

The Rural City of Murray Bridge

GENERAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2021



General Purpose Financial Statements

for the year ended 30 June 2021

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General Purpose Financial Statements

for the year ended 30 June 2021

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 2021 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

11 October 2021



Brenton Lewis
Mayor

11 October 2021

General Purpose Financial Statements

for the year ended 30 June 2021

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 2021.

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 2021

\$ '000	Notes	2021	2020
Income			
Rates	2a	27,094	26,371
Statutory Charges	2b	705	779
User Charges	2c	2,288	2,122
Grants, Subsidies and Contributions	2g	9,294	8,896
Investment Income	2d	32	138
Reimbursements	2e	3,559	423
Other income	2f	418	461
Net Gain - Equity Accounted Council Businesses	19(a)	435	28
Total Income		43,825	39,218
Expenses			
Employee costs	3a	18,527	17,246
Materials, Contracts and Other Expenses	3b	17,244	14,254
Depreciation, Amortisation and Impairment	3c	7,659	7,364
Finance Costs	3d	231	164
Total Expenses		43,661	39,028
Operating Surplus / (Deficit)		164	190
Physical Resources Received Free of Charge	2i	690	766
Asset Disposal & Fair Value Adjustments	4	(1,824)	(1,425)
Amounts Received Specifically for New or Upgraded Assets	2g	9,948	4,465
Net Surplus / (Deficit)		8,978	3,996
Other Comprehensive Income			
Amounts which will not be reclassified subsequently to operating result			
Changes in Revaluation Surplus - I,PP&E	9	10,836	(121)
Impairment (Expense) / Recoupments Offset to Asset Revaluation Reserve	9	—	(27)
Total Amounts which will not be reclassified subsequently to operating result		10,836	(148)
Total Other Comprehensive Income		10,836	(148)
Total Comprehensive Income		19,814	3,848

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

Statement of Financial Position

as at 30 June 2021

\$ '000	Notes	2021	2020
ASSETS			
Current assets			
Cash & Cash Equivalent Assets	5a	3,735	5,518
Trade & Other Receivables	5b	2,430	3,825
Inventories	5c	665	466
Non-Current Assets Held for Sale	20	571	571
Total current assets		7,401	10,380
Non-current assets			
Equity Accounted Investments in Council Businesses	6a	520	85
Other Non-Current Assets	6b	6,719	8,015
Infrastructure, Property, Plant & Equipment	7a(i)	334,351	300,941
Total non-current assets		341,590	309,041
TOTAL ASSETS		348,991	319,421
LIABILITIES			
Current Liabilities			
Trade & Other Payables	8a	13,193	13,807
Borrowings	8b	3,518	3,647
Provisions	8c	4,067	3,774
Total Current Liabilities		20,778	21,228
Non-Current Liabilities			
Borrowings	8b	10,819	521
Provisions	8c	635	727
Total Non-Current Liabilities		11,454	1,248
TOTAL LIABILITIES		32,232	22,476
Net Assets		316,759	296,945
EQUITY			
Accumulated surplus		113,633	104,655
Asset revaluation reserves	9	203,126	192,290
Total Council Equity		316,759	296,945
Total Equity		316,759	296,945

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 2021

\$ '000	Notes	Accumulated surplus	Asset revaluation reserve	Total equity
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		8,978	–	8,978
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		8,978	10,836	19,814
Balance at the end of period		113,633	203,126	316,759
2020				
Balance at the end of previous reporting period		101,035	192,438	293,473
Adjustments (due to compliance with revised Accounting Standards) - not retrospective	24b	(376)	–	(376)
Restated opening balance		100,659	192,438	293,097
Net Surplus / (Deficit) for Year		3,996	–	3,996
Other Comprehensive Income				
- Gain (Loss) on Revaluation of I,PP&E	7a	–	(121)	(121)
- IPP&E Impairment (Expense) / Recoupments Offset to ARR	7a	–	(27)	(27)
Other comprehensive income		–	(148)	(148)
Total comprehensive income		3,996	(148)	3,848
Balance at the end of period		104,655	192,290	296,945

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 2021

\$ '000	Notes	2021	2020
Cash flows from operating activities			
<u>Receipts</u>			
Operating Receipts		43,570	42,259
Investment Receipts		32	138
<u>Payments</u>			
Operating Payments to Suppliers and Employees		(37,726)	(31,405)
Finance Payments		(230)	(164)
Net cash provided by (or used in) Operating Activities	11b	<u>5,646</u>	<u>10,828</u>
Cash flows from investing activities			
Amounts Received Specifically for New/Upgraded Assets		9,948	4,465
Sale of Replaced Assets		335	389
<u>Payments</u>			
Expenditure on Renewal/Replacement of Assets		(7,643)	(9,774)
Expenditure on New/Upgraded Assets		(22,763)	(10,209)
Net cash provided (or used in) investing activities		<u>(20,123)</u>	<u>(15,129)</u>
Cash flows from financing activities			
<u>Receipts</u>			
Proceeds from Borrowings		11,379	2,780
Proceeds from Aged Care Facility Deposits		4,167	1,935
<u>Payments</u>			
Repayments of Borrowings		(1,210)	(1,094)
Repayment of Aged Care Facility Deposits		(1,642)	(2,387)
Net Cash provided by (or used in) Financing Activities		<u>12,694</u>	<u>1,234</u>
Net Increase (Decrease) in Cash Held		<u>(1,783)</u>	<u>(3,067)</u>
plus: Cash & Cash Equivalents at beginning of period		5,518	8,585
Cash and cash equivalents held at end of period	11a	<u>3,735</u>	<u>5,518</u>
Additional Information:			
Total Cash, Cash Equivalents & Investments		<u>3,735</u>	<u>5,518</u>

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

Notes to and forming part of the Principal Financial Statements for the year ended 30 June 2021

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Notes to the Financial Statements

for the year ended 30 June 2021

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 11 October 2021.

