

Rural City of Murray Bridge

GENERAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2020



Rural City of Murray Bridge

General Purpose Financial Statements for the year ended 30 June 2020

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Rural City of Murray Bridge

General Purpose Financial Statements

for the year ended 30 June 2020

Certification of Financial Statements

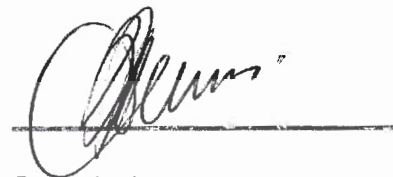
We have been authorised by the Council to certify the financial statements in their final form.

In our opinion:

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



Michael Sedgman
CHIEF EXECUTIVE OFFICER



Brenton Lewis
MAYOR

Date: 23.09.2020

Rural City of Murray Bridge

Statement of Comprehensive Income

for the year ended 30 June 2020

\$ '000	Notes	2020	2019
Income			
Rates	2a	26,371	24,847
Statutory Charges	2b	779	490
User Charges	2c	2,122	2,273
Grants, Subsidies and Contributions	2g	8,896	10,875
Investment Income	2d	138	158
Reimbursements	2e	423	415
Other Income	2f	461	376
Net Gain - Equity Accounted Council Businesses	19	28	98
Total Income		39,217	39,532
Expenses			
Employee Costs	3a	17,246	16,248
Materials, Contracts & Other Expenses	3b	14,254	13,733
Depreciation, Amortisation & Impairment	3c	7,364	7,080
Finance Costs	3d	164	212
Total Expenses		39,028	37,273
Operating Surplus / (Deficit)		190	2,259
Asset Disposal & Fair Value Adjustments	4	(1,425)	(1,716)
Amounts Received Specifically for New or Upgraded Assets	2g	4,465	561
Physical Resources Received Free of Charge	2i	766	253
Net Surplus / (Deficit) ¹		3,996	1,357
Other Comprehensive Income			
<i>Amounts which will not be reclassified subsequently to operating result</i>			
Changes in Revaluation Surplus - I,PP&E	9a	(121)	13,508
Impairment (Expense) / Recoupments Offset to Asset Revaluation Reserve	9a	(27)	-
Total Other Comprehensive Income		(148)	13,508
Total Comprehensive Income		3,848	14,865

¹ Transferred to Statement of Changes in Equity

Rural City of Murray Bridge

Statement of Financial Position

as at 30 June 2020

\$ '000	Notes	2020	2019
ASSETS			
Current Assets			
Cash and Cash Equivalents	5a	5,518	8,585
Trade & Other Receivables	5b	3,826	3,025
Inventories	5d	466	357
Subtotal		9,810	11,966
Non-Current Assets Held for Sale	20	571	571
Total Current Assets		10,380	12,537
Non-Current Assets			
Equity Accounted Investments in Council Businesses	6a	85	57
Infrastructure, Property, Plant & Equipment	7a	300,941	294,184
Other Non-Current Assets	6b	8,015	3,349
Total Non-Current Assets		309,041	297,590
TOTAL ASSETS		319,421	310,127
LIABILITIES			
Current Liabilities			
Trade & Other Payables	8a	13,808	10,340
Borrowings	8b	3,647	1,093
Provisions	8c	3,774	3,162
Total Current Liabilities		21,229	14,595
Non-Current Liabilities			
Borrowings	8b	521	1,389
Provisions	8c	727	670
Total Non-Current Liabilities		1,248	2,059
TOTAL LIABILITIES		22,476	16,654
Net Assets		296,945	293,473
EQUITY			
Accumulated Surplus		104,655	101,035
Asset Revaluation Reserves	9a	192,290	192,438
Total Council Equity		296,945	293,473

Rural City of Murray Bridge

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

\$ '000		Accumulated Surplus	Asset Revaluation Reserve	Other Reserves	Total Equity
	Notes				
2020					
Balance at the end of previous reporting period		101,035	192,438	-	293,473
Adjustments (due to compliance with revised Accounting Standards) - not retrospective	24b	(375)	-	-	(375)
Restated Opening Balance		100,660	192,438	-	293,098
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
2019					
Balance at the end of previous reporting period		99,678	178,930	-	278,608
Net Surplus / (Deficit) for Year		1,357	-	-	1,357
Other Comprehensive Income					
- Gain (Loss) on Revaluation of I,PP&E	7a	-	13,508	-	13,508
Other Comprehensive Income		-	13,508	-	13,508
Total Comprehensive Income		1,357	13,508	-	14,865
Balance at the end of period		101,035	192,438	-	293,473

Rural City of Murray Bridge

Statement of Cash Flows

for the year ended 30 June 2020

\$ '000	Notes	2020	2019
Cash Flows from Operating Activities			
<u>Receipts</u>			
Operating Receipts		42,259	39,683
Investment Receipts		138	158
<u>Payments</u>			
Operating Payments to Suppliers and Employees		(31,405)	(30,664)
Finance Payments		(164)	(244)
Net Cash provided by (or used in) Operating Activities	11b	10,828	8,933
Cash Flows from Investing Activities			
<u>Receipts</u>			
Amounts Received Specifically for New/Upgraded Assets		4,465	561
Sale of Replaced Assets		389	35
Distributions Received from Equity Accounted Council Businesses		0	98
<u>Payments</u>			
Expenditure on Renewal/Replacement of Assets		(9,773)	(5,584)
Expenditure on New/Upgraded Assets		(10,209)	(3,552)
Capital Contributed to Equity Accounted Council Businesses		0	(99)
Net Cash provided by (or used in) Investing Activities		(15,129)	(8,540)
Cash Flows from Financing Activities			
<u>Receipts</u>			
Proceeds from Borrowings		2,780	-
Proceeds from Aged Care Facility Deposits		1,935	1,921
<u>Payments</u>			
Repayments of Borrowings		(1,094)	(1,027)
Repayment of Aged Care Facility Deposits		(2,387)	(1,727)
Net Cash provided by (or used in) Financing Activities		1,234	(833)
Net Increase (Decrease) in Cash Held		(3,067)	(441)
plus: Cash & Cash Equivalents at beginning of period	11	8,585	9,026
Cash & Cash Equivalents at end of period	11	5,518	8,585

Rural City of Murray Bridge

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

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

Note 1. Summary of Significant Accounting Policies

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

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

1 Basis of Preparation

1.1 Compliance with Australian Accounting Standards

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

The financial report was authorised for issue by certificate under regulation 14 of the *Local Government (Financial Management) Regulations 2011* dated (12.10.2020).

