, some comparative period line items and amounts may have been reclassified or individually reported for the first time within these financial statements and/or the notes.

Such adjustments have been made in accordance with AASB 108, Accounting Policies, Changes in Accounting Estimates and Errors, the entity are presenting restatements of comparatives as arising from revenue recognition assumptions in accounting policies; AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-For-Profit Entities as appropriate. This is in relation to the recognition of R2R and LRCL incomes received.

The adjustment for the 2020-21 financial year results in an increase of Comprehensive Income of \$318k. Specifically, these adjustments will be accounted for in "Grants, subsidies and contributions" as an increase of \$1,507k, and "Amounts received specifically for new or upgraded assets" as a decrease of \$1,189k.

Additionally to this, the "Operating Surplus Ratio" and "Underlying Operating Surplus Ratio" for the 2019/20 financial year has been adjusted to reflect the movement of \$738k from "Amounts received specifically for new or upgraded assets" to "Grants, subsidies and contributions".

(16) Disclaimer

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

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

Note 2. Income

\$ '000	2022	2021
(a) Rates		
General Rates		
General Rates	26,175	25,436
Less: Mandatory Rebates	(987)	(927)
Total General Rates	25,188	24,509
Other Rates (Including Service Charges)		
Landscape Levy	765	793
Waste Collection	1,429	1,391
Water Supply	26	6
Community Wastewater Management Systems	153	169
Total Other Rates (Including Service Charges)	2,373	2,359
Other Charges		
Penalties for Late Payment	126	149
Legal & Other Costs Recovered	81	77
Total Other Charges	207	226
Total Rates	27,768	27,094
(b) Statutory Charges		
Development Act Fees	276	362
Town Planning Fees	60	47
Health & Septic Tank Inspection Fees	34	47
Animal Registration Fees & Fines	179	189
Parking Fines / Expiation Fees	43	60
Total Statutory Charges	592	705
(c) User Charges		
Cemetery/Crematoria Fees	129	148
Admission Charges - Pools	162	146
Nursing Home Fees	1,847	1,550
Hall & Equipment Hire	60	55
Property Lease	188	181
Sundry	92	88
HACC Home Help	35	40
Other	70	80
Total User Charges	2,583	2,288

Notes to and forming part of the Financial Statements for the year ended 30 June 2022

Note 2. Income (continued)

\$ '000	2022	2021
(d) Investment Income		
Interest on Investments		
- Local Government Finance Authority	18	32
Total Investment Income	18	32
(e) Reimbursements		
Private Works	90	3,291
Dog Control	10	5
Immunisation	25	24
Energy Fuel Schemes	13	16
LGA Special Distributions	15	37
Trainees	16	2
Other	109	184
Total Reimbursements	278	3,559
(f) Other income		
Insurance & Other Recoupments - Infrastructure, IPP&E	39	18
Rebates Received	330	318
Sundry	21	15
Art Gallery sales	30	31
Donations	31	24
Visitor Information Centre sales	17	12
Total Other income	468	418
(g) Grants, Subsidies, Contributions		
Amounts Received Specifically for New or Upgraded Assets	1,781	8,759
Total Amounts Received Specifically for New or Upgraded Assets	1,781	8,759
Other Grants, Subsidies and Contributions	923	760
Roads to Recovery	1,046	735
Home and Community Care Grant	—	16
Library and Communications	84	75
Lerwin Nursing Home (Medicare)	6,445	4,482
LRCI	801	772
Individually Significant Item - Additional Grants Commission Payment (refer below)	5,478	3,961
Total Other Grants, Subsidies and Contributions	14,777	10,801
Total Grants, Subsidies, Contributions	16,558	19,560

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

Notes to and forming part of the Financial Statements for the year ended 30 June 2022

Note 2. Income (continued)

\$ '000	2022	2021
(i) Sources of grants		
Commonwealth Government	9,922	9,345
State Government	6,229	9,761
Other	407	454
Total	16,558	19,560

(ii) Individually Significant Items

Grant Commission (FAG) Grant Recognised as Income	5,478	3,961
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(h) Conditions over Grants & Contributions

Grants and contributions which were obtained on the condition that they be expended for specified purposes or in a future period, but which are not yet expended in accordance with those conditions, are as follows:

Unexpended at the close of the previous reporting period	2,190	2,213
Less:		
<i>Expended during the current period from revenues recognised in previous reporting periods</i>		
Regional Study Hub	(100)	(125)
Lerwin Expansion	—	—
FAG	(2,090)	(2,088)
Subtotal	(2,190)	(2,213)
Plus:		
<i>Amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions</i>		
LRCI	487	—
Regional Study Hub	29	100
FAG	3,232	2,090
Subtotal	3,748	2,190
Unexpended at the close of this reporting period	3,748	2,190
Net increase (decrease) in assets subject to conditions in the current reporting period	1,558	(23)

(i) Physical Resources Received Free of Charge

Library Materials	53	63
Roads, Bridges & Footpaths	1,636	466
Road Signage	90	161
Total Physical Resources Received Free of Charge	1,779	690

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

Note 3. Expenses

\$ '000	Notes	2022	2021
(a) Employee costs			
Salaries and Wages		15,948	14,154
Employee Leave Expense		1,933	1,846
Superannuation - Defined Contribution Plan Contributions	18	1,620	1,359
Superannuation - Defined Benefit Plan Contributions	18	192	211
Workers' Compensation Insurance		914	784
Other Employee Related Costs		429	481
Less: Capitalised and Distributed Costs		(318)	(308)
Total Operating Employee Costs		20,718	18,527
Total Number of Employees (full time equivalent at end of reporting period)		220	200
(b) Materials, Contracts and Other Expenses			
(i) Prescribed Expenses			
Auditor's Remuneration			
- Auditing the Financial Reports		26	30
Bad and Doubtful Debts		-	2
Elected Members' Expenses		263	264
Election Expenses		9	7
Subtotal - Prescribed Expenses		298	303
(ii) Other Materials, Contracts and Expenses			
Contractors		7,446	9,588
Energy		955	901
Maintenance		62	185
Legal Expenses		249	321
Levies Paid to Government - NRM levy		767	793
Levies - Other		397	404
Professional Services		913	916
Sundry		448	420
Donations and Sponsorships		483	519
Materials		1,195	958
Insurance		576	489
Software Expenses		807	768
Training		141	162
Membership & Subscriptions		316	318
Water		180	180
Advertising		60	97
Internet and Telephone		198	222
Other		266	234
Less: Capitalised and Distributed Costs		(634)	(534)
Subtotal - Other Material, Contracts & Expenses		14,825	16,941
Total Materials, Contracts and Other Expenses		15,123	17,244