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.

1.4 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

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:

Notes to the Financial Statements

for the year ended 30 June 2021

Note 1. Summary of Significant Accounting Policies (continued)

	Cash Payment Received	Annual Allocation	Difference
2018/19	\$4.836m	\$4.369m	+ \$0.469m
2019/20	\$3.990m	\$4.174m	- \$0.184m
2020/21	\$3.961m	\$4.200m	- \$0.240m

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

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

5.1 Real Estate Assets Developments

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

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

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.

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.

Notes to the Financial Statements

for the year ended 30 June 2021

Note 1. Summary of Significant Accounting Policies (continued)

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

6.3 Subsequent Recognition

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

6.4 Depreciation of Non-Current Assets

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

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

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

Plant, Furniture & Equipment

Office Equipment	5 to 10 years
Office Furniture	10 to 20 years

continued on next page ...

Notes to the Financial Statements

for the year ended 30 June 2021

Note 1. Summary of Significant Accounting Policies (continued)

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

Building & Other Structures

Buildings – masonry	50 to 130 years
Buildings – other construction	45 to 100 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.

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.

Notes to the Financial Statements

for the year ended 30 June 2021

Note 1. Summary of Significant Accounting Policies (continued)

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 6.9% (2020, 5.9%)

Weighted avg. settlement period 0.59 years (2020, 0.64 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) Leases

Accounting policy applicable from 01 July 2019

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

11.1 Council as a lessee

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

i) Right-of-Use-Assets

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

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.

Notes to the Financial Statements

for the year ended 30 June 2021

Note 1. Summary of Significant Accounting Policies (continued)

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

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

(11) Equity Accounted Council Businesses

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

(12) 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.

(13) New accounting standards and UIG interpretations

The Council applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2020. New standards and amendments relevant to the Council are listed below. The Council has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to AASB 101 and AASB 108 Definition of Material

The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the financial statements of, nor is there expected to be any future impact to the Council.

Amendments to AASB 16 Covid-19 Related Rent Concessions

In 2020, the AASB issued AASB 2020-4, Amendments to AASBs - Covid-19-Related Rent Concessions. The amendments provide relief to lessees from applying AASB 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification. The amendment applies to annual reporting periods beginning on or after 1 June 2020. This amendment had no impact on the consolidated financial statements of the Group.

Standards issued by the AASB not yet effective

The AASB has issued Australian Accounting Standards and Interpretations which are not effective at 30 June 2021, these standards have not been adopted by Council and will be included in the financial statements on their effective date. Where the standard is expected to have a significant impact for Council then further information has been provided in this note.

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

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

- AASB 2020-3 Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments
- AASB 2014-10 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (amended by AASB 2015-10 and AASB 2017-5)

Notes to the Financial Statements

for the year ended 30 June 2021

Note 1. Summary of Significant Accounting Policies (continued)

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.

(14) Comparative Figures

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

(15) Disclaimer

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

Notes to the Financial Statements

for the year ended 30 June 2021

Note 2. Income

\$ '000	2021	2020
(a) Rates		
General Rates		
General Rates	25,436	24,646
Less: Mandatory Rebates	(927)	(845)
Total General Rates	24,509	23,801
Other Rates (Including Service Charges)		
Natural Resource Management Levy	793	771
Waste Collection	1,391	1,341
Water Supply	6	5
Community Wastewater Management Systems	169	164
Total Other Rates (Including Service Charges)	2,359	2,281
Other Charges		
Penalties for Late Payment	149	181
Legal & Other Costs Recovered	77	108
Total Other Charges	226	289
Total Rates	27,094	26,371
(b) Statutory Charges		
Development Act Fees	362	485
Town Planning Fees	47	37
Health & Septic Tank Inspection Fees	47	26
Animal Registration Fees & Fines	189	178
Parking Fines / Expiation Fees	60	53
Total Statutory Charges	705	779
(c) User Charges		
Cemetery/Crematoria Fees	148	132
Admission Charges - Pools	146	154
Nursing Home Fees	1,550	1,393
Hall & Equipment Hire	55	61
Property Lease	181	160
Sundry	88	127
HACC Home Help	40	55
Other	80	40
Total User Charges	2,288	2,122

Notes to the Financial Statements

for the year ended 30 June 2021

Note 2. Income (continued)

\$ '000	2021	2020
(d) Investment Income		
Interest on Investments		
- Local Government Finance Authority	32	79
- Banks & Other	–	59
Total Investment Income	32	138

(e) Reimbursements

Private Works	3,291	117
Dog Control	5	4
Immunisation	24	12
Energy Fuel Schemes	16	110
LGA Special Distributions	37	53
Trainees	2	15
Events	–	1
Other	184	111
Total Reimbursements	3,559	423

(f) Other income

Insurance & Other Recoupments - Infrastructure, IPP&E	18	60
Rebates Received	318	294
Sundry	15	44
Art Gallery sales	31	25
Donations	24	24
Visitor Information Centre sales	12	14
Total Other income	418	461

(g) Grants, Subsidies, Contributions

Amounts Received Specifically for New or Upgraded Assets	9,948	4,465
Total Amounts Received Specifically for New or Upgraded Assets	9,948	4,465
Other Grants, Subsidies and Contributions	760	1,110
Home and Community Care Grant	16	18
Library and Communications	75	73
Lerwin Nursing Home (Medicare)	4,482	3,705
Individually Significant Item - Additional Grants Commission Payment (refer below)	3,961	3,990
Total Other Grants, Subsidies and Contributions	9,294	8,896
Total Grants, Subsidies, Contributions	19,242	13,361