1.2 Critical Accounting Estimates

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

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

1.3 Rounding

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

2 The Local Government Reporting Entity

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

Note 1. Summary of Significant Accounting Policies (continued)

	Cash Payment Received	Annual Allocation	Difference
2017/18	\$4.038m	\$3.872m	+\$0.166m
2018/19	\$4.836m	\$4.369m	+\$0.469m
2019/20	\$3.990m	\$4.174m	-\$0.184m

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 Other Real Estate Held for Resale

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

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

6 Infrastructure, Property, Plant & Equipment

6.1 Initial Recognition

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

All non-current assets purchased or constructed are capitalised as the expenditure is incurred and depreciated as soon as the asset is held "ready for use". Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition, including architects' fees and engineering design fees and all other costs incurred.

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

Note 1. Summary of Significant Accounting Policies (continued)

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
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
Kerb & Gutter	100 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	100 Years

6.5 Impairment

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

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

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

Note 1. Summary of Significant Accounting Policies (continued)

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.

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	5.9% (2019, 6.7%)
Weighted avg. settlement period	0.64 years (2019, 0.58 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. No changes in accounting policy have occurred during either the current or previous reporting periods. Details of the accounting policies applied and Council's involvement with the schemes are reported in Note 18.

10 Provisions for Reinstatement, Restoration and Rehabilitation

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

Although estimated future costs are based on a closure plan, such plans are based on current environmental requirements which may change. Council's policy to maximise recycling is extending the operational life of these facilities, and significant

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

Note 1. Summary of Significant Accounting Policies (continued)

uncertainty exists in the estimation of the future closure date.

11 Leases

Accounting policy applicable from 01 July 2019

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

11.1 Council as a lessee

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

i.) Right-of-Use-Assets

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

ii.) Lease Liabilities

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

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

The Council applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date).

It also applies the low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

12 Equity Accounted Council Businesses

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

13 GST Implications

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

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

14 New and amended accounting standards and interpretations

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

Rural City of Murray Bridge has not applied any Australian Accounting Standards and Interpretations that have been issued but are not yet effective.

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

Note 1. Summary of Significant Accounting Policies (continued)

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

The Council applied AASB 15 and AASB 1058, for the first time from 1 July 2019. AASB 1058 clarifies and simplifies the income recognition requirements that apply to not-for-profit (NFP) entities, in conjunction with AASB 15. These Standards supersede the NFP income recognition requirements previously in AASB 1004 Contributions (with the exception of certain matters relating to public sector NFP entities) as well as current revenue recognition guidance including AASB 118 Revenue, AASB 111 Construction Contracts and the related Interpretations. The timing of income recognition depends on whether such a transaction gives rise to a liability or other performance obligation (a promise to transfer a good or service). Details of the accounting policy adopted for these standards can be found in Note 1 Significant Accounting Policies. The Council has elected to adopt the modified retrospective method on transition to the new standards with an initial application date of 1 July 2019. The cumulative effect of initially applying AASB 15 and AASB 1058 is recognised at the date of initial application as an adjustment to the opening balance of Accumulated Surplus. Therefore, the comparative information was not restated and continues to be reported under AASB 111, AASB 118, AASB 1004 and related Interpretations.

The Council has determined the impact of the new standards will mainly impact the timing of revenue recognition in relation to special purpose grants. These grants are provided to the Council to construct or acquire an asset to be controlled by the Council. They are accounted for under AASB 1058 and as such, amounts received in relation to these grants are recorded as a liability "Amounts in Advance" and recorded in revenue as the asset is constructed. The impact of adopting the new standards as at 1 July 2019 was an increase to liabilities of \$1,341,913 and a decrease to Accumulated Surplus of \$375,000.

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

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

	Amounts prepared under	
	AASB 15/1058	Previous AASB
	\$'000	\$'000
Grants, subsidies and contributions	\$3,957,746	\$4,269,994
	\$3,957,746	\$4,269,994

AASB 16 Leases

The Council applied AASB 16 Leases, for the first time from 1 July 2019. This standard requires that the right of use conveyed by leasing contracts (except leases with a maximum term of 12 months and leases for low-value assets) be recognised as a form of Infrastructure, Property, Plant and Equipment, and that the lease liability be disclosed as a liability. At 30 June 2019, Council has no leases to which this treatment will need to be applied."

Adoption of AASB 16 Leases (AASB 16)

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

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

The Council recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases with lease terms that end within 12 months of the date of initial application and leases of low-value assets. The right-of-use assets for all leases were recognised based on the amount equal to the lease liabilities. No adjustments were needed for any

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

Note 1. Summary of Significant Accounting Policies (continued)

previously recognised prepaid or accrued lease expenses as there were none. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The effect of adoption AASB 16 as at 1 July 2019 was nil.

Standards issued by the AASB not yet effective

The AASB has issued Australian Accounting Standards and Interpretations which are not effective at 30 June 2020, these standards have not been adopted by Council and will be included in the financial statements on their effective date. Where the standard is expected to have a significant impact for Council then further information has been provided in this note.

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

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

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

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

- AASB 17 Insurance Contracts

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

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

15 Comparative Figures

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

16 Disclaimer

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

Rural City of Murray Bridge

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

Note 2. Income

\$ '000	Notes	2020	2019
(a). Rates Revenues			
General Rates			
General Rates		24,646	23,402
Less: Mandatory Rebates		(845)	(1,019)
Total General Rates		23,801	22,383
Other Rates (Including Service Charges)			
Natural Resource Management Levy		771	733
Waste Collection		1,341	1,304
Water Supply		6	4
Community Wastewater Management Systems		164	159
Total Other Rates		2,282	2,200
Other Charges			
Penalties for Late Payment		181	188
Legal & Other Costs Recovered		108	76
Total Other Charges		289	264
Total Rates Revenues		26,371	24,847
(b). Statutory Charges			
Development Act Fees		485	216
Town Planning Fees		37	30
Health & Septic Tank Inspection Fees		26	25
Animal Registration Fees & Fines		178	175
Parking Fines / Expiation Fees		53	44
Total Statutory Charges		779	490
(c). User Charges			
Cemetery/Crematoria Fees		132	160
Admission Charges - Pools		154	195
Nursing Home Fees		1,393	1,567
Hall & Equipment Hire		61	55
Property Lease		160	103
Sundry		127	128
HACC Home Help		55	61
Other		40	4
Total User Charges		2,122	2,273

Rural City of Murray Bridge

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

Note 2. Income (continued)