Notes to and forming part of the Financial Statements for the year ended 30 June 2022

Note 3. Expenses (continued)

\$ '000	2022	2021
(c) Depreciation, Amortisation and Impairment		
(i) Depreciation and Amortisation		
Buildings	1,704	886
Infrastructure	6,182	5,764
Furniture & Fittings	184	178
Plant & Vehicles	879	751
Other Assets	85	80
Subtotal	9,034	7,659
Total Depreciation, Amortisation and Impairment	9,034	7,659
(d) Finance Costs		
Interest on Overdraft and Short-Term Drawdown	22	24
Interest on Loans	262	207
Total Finance Costs	284	231

Note 4. Asset Disposal & Fair Value Adjustments

\$ '000	2022	2021
Infrastructure, Property, Plant & Equipment		
(i) Assets Renewed or Directly Replaced		
Proceeds from Disposal	114	335
Less: Carrying Amount of Assets Sold	(1,917)	(2,159)
Gain (Loss) on Disposal	(1,803)	(1,824)
(ii) Assets Surplus to Requirements		
Proceeds from Disposal	207	—
Less: Carrying Amount of Assets Sold	(250)	—
Gain (Loss) on Disposal	(43)	—
Net Gain (Loss) on Disposal or Revaluation of Assets	(1,846)	(1,824)

Notes to and forming part of the Financial Statements for the year ended 30 June 2022

Note 5. Current Assets

\$ '000	2022	2021
(a) Cash & Cash Equivalent Assets		
Cash on Hand at Bank	337	129
Deposits at Call	1,255	3,512
Council Term Deposits	95	94
Total Cash & Cash Equivalent Assets	1,687	3,735

(b) Trade & Other Receivables

Rates - General & Other	673	1,360
Accrued Revenues	376	2
Debtors - General	917	596
GST Recoupment	35	26
Prepayments	569	487
Subtotal	2,570	2,471
Less: Allowance for Doubtful Debts	(40)	(41)
Total Trade & Other Receivables	2,530	2,430

(c) Inventories

Stores & Materials	716	665
Total Inventories	716	665

Note 6. Non-Current Assets

\$ '000	Notes	2022	2021
(a) Equity Accounted Investments in Council Businesses			
Adelaide Hills Region Waste Management Authority	19	605	520
Total Equity Accounted Investments in Council Businesses		605	520

(b) Other Non-Current Assets

Other			
Capital Works-in-Progress		9,014	6,719
Total Other		9,014	6,719
Total Other Non-Current Assets		9,014	6,719

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

Note 7. Infrastructure, Property, Plant & Equipment & Investment Property

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

		as at 30/06/21				Asset movements during the reporting period							as at 30/06/22			
	Fair Value Level	At Fair Value	At Cost	Accumulated Depreciation	Carrying amount	Asset Additions New / Upgrade	Asset Additions Renewals	WDV of Asset Disposals	Depreciation Expense (Note 3c)	Gifted/Found Assets	Revaluation Decrements to Equity (ARR) (Note 9)	Revaluation Increments to Equity (ARR) (Note 9)	At Fair Value	At Cost	Accumulated Depreciation	Carrying amount
\$ '000																
Land - Community	3	20,904	909	–	21,813	–	–	(250)	–	–	–	3,477	25,040	–	–	25,040
Land - Other	2	14,268	–	–	14,268	–	–	–	–	–	–	5,604	19,872	–	–	19,872
Buildings - Replacement	3	54,355	15,738	(21,137)	48,956	280	335	–	(1,618)	–	–	610	80,641	742	(32,820)	48,563
Buildings - Market Value	2	3,106	66	–	3,172	–	–	–	(86)	–	(1,943)	–	1,842	–	(699)	1,143
Infrastructure		271,822	58,949	(95,230)	235,541	6,783	5,572	(1,863)	(6,182)	1,726	–	–	280,593	61,060	(100,076)	241,577
Furniture & Fittings		–	6,663	(3,310)	3,353	41	–	–	(184)	–	–	–	–	6,705	(3,495)	3,210
Plant & Vehicles		–	11,881	(5,171)	6,710	689	460	(54)	(879)	–	–	–	–	12,835	(5,909)	6,926
Other Assets		–	2,725	(2,187)	538	71	–	–	(85)	–	–	–	–	2,796	(2,272)	524
Total Infrastructure, Property, Plant & Equipment		364,455	96,931	(127,035)	334,351	7,864	6,367	(2,167)	(9,034)	1,726	(1,943)	9,691	407,988	84,138	(145,271)	346,855
Comparatives		355,127	65,992	(120,178)	300,941	24,344	7,422	(2,160)	(7,659)	626	–	10,836	364,455	96,931	(127,035)	334,351

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

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

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

Valuation of Assets

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

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

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

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

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

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

Information on Valuations

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

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

There is no known market for buildings, infrastructure and other assets. These assets are valued at depreciated current replacement cost. This method involves:

- The determination of the cost to construct the asset (or its modern engineering equivalent) using current prices for materials and labour, the quantities of each being estimated based on recent experience of this or similar Councils, or on industry construction guides where these are more appropriate.
- The calculation of the depreciation that would have accumulated since original construction using current estimates of residual value and useful life under the prime cost depreciation method adopted by Council.

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

Other Information

At 1 July 2004 upon the transition to AIFRS, Council elected pursuant to AASB 1.D5 to retain a previously established deemed cost under GAAP as its deemed cost. With subsequent addition at cost, this remains as the basis of recognition of non-material asset classes.

