

District Council of Grant

GENERAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2022

General Purpose Financial Statements

for the year ended 30 June 2022

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General Purpose Financial Statements for the year ended 30 June 2022

Certification of Financial Statements

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

In our opinion:

- the accompanying financial statements comply with the *Local Government Act 1999, Local Government (Financial Management) Regulations 2011* and Australian Accounting Standards,
- the financial statements present a true and fair view of the Council's financial position at 30 June 2022 and the results of its operations and cash flows for the financial year,
- internal controls implemented by the Council provide a reasonable assurance that the Council's financial records are complete, accurate and reliable and were effective throughout the financial year,
- the financial statements accurately reflect the Council's accounting and other records.



Darryl Whicker
Chief Executive Officer

Dated 05 September 2022



Richard Sage
Mayor

Dated 05 September 2022

Statement of Comprehensive Income

for the year ended 30 June 2022

\$ '000	Notes	2022	2021
Income			
Rates	2a	11,192	10,143
Statutory Charges	2b	418	464
User Charges	2c	1,800	1,614
Grants, Subsidies and Contributions	2g	3,355	2,377
Investment Income	2d	44	54
Reimbursements	2e	91	82
Other income	2f	304	325
Total Income		17,204	15,059
Expenses			
Employee costs	3a	5,841	5,979
Materials, Contracts and Other Expenses	3b	5,323	4,851
Depreciation, Amortisation and Impairment	3c	4,809	4,468
Finance Costs	3d	139	175
Total Expenses		16,112	15,473
Operating Surplus / (Deficit)		1,092	(414)
Asset Disposal & Fair Value Adjustments	4	(526)	(263)
Amounts Received Specifically for New or Upgraded Assets	2g	1,878	2,675
Net Surplus / (Deficit)		2,444	1,998
Other Comprehensive Income			
Amounts which will not be reclassified subsequently to operating result			
Changes in Revaluation Surplus - I,PP&E	9a	2,862	—
Total Amounts which will not be reclassified subsequently to operating result		2,862	—
Total Other Comprehensive Income		2,862	—
Total Comprehensive Income		5,306	1,998

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

Statement of Financial Position

as at 30 June 2022

\$ '000	Notes	2022	2021
ASSETS			
Current assets			
Cash & Cash Equivalent Assets	5a	6,585	4,048
Trade & Other Receivables	5b	815	1,184
Inventories	5c	140	117
<u>Subtotal</u>		<u>7,540</u>	<u>5,349</u>
Total current assets		<u>7,540</u>	<u>5,349</u>
Non-current assets			
Financial Assets	6	112	145
Infrastructure, Property, Plant & Equipment	7a(i)	146,646	143,887
Total non-current assets		<u>146,758</u>	<u>144,032</u>
TOTAL ASSETS		<u>154,298</u>	<u>149,381</u>
LIABILITIES			
Current Liabilities			
Trade & Other Payables	8a	1,687	1,427
Borrowings	8b	408	507
Provisions	8c	1,034	1,152
<u>Subtotal</u>		<u>3,129</u>	<u>3,086</u>
Total Current Liabilities		<u>3,129</u>	<u>3,086</u>
Non-Current Liabilities			
Borrowings	8b	1,963	2,371
Provisions	8c	68	92
Total Non-Current Liabilities		<u>2,031</u>	<u>2,463</u>
TOTAL LIABILITIES		<u>5,160</u>	<u>5,549</u>
Net Assets		<u>149,138</u>	<u>143,832</u>
EQUITY			
Accumulated surplus		48,223	45,793
Asset revaluation reserves	9a	99,756	96,894
Other reserves	9b	1,159	1,145
Total Equity		<u>149,138</u>	<u>143,832</u>

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

Statement of Changes in Equity

for the year ended 30 June 2022

\$ '000	Notes	Accumulated surplus	Asset revaluation reserve	Other reserves	Total equity
2022					
Balance as at 1 July		45,793	96,894	1,145	143,832
Net Surplus / (Deficit) for Year		2,444	—	—	2,444
Other Comprehensive Income					
Gain (loss) on revaluation of IPP&E	7a	—	2,862	—	2,862
Other comprehensive income		—	2,862	—	2,862
Total comprehensive income		2,444	2,862	—	5,306
Transfers between Reserves		(14)	—	14	—
Balance at the end of period		48,223	99,756	1,159	149,138
2021					
Balance as at 1 July		43,815	96,894	1,125	141,834
Net Surplus / (Deficit) for Year		1,998	—	—	1,998
Total comprehensive income		1,998	—	—	1,998
Transfers between Reserves		(20)	—	20	—
Balance at the end of period		45,793	96,894	1,145	143,832