\$ '000	Notes	2020	2019
(d). Investment Income			
Interest on Investments			
- Local Government Finance Authority		79	122
- Banks & Other		59	36
Total Investment Income		138	158
(e). Reimbursements			
Private Works		117	39
Dog Control		4	8
Immunisation		12	-
Energy Fuel Schemes		110	129
LGA Special Distributions		53	91
Trainees		15	37
Events		1	2
Other		111	109
Total Reimbursements		423	415
(f). Other Income			
Insurance & Other Recoupments - Infrastructure, IPP&E		60	25
Rebates Received		294	259
Sundry		44	20
Art Gallery sales		25	29
Donations		24	22
Visitor Information Centre sales		14	21
Total Other Income		461	376
(g). Grants, Subsidies, Contributions			
Amounts Received Specifically for New or Upgraded Assets		4,465	561
Total Amounts Received Specifically for New or Upgraded Assets		4,465	561
Other Grants, Subsidies and Contributions		1,110	1,293
Home and Community Care Grant		18	19
Library and Communications		74	69
Lerwin Nursing Home (Medicare)		3,705	4,658
Individually Significant Item - Additional Grants Commission Payment (refer below)		3,990	4,836
Total Other Grants, Subsidies and Contributions		8,896	10,875
Total Grants, Subsidies, Contributions		13,361	11,436

Rural City of Murray Bridge

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

Note 2. Income (continued)

\$ '000	Notes	2020	2019
The functions to which these grants relate are shown in Note 12.			
(i) Sources of grants			
Commonwealth Government		6,416	5,983
State Government		6,564	5,260
Other		381	193
Total		13,361	11,436
(ii) Individually Significant Items			
Grant Commission (FAG) Grant Recognised as Income		3,990	4,836
(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		3,166	2,196
<i>Less:</i>			
<i>Expended during the current period from revenues recognised in previous reporting periods</i>			
Regional Study Hub		(294)	-
Lerwin Expansion		(375)	-
FAG		(2,497)	(2,028)
CCTV		-	(128)
Swimming Pool Master Plan		-	(40)
Subtotal		(3,166)	(2,196)
<i>Plus:</i>			
<i>Amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions</i>			
Regional Study Hub		125	294
Lerwin Expansion		-	375
FAG		2,088	2,497
Subtotal		2,213	3,166
Unexpended at the close of this reporting period		2,213	3,166
Net increase (decrease) in assets subject to conditions in the current reporting period		(953)	970

Rural City of Murray Bridge

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

Note 2. Income (continued)

\$ '000	Notes	2020	2019
(i). Physical Resources Received Free of Charge			
Library Materials		62	64
Roads, Bridges & Footpaths		658	189
Buildings		12	-
Road Signage		34	-
Total Physical Resources Received Free of Charge		766	253

Note 3. Expenses

(a). Employee Costs

Salaries and Wages		13,251	12,634
Employee Leave Expense		1,691	1,535
Superannuation - Defined Contribution Plan Contributions	18	1,225	1,135
Superannuation - Defined Benefit Plan Contributions	18	227	221
Workers' Compensation Insurance		727	638
Other		344	292
Less: Capitalised and Distributed Costs		(218)	(207)
Total Operating Employee Costs		17,246	16,248
Total Number of Employees (full time equivalent at end of reporting period)		192	179

(b). Materials, Contracts and Other Expenses

(i) Prescribed Expenses

Auditor's Remuneration			
- Auditing the Financial Reports		30	27
Bad and Doubtful Debts		(1)	(19)
Elected Members' Expenses		268	274
Election Expenses		6	87
Subtotal - Prescribed Expenses		303	367

Rural City of Murray Bridge

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

Note 3. Expenses (continued)

\$ '000	Notes	2020	2019
(b). Materials, Contracts and Other Expenses (continued)			
(ii) Other Materials, Contracts and Expenses			
Contractors		6,797	6,249
Energy		940	938
Maintenance		200	215
Legal Expenses		492	308
Levies Paid to Government - NRM levy		772	735
Levies - Other		323	302
Professional Services		590	639
Sundry		420	335
Donations and Sponsorships		582	670
Materials		1,167	1,191
Insurance		472	453
Software Expenses		691	582
Training		122	227
Membership & Subscriptions		304	274
Water		271	318
Advertising		66	69
Internet and Telephone		144	187
Other		247	248
Less: Capitalised and Distributed Costs		(649)	(574)
Subtotal - Other Material, Contracts & Expenses		13,951	13,366
Total Materials, Contracts and Other Expenses		14,254	13,733
(c). Depreciation, Amortisation and Impairment			
(i) Depreciation and Amortisation			
Buildings		855	868
Infrastructure		5,489	5,209
Furniture & Fittings		214	224
Plant & Vehicles		617	678
Other Assets		189	101
Total Depreciation, Amortisation and Impairment		7,364	7,080
(d). Finance Costs			
Interest on Overdraft and Short-Term Drawdown		3	2
Interest on Loans		161	210
Total Finance Costs		164	212

Rural City of Murray Bridge

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

Note 4. Asset Disposal & Fair Value Adjustments

\$ '000	Notes	2020	2019
Infrastructure, Property, Plant & Equipment			
(i) Assets Renewed or Directly Replaced			
Proceeds from Disposal		389	35
Less: Carrying Amount of Assets Sold		(1,784)	(1,751)
Gain (Loss) on Disposal		(1,395)	(1,716)
(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		(1,425)	(1,716)

Note 5. Current Assets

(a). Cash & Cash Equivalent Assets			
Cash on Hand at Bank		443	143
Deposits at Call		1,780	4,545
Council Term Deposits		758	815
Lerwin Term Deposits		2,537	3,081
Total Cash & Cash Equivalent Assets		5,518	8,585
(b). Trade & Other Receivables			
Rates - General & Other		1,721	1,631
Accrued Revenues		684	14
Debtors - General		791	635
GST Recoupment		201	313
Prepayments		469	473
Subtotal		3,865	3,066
Less: Allowance for Doubtful Debts		(39)	(41)
Total Trade & Other Receivables		3,826	3,025
(c). Inventories			
Stores & Materials		466	357
Total Inventories		466	357

Rural City of Murray Bridge

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

Note 6. Non-Current Assets

\$ '000	Notes	2020	2019
(a). Equity Accounted Investments in Council Businesses			
Adelaide Hills Region Waste Management Authority	19	85	57
Total Equity Accounted Investments in Council Businesses		85	57
(b). Other Non-Current Assets			
Capital Works-in-Progress		8,015	3,349
Total Other Non-Current Assets		8,015	3,349