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

Notes to the Financial Statements

for the year ended 30 June 2021

Note 2. Income (continued)

\$ '000	2021	2020
(i) Sources of grants		
Commonwealth Government	9,027	6,416
State Government	9,761	6,564
Other	454	381
Total	19,242	13,361

(ii) Individually Significant Items

Grant Commission (FAG) Grant Recognised as Income	3,961	3,990
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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	2,213	3,166
Less:		
<i>Expended during the current period from revenues recognised in previous reporting periods</i>		
Regional Study Hub	(125)	(294)
Lerwin Expansion	–	(375)
FAG	(2,088)	(2,497)
Subtotal	(2,213)	(3,166)
Plus:		
<i>Amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions</i>		
Regional Study Hub	100	125
FAG	2,090	2,088
Subtotal	2,190	2,213
Unexpended at the close of this reporting period	2,190	2,213
Net increase (decrease) in assets subject to conditions in the current reporting period	(23)	(953)

(i) Physical Resources Received Free of Charge

Library Materials	63	62
Roads, Bridges & Footpaths	466	658
Buildings	–	12
Road Signage	161	34
Total Physical Resources Received Free of Charge	690	766

Notes to the Financial Statements

for the year ended 30 June 2021

Note 3. Expenses

\$ '000	Notes	2021	2020
(a) Employee costs			
Salaries and Wages		14,154	13,251
Employee Leave Expense		1,846	1,691
Superannuation - Defined Contribution Plan Contributions	18	1,359	1,225
Superannuation - Defined Benefit Plan Contributions	18	211	227
Workers' Compensation Insurance		784	727
Other Employee Related Costs		481	344
Less: Capitalised and Distributed Costs		(308)	(219)
Total Operating Employee Costs		18,527	17,246
Total Number of Employees (full time equivalent at end of reporting period)		200	192
(b) Materials, Contracts and Other Expenses			
(i) Prescribed Expenses			
Auditor's Remuneration			
- Auditing the Financial Reports		30	30
Bad and Doubtful Debts		2	(1)
Elected Members' Expenses		264	268
Election Expenses		7	6
Subtotal - Prescribed Expenses		303	303
(ii) Other Materials, Contracts and Expenses			
Contractors		9,588	6,797
Energy		901	940
Maintenance		185	200
Legal Expenses		321	492
Levies Paid to Government - NRM levy		793	772
Levies - Other		404	323
Professional Services		916	590
Sundry		420	420
Donations and Sponsorships		519	582
Materials		958	1,167
Insurance		489	472
Software Expenses		768	691
Training		162	122
Membership & Subscriptions		318	304
Water		180	271
Advertising		97	66
Internet and Telephone		222	144
Other		234	247
Less: Capitalised and Distributed Costs		(534)	(649)
Subtotal - Other Material, Contracts & Expenses		16,941	13,951
Total Materials, Contracts and Other Expenses		17,244	14,254

Notes to the Financial Statements

for the year ended 30 June 2021

Note 3. Expenses (continued)

\$ '000	2021	2020
(c) Depreciation, Amortisation and Impairment		
(i) Depreciation and Amortisation		
Buildings	886	855
Infrastructure	5,764	5,489
Furniture & Fittings	178	214
Plant & Vehicles	751	617
Other Assets	80	189
Subtotal	7,659	7,364
Total Depreciation, Amortisation and Impairment	7,659	7,364

(d) Finance Costs

Interest on Overdraft and Short-Term Drawdown	24	3
Interest on Loans	207	161
Total Finance Costs	231	164

Note 4. Asset Disposal & Fair Value Adjustments

\$ '000	2021	2020
Infrastructure, Property, Plant & Equipment		
(i) Assets Renewed or Directly Replaced		
Proceeds from Disposal	335	389
Less: Carrying Amount of Assets Sold	(2,159)	(1,784)
Gain (Loss) on Disposal	(1,824)	(1,395)
(ii) Assets Surplus to Requirements		
Less: Carrying Amount of Assets Sold	–	(30)
Gain (Loss) on Disposal	–	(30)
Net Gain (Loss) on Disposal or Revaluation of Assets	(1,824)	(1,425)

Notes to the Financial Statements

for the year ended 30 June 2021

Note 5. Current Assets

\$ '000	2021	2020
(a) Cash & Cash Equivalent Assets		
Cash on Hand at Bank	129	443
Deposits at Call	3,512	1,780
Council Term Deposits	94	758
Lerwin Term Deposits	–	2,537
Total Cash & Cash Equivalent Assets	3,735	5,518

(b) Trade & Other Receivables

Rates - General & Other	1,360	1,720
Accrued Revenues	2	683
Debtors - General	596	791
GST Recoupment	26	201
Prepayments	487	469
Subtotal	2,471	3,864
Less: Allowance for Doubtful Debts	(41)	(39)
Total Trade & Other Receivables	2,430	3,825

(c) Inventories

Stores & Materials	665	466
Total Inventories	665	466

Note 6. Non-Current Assets

\$ '000	Notes	2021	2020
(a) Equity Accounted Investments in Council Businesses			
Adelaide Hills Region Waste Management Authority	19	520	85
Total Equity Accounted Investments in Council Businesses		520	85

(b) Other Non-Current Assets

Other			
Capital Works-in-Progress		6,719	8,015
Total Other		6,719	8,015
Total Other Non-Current Assets		6,719	8,015