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

Statement of Cash Flows

for the year ended 30 June 2022

\$ '000	Notes	2022	2021
Cash flows from operating activities			
<u>Receipts</u>			
Rates Receipts		11,246	10,137
Statutory Charges		418	510
User Charges		1,800	1,368
Grants, Subsidies and Contributions		3,355	2,615
Investment Receipts		44	58
Reimbursements		91	90
Other Receipts		349	1,296
<u>Payments</u>			
Payments to Employees		(5,763)	(5,945)
Payments for Materials, Contracts & Other Expenses		(4,974)	(6,797)
Finance Payments		(147)	(186)
Net cash provided by (or used in) Operating Activities	11b	6,419	3,146
Cash flows from investing activities			
<u>Receipts</u>			
Amounts Received Specifically for New/Upgraded Assets		1,878	2,675
Sale of Replaced Assets		612	561
Repayments of Loans by Community Groups		42	33
<u>Payments</u>			
Expenditure on Renewal/Replacement of Assets		(4,660)	(3,731)
Expenditure on New/Upgraded Assets		(1,184)	(6,121)
Net cash provided (or used in) investing activities		(3,312)	(6,583)
Cash flows from financing activities			
<u>Payments</u>			
Repayments of Borrowings		(507)	(743)
Repayment of Bonds & Deposits		(63)	–
Net Cash provided by (or used in) Financing Activities		(570)	(743)
Net Increase (Decrease) in Cash Held		2,537	(4,180)
plus: Cash & Cash Equivalents at beginning of period		4,048	8,228
Cash and cash equivalents held at end of period	10a	6,585	4,048

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

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

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

Note 1. Summary of Significant Accounting Policies

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

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

(1) Basis of Preparation

1.1 Compliance with Australian Accounting Standards

This general purpose financial report has been prepared 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.

1.2 Historical Cost Convention

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

1.3 Critical Accounting Estimates

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

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

1.4 Rounding

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

1.5 Estimates and assumptions

The COVID-19 pandemic has impacted the 2021/22 financial statements. The financial impacts are a direct result of either Council's response to the pandemic or due to mandatory shutdowns as directed by the Australian Government and the advice from the Australian Government Department of Health and SA Health.

To reduce the impact of Covid-19 Council has worked to reduce discretionary expenditure in the short term to help mitigate the effect of the reduced revenue and increased costs. It is expected further financial impacts will flow into the 2022/23 financial year but these have been largely taken into account during the development of the budget process for 2022/23, including, but not limited to a reduction in passenger numbers at the airport. The budget assumptions for 2022/23 assume a continued easing of restrictions put in place by the government. Council has determined that there is no material uncertainty that casts doubt on Council's ability to continue as a going concern.

(2) The Local Government Reporting Entity

District Council of Grant is incorporated under the SA Local Government Act 1999 and has its principal place of business at 324 Commercial Street West, Mount Gambier. 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.

(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.

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

Note 1. Summary of Significant Accounting Policies (continued)

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

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

	Cash Payment Received	Annual Allocation	Difference
2019/20	\$1,947,422	\$1,230,164	+ \$717,258
2020/21	\$1,529,313	\$1,809,142	- \$278,829
2021/22	\$2,671,478	\$2,020,772	\$650,706

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 13 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".

(4) Cash, Cash Equivalents and other Financial Instruments

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

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

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

All financial instruments are recognised at fair value at the date of recognition. A detailed statement of the accounting policies applied to financial instruments also form part of Note 12.

(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.

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

Note 1. Summary of Significant Accounting Policies (continued)

(6) Infrastructure, Property, Plant & Equipment

6.1 Initial Recognition

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

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

6.2 Materiality

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

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

6.3 Subsequent Recognition

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

6.4 Depreciation of Non-Current Assets

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

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

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

6.5 Impairment

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

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

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

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

Note 1. Summary of Significant Accounting Policies (continued)

(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 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". Interest free loans are initially recognised at fair value with any difference between fair value and proceeds recognised in the profit and loss. The loan is subsequently measured at amortised cost with interest being recognised using the effective interest rate method.