Rural City of Murray Bridge

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

Note 7a. Infrastructure, Property, Plant & Equipment

\$ '000	Fair Value Level	as at 30/6/2019				Asset Movements during the Reporting Period							as at 30/6/2020			
		At Fair Value	At Cost	Acc. Dep'n	Carrying Value	Asset Additions		WDV of Asset Disposals	Depreciatio n Expense (Note 3c)	Impairment Loss (recognised in Equity) (Note 9)	Gifted/Foun d Assets	Revaluation Decrements to Equity (ARR) (Note 9)	At Fair Value	At Cost	Acc. Dep'n	Carrying Value
						New / Upgrade	Renewals									
Land - Community	3	20,904	16	-	20,920	286	-	-	-	-	-	-	20,904	302	-	21,206
Land - Other	2	14,268	-	-	14,268	-	-	-	-	-	-	-	14,268	-	-	14,268
Buildings - Replacement	3	54,427	2,161	19,287	37,301	397	688	(30)	(785)	-	12	(31)	54,324	3,247	20,019	37,553
Buildings - Market Value	2	3,590	-	343	3,247	66	-	-	(70)	-	-	-	3,590	66	413	3,243
Infrastructure		264,104	31,086	85,391	209,799	5,708	5,825	(1,464)	(5,489)	(27)	692	(90)	262,041	42,375	89,462	214,954
Furniture & Fittings		-	6,506	2,918	3,588	18	-	-	(214)	-	-	-	-	6,524	3,132	3,392
Plant & Vehicles		-	9,459	4,987	4,472	798	1,492	(320)	(617)	-	-	-	-	10,869	5,044	5,826
Other Assets		-	2,510	1,919	591	99	-	-	(189)	-	-	-	-	2,609	2,108	501
Total Infrastructure, Property Plant & Equipment		357,291	51,738	114,845	294,184	7,372	8,006	(1,814)	(7,364)	(27)	704	(121)	355,126	65,992	120,177	300,941
Comparatives		329,790	60,909	110,905	279,794	4,004	5,520	(1,751)	(7,080)	-	189	-	357,291	51,738	114,845	294,184

Rural City of Murray Bridge

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

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

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).

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.

Rural City of Murray Bridge

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

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

Valuation of Assets (continued)

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

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

Transition to AASB 13 - Fair Value Measurement

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

Land & 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

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: 30 June 2014.
- 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.

Rural City of Murray Bridge

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

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

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

* 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.

Rural City of Murray Bridge

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

Note 8. Liabilities

\$ '000	Notes	2020 Current	2020 Non Current	2019 Current	2019 Non Current
(a). Trade and Other Payables					
Goods & Services		5,613	-	3,246	-
Payments Received in Advance		2,426	-	1,075	-
Accrued Expenses - Employee Entitlements		216	-	535	-
Accrued Expenses - Finance Costs		25	-	25	-
Accrued Expenses - Other		319	-	173	-
Lerwin Residential Accommodation Deposits		5,209	-	5,286	-
Total Trade and Other Payables		13,808	-	10,340	-
(b). Borrowings					
Loans		3,647	521	1,093	1,389
Total Borrowings		3,647	521	1,093	1,389
All interest bearing liabilities are secured over the future revenues of the Council					
(c). Provisions					
Employee Entitlements (including oncosts)		3,774	727	3,162	670
Total Provisions		3,774	727	3,162	670

Note 9. Reserves

\$ '000	1/7/2019	Increments (Decrements)	Transfers	Impairments	30/6/2020
(a). Asset Revaluation Reserve					
Land - Community	21,959	-	-	-	21,959
Land - Other	3,190	-	-	-	3,190
Buildings	31,079	(31)	-	-	31,048
Infrastructure	133,336	(90)	-	(27)	133,219
Furniture & Fittings	664	-	-	-	664
Plant & Vehicles	2,121	-	-	-	2,121
JV's / Associates - Other Comprehensive Income	89	-	-	-	89
Total Asset Revaluation Reserve	192,438	(121)	-	(27)	192,290
Comparatives	178,930	13,508	-	-	192,438

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).

Rural City of Murray Bridge

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

Note 10. Assets Subject to Restrictions

\$ '000	Notes	2020	2019
The uses of the following assets are restricted, wholly or partially, by legislation or other externally imposed requirements. The assets are required to be utilised for the purposes for which control was transferred to Council, or for which the revenues were originally obtained.			
Cash & Financial Assets			
Open Space Contributions		127	43
Developer Contributions		152	152
Zsolt Telkesi Scholarship		66	65
Lerwin Bequest		5	568
Carparking Contributions		28	28
Lerwin Resident Deposits		3,968	5,290
Futures Fund		758	749
Total Cash & Financial Assets		5,104	6,895
Total Assets Subject to Externally Imposed Restrictions		5,104	6,895

The following liabilities, included in Note 8, may be discharged from restricted assets in the first instance:

Open Space Contributions	8	127	43
Developer Contributions	8	152	152
Lerwin Bequest	8	5	568
Carparking Contributions	8	28	28
Zsolt Telkesi Scholarship	8	66	65
Lerwin Resident Deposits	8	5,209	5,290
Futures Fund	8	758	749
Total		6,345	6,895

Rural City of Murray Bridge

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

Note 11. Reconciliation to Statement of Cash Flows

\$ '000	Notes	2020	2019
(a). Reconciliation of Cash			
Cash Assets comprise highly liquid investments with short periods to maturity subject to insignificant risk of changes of value. Cash at the end of the reporting period as shown in the Statement of Cash Flows is reconciled to the related items in the Balance Sheet as follows:			
Total Cash & Equivalent Assets	5	5,518	8,585
Balances per Statement of Cash Flows		5,518	8,585
(b). Reconciliation of Change in Net Assets to Cash from Operating Activities			
Net Surplus/(Deficit)		3,996	1,357
Non-Cash Items in Income Statements			
Depreciation, Amortisation & Impairment		7,364	7,080
Equity Movements in Equity Accounted Investments (Increase)/Decrease		(28)	(98)
Non-Cash Asset Acquisitions		(766)	(253)
Grants for Capital Acquisitions (Treated as Investing Activity Receipts)		(4,465)	(561)
Net (Gain) Loss on Disposals		1,425	1,716
		7,525	9,241
Add (Less): Changes in Net Current Assets			
Net (Increase)/Decrease in Receivables		(799)	112
Change in Allowances for Under-Recovery of Receivables		2	37
Net (Increase)/Decrease in Inventories		(110)	(214)
Net (Increase)/Decrease in Other Current Assets		(3)	(75)
Net Increase/(Decrease) in Trade & Other Payables		3,545	(326)
Net Increase/(Decrease) in Unpaid Employee Benefits		668	157
Net Cash provided by (or used in) operations		10,828	8,933
(c). Non-Cash Financing and Investing Activities			
Acquisition of assets by means of:			
- Physical Resources Received Free of Charge	2i	766	253
Total Non-Cash Financing & Investing Activities		766	253
(d). Financing Arrangements			
Unrestricted access was available at balance date to the following lines of credit:			
Bank Overdrafts		-	500
Corporate Credit Cards		50	50
LGFA Cash Advance Debenture Facility		5,000	5,000