Notes to the Financial Statements

for the year ended 30 June 2021

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

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

		as at 30/06/20				Asset movements during the reporting period							as at 30/06/21			
		At Fair Value	At Cost	Accumulated Depreciation	Carrying amount	Asset Additions New / Upgrade	Asset Additions Renewals	WDV of Asset Disposals	Depreciation Expense (Note 3c)	Adjustments & Transfers	Gifted/Found Assets	Revaluation Increments to Equity (ARR) (Note 9)	At Fair Value	At Cost	Accumulated Depreciation	Carrying amount
\$ '000	Fair Value Level															
Land - Community	3	20,904	302	—	21,206	607	—	—	—	—	—	—	20,904	909	—	21,813
Land - Other	2	14,268	—	—	14,268	—	—	—	—	—	—	—	14,268	—	—	14,268
Buildings - Replacement	3	54,324	3,247	(20,019)	37,552	11,216	1,275	(273)	(816)	—	—	—	54,355	15,738	(21,137)	48,956
Buildings - Market Value	2	3,590	66	(413)	3,243	—	—	—	(70)	—	—	—	3,106	66	—	3,172
Infrastructure		262,041	42,375	(89,462)	214,954	11,219	5,356	(1,680)	(5,764)	(5)	626	10,836	271,822	58,949	(95,230)	235,541
Furniture & Fittings		—	6,524	(3,132)	3,392	139	—	—	(178)	—	—	—	—	6,663	(3,310)	3,353
Plant & Vehicles		—	10,869	(5,044)	5,825	1,047	791	(207)	(751)	5	—	—	—	11,881	(5,171)	6,710
Other Assets		—	2,609	(2,108)	501	116	—	—	(80)	—	—	—	—	2,725	(2,187)	538
Total Infrastructure, Property, Plant & Equipment		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 the Financial Statements

for the year ended 30 June 2021

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 the Financial Statements

for the year ended 30 June 2021

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: 30 June 2017
- Date Adopted: 1 July 2017
- Valuer: Office of the Valuer General

Buildings

- Basis of valuation: Market Value / Written down current replacement cost
- Date of valuation: 30 June 2014
- Valuer: Lachlan Black, Manager of Valuations, APV

In 2020/21 Council had a revaluation completed based on Market Value, reflecting a Value of \$15.57m for buildings excluding Lerwin, based on Remaining Economic Life Principle. This valuation is \$18.8m less than the current WDV of the building assets excluding Lerwin. This valuation has not been adopted due to the impact of Crown and Community Land that many of Council's buildings are situated on, and the question of the existence of a observable market due to these restrictions.

In 2021/22 Council is committed to completing a priority piece of work that will include a combined Land and Buildings Revaluation to ensure the most accurate valuation is reflected within Council's Financial Statements.

Infrastructure

Roads, Kerb and Gutter, Footpaths

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

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.

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 the Financial Statements

for the year ended 30 June 2021

Note 8. Liabilities

\$ '000	2021 Current	2021 Non Current	2020 Current	2020 Non Current
(a) Trade and Other Payables				
Goods & Services	3,346	—	5,613	—
Payments Received in Advance	1,776	—	2,426	—
Accrued Expenses - Employee Entitlements	283	—	216	—
Accrued Expenses - Finance Costs	26	—	25	—
Accrued Expenses - Other	304	—	318	—
Lerwin Residential Accommodation Deposits	7,458	—	5,209	—
<u>TOTAL Trade and Other Payables</u>	<u>13,193</u>	<u>—</u>	<u>13,807</u>	<u>—</u>

(b) Borrowings

Loans	3,518	10,819	3,647	521
<u>TOTAL Borrowings</u>	<u>3,518</u>	<u>10,819</u>	<u>3,647</u>	<u>521</u>

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

(c) Provisions

Employee Entitlements (including oncosts)	4,067	635	3,774	727
<u>TOTAL Provisions</u>	<u>4,067</u>	<u>635</u>	<u>3,774</u>	<u>727</u>

Notes to the Financial Statements

for the year ended 30 June 2021

Note 9. Reserves

	as at 30/06/20				as at 30/06/21
\$ '000	Opening Balance	Increments (Decrements)	Transfers	Impairments	Closing Balance
Asset Revaluation Reserve					
Land - Community	21,959	—	—	—	21,959
Land - Other	3,190	—	—	—	3,190
Buildings	31,048	—	—	—	31,048
Infrastructure	133,219	10,836	—	—	144,055
Furniture & Fittings	664	—	—	—	664
Plant & Vehicles	2,121	—	—	—	2,121
JV's / Associates - Other Comprehensive Income	89	—	—	—	89
Total Asset Revaluation Reserve	192,290	10,836	—	—	203,126
Comparatives	192,438	(121)	—	(27)	192,290

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 the Financial Statements

for the year ended 30 June 2021

Note 10. Assets Subject to Restrictions

\$ '000	2021	2020
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The uses of the following assets are restricted, wholly or partially, by legislation or other externally imposed requirements. The assets are required to be utilised for the purposes for which control was transferred to Council, or for which the revenues were originally obtained.

Cash & Financial Assets

Open Space Contributions	–	127
Developer Contributions	–	152
Zsolt Telkesi Scholarship	56	66
Lerwin Bequest	8	5
Carparking Contributions	28	28
Lerwin Resident Deposits	3,409	3,968
Futures Fund	94	758
Total Cash & Financial Assets	3,595	5,104

Total Assets Subject to Externally Imposed Restrictions	3,595	5,104
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The following liabilities, included in Note 8, may be discharged from restricted assets in the first instance:

Open Space Contributions	127	127
Developer Contributions	162	152
Lerwin Bequest	8	5
Carparking Contributions	28	28
Zsolt Telkesi Scholarship	56	66
Lerwin Resident Deposits	7,458	5,209
Futures Fund	94	758
Total	7,933	6,345

Notes to the Financial Statements

for the year ended 30 June 2021

Note 11. Reconciliation to Statement of Cash Flows

\$ '000	Notes	2021	2020
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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 Balance Sheet as follows:

Total Cash & Equivalent Assets	5	3,735	5,518
Balances per Statement of Cash Flows		3,735	5,518

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

Net Surplus/(Deficit)		8,978	3,996
Non-Cash Items in Income Statements			
Depreciation, Amortisation & Impairment		7,659	7,364
Equity Movements in Equity Accounted Investments (Increase)/Decrease		(435)	(28)
Non-Cash Asset Acquisitions		(690)	(766)
Grants for capital acquisitions treated as Investing Activity		(9,948)	(4,465)
Net (Gain) Loss on Disposals		1,824	1,425
		7,388	7,526
Add (Less): Changes in Net Current Assets			
Net (Increase)/Decrease in Receivables		1,117	(798)
Change in Allowances for Under-Recovery of Receivables		(2)	2
Net (Increase)/Decrease in Inventories		(199)	(110)
Net (Increase)/Decrease in Other Assets		4	(4)
Net Increase/(Decrease) in Trade & Other Payables		(2,863)	3,543
Net Increase/(Decrease) in Unpaid Employee Benefits		201	669
Net Cash provided by (or used in) operations		5,646	10,828

\$ '000	Notes	2021	2020
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(c) Non-Cash Financing and Investing Activities

Acquisition of assets by means of:

Physical Resources Received Free of Charge	2i	690	766
Amounts recognised in Income Statement		690	766
Total Non-Cash Financing and Investing Activities		690	766

(d) Financing Arrangements

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

Corporate Credit Cards	50	50
LGFA Cash Advance Debenture Facility	9,000	5,000

Notes to the Financial Statements

for the year ended 30 June 2021

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	2021	INCOME 2020	2021	EXPENSES 2020	OPERATING SURPLUS (DEFICIT)		GRANTS INCLUDED IN INCOME		TOTAL ASSETS HELD (CURRENT & NON-CURRENT)	
					2021	2020	2021	2020	2021	2020
Functions/Activities										
Business Undertakings	–	–	–	–	–	–	–	–	348,991	319,421
Administration	30,448	30,206	17,960	17,684	12,488	12,522	3,961	4,012	–	–
Transport & Communication	3,290	49	5,865	2,721	(2,575)	(2,672)	–	–	–	–
Public Order and Safety	326	277	567	496	(241)	(219)	–	–	–	–
Health	77	38	284	246	(207)	(208)	5	–	–	–
Social Security and Welfare	6,917	5,980	8,920	8,221	(2,003)	(2,241)	5,099	4,370	–	–
Housing and Community Amenities	2,190	1,834	2,664	2,418	(474)	(584)	–	–	–	–
Protection of Environment	116	111	1,164	953	(1,048)	(842)	38	72	–	–
Sport and Recreation	417	707	4,904	4,823	(4,487)	(4,116)	161	442	–	–
Economic Affairs	44	16	1,333	1,466	(1,289)	(1,450)	30	–	–	–
Total Functions/Activities	43,825	39,218	43,661	39,028	164	190	9,294	8,896	348,991	319,421

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

Notes to the Financial Statements

for the year ended 30 June 2021

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 the Financial Statements

for the year ended 30 June 2021

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 0.10% and 0.30% (2020: 0.35% and 0.45%). Short term deposits have an average maturity of 90 days and an average interest rate of 0.30% (2020: 90 days and 0.65%).

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 5.20% (2020: 6.35%). 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 the Financial Statements

for the year ended 30 June 2021

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 **1.3%** and **4.8%** (2020: **4.8%** and **6.75%**).

Carrying Amount:

Approximates fair value.

Liabilities - Leases

Accounting Policy:

Accounted for in accordance with AASB 16.

Notes to the Financial Statements

for the year ended 30 June 2021

Note 13. Financial Instruments (continued)

\$ '000	Due < 1 year	Due > 1 year & ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
Financial Assets					
2021					
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
2020					
Cash & Cash Equivalents	5,518	—	—	5,518	5,518
Receivables	3,396	—	—	3,396	3,356
Total Financial Assets	8,914	—	—	8,914	8,874
Financial Liabilities					
Payables	11,372	—	—	11,372	11,381
Current Borrowings	3,647	—	—	3,647	3,647
Non-Current Borrowings	—	566	—	566	521
Total Financial Liabilities	15,019	566	—	15,585	15,549

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

\$ '000	2021		2020	
	Weighted Avg Interest Rate	Carrying Value	Weighted Avg Interest Rate	Carrying Value
Fixed Interest Rates	1.87%	14,337	3.41%	4,168
		14,337		4,168

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 the Financial Statements

for the year ended 30 June 2021

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	2021	2020
---------	------	------

Capital Commitments

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

Buildings	98	6,853
Infrastructure	2,056	6,110
Plant & Equipment	586	196
	<u>2,740</u>	<u>13,159</u>

These expenditures are payable:

Not later than one year	2,740	13,159
	<u>2,740</u>	<u>13,159</u>

Notes to the Financial Statements

for the year ended 30 June 2021

Note 15. Financial Indicators

\$ '000	Indicator 2021	Indicators 2020	Indicators 2019
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	0.4%	0.5%	5.7%
Total Operating Income			
<i>This ratio expresses the operating surplus as a percentage of total operating revenue.</i>			
2. Net Financial Liabilities Ratio			
Net Financial Liabilities	59%	33%	13%
Total Operating Income			
<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>			
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 Operating Surplus Ratio			
Operating Surplus	0.9%	0.9%	5.7%
Total Operating Income			
Adjusted Net Financial Liabilities Ratio			
Net Financial Liabilities	59%	33%	13%
Total Operating Income			
3. Asset Renewal Funding Ratio			
Net Asset Renewals	110%	127%	78%
Infrastructure & Asset Management Plan required expenditure			
<i>Net asset renewals expenditure is defined as net capital expenditure on the renewal and replacement of existing assets, and excludes new capital expenditure on the acquisition of additional assets.</i>			