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

Highest and best use

Highest and best use - For land which Council has an unfettered right to sell, the "highest and best use" recognises the possibility of the demolition or substantial modification of some or all of the existing buildings and structures affixed to the land. Much of the land under Council's care and control is Crown land or has been declared as community land under the provisions of the Local Government Act 1999. Other types of restrictions also exist.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

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

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

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

Transition to AASB 13 - Fair Value Measurement

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

Land & Land Improvements

- Basis of valuation: Market Value
- Date of valuation: 1 July 2021
- Valuer: Preston Rowe Paterson

Buildings

- Basis of valuation: Insurance Replacement Value / Written down value
- Date of valuation: 1 July 2021
- Valuer: Preston Rowe Patterson

Infrastructure*Roads, Kerb and Gutter, Footpaths*

- Basis of valuation: Written down current replacement cost
- Date of valuation: 01 July 2018
- Valuer: Assetic.

Councils intent is to revalue Roads Kerb & Gutter and Footpaths in the 2022/23 Financial year on the back of recently completed Asset Condition Assessment and to inform an update to the Asset Management Plan.

Stormwater Drainage

- Basis of valuation: Written down current replacement cost
- Date of valuation: 1 July 2020
- Valuer: Asset Engineering

Structures, Bridges, Car Parks

- Basis of valuation: Written down current replacement cost
- Date of valuation: 30 June 2014 (Structures/Bridges) / 1 July 2014 (Carparks)
- Valuer: Council Valuation

Councils intent is to revalue Structures, Bridges and Carparks in conjunction with its revaluation of Roads, Kerb & Gutter and Footpaths in the 2022/23 Financial year on the back of recently completed Asset Condition Assessment and to inform an update to the Asset Management Plan.

Kerb & Footpath Unit Rate Correction

- Date of valuation: 01 July 2018.
- Valuer: Assetic.

Water & Wastewater Useful Life & Unit Rate Correction

- Date of valuation: 01 July 2016.
- Valuer: Council Valuation.

As explained in Note 1 - Significant Accounting Policies; Plant & Vehicles, Equipment and Other Assets are currently held at cost whereas historically the opening balances were determined by a valuation based both on Fair Value (Plant & Vehicles) and written down current replacement cost (Furniture & Fittings and Other Assets). These balances have been used as a proxy for cost.

Notes to and forming part of the Financial Statements for the year ended 30 June 2022

Note 8. Liabilities

\$ '000	2022 Current	2022 Non Current	2021 Current	2021 Non Current
(a) Trade and Other Payables				
Goods & Services	4,119	—	3,346	—
Payments Received in Advance	3,220	—	1,458	—
Accrued Expenses - Employee Entitlements	343	—	283	—
Accrued Expenses - Finance Costs	21	—	26	—
Accrued Expenses - Other	239	—	304	—
Lerwin Residential Accommodation Deposits	7,946	—	7,458	—
<u>Total Trade and Other Payables</u>	<u>15,888</u>	<u>—</u>	<u>12,875</u>	<u>—</u>

(b) Borrowings

Short Term Draw Down Facility	2,200	—	2,659	—
Loans	881	9,938	859	10,819
<u>Total Borrowings</u>	<u>3,081</u>	<u>9,938</u>	<u>3,518</u>	<u>10,819</u>

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

(c) Provisions

Employee Entitlements (including oncosts)	4,391	679	4,067	635
Future Reinstatement / Restoration, etc	50	—	—	—
<u>Total Provisions</u>	<u>4,441</u>	<u>679</u>	<u>4,067</u>	<u>635</u>

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

Note 9. Reserves

	as at 30/06/21				as at 30/06/22
\$ '000	Opening Balance	Increments (Decrements)	Transfers	Impairments	Closing Balance
(a) Asset Revaluation Reserve					
Land - Community	21,959	3,477	—	—	25,436
Land - Other	3,190	5,604	—	—	8,794
Land Held For Sale	—	30	—	—	30
Buildings	31,048	(1,333)	—	—	29,715
Infrastructure	144,055	—	—	—	144,055
Furniture & Fittings	664	—	—	—	664
Plant & Vehicles	2,121	—	—	—	2,121
JV's / Associates - Other Comprehensive Income	89	—	—	—	89
Total Asset Revaluation Reserve	203,126	7,778	—	—	210,904
Comparatives	192,290	10,836	—	—	203,126

(b) Other Reserves

Included within the Accumulated Surplus Reserve is the balance of the CWMS and CWWMS schemes that operate under the ESCOSA regime.

Each year there is expenditure from operating, managing and maintaining the schemes. these expenditures are recovered via user pay's systems that include fixed supply charges, variable service charges and useage based on consumption of water.

	as at 30/06/21				as at 30/06/22
\$ '000	Opening Balance	Tfrs to Reserve	Tfrs from Reserve	Other Movements	Closing Balance
CWMS and CWWMS Reserves	(340)	179	(203)	—	(364)
Total CWMS and CWWMS Reserves	(340)	179	(203)	—	(364)
Comparatives	(312)	175	(203)	—	(340)

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).

Notes to and forming part of the Financial Statements for the year ended 30 June 2022

Note 10. Assets Subject to Restrictions

\$ '000	2022	2021
The uses of the following assets are restricted, wholly or partially, by legislation or other externally imposed requirements. The assets are required to be utilised for the purposes for which control was transferred to Council, or for which the revenues were originally obtained.		
Cash & Financial Assets		
Zsolt Telkesi Scholarship	52	56
Lerwin Bequest	21	8
Carparking Contributions	28	28
Lerwin Resident Deposits	1,153	3,409
Futures Fund	95	94
Total Cash & Financial Assets	1,349	3,595
Total Assets Subject to Externally Imposed Restrictions	1,349	3,595
The following liabilities, included in Note 8, may be discharged from restricted assets in the first instance:		
Open Space Contributions	264	127
Developer Contributions	162	162
Lerwin Bequest	21	8
Carparking Contributions	28	28
Zsolt Telkesi Scholarship	52	56
Lerwin Resident Deposits	7,946	7,458
Futures Fund	95	94
Total	8,568	7,933

Notes to and forming part of the Financial Statements for the year ended 30 June 2022

Note 11. Reconciliation to Statement of Cash Flows

\$ '000	Notes	2022	2021
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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 & Equivalent Assets	5	1,687	3,735
Less: Short-Term Borrowings	8	(2,200)	(2,659)
Balances per Statement of Cash Flows		(513)	1,076