Rural City of Murray Bridge

Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

Note 12a. Functions

Functions/Activities	Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 12(b).									
	INCOME		EXPENSES		OPERATING SURPLUS (DEFICIT)		GRANTS INCLUDED IN INCOME		TOTAL ASSETS HELD (CURRENT & NON-CURRENT)	
	Actual 2020	Actual 2019	Actual 2020	Actual 2019	Actual 2020	Actual 2019	Actual 2020	Actual 2019	Actual 2020	Actual 2019
\$ '000										
Business Undertakings	-	-	-	-	-	-	-	-	319,421	310,127
Administration	30,206	29,679	17,684	17,685	12,522	11,994	4,012	5,186	-	-
Transport & Communication	49	39	2,721	2,528	(2,671)	(2,489)	-	-	-	-
Public Order and Safety	277	263	496	542	(218)	(279)	-	-	-	-
Health	38	38	246	267	(208)	(229)	-	5	-	-
Social Security and Welfare	5,980	7,208	8,221	7,003	(2,241)	205	4,370	5,263	-	-
Housing and Community Amenities	1,834	1,526	2,418	2,446	(584)	(920)	-	-	-	-
Protection of Environment	111	11	953	870	(842)	(859)	72	9	-	-
Sport and Recreation	707	744	4,823	4,715	(4,116)	(3,971)	442	412	-	-
Economic Affairs	16	24	1,466	1,217	(1,451)	(1,193)	-	-	-	-
Total Functions/Activities	39,217	39,532	39,028	37,273	190	2,259	8,896	10,875	319,421	310,127

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.

Rural City of Murray Bridge

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

Note 12b. Components of Functions

\$ '000

The activities relating to Council functions are as follows:

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 AMENTIES

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

Rural City of Murray Bridge

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

Note 13. Financial Instruments

\$ '000

Recognised Financial Instruments

Bank, Deposits at Call, Short Term Deposits

Accounting Policy:

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

Terms & Conditions:

Deposits are returning fixed interest rates between 0.35% and 0.45% (2019: 1.6% and 2.55%). Short term deposits have an average maturity of 90 days and an average interest rate of 0.65% (2019: 90 days and 1.6%).

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 6.35% (2019: 6.0%). Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries in the State.

Carrying Amount:

Approximates fair value (after deduction of any allowance).

Receivables

Fees & 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).

Rural City of Murray Bridge

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

Note 13. Financial Instruments (continued)

\$ '000

Recognised Financial Instruments

Receivables

Other Levels of Government

Accounting Policy:

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

Terms & Conditions:

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

Carrying Amount:

Approximates fair value.

Receivables

Retirement Home Contributions

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 legislation.

Carrying Amount:

Approximates fair value (after deduction of any allowance).

Liabilities

Creditors and Accruals

Accounting Policy:

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

Terms & Conditions:

Liabilities are normally settled on 30 day terms.

Carrying Amount:

Approximates fair value.

Rural City of Murray Bridge

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

Note 13. Financial Instruments (continued)

\$ '000

Recognised Financial Instruments

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 2.20% and 6.75% (2019: 4.8% and 6.75%)

Carrying Amount:

Approximates fair value.

Liabilities

Leases

Accounting Policy:

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

Rural City of Murray Bridge

Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

Note 13. Financial Instruments (continued)

\$ '000	Due < 1 year	Due > 1 year & ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
2020					
<u>Financial Assets</u>					
Cash & Equivalents	5,518	-	-	5,518	5,518
Receivables	3,396	-	-	3,396	3,357
Total Financial Assets	8,914	-	-	8,914	8,874
<u>Financial Liabilities</u>					
Payables	11,372	-	-	11,372	11,381
Current Borrowings	3,647	-	-	3,647	3,647
Non-Current Borrowings	-	566	-	566	521
Total Financial Liabilities	15,020	566	-	15,586	15,550
2019					
<u>Financial Assets</u>					
Cash & Equivalents	8,585	-	-	8,585	8,585
Receivables	2,593	-	-	2,593	2,552
Total Financial Assets	11,178	-	-	11,178	11,137
<u>Financial Liabilities</u>					
Payables	9,265	-	-	9,265	9,265
Current Borrowings	1,093	-	-	1,093	1,093
Non-Current Borrowings	-	1,500	-	1,500	1,389
Total Financial Liabilities	10,358	1,500	-	11,858	11,747

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

	30 June 2020		30 June 2019	
	Weighted Avg Interest Rate	Carrying Value	Weighted Avg Interest Rate	Carrying Value
Fixed Interest Rates	3.41%	4,168	6.00%	2,482
		4,168		2,482

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.

Rural City of Murray Bridge

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

Note 13. Financial Instruments (continued)

\$ '000

Risk Exposures

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

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

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

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

Note 14. Capital Expenditure and Investment Property Commitments

\$ '000

Notes

2020

2019

Capital Commitments

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

Buildings	6,853	36
Infrastructure	6,110	107
Plant & Equipment	196	687
	13,159	830

These expenditures are payable:

Not later than one year	13,159	830
Later than one year and not later than 5 years	-	-
Later than 5 years	-	-
	13,159	830

Rural City of Murray Bridge

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

Note 15. Financial Indicators

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

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

1. Operating Surplus Ratio

Operating Surplus	190	0.5%	6%	4%
Total Operating Income	39,217			

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

2. Net Financial Liabilities Ratio

Net Financial Liabilities	13,132	33.5%	13%	15%
Total Operating Income	39,217			

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

Adjustments to Ratios

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

Adjusted Operating Surplus Ratio	0.9%	5%	3%
Adjusted Net Financial Liabilities Ratio	33.5%	13%	15%

3. Asset Renewal Funding Ratio

Net Asset Renewals	9,385	127%	78%	105%
Depreciation	7,364			

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.