(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 on costs) 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 on costs) 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 3.009% (2021, 0.36%)

Weighted avg. settlement period 1 year (2021, 1 year)

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

9.2 Superannuation

The Council makes employer superannuation contributions in respect of its employees to the Statewide Superannuation Scheme. The Scheme has two types of membership, each of which is funded differently. Details of the accounting policies applied and Council's involvement with the schemes are reported in Note 15.

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

Note 1. Summary of Significant Accounting Policies (continued)

(10) 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.

(11) New accounting standards and UIG interpretations

The Council applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2021. New standards and amendments relevant to the Council are listed below. The Council has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Standards issued by the AASB not yet effective

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

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

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

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

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

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

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

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

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

Note 2. Income

\$ '000	2022	2021
(a) Rates		
General Rates		
General Rates	9,215	8,234
Less: Mandatory Rebates	(8)	(7)
Less: Discretionary Rebates, Remissions & Write Offs	(76)	(31)
Total General Rates	9,131	8,196
Other Rates (Including Service Charges)		
Landscape Levy	614	602
Waste Collection	728	678
Community Wastewater Management Systems	737	693
Total Other Rates (Including Service Charges)	2,079	1,973
Other Charges		
Penalties for Late Payment	29	33
Total Other Charges	29	33
Less: Discretionary Rebates, Remissions & Write Offs	(47)	(59)
Total Rates	11,192	10,143
(b) Statutory Charges		
Development Act Fees	203	170
Town Planning Fees	111	200
Animal Registration Fees & Fines	102	92
Parking Fines / Expiation Fees	2	2
Total Statutory Charges	418	464
(c) User Charges		
Cemetery/Crematoria Fees	10	20
Airport	580	367
Saleyards	1,049	1,119
Sanitary Garbage	29	26
Rural Transaction Centre	92	37
Sundry	40	45
Total User Charges	1,800	1,614
(d) Investment Income		
Interest on Investments		
Local Government Finance Authority	41	50
Loans to Community Groups	3	4
Total Investment Income	44	54

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

Note 2. Income (continued)

\$ '000	2022	2021
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(e) Reimbursements

Roadworks	27	23
Private Works	63	59
Other	1	–
Total Reimbursements	91	82

(f) Other income

Insurance & Other Recoupments - Infrastructure, IPP&E	50	163
Sundry	254	162
Total Other income	304	325

(g) Grants, Subsidies, Contributions

Amounts Received Specifically for New or Upgraded Assets	1,878	2,675
Total Amounts Received Specifically for New or Upgraded Assets	1,878	2,675

Untied - Financial Assistance Grant	2,156	1,529
Roads to Recovery	341	341
Fuel Rebate	51	62
Library and Communications	31	36
Sundry	776	409
Total Other Grants, Subsidies and Contributions	3,355	2,377

Total Grants, Subsidies, Contributions	5,233	5,052
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The functions to which these grants relate are shown in Note 11.

(i) Sources of grants

Commonwealth Government	4,620	4,393
State Government	503	640
Other	110	19
Total	5,233	5,052

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

Note 2. Income (continued)

\$ '000	2022	2021
(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	276	261
Less:		
<i>Expended during the current period from revenues recognised in previous reporting periods</i>		
Waterfront Stage 2	–	(261)
LRCI Grant Funding	(276)	–
Subtotal	(276)	(261)
Plus:		
<i>Amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions</i>		
LRCI Grant Funding	–	276
Subtotal	–	276
Unexpended at the close of this reporting period	–	276
Net increase (decrease) in assets subject to conditions in the current reporting period	(276)	15

Note 3. Expenses

\$ '000	Notes	2022	2021
(a) Employee costs			
Salaries and Wages		4,923	4,984
Employee Leave Expense		552	655
Superannuation - Defined Contribution Plan Contributions	15	384	356
Superannuation - Defined Benefit Plan Contributions	15	134	139
Workers' Compensation Insurance		211	206
Less: Capitalised and Distributed Costs		(363)	(361)
Total Operating Employee Costs		5,841	5,979
Total Number of Employees (full time equivalent at end of reporting period)		66	66

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

Note 3. Expenses (continued)