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

Net Surplus/(Deficit)		3,124	9,296
Non-Cash Items in Income Statements			
Depreciation, Amortisation & Impairment		9,034	7,659
Equity Movements in Equity Accounted Investments (Increase)/Decrease		(85)	(435)
Non-Cash Asset Acquisitions		(1,779)	(690)
Grants for capital acquisitions treated as Investing Activity		(1,781)	(8,759)
Net (Gain) Loss on Disposals		1,846	1,824
		10,359	8,895
Add (Less): Changes in Net Current Assets			
Net (Increase)/Decrease in Receivables		14	1,117
Change in Allowances for Under-Recovery of Receivables		1	(2)
Net (Increase)/Decrease in Inventories		(51)	(199)
Net (Increase)/Decrease in Other Assets		(2)	4
Net Increase/(Decrease) in Trade & Other Payables		1,843	(2,863)
Net Increase/(Decrease) in Unpaid Employee Benefits		368	201
Net Increase/(Decrease) in Other Provisions		50	—
Net Cash provided by (or used in) operations		12,582	7,153

\$ '000	Notes	2022	2021
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(c) Non-Cash Financing and Investing Activities

Acquisition of assets by means of:

Physical Resources Received Free of Charge	2i	1,779	690
Amounts recognised in Income Statement		1,779	690
Total Non-Cash Financing and Investing Activities		1,779	690

(d) Financing Arrangements

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

Corporate Credit Cards	43	50
LGFA Cash Advance Debenture Facility	9,000	9,000

Notes to and forming part of the Financial Statements for the year ended 30 June 2022

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	INCOME		EXPENSES		OPERATING SURPLUS (DEFICIT)		GRANTS INCLUDED IN INCOME		TOTAL ASSETS HELD (CURRENT & NON-CURRENT)	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Functions/Activities										
Business Undertakings	—	—	—	—	—	—	1,907	1,507	362,006	348,991
Administration	32,533	30,448	20,097	17,960	12,436	12,488	5,478	3,961	—	—
Transport & Communication	1,884	3,290	2,576	5,865	(692)	(2,575)	—	—	—	—
Public Order and Safety	364	326	654	567	(290)	(241)	—	—	—	—
Health	119	77	403	284	(284)	(207)	5	5	—	—
Social Security and Welfare	9,244	6,917	10,647	8,920	(1,403)	(2,003)	7,150	5,099	—	—
Housing and Community Amenities	1,706	2,190	2,644	2,664	(938)	(474)	—	—	—	—
Protection of Environment	87	116	1,242	1,164	(1,155)	(1,048)	17	38	—	—
Sport and Recreation	496	417	5,322	4,904	(4,826)	(4,487)	205	161	—	—
Economic Affairs	51	44	1,574	1,333	(1,523)	(1,289)	15	30	—	—
Total Functions/Activities	46,484	43,825	45,159	43,661	1,325	164	14,777	10,801	362,006	348,991

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

Notes to and forming part of the Financial Statements for the year ended 30 June 2022

Note 12(b). Components of Functions

The activities relating to Council functions are as follows:

ADMINISTRATION

Governance, Administration, elected members, accounting/finance, payroll, human resources, information technology, rates administration, records management, customer service.

TRANSPORT AND COMMUNICATION

Urban roads, sealed rural roads, unsealed rural roads, bridges, footpaths, parking areas, bus shelters and service, street lighting.

PROTECTION OF THE ENVIRONMENT

Agricultural services, landcare, waste management, recycling, transfer stations, Natural Resources Management Levy.

PUBLIC ORDER AND SAFETY

Fire protection, animal control, enforcement of local government regulations, emergency services.

HEALTH

Administration and inspection, immunisations, food control, noxious plants.

SOCIAL SECURITY AND WELFARE

Administration, youth services, aged and disabled, other community services.

HOUSING AND COMMUNITY AMENITIES

Housing, town planning, domestic waste management services, other waste management services, other waste, management services, street cleaning, other sanitation and garbage, urban stormwater drainage, environmental.

SPORT AND RECREATION

Public libraries, museums, art galleries, community centres, public halls, other cultural services, swimming pools, sporting grounds, parks and gardens, other sport and recreation.

ECONOMIC AFFAIRS

Tourism and area promotion, real estate developments, other business undertakings

Notes to and forming part of the Financial Statements for the year ended 30 June 2022

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 & Conditions:

Deposits are returning fixed interest rates between 0.30% and 1.05% (2021: 0.10% and 0.30%). Short term deposits have an average maturity of 90 days and an average interest rate of 0.30% (2021: 90 days and 0.30%).

Carrying Amount:

Approximates fair value due to the short term to maturity.

Receivables - Rates & Associated Charges

Accounting Policy:

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

Terms & Conditions:

Secured over the subject land, arrears attract interest of 5.05% (2021: 5.20%). Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries in the State.

Carrying Amount:

Approximates fair value (after deduction of any allowance).

Receivables - Fees & Other Charges

Accounting Policy:

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

Terms & Conditions:

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

Carrying Amount:

Approximates fair value (after deduction of any allowance).

Receivables - Other Levels of Government

Accounting Policy:

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

Terms & Conditions:

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

Carrying Amount:

Approximates fair value.

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.

Notes to and forming part of the Financial Statements for the year ended 30 June 2022

Note 13. Financial Instruments (continued)

Terms & Conditions:

Liabilities are normally settled on 30 day terms.

Carrying Amount:

Approximates fair value.

Liabilities - Retirement Home Contributions

Accounting Policy:

To avoid inconvenience when complying with the separate audit requirements imposed by the relevant legislation, amounts are carried at nominal values.

Terms & Conditions:

Pursuant to Commonwealth legislation certain intending residents are required to contribute amounts on an interest free basis. The amounts are subject to certain deductions as prescribed by the legislation, the balance being repaid on termination of tenancy.

Carrying Amount:

Approximates fair value for short tenancies; may be non-materially overstated for longer tenancies.