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

Note 15. Financial Indicators - Graphs (continued)

1. Operating Surplus Ratio Ratio % 4% 6% 0.5% 2018 2019 2020	Purpose of Operating Surplus Ratio This indicator is to determine the percentage the operating revenue varies from operating expenditure	Commentary on 2019/20 Result 2019/20 Ratio0.48% Impacts on Lerwin Income and Expenditure.
Adjusted Operating Surplus Ratio Ratio % 3% 5% 1% 2018 2019 2020	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 2019/20 Result 2019/20 Ratio1% FAGS received in advance adjusts operating surplus by 167k.
Adjusted Net Financial Liabilities Ratio Ratio % 15% 13% 33% 2018 2019 2020	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 2019/20 Result 2019/20 Ratio33% Borrowing has increased from 2018/19 due to increased capital works program.
3. Asset Renewal Funding Ratio Ratio % 105% 78% 127% 2018 2019 2020	Purpose of Asset Renewal Funding Ratio This indicator aims to determine if assets are being renewed and replaced in an optimal way	Commentary on 2019/20 Result 2019/20 Ratio127% Asset Renewal Ratio increase reflects a catch up of capital renewal expenditure from 2018/19 year.

Rural City of Murray Bridge

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

Note 16. Uniform Presentation of Finances

\$ '000	2020	2019
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	39,217	39,532
less Expenses	(39,028)	(37,273)
Operating Surplus / (Deficit)	190	2,259
Net Outlays on Existing Assets		
Capital Expenditure on Renewal and Replacement of Existing Assets	(9,773)	(5,584)
<i>add back</i> Depreciation, Amortisation and Impairment	7,364	7,080
<i>add back</i> Proceeds from Sale of Replaced Assets	389	35
Subtotal	(2,021)	1,531
Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets (including Investment Property & Real Estate Developments)	(10,209)	(3,552)
<i>add back</i> Amounts Received Specifically for New and Upgraded Assets	4,465	561
Subtotal	(5,744)	(2,991)
Net Lending / (Borrowing) for Financial Year	(7,575)	799

Rural City of Murray Bridge

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

Note 17. Leases

\$ '000

Council as a Lessor

Leases Providing Revenue to the Council

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

(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

2020

2019

Future minimum rentals receivable under non-cancellable operating leases as at 30 June, are as follows:

Not later than one year	148	135
Later than one year and not later than 5 years	427	359
Later than 5 years	84	254
	<u>659</u>	<u>748</u>

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

Note 18. Superannuation

\$ '000

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

Accumulation only Members

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

Salarylink (Defined Benefit Fund) Members

Salarylink is a defined benefit scheme where the benefit payable is based on a formula determined by the member's contribution rate, number of years and level of contribution and final average salary. Council makes employer contributions to Salarylink as determined by the Fund's Trustee based on advice from the appointed Actuary. The rate is currently 6.3% (6.3% in 2018/19) of "superannuation" salary.

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

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

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

Contributions to Other Superannuation Schemes

Council 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.

Rural City of Murray Bridge

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

Note 19. Interests in Other Entities

\$ '000

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

	Council's Share of Net Income		Council's Share of Net Assets	
	2020	2019	2020	2019
Joint Ventures	28	98	85	57
Total	28	98	85	57

(i) JOINT VENTURES, ASSOCIATES AND JOINT OPERATIONS

(a) Carrying Amounts

Name of Entity	Principal Activity	2020	2019
Adelaide Hills Regional Waste Management Authority	Waste Management	85	57
Total Carrying Amounts - Joint Ventures & Associates		85	57

(b) Relevant Interests

Name of Entity	Interest in Operating Result		Ownership Share of Equity		Proportion of Voting Power	
	2020	2019	2020	2019	2020	2019
Adelaide Hills Regional Waste Management Authority	22%	26%	8%	6%	25%	25%

(c) Movement in Investment in Joint Venture or Associate

	Adelaide Hills Regional Waste Management Authority	
	2020	2019
Opening Balance	57	(42)
Share in Operating Result	28	98
Council's Equity Share in the Joint Venture or Associate	85	57

Rural City of Murray Bridge

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

Note 19. Interests in Other Entities (continued)

\$ '000

(d) Summarised Financial Information of the Equity Accounted Business

Statement of Financial Position

	Adelaide Hills Regional Waste Management Authority	
	2020	2019
Cash and Cash Equivalents	267	310
Other Current Assets	617	408
Non-Current Assets	4,937	4,214
Total Assets	5,821	4,932
Current Trade and Other Payables	878	662
Current Financial Liabilities	1,471	1,580
Current Provisions	276	244
Non-Current Financial Liabilities	237	-
Non-Current Provisions	1,932	1,551
Total Liabilities	4,794	4,037
Net Assets	1,026	895

Statement of Comprehensive Income

	Adelaide Hills Regional Waste Management Authority	
	2020	2019
Other Income	2,036	2,147
Contributions from Constituent Councils	4,451	3,828
Total Income	6,488	5,975
Employee Costs	1,121	1,122
Materials, Contracts & Other Expenses	4,586	3,953
Depreciation, Amortisation and Impairment	600	482
Finance Costs	51	57
Total Expenses	6,357	5,614
Operating Result	130	361

Rural City of Murray Bridge

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

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

\$ '000	2020	2019
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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.

Carrying Amounts of Assets and Liabilities

Assets

Land	571	571
Total Assets	571	571

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

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

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 \$220,000 (2019: \$220,000) at reporting date.

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

4. LEGAL MATTERS

Council is the planning consent authority for its area under the Development Act 1993 (as amended). Pursuant to that Act, certain persons aggrieved by a planning decision of the Council may appeal. It is normal practice that parties bear their own legal costs. At the date of these reports, Council did not have any notice of appeals against planning decisions made prior to reporting date.

Rural City of Murray Bridge

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

Note 22. Events After the Statement of Financial Position Date

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

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

Accordingly, the "authorised for issue" date is 12/10/20.

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

Note 23. Related Party Transactions

\$ '000	2020	2019
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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. In all 14 persons were paid the following total compensation:

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

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

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

Michael Sedgman (CEO)	Kristen Manson
Heather Barclay	Timothy Vonderwall

In all, 4 persons were paid Employee Benefit compensation.