\$ '000	2022	2021
(b) Materials, Contracts and Other Expenses		
(i) Prescribed Expenses		
Auditor's Remuneration		
- Auditing the Financial Reports	17	25
Elected Members' Expenses	172	168
Election Expenses	2	2
Subtotal - Prescribed Expenses	191	195
(ii) Other Materials, Contracts and Expenses		
Contractors	1,091	1,052
Energy	241	223
Maintenance	642	454
Legal Expenses	46	70
Levies Paid to Government - RL levy	612	604
Sundry	565	638
Garbage Costs	347	324
Emergency Services Levy	58	61
Materials	227	196
Fuel	383	278
Insurance	296	279
Donations and Grants	649	357
PLEC (Underground powerlines at Port MacDonnell over paid 20/21)	(25)	120
Subtotal - Other Material, Contracts & Expenses	5,132	4,656
Total Materials, Contracts and Other Expenses	5,323	4,851
(c) Depreciation, Amortisation and Impairment		
(i) Depreciation and Amortisation		
Infrastructure		
Stormwater Drainage	12	13
CWMS	248	244
Playgrounds	54	27
Roads and Kerbs	2,725	2,598
Bridges	1	1
Footways	31	23
Plant & Equipment	561	548
Buildings	776	660
Other Structures	201	197
IT and Office Fittings	78	45
Marine and River	52	51
Open Space	70	61
Subtotal	4,809	4,468
Total Depreciation, Amortisation and Impairment	4,809	4,468

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

Note 3. Expenses (continued)

\$ '000	2022	2021
(d) Finance Costs		
Interest on Loans	139	175
Total Finance Costs	139	175

Note 4. Asset Disposal & Fair Value Adjustments

\$ '000	2022	2021
Infrastructure, Property, Plant & Equipment		
Assets Renewed or Directly Replaced		
Proceeds from Disposal	612	561
Less: Carrying Amount of Assets Sold	(1,138)	(824)
Gain (Loss) on Disposal	(526)	(263)
Net Gain (Loss) on Disposal or Revaluation of Assets	(526)	(263)

Note 5. Current Assets

\$ '000	2022	2021
(a) Cash & Cash Equivalent Assets		
Cash on Hand at Bank	970	373
Deposits at Call	5,615	3,675
Total Cash & Cash Equivalent Assets	6,585	4,048

(b) Trade & Other Receivables

Rates - General & Other	348	402
Accrued Revenues	97	26
Debtors - General	273	593
GST Recoupment	71	128
Loans to Community Organisations	26	35
Subtotal	815	1,184
Total Trade & Other Receivables	815	1,184

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

Note 5. Current Assets (continued)

\$ '000	2022	2021
(c) Inventories		
Stores & Materials	140	117
Total Inventories	140	117

Amounts included in inventories that are not expected to be received within 12 months of reporting date.

Aggregate write-downs and other losses recognised as an expense, and reversals of these, were not material in amount in either year. All such reversals occurred principally as a result of clerical inaccuracies during stores operations.

Note 6. Non-Current Assets

\$ '000	2022	2021
Financial Assets		
Receivables		
Loans to Community Organisations	69	102
Total Receivables	69	102
Other Financial Assets		
Caveat	43	43
Total Other Financial Assets	43	43
Total Financial Assets	112	145