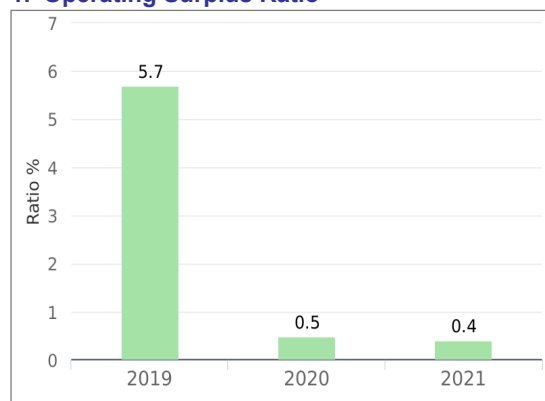
Notes to the Financial Statements

for the year ended 30 June 2021

Note 15. Financial Indicators (continued)

Financial Indicators - Graphs

1. Operating Surplus Ratio



Purpose of operating surplus ratio

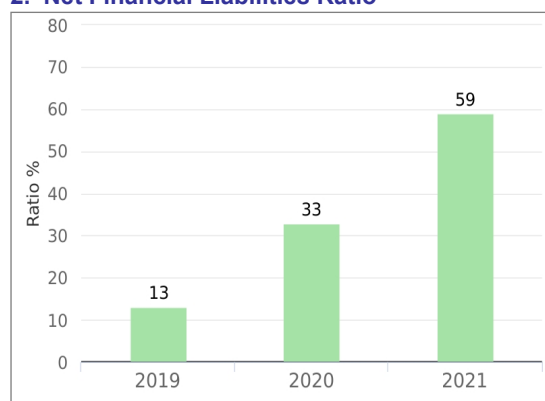
This indicator is to determine the percentage the operating revenue varies from operating expenditure

Commentary on 2020/21 result

2020/21 ratio 0.4%

Operating Surplus has decreased over the past two financial years due to financial impacts from the Lerwin Nursing home operating at decreased occupancy during the year whilst the Expansion and Refurbishment project was underway.

2. Net Financial Liabilities Ratio



Purpose of net financial liabilities ratio

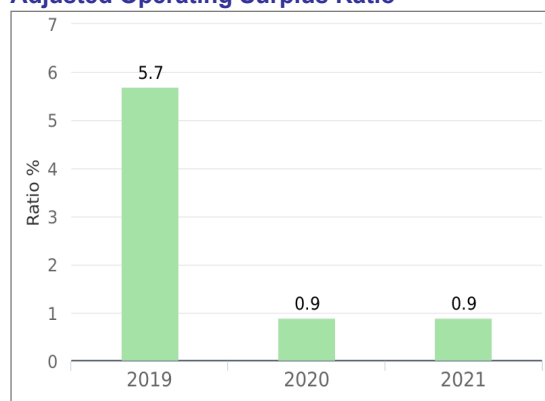
This indicator shows the significance of the net amount owed to others, compared to operating revenue

Commentary on 2020/21 result

2020/21 ratio 59%

Net Financial Liabilities ratio has increased as a result of borrowings to fund 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 2020/21 result

2020/21 ratio 0.9%

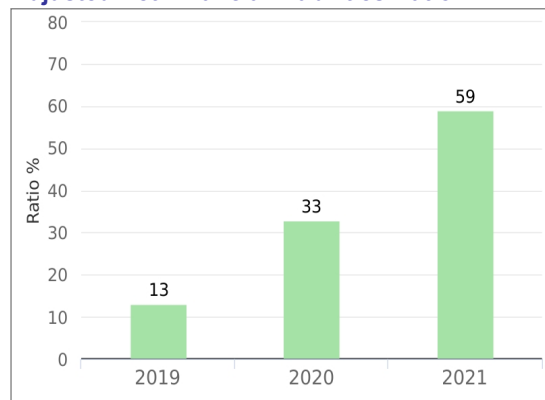
Operating Surplus has decreased over the past two financial years due to financial impacts from the Lerwin Nursing home operating at decreased occupancy during the year whilst the Expansion and Refurbishment project was underway.

Notes to the Financial Statements

for the year ended 30 June 2021

Note 15. Financial Indicators (continued)

Adjusted Net Financial Liabilities Ratio



Purpose of adjusted net financial liabilities ratio

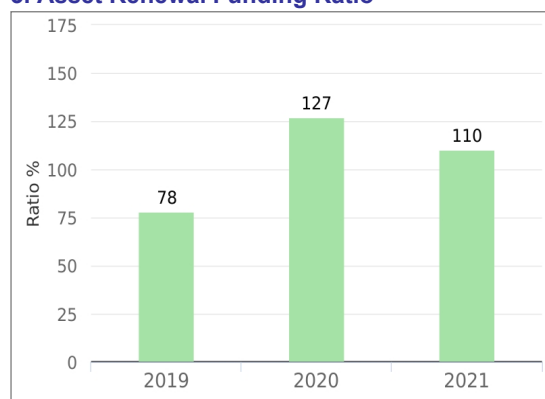
This indicator is to determine the percentage the operating revenue (adjusted for timing differences in the Financial Assistance Grant) varies from operating expenditure

Commentary on 2020/21 result

2020/21 ratio 59%

Net Financial Liabilities ratio has increased as a result of borrowings to fund 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 2020/21 result

2020/21 ratio 110%

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

Notes to the Financial Statements

for the year ended 30 June 2021

Note 16. Uniform Presentation of Finances

\$ '000	2021	2020
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	43,825	39,218
less Expenses	(43,661)	(39,028)
Operating Surplus / (Deficit)	164	190
Net Outlays on Existing Assets		
Capital Expenditure on Renewal and Replacement of Existing Assets	(7,643)	(9,774)
add back Depreciation, Amortisation and Impairment	7,659	7,364
add back Proceeds from Sale of Replaced Assets	335	389
	351	(2,021)
Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets (including Investment Property & Real Estate Developments)	(22,763)	(10,209)
add back Amounts Received Specifically for New and Upgraded Assets	9,948	4,465
	(12,815)	(5,744)
Net Lending / (Borrowing) for Financial Year	(12,300)	(7,575)

Notes to the Financial Statements

for the year ended 30 June 2021

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.