Liabilities - Interest Bearing Borrowings

Accounting Policy:

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

Terms & Conditions:

Secured over future revenues, borrowings are repayable (describe basis); interest is charged at fixed (or variable - describe) rates between **1.9%** and **4.8%** (2021: **1.3%** and **4.8%**).

Carrying Amount:

Approximates fair value.

Liabilities - Leases

Accounting Policy:

Accounted for in accordance with AASB 16.

\$ '000	Due < 1 year	Due > 1 year & ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
---------	-----------------	-----------------------------	------------------	------------------------------------	--------------------

Financial Assets and Liabilities

2022

Financial Assets

Cash & Cash Equivalents	1,685	—	—	1,685	1,687
Receivables	2,001	—	—	2,001	1,961
Total Financial Assets	3,686	—	—	3,686	3,648

Financial Liabilities

Payables	12,667	—	—	12,667	12,668
Current Borrowings	3,121	—	—	3,121	3,081
Non-Current Borrowings	—	7,497	2,895	10,392	9,938

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

Note 13. Financial Instruments (continued)

\$ '000	Due < 1 year	Due > 1 year & ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
Total Financial Liabilities	15,788	7,497	2,895	26,180	25,687
2021					
Financial Assets					
Cash & Cash Equivalents	3,735	—	—	3,735	3,735
Receivables	1,983	—	—	1,983	1,943
Total Financial Assets	5,718	—	—	5,718	5,678
Financial Liabilities					
Payables	11,417	—	—	11,417	11,417
Current Borrowings	3,518	—	—	3,518	3,518
Non-Current Borrowings	—	11,407	—	11,407	10,819
Total Financial Liabilities	14,935	11,407	—	26,342	25,754

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

\$ '000	2022		2021	
	Weighted Avg Interest Rate	Carrying Value	Weighted Avg Interest Rate	Carrying Value
Fixed Interest Rates	2.18%	13,019	1.87%	14,337
		13,019		14,337

Net Fair Value

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

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

Note 13. Financial Instruments (continued)

Risk Exposures

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

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

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

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

Note 14. Capital Expenditure and Investment Property Commitments

\$ '000	2022	2021
Capital Commitments		
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Buildings	260	98
Infrastructure	2,264	2,056
Plant & Equipment	279	586
	2,803	2,740
These expenditures are payable:		
Not later than one year	2,803	2,740
	2,803	2,740

Notes to and forming part of the Financial Statements for the year ended 30 June 2022

Note 15. Financial Indicators

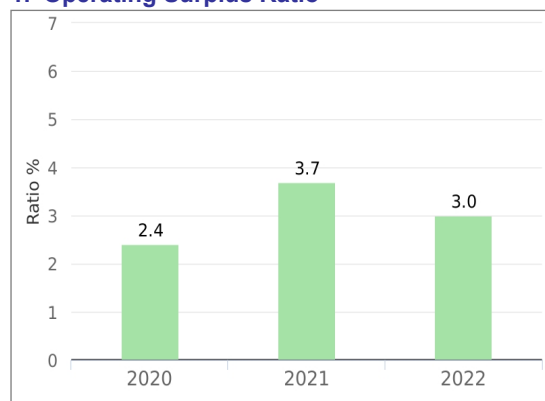
	Indicator 2022	Indicators 2021	Indicators 2020
Financial Indicators overview			
<i>These Financial Indicators have been calculated in accordance with Information paper 9 - Local Government Financial Indicators prepared as part of the LGA Financial Sustainability Program for the Local Government Association of South Australia.</i>			
1. Operating Surplus Ratio			
Operating Surplus			
Total Operating Income	3.0%	3.7%	2.4%
<i>This ratio expresses the operating surplus as a percentage of total operating revenue.</i>			
2. Net Financial Liabilities Ratio			
Net Financial Liabilities			
Total Operating Income	64%	57%	33%
<i>Net Financial Liabilities are defined as total liabilities less financial assets (excluding equity accounted investments in Council businesses). These are expressed as a percentage of total operating revenue.</i>			
Adjusted Operating Surplus Ratio			
Operating Surplus			
Total Operating Income	0.6%	4.2%	2.6%
Adjustments to Ratios			
<i>In recent years the Federal Government has made advance payments prior to 30th June from future year allocations of financial assistance grants, as explained in Note 1. These Adjusted Ratios correct for the resulting distortion in key ratios for each year and provide a more accurate basis for comparison.</i>			
Adjusted Net Financial Liabilities Ratio			
Net Financial Liabilities			
Total Operating Income	73%	61%	33%
3. Asset Renewal Funding Ratio			
Asset Renewals			
Infrastructure & Asset Management Plan required expenditure	112%	110%	127%
<i>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.</i>			

Notes to and forming part of the Financial Statements for the year ended 30 June 2022

Note 15. Financial Indicators (continued)

Financial Indicators - Graphs

1. Operating Surplus Ratio



Purpose of operating surplus ratio

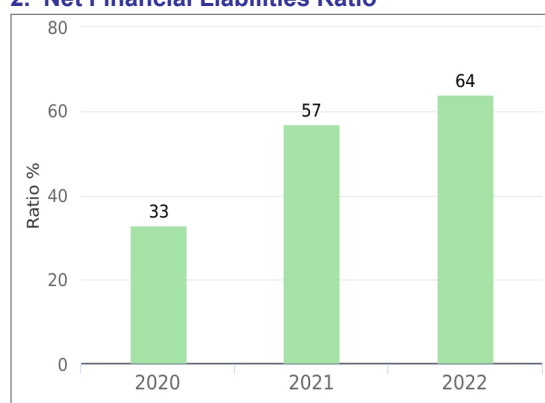
This indicator is to determine the percentage the operating revenue varies from operating expenditure

Commentary on 2021/22 result

2021/22 ratio 3.0%

Operating Surplus Ratio reflects the annual result including impacts associated with Covid-19 outbreaks at the Lerwin Aged Care Facility which are offset by recognition of the LRCL and R2R monies received in year, as well as a \$1.14m timing variance in the payment of the Financial Assistance Grants.