The compensation paid to Key Management Personnel comprises:

Short-Term Employee Benefits	773	727
Post-Employment Benefits	73	70
Elected Members Allowances	234	225
Total	1,080	1,022

Rural City of Murray Bridge

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

Note 23. Related Party Transactions (continued)

\$ '000	2020	2019
Other Related Parties		
Other related parties include close family members of key management personnel, and entities that are controlled or jointly controlled by those key management personnel individually or collectively		
Other than amounts paid as ratepayers or residents (e.g. rates, swimming pool entry fees, etc.), during the year the following transactions occurred with related parties of Rural City of Murray Bridge Council. These transactions were on normal commercial terms and conditions no more favourable than those available to other persons unless otherwise stated.		
Murray River Lakes & Coorong Tourism Alliance for whom M. Sedgman, CEO, is a board member		
- Memberships and Subscriptions	45	45
Local Government Finance Authority for whom M. Sedgman, CEO, is a board member		
- Interest Paid	167	210
- Interest Received	(75)	(122)
RDA Murraylands and Riverland for whom J Wilson, Past Elected Member, is a board member		
- Memberships and Subscriptions	-	48
Bridge Office Pty Ltd for whom A Baltensperger, Elected Member, is a Director		
- Materials (Office Equipment)	30	21
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)	620	559
- Net Loss/(Profit) Equity Accounted Council Businesses	28	98
Murray Lands and Riverland Local Government Association for whom B Lewis, Mayor, is a board member.		
- Memberships and Subscriptions	31	30
Total	846	889

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

Note 24. Equity - Retained Earnings and Revaluation Reserves Adjustments

(a). Correction of Error/s relating to a Previous Reporting Period

Council made no correction of errors during the current reporting period.

(b). Changes in Accounting Policies due to Adoption of New Accounting Standards
- Not Retrospective

(i) Adoption of accounting standards other than AASB 15, AASB 1058 and AASB 16

During the year ended 30 June 2020, the Council has adopted AASB 15 *Revenue from Contracts with Customers*, AASB 1058 *Income of Not-for-profit Entities* and AASB 16 *Leases* using the modified retrospective (cumulative catch-up) method and therefore the comparative information for the year ended 30 June 2019 has not been restated and continues to comply with AASB 111 *Construction Contracts*, AASB 117 *Leases*, AASB 118 *Revenue*, AASB 1004 *Contributions* and associated Accounting Interpretations.

All adjustments on adoption of AASB 15 and AASB 1058 have been taken to retained earnings at 1 July 2019.

The impacts of adopting these standards and associated transition disclosures are provided below:

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

Note 24. Equity - Retained Earnings and Revaluation Reserves Adjustments (con'd)

\$ '000

(i) AASB 15 and AASB 1058

The following approach has been applied on transition to AASB 15 and AASB 1058:

– Council has not adopted the completed contract expedient and therefore has not excluded revenue which was fully recognised in previous years in accordance with the former accounting standards and pronouncements

Costs incurred in fulfilling customer contracts

Prior to adopting AASB 15 Council would recognise direct costs associated with fulfilling customer contracts as expenses when incurred, as they did not qualify for recognition as assets under any other accounting standards. Under AASB 15, as these costs relate directly to the contracts, generate resources used in satisfying the contracts, and are expected to be recovered, they are capitalised as 'costs to fulfil a contract' assets and released through profit and loss on the same basis as the revenue is recognised.

Transfer of control to a customer – over time or at a point in time

AASB 15 has specific criteria regarding whether control is transferred over time or at a point in time. The entity has reviewed its contracts and concluded that the criteria for recognition over time is not met in some circumstances. In such cases, revenue and related production costs will be recognised at the delivery of each separate performance obligation instead of over the contract using a single margin.

Grants – operating

Under AASB 1004, most grant income was recognised as revenue on receipt. Under AASB 15, where an agreement is enforceable and contains sufficiently specific performance obligations, the revenue is either recognised over time as the work is performed, or recognised at the point in time that the control of the services passes to the customer.

Grants – capital

Under AASB 1004, most grant monies were recorded as revenue on receipt. Under AASB 1058, where Council has received assets (including cash) to acquire or construct a non-financial asset, the asset is to be controlled by Council and the contract is enforceable, then the asset is recognised as a contract liability on receipt and recorded as revenue as the performance obligation to acquire or construct the asset is completed.

Rural City of Murray Bridge

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

Note 24. Equity - Retained Earnings and Revaluation Reserves Adjustments (con'd)

\$ '000

Comparison of financial statement line items under AASB 15 compared to previous standards for the current year

The following tables show the impact of adopting AASB 15 and AASB 1058 on the Council's financial statements for the year ended 30 June 2020.

Statement of Financial Position as at 2020

\$ '000	Carrying amount per Statement of Financial Position under AASB 15 and AASB 1058	Reclassific- ation	Remeasur- ement	Carrying amount under previous revenue standards	Notes
Current assets					
Trade & Other Receivables	3,826	–	(655)	3,171	
Total current assets	10,380	–	(655)	9,725	
Current liabilities					
Trade & Other Payables	13,797	–	(1,342)	12,455	
Total current liabilities	21,228	–	(1,342)	19,886	
Non-current assets					
Total non-current assets	309,041	–	–	309,041	
Non-current liabilities					
Total non-current liabilities	1,248	–	–	1,248	
Net assets	296,945	–	687	297,632	
Equity					
Accumulated Surplus	104,655	–	687	105,342	
Total equity	296,945	–	687	297,632	

Income Statement for the year ended 30 June 2020

\$ '000	Income Statement and Comprehensive Income under AASB 15 and AASB 1058	Reclassific- ation	Remeasur- ement	Income Statement and Comprehensive Income under Previous Revenue Standards	Notes
Amounts Received Specifically for New or Upgrac	4,465	–	312	4,777	
Profit / (Loss) for the year	8,896	–	312	9,208	
Total comprehensive income	8,896	–	312	9,208	

Contract related milestones used as basis to reclassify receivables, liabilities and equity per relevant income recognition.

Rural City of Murray Bridge

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

Note 24. Equity - Retained Earnings and Revaluation Reserves Adjustments (con'd)

\$ '000

Statement of Cash Flows for the year ended 30 June 2020

The adoption of AASB 15 and AASB 1058 has not materially changed the Statement of Cash flows for the year ended 30 June 2020.

Adjustments to the current year figures for the year ended 30 June 2020

	Original Balance 1 July, 2019	Impact Increase/ (decrease)	Restated Balance 1 July, 2019
Statement of Financial Position			
Accumulated Surplus	101,035	(375)	100,660
Total equity	293,473	(375)	293,098

(ii) AASB 16 Leases

Council as a lessee

Under AASB 117, Council assessed whether leases were operating or finance leases, based on its assessment of whether the significant risks and rewards of ownership had been transferred to Council or remained with the lessor. Under AASB 16, there is no differentiation between finance and operating leases for the lessee and therefore all leases which meet the definition of a lease are recognised on the Statement of Financial Position (except for short-term leases and leases of low-value assets).