(i) 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	2021	2020
Future minimum rentals receivable under non-cancellable operating leases as at 30 June, are as follows:		
Not later than one year	149	148
Later than one year and not later than 5 years	344	427
Later than 5 years	390	84
	883	659

Notes to the Financial Statements

for the year ended 30 June 2021

Note 18. Superannuation

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

Accumulation only Members

Accumulation only members receive both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of ordinary time earnings in accordance with superannuation guarantee legislation (9.50% in 2020/21; 9.50% in 2019/20). No further liability accrues to the Council as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

Salarylink (Defined Benefit Fund) Members

Salarylink is a defined benefit scheme where the benefit payable is based on a formula determined by the member's contribution rate, number of years and level of contribution and final average salary. Council makes employer contributions to Salarylink as determined by the Fund's Trustee based on advice from the appointed Actuary. The rate is currently 6.3% (6.3% in 2019/20) of "superannuation" salary.

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

The Salarylink section is a multi-employer sponsored plan. As the Salarylink section's assets and liabilities are pooled and are not allocated by each employer, and employees may transfer to another employer within the local government sector and retain membership of the Fund, the Actuary is unable to allocate benefit liabilities, assets and costs between employers. As provided by AASB 119.34(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 2021. The Trustee has determined that the current funding arrangements are adequate for the expected Salarylink liabilities. However, future financial and economic circumstances may require changes to Council's contribution rates at some future time.

Contributions to Other Superannuation Schemes

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

Notes to the Financial Statements

for the year ended 30 June 2021

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	
	2021	2020	2021	2020
Council's Share of Net Income				
Joint Ventures	435	28	520	85
Total Council's Share of Net Income	435	28	520	85

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

(a) Carrying Amounts

\$ '000	Principal Activity	2021	2020
Adelaide Hills Regional Waste Management Authority	Waste Management	520	85
Total Carrying Amounts - Joint Ventures & Associates		520	85

(b) Relevant Interests

	Interest in Operating Result		Ownership Share of Equity		Proportion of Voting Power	
	2021	2020	2021	2020	2021	2020
Adelaide Hills Regional Waste Management Authority	22.50%	22.00%	17.56%	8.00%	25.00%	25.00%

(c) Movement in Investment in Joint Venture or Associate

\$ '000	Adelaide Hills Regional Waste Management Authority	
	2021	2020
Opening Balance	85	56
Share in Operating Result	435	28
Council's Equity Share in the Joint Venture or Associate	520	84

Notes to the Financial Statements

for the year ended 30 June 2021

Note 19. Interests in Other Entities (continued)

(d) Summarised Financial Information of the Equity Accounted Business

\$ '000	Adelaide Hills Regional Waste Management Authority	
	2021	2020
Statement of Financial Position		
Cash and Cash Equivalents	265	267
Other Current Assets	1,790	617
Non-Current Assets	4,745	4,937
Total Assets	6,800	5,821
Current Trade and Other Payables	853	878
Current Financial Liabilities	672	1,471
Current Provisions	309	276
Non-Current Financial Liabilities	190	237
Non-Current Provisions	1,815	1,932
Total Liabilities	3,839	4,794
Net Assets	2,961	1,027
Statement of Comprehensive Income		
Other Income	3,992	2,036
Contributions from Constituent Councils	5,300	4,451
Total Income	9,292	6,487
Employee Costs	1,388	1,121
Materials, Contracts & Other Expenses	5,372	4,586
Depreciation, Amortisation and Impairment	613	600
Finance Costs	32	51
Total Expenses	7,405	6,358
Operating Result	1,887	129

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

Following a strategic review of Council's land holdings, it has been determined a number of parcels are considered surplus to requirements and will be marketed for sale and sold for the assessed marketed value.

\$ '000	2021	2020
Carrying Amounts of Assets and Liabilities		
Assets		
Land	571	571
Total Assets	571	571
Net Assets	571	571

Notes to the Financial Statements

for the year ended 30 June 2021

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

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

1. LAND UNDER ROADS

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

At reporting date, Council controlled **994** km of road reserves of average width **7.4** 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** (2020: **\$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 2021, 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 the Financial Statements

for the year ended 30 June 2021

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	2021	2020
The compensation paid to Key Management Personnel comprises:		
Short-Term Employee Benefits	790	773
Post-Employment Benefits	75	73
Elected Members Allowances	239	234
Total	1,104	1,080

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 Lower Coorong Tourism Association for whom M. Sedgman, CEO, is a board member - Memberships and Subscriptions	47	45
Local Government Finance Authority for whom M. Sedgman, CEO, is Board Chair - Interest Paid	210	167
Local Government Finance Authority for whom M. Sedgman, CEO, is Board Chair - Interest Received	(32)	(75)
Local Government Professionals SA for whom M. Sedgman, CEO is President - Subscriptions and Training	30	37
Bridge Office Pty Ltd for whom A Baltensperger, Elected Member, is a Director - Contractors (Office Equipment)	20	30
Murray Lands and Riverland Local Government Association for whom B Lewis, Mayor, is a board member - Memberships and Subscriptions	51	31
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)	904	620