2. Net Financial Liabilities Ratio



Purpose of net financial liabilities ratio

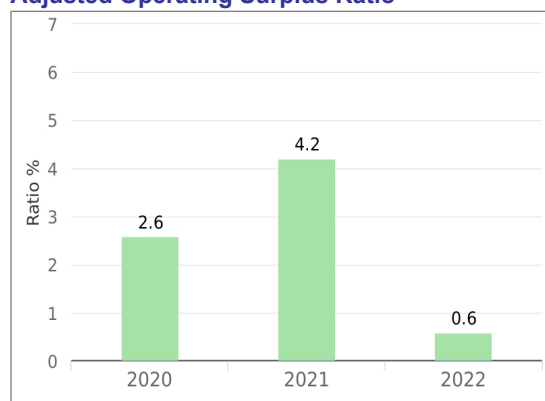
This indicator shows the significance of the net amount owed to others, compared to operating revenue

Commentary on 2021/22 result

2021/22 ratio 64%

Net Financial Liabilities has increased as a result of borrowings to fund continued major Capital Enhancement works.

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 2021/22 result

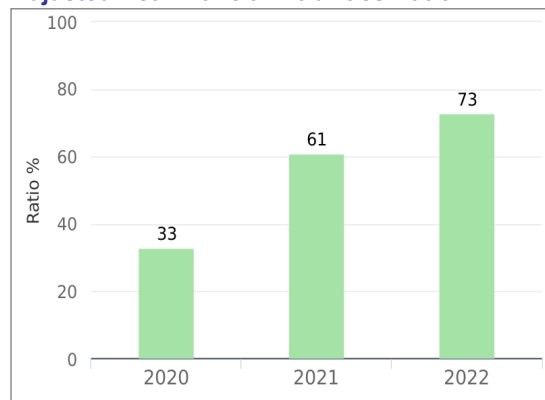
2021/22 ratio 0.6%

Underlying Operating Surplus has decreased in the 2021-22 year due to significant financial impacts associated with Covid-19 outbreaks at the Lerwin Nursing Home. Covid 19 also impacted service delivery due to increased material costs and impacts from various lockdowns.

Notes to and forming part of the Financial Statements for the year ended 30 June 2022

Note 15. Financial Indicators (continued)

Adjusted Net Financial Liabilities Ratio



Purpose of adjusted net financial liabilities ratio

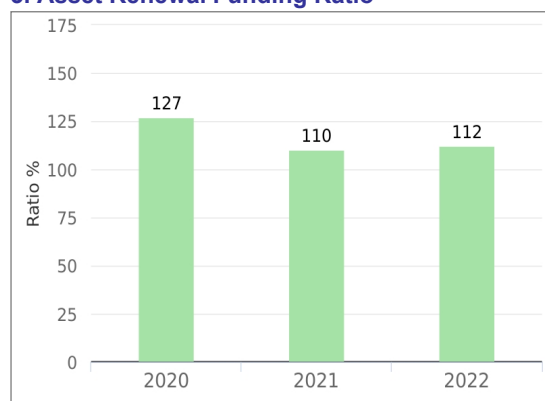
This indicator is to determine the percentage the operating revenue (adjusted for timing differences in the Financial Assistance Grant) varies from operating expenditure

Commentary on 2021/22 result

2021/22 ratio 73%

Adjusted Net Financial Liabilities has increased as a result of borrowings to fund continued major Capital Enhancement works.

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 2021/22 result

2021/22 ratio 112%

Asset Renewal Funding Ratio is a reflection of councils renewal works against its Asset Management Plans.

Notes to and forming part of the Financial Statements for the year ended 30 June 2022

Note 16. Uniform Presentation of Finances

\$ '000	2022	2021
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.		
Income	46,569	45,332
less Expenses	(45,159)	(43,661)
Operating Surplus / (Deficit)	1,410	1,671
Net Outlays on Existing Assets		
Capital Expenditure on Renewal and Replacement of Existing Assets	(7,378)	(7,643)
add back Depreciation, Amortisation and Impairment	9,034	7,659
add back Proceeds from Sale of Replaced Assets	114	335
	1,770	351
Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets (including Investment Property & Real Estate Developments)	(9,116)	(22,763)
add back Amounts Received Specifically for New and Upgraded Assets	2,486	8,441
add back Proceeds from Sale of Surplus Assets (including investment property, real estate developments & non-current assets held for resale)	207	—
	(6,423)	(14,322)
Net Lending / (Borrowing) for Financial Year	(3,243)	(12,300)

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

Note 17. Leases

Council as a lessor

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

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	2022	2021
Future minimum rentals receivable under non-cancellable operating leases as at 30 June, are as follows:		
Not later than one year	177	149
Later than one year and not later than 5 years	501	344
Later than 5 years	424	390
	1,102	883

Notes to and forming part of the Financial Statements for the year ended 30 June 2022

Note 18. Superannuation

The Council makes employer superannuation contributions in respect of its employees to Host Plus Super (formerly 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 10.0% in 2021/22 (9.50% in 2020/21). 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 Willis Towers Watson as at 30 June 2020. The Trustee has determined that the current funding arrangements are adequate for the expected Salarylink liabilities. However, future financial and economic circumstances may require changes to Council's contribution rates at some future time.

Contributions to Other Superannuation Schemes

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

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

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	
	2022	2021	2022	2021
Council's Share of Net Income				
Joint Ventures	85	435	605	520
Total Council's Share of Net Income	85	435	605	520

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

(a) Carrying Amounts

\$ '000	Principal Activity	2022	2021
Adelaide Hills Regional Waste Management Authority	Waste Management	605	520
Total Carrying Amounts - Joint Ventures & Associates		605	520

(b) Relevant Interests

	Interest in Operating Result		Ownership Share of Equity		Proportion of Voting Power	
	2022	2021	2022	2021	2022	2021
Adelaide Hills Regional Waste Management Authority	22.21%	22.50%	18.10%	17.56%	25.00%	25.00%

(c) Movement in Investment in Joint Venture or Associate

\$ '000	Adelaide Hills Regional Waste Management Authority	
	2022	2021
Opening Balance	520	85
Share in Operating Result	85	435
Council's Equity Share in the Joint Venture or Associate	605	520

Notes to and forming part of the Financial Statements for the year ended 30 June 2022

Note 19. Interests in Other Entities (continued)