Council has used the exception to lease accounting for short-term leases and leases of low-value assets, and the lease expense relating to these leases is recognised in the Income Statement on a straight-line basis.

Practical expedients used on transition

AASB 16 includes a number of practical expedients which can be used on transition. Council has used the following expedients:

- Contracts which had previously been assessed as not containing leases under AASB 117 were not re-assessed on transition to AASB 16.
- Lease liabilities have been discounted using the Council's incremental borrowing rate at 1 July 2019.
- Right-of-use assets at 1 July 2019 have been measured at an amount equal to the lease liability adjustment by the any prepaid or accrued lease payments.
- A single discount rate was applied to all leases with similar characteristics.
- The right-of-use asset was adjusted by the existing onerous lease provision (where relevant) at 30 June 2019 rather than perform impairment testing of the right-of-use asset.
- Excluded leases with an expiry date prior to 30 June 2020 from the Statement of Financial Position, and lease expenses for these leases have been recorded on a straight-line basis over the remaining term.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

Financial statement impact of adoption of AASB 16

Council does not have any material impact under this standard.

Rural City of Murray Bridge

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

Note 25. Segment Reporting

\$ '000	Notes	2020 Total Council	2020 * Segment Lerwin	2020 Council Other
INCOME STATEMENT				
Operating Income				
Rates	2a	26,371	-	26,371
Statutory Charges	2b	779	-	779
User Charges	2c	2,122	1,394	728
Grants, Subsidies and Contributions	2g	8,896	3,725	5,171
Investment Income	2d	138	59	79
Reimbursements	2e	423	3	420
Other Income	2f	461	54	407
Net Gain - Equity Accounted Council Businesses	19	28	-	28
Total Operating Income		39,217	5,235	33,982
Operating Expenses				
Employee Costs	3a	17,246	4,023	13,223
Materials, Contracts & Other Expenses	3b	14,254	1,958	12,296
Depreciation, Amortisation & Impairment	3c	7,364	207	7,157
Finance Costs	3d	164	29	135
Total Operating Expenses		39,028	6,217	32,811
Operating Surplus / (Deficit)		190	(982)	1,172
Capital Revenues		3,806	576	3,230
Net Surplus / (Deficit)		3,996	(406)	4,402
BALANCE SHEET				
Assets				
Current Assets	5 & 20	10,380	5,365	5,015
Infrastructure, Property, Plant & Equipment	7a	300,941	10,227	290,714
Other Non-Current Assets	6	8,100	-	8,100
TOTAL ASSETS		319,421	15,592	303,829
Liabilities				
Current Liabilities	8 & 20	21,229	8,348	12,881
Non-Current Liabilities	8	1,248	76	1,172
TOTAL LIABILITIES		22,476	8,424	14,052
Net Assets		296,945	7,168	289,777

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

Rural City of Murray Bridge

Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

Note 26. Material Budget Variations

\$ '000

This Note sets out the details of MATERIAL VARIATIONS between Council's Original Budget and its Actual Results for the year as per the Income Statement - even though such variations may have been adjusted for during each Budget Review.

Note that for Variations* of Budget to Actual :

Material Variations represent those variances that amount to **10%** or more of the original budgeted figure.

F = Favourable Budget Variation, **U** = Unfavourable Budget Variation

\$ '000	2020 Budget	2020 Actual	2020 Variance*		
REVENUES					
Rates Revenues	26,185	26,371	186	1%	F
Statutory Charges	625	779	154	25%	F
Increase in development application income due to significant projects in the area					
User Charges	2,449	2,122	(328)	(13%)	U
Impact on User Charges due to reduced occupancy at Lerwin Aged Care Facility as a result of undertaking expansion project.					
Grants, Subsidies & Contributions	7,829	8,896	1,067	14%	F
Grants received were greater than budget due to 2020/21 FAGS grants of \$2,088 received in advance, and offset by Grant income from the Lerwin Aged Care Facility due to the expansion project					
Investment Income	135	138	3	2%	F
Reimbursements	196	423	227	116%	F
Reimbursements were greater than budget due to Risk Incentive and Secondment reimbursements					
Other Income	438	461	23	5%	F
Net Gain - Equity Accounted Council Businesses	35	28	(7)	(19%)	U

Rural City of Murray Bridge

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

Note 26. Material Budget Variations (continued)

\$ '000	2020 Budget	2020 Actual	2020 ----- Variance* -----		
EXPENSES					
Employee Costs	16,508	17,246	738	4%	U
Materials, Contracts & Other Expenses	13,042	14,254	1,212	9%	U
Depreciation, Amortisation & Impairment	7,441	7,364	(77)	(1%)	F
Finance Costs	379	164	(216)	(57%)	F
Finance Cost Savings as borrowings only began to increase at back end of 2019/20 financial year.					
Net loss - Equity Accounted Council Businesses	-	-	-	0%	U
CAPITAL REVENUES / EXPENSES					
Asset Disposal & Fair Value Adjustments	-	(1,425)	(1,425)	0%	U
Amounts Received for New/Upgraded Assets	1,401	4,465	3,064	219%	F
Amounts Received has increased due to multiple Grant Funded Capital Projects					
Physical Resources Received Free of Charge	60	766	706	1177%	F
Physical Resources received increased due a major building asset received					

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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 2020, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and the Certification of the Financial Statements.

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

Basis for Opinion

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

BENTLEYS SA AUDIT PARTNERSHIP



DAVID FRANCIS
PARTNER

Dated at Adelaide this 29th day of September 2020

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 2019 to 30 June 2020 are in accordance with legislative provisions.

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

Limitation on Use

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

Limitations of Controls

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

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

Independence

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

The Council's Responsibility for the Internal Controls

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

Our Responsibility

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

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

BENTLEYS SA AUDIT PARTNERSHIP



DAVID FRANCIS
PARTNER

Dated at Adelaide this 29th day of September 2020

Rural City of Murray Bridge

General Purpose Financial Statements

for the year ended 30 June 2020

Certification of Auditor Independence

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of Rural City of Murray Bridge for the year ended 30 June 2020, 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: 23.09.2020

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

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

Bentleys SA Audit Partnership

David Francis
Partner

Dated at Adelaide this 16th day of September 2020