Notes to the Financial Statements

for the year ended 30 June 2021

Note 23. Related Party Transactions (continued)

\$ '000	2021	2020
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	(435)	(28)
Total	795	827

Note 24. Segment Reporting

\$ '000	Notes	Total Council 2021	Lerwin Nursing Home 2021	Council Other 2021
INCOME STATEMENT				
Operating Income				
Rates	2a	27,094	—	27,094
Statutory Charges	2b	705	—	705
User Charges	2c	2,288	1,552	736
Grants, Subsidies and Contributions	2g	19,242	4,490	14,752
Investment Income	2d	32	29	3
Reimbursements	2e	3,559	4	3,555
Other Income	2f	418	15	403
Net Gain - Equity Accounted Council Businesses	19	435	—	435
Total Operating Income		53,773	6,090	47,683
Operating Expenses				
Employee Costs	3a	18,527	4,591	13,936
Materials, Contracts & Other Expenses	3b	17,244	2,149	15,095
Depreciation, Amortisation & Impairment	3c	7,659	296	7,363
Finance Costs	3d	231	39	192
Total Operating Expenses		43,661	7,075	36,586
Operating Surplus / (Deficit)		10,112	(985)	11,097
Net Surplus / (Deficit)		10,112	(985)	11,097
BALANCE SHEET				
Assets				
Current Assets	5,20	7,401	3,790	3,611
Infrastructure, Property, Plant & Equipment	7	334,351	15,121	319,230
Other Non-Current Assets	6	7,239	—	7,239
Total Assets		348,991	18,911	330,080
Liabilities				
Current Liabilities	8,20	20,778	10,472	10,306
Non-Current Liabilities	8	11,454	2,256	9,198
Total Liabilities		32,232	12,728	19,504
Net Assets		316,759	6,183	310,576

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

Bentleys SA Audit Partnership

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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, which comprises the statement of financial position as at 30 June 2021, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and the Certification of the Financial Statements.

In our opinion, the financial report gives a true and fair view of the financial position of the Rural City of Murray Bridge as of 30 June 2021, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards and the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011*.

Basis for Opinion

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

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

Emphasis of Matter – Building Valuation

We draw attention to Note 7(b) of the financial report, which explains that a valuation of buildings undertaken during the year has not been adopted due to concerns over the methodology used for valuing buildings on community and crown land. The previous valuation, undertaken in 2014 has therefore been retained, with an updated valuation for all land and buildings, including Lerwin to be undertaken and adopted in 2021/22. Our opinion is not modified in respect of this matter.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

BENTLEYS SA AUDIT PARTNERSHIP



DAVID FRANCIS
PARTNER

Dated at Adelaide this 14th day of October 2021

Bentleys SA Audit Partnership

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

Opinion

We have audited the compliance of the Rural City of Murray Bridge (the Council) with the requirements of *Section 125 of the Local Government Act 1999* in relation to the Internal Controls established by the Council to ensure that financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities for the period 1 July 2020 to 30 June 2021 are in accordance with legislative provisions.

In our opinion, the Council has complied, in all material respects, with *Section 125 of the Local Government Act 1999* in relation to Internal Controls, established by the Council in relation to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities so as to provide reasonable assurance that the financial transactions of the Council have been conducted properly and in accordance with legislative provisions for the period 1 July 2020 to 30 June 2021.

Limitation on Use

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

Limitations of Controls

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

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

Independence

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

The Council's Responsibility for the Internal Controls

The Council is responsible for implementing and maintaining an adequate system of internal controls, in accordance with *Section 125 of the Local Government Act 1999* in relation to Internal Controls, to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property, and incurring of liabilities are in accordance with legislative provisions.

Our Responsibility

Our responsibility is to express an opinion on the Council's compliance with *Section 125 of the Local Government Act 1999* in relation only to the Internal Controls established by the Council to ensure that financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities, based on our procedures. Our engagement has been conducted in accordance with applicable Australian Standards on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* and ASAE 3150 *Assurance Engagement on Controls*, issued by the Australian Auditing and Assurance Standards Board, in order to state whether, in all material respects, the *Council* has complied with *Section 125 of the Local Government Act 1999* in relation only to the Internal Controls specified above for the period 1 July 2020 to 30 June 2021. ASAE 3000 also requires us to comply with the relevant ethical requirements of the Australian professional accounting bodies.

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

BENTLEYS SA AUDIT PARTNERSHIP



DAVID FRANCIS
PARTNER

Dated at Adelaide this 14th day of October 2021

General Purpose Financial Statements

for the year ended 30 June 2021

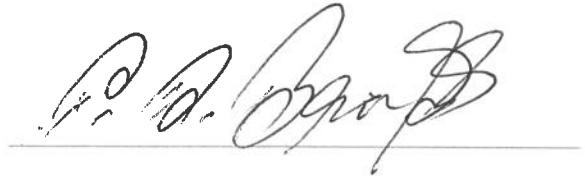
Certification of Auditor Independence

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 2021, 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: 29 September 2021

Bentleys SA Audit Partnership

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Certification of Auditor Independence

I confirm that, for the audit of the financial statements of the Rural City of Murray Bridge for the year ended 30 June 2021, I have maintained my independence in accordance with the requirements of *APES 110 – Code of Ethics for Professional Accountants (including Independence Standards)*, Part 4A, published by the Accounting Professional and Ethical Standards Board, in accordance with the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

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

Bentleys SA Audit Partnership

David Francis
Partner

Dated at Adelaide this 23rd day of September 2021