(d) Summarised Financial Information of the Equity Accounted Business

\$ '000	Adelaide Hills Regional Waste Management Authority	
	2022	2021
Statement of Financial Position		
Cash and Cash Equivalents	1,051	265
Other Current Assets	1,365	1,790
Non-Current Assets	4,374	4,745
Total Assets	6,790	6,800
Current Trade and Other Payables	847	853
Current Financial Liabilities	224	672
Current Provisions	339	309
Non-Current Financial Liabilities	–	190
Non-Current Provisions	–	1,815
Total Liabilities	1,410	3,839
Net Assets	5,380	2,961
Statement of Comprehensive Income		
Other Income	2,529	3,992
Contributions from Constituent Councils	5,725	5,300
Interest Income	1	–
Total Income	8,255	9,292
Employee Costs	1,609	1,388
Materials, Contracts & Other Expenses	5,568	5,372
Depreciation, Amortisation and Impairment	680	613
Finance Costs	14	32
Total Expenses	7,871	7,405
Operating Result	384	1,887

Note 20. Non-Current Assets Held for Sale & Discontinued Operations

Following a strategic review of Council's land holdings, it was resolved that a number of parcels are considered surplus to requirements and have been marketed for sale and sold for the assessed marketed value. The below is a summary of the land parcels and status against their sale plan.

Lot 888 Oxford Street, Murray Bridge SA 5253
In the process of being prepared to be listed for sale

Lot 6 Forest Drive, Murray Bridge SA 5253
Listed for Sale as vacant Residential Land

5 Sturt Reserve Drive, Murray Bridge SA 5253
Listed for Sale as vacant light Industrial Zoned Land

Lot 95 Jaensch Road, Murray Bridge SA 5253
In the process of being prepared to be listed for sale

Given Murray Bridges recent surge and shortage of housing it is expected that these properties will be sold in the coming year.

Notes to and forming part of the Financial Statements
for the year ended 30 June 2022

Note 20. Non-Current Assets Held for Sale & Discontinued Operations (continued)

\$ '000	2022	2021
Carrying Amounts of Assets and Liabilities		
Assets		
Land	599	571
Total Assets	599	571
Net Assets	599	571

Notes to and forming part of the Financial Statements for the year ended 30 June 2022

Note 21. Contingencies & 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.

At reporting date, Council controlled 1000 km of road reserves of average width **7.87** metres.

2. Potential insurance losses

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

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

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

3. Bank guarantees

Council has guaranteed certain loans and other banking facilities advanced to community organisations and sporting bodies, amounting to **\$200,000** (2021: **\$200,000**) at reporting date.

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

4. Legal expenses

Council is the planning consent authority for its area under the Development Act 1993 (as amended). Pursuant to that Act, certain persons aggrieved by a planning decision of the Council may appeal. It is normal practice that parties bear their own legal costs. At the date of these reports, Council had notice of 1 appeal against planning decisions made prior to reporting date. All known costs have been recognised, but the amount of further costs cannot be known until the appeals are determined.

Note 22. Events after the Balance Sheet Date

Events that occur after the reporting date of 30 June 2022, 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.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

Note 23. Related Party Transactions

Key Management Personnel

Transactions with Key Management Personnel

The Key Management Personnel of the Council include the Mayor, Councillors, CEO and certain prescribed officers under section 112 of the Local Government Act 1999.

The Elected Members of the Rural City of Murray Bridge during the year were:

Brenton Lewis (Mayor)
 Andrew Baltensperger
 John DeMichele
 Karen Eckermann
 Airlie Keen
 Tyson Matthews
 Mat O'Brien
 Clem Schubert
 Wayne Thorley
 Fred Toogood

The Prescribed Officers of the Rural City of Murray Bridge during the year were:

Michael Sedgman (CEO)
 Heather Barclay
 Kristen Manson
 Timothy Vonderwall

In all, 4 persons were paid Employee Benefit compensation.

\$ '000	2022	2021
The compensation paid to Key Management Personnel comprises:		
Short-Term Employee Benefits	810	790
Post-Employment Benefits	81	75
Elected Members Allowances	242	239
Total	1,133	1,104

Other Related Parties

Other related parties include close family members of key management personnel, and entities that are controlled or jointly controlled by those key management personnel individually or collectively

Other than amounts paid as ratepayers or residents (e.g. rates, swimming pool entry fees, etc.), during the year the following transactions occurred with related parties of Rural City of Murray Bridge Council. These transactions were on normal commercial terms and conditions no more favourable than those available to other persons unless otherwise stated.

Murray River Lakes & Coorong Tourism Alliance for whom M. Sedgman, CEO, is a board member - Memberships and Subscriptions	47	47
Local Government Finance Authority for whom M. Sedgman, CEO, is Board Chair - Interest Paid	188	210
Local Government Finance Authority for whom M. Sedgman, CEO, is Board Chair - Interest Received	(17)	(32)
Local Government Professionals SA for whom M. Sedgman, CEO is President - Subscriptions and Training	58	30
Bridge Office Pty Ltd for whom A Baltensperger, Elected Member, is a Director - Contractors (Office Equipment)	14	20
Murray Lands and Riverland Local Government Association for whom B Lewis, Mayor, is a board member - Memberships and Subscriptions	40	51
Adelaide Hills Regional Waste Management Authority for whom H Barclay, Prescribed Officer, is a board member. Also Elected Member F Toogood is a delegate board member - Contractors (Waste Management)	944	904

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

Note 23. Related Party Transactions (continued)

\$ '000	2022	2021
Adelaide Hills Regional Waste Management Authority for whom H Barclay, Prescribed Officer, is a board member. Also Elected Member F Toogood is a delegate board member - Net Loss/(Profit) Equity Accounted Council Businesses	(85)	(435)
Total	1,189	795

Note 24. Equity - Retained Earnings and Revaluation Reserves Adjustments

Correction of errors relating to a previous reporting period

Nature of prior-period error

In accordance with AASB 108, Accounting Policies, Changes in Accounting Estimates and Errors, the entity are presenting restatements of comparatives as arising from revenue recognition assumptions in accounting policies; AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-For-Profit Entities as appropriate.

This is in relation to the recognition of R2R and LRCI incomes received, that was originally recognised as capital income as milestones were completed. The correct accounting treatment has been adjusted to recognise these incomes as "Grants, Subsidies and Contributions" upon receipt of the monies due to the discretionary nature of the associated spend.

The adjustment for the 2020-21 financial year results in an increase of Comprehensive Income of \$318k. Specifically, these adjustments will be accounted for in "Grants, subsidies and contributions" as an increase of \$1,507k, and "Amounts received specifically for new or upgraded assets" as a decrease of \$1,189k.

Additionally to this, the "Operating Surplus Ratio" and "Underlying Operating Surplus Ratio" for the 2019/20 financial year has been adjusted to reflect the movement of \$738k from "Amounts received specifically for new or upgraded assets" to Grants, subsidies and contributions".

The above error had an immaterial impact on the Statement of Financial Position at 1 July, 2021.

Note 25. Segment Reporting

\$ '000	Notes	Total Council 2022	Lerwin Nursing Home 2022	Council Other 2022
INCOME STATEMENT				
Operating Income				
Rates	2a	27,768	—	27,768
Statutory Charges	2b	592	—	592
User Charges	2c	2,583	1,847	736
Grants, Subsidies and Contributions	2g	14,777	6,445	8,332
Investment Income	2d	18	18	—
Reimbursements	2e	278	33	245
Other Income	2f	468	2	466
Net Gain - Equity Accounted Council Businesses	19	85	—	85
Total Operating Income		46,569	8,345	38,224
Operating Expenses				
Employee Costs	3a	20,718	6,164	14,554
Materials, Contracts & Other Expenses	3b	15,123	2,388	12,735
Depreciation, Amortisation & Impairment	3c	9,034	643	8,391
Finance Costs	3d	284	71	213
Total Operating Expenses		45,159	9,266	35,893

continued on next page ...

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

Note 25. Segment Reporting (continued)

\$ '000	Notes	Total Council 2022	Lerwin Nursing Home 2022	Council Other 2022
Operating Surplus / (Deficit)		1,410	(921)	2,331
Physical Resources Received Free of Charge	2i	1,779	–	1,779
Assets Disposed & Fair Value Adjustments	4	(1,846)	–	(1,846)
Amounts Received Specifically for New or Upgraded Assets	2g	1,781	40	1,741
Net Surplus / (Deficit)		3,124	(881)	4,005
BALANCE SHEET				
Assets				
Current Assets	5,20	5,532	2,023	3,509
Infrastructure, Property, Plant & Equipment	7	346,855	25,587	321,268
Other Non-Current Assets	6	9,619	–	9,619
Total Assets		362,006	27,610	334,396
Liabilities				
Current Liabilities	8,20	23,410	9,381	14,029
Non-Current Liabilities	8	10,617	2,252	8,365
Total Liabilities		34,027	11,633	22,394
Net Assets		327,979	15,977	312,002

*Note: Reference to Lerwin in this GPFR document refers to the Lerwin Aged Care Facility

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Independent Auditor's Report

To the members of the Rural City of Murray Bridge

Opinion

We have audited the accompanying financial report of the Rural City of Murray Bridge (the Council), which comprises the statement of financial position as at 30 June 2022, statement of comprehensive income, statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the Certification of the Financial Statements.

In our opinion, the financial report presents fairly, in all material aspects, the financial position of the Council as at 30 June 2022, and its financial performance and its cash flows for the year then ended in accordance with the *Local Government Act 1999* and the *Local Government (Financial Management) Regulation 2011* and the Australian Accounting Standards.

Basis for Opinion

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

Council's Responsibility for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

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

DEAN NEWBERY



SAMANTHA CRETEN
PARTNER

Signed on the 2nd day of November 2022,
at 214 Melbourne Street, North Adelaide, South Australia, 5006

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INDEPENDENT ASSURANCE REPORT ON THE INTERNAL CONTROLS OF THE RURAL CITY OF MURRAY BRIDGE

Opinion

In our opinion, the Council has complied, in all material respects, with Section 125 of the *Local Government Act 1999* in relation to the Internal Controls established by the Council relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities so as to provide reasonable assurance that the financial transactions of the Council have been conducted properly and in accordance with law for the period 1 July 2021 to 30 June 2022.

Basis for opinion

We have audited the Internal Controls of the Rural City of Murray Bridge (the Council) under the requirements of *Section 125 of the Local Government Act 1999* in relation only to the Internal Controls established by the Council to ensure that financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities for the period 1 July 2021 to 30 June 2022 have been conducted properly and in accordance with law.

We conducted our engagement in accordance with Standard on Assurance Engagements *ASAE 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information* and *ASAE 3150 Assurance Engagements on Controls* issued by the Auditing and Assurance Standards Board.

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

The Council's Responsibility for the Internal Controls

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

Our Independence and Quality Control

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

Assurance Practitioner's Responsibilities

Our responsibility is to express an opinion on the Council's compliance with *Section 125 of the Local Government Act 1999* in relation only to the Internal Controls established by the Council to ensure that financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities, based on our procedures have been conducted properly and in accordance with law.

ASAE 3150 requires that we plan and performed 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 operating effectively through the period. ASAE 3000 also requires us to comply with the relevant ethical requirements for the Australian professional accounting bodies.

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

Limitation on Use

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

Limitations of Controls

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

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

DEAN NEWBERY



SAMANTHA CRETEN
PARTNER

Signed on the 2nd day of November 2022
at 214 Melbourne Street, North Adelaide, South Australia, 5006

General Purpose Financial Statements
for the year ended 30 June 2022

Certification of Auditor Independence

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of Rural City of Murray Bridge for the year ended 30 June 2022, the Council's Auditor, Bentleys SA Audit Partnership 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*.


Michael Sedgman
Chief Executive Officer
Peter Brass
Presiding Member, Audit Committee

Date: 19 October 2022

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Certification of Auditor's Independence

I confirm that, for the audit of the financial statements of the Rural City of Murray Bridge for the year ended 30 June 2022, I have maintained my independence in accordance with the requirements of APES 110 – Code of Ethics for Professional Accountants, 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*.



SAMANTHA CRETEN

Partner

DEAN NEWBERY

Dated this 2nd day of November 2022