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

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

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

	Fair Value Level	as at 30/06/21				Asset movements during the reporting period							as at 30/06/22		
		At Fair Value	At Cost	Accumulated Depreciation	Carrying amount	Asset Additions New / Upgrade	Asset Additions Renewals	WDV of Asset Disposals	Depreciation Expense (Note 3c)	WIP Transfers	Revaluation Increments to Equity (ARR) (Note 9)	At Fair Value	At Cost	Accumulated Depreciation	Carrying amount
\$ '000															
Capital Work in Progress															
Land	2	–	925	–	925	40	–	–	–	(876)	–	–	89	–	89
Land	3	1,220	–	–	1,220	–	–	–	–	–	–	1,220	–	–	1,220
Land	3	13,684	10	–	13,694	–	–	–	–	–	–	13,684	10	–	13,694
Buildings	2	7,065	5	(4,152)	2,918	10	–	–	(164)	–	53	7,193	15	(4,391)	2,817
Buildings	3	20,615	6,884	(12,476)	15,033	126	167	(33)	(612)	–	336	20,961	7,187	(13,131)	15,017
Other Structures	2	126	9	(109)	26	–	–	–	(3)	–	1	129	9	(115)	23
Other Structures	3	4,577	829	(1,916)	3,490	273	–	–	(198)	876	63	4,674	1,978	(2,148)	4,504
Playgrounds	3	878	955	(629)	1,204	7	–	–	(54)	–	23	912	962	(694)	1,180
Roads and Kerbs	3	112,094	10,093	(35,505)	86,682	263	2,985	(620)	(2,725)	–	2,166	113,124	13,341	(37,715)	88,750
Bridges	3	74	–	(24)	50	–	–	–	(1)	–	1	75	–	(25)	50
Footways	3	1,046	200	(346)	900	368	–	–	(31)	–	16	1,069	568	(384)	1,253
Stormwater Drainage	3	1,162	51	(444)	769	–	–	–	(12)	–	14	1,184	51	(464)	771
CWMS	3	12,378	410	(5,475)	7,313	–	30	(11)	(248)	–	109	12,544	440	(5,791)	7,193
Plant & Equipment		–	8,580	(3,290)	5,290	–	1,368	(436)	(561)	–	–	–	9,001	(3,341)	5,660
IT and Office Fittings		–	828	(580)	248	11	76	–	(78)	–	–	–	915	(658)	257
Marine and River		–	2,934	(455)	2,479	–	–	–	(52)	–	45	–	2,987	(515)	2,472
Open Space		–	2,207	(561)	1,646	86	–	(1)	(70)	–	35	–	2,330	(634)	1,696
Total Infrastructure, Property, Plant & Equipment		174,919	34,930	(65,962)	143,887	1,184	4,626	(1,101)	(4,809)	–	2,862	176,769	39,883	(70,006)	146,646
Comparatives		174,919	26,523	(62,115)	139,327	6,121	3,731	(824)	(4,468)	–	–	174,919	34,930	(65,962)	143,887

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

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

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

Valuation of Assets

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

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

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

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

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

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

Information on Valuations

Fair value hierarchy level 2 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.

Fair value hierarchy level 3 valuations of land - 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.

Fair value hierarchy level 3 valuations of buildings, infrastructure and other assets - 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. Accordingly, formal sensitivity analysis does not provide useful information.

Transfers between fair value hierarchy levels

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.

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

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

Highest and best use

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

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

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

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

Transition to AASB 13 - Fair Value Measurement

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

Capitalisation Thresholds

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

	\$
Plant and Equipment	3,000
IT Equipment and Furniture	1,000
Buildings	10,000
Road construction & reconstruction	10,000
Bridges, Paving & Footpaths, Kerb & Gutter	10,000
Stormwater Drainage	3,000
Other Assets	3,000

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

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

Estimated Useful Lives

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

Plant, Furniture & Equipment

ICT Equipment	3 to 5 years
Office Furniture	10 years
Vehicles and Road-making Equipment	3 to 20 years
Other Plant & Equipment	5 to 15 years

Building & Other Structures

Buildings (componentised)	20 to 100 years
Playground Equipment	25 years
Benches, Seats, etc	10 to 20 years

Infrastructure

Sealed Roads - Surface	25 to 35 years
Sealed Roads - Base	100 to 400 years
Unsealed Roads	25 to 100 years
Bridges	100 years
Kerb & Gutter	80 years
Footways	15 to 50 years
Stormwater Drainage	100 years
CWMS	3 to 200 years
Marine and River	10 to 100 years

Council's data is reviewed on an ongoing basis and adjustments are made to correct any errors identified. With regard to capital renewal expenditure, the useful life is reviewed in line with the new condition rating and the carrying amount is adjusted following the writing back of accumulated depreciation for each asset. Council's data is reviewed on an ongoing basis and adjustments are made to correct any errors identified. With regard to capital renewal expenditure, the useful life is reviewed in line with the new condition rating and the carrying amount is adjusted following the writing back of accumulated depreciation for each asset.

Land & Land Improvements

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

Freehold land and land over which Council has control, but does not have title, is recognised on the cost basis. No capitalisation threshold is applied to the acquisition of land or interests in land.

Land improvements, including bulk earthworks with an assessed unlimited useful life, are recognised on the cost basis, originally deriving from a valuation at 30 June 2018 by Mitch Ekonomopoulos AAPI, of AssetVal Pty Ltd at current replacement cost. Additions are recognised at cost.

Buildings & Other Structures

Buildings and other structures were revalued as at 1 July 2018 by Mitch Ekonomopoulos AAPI, of AssetVal Pty Ltd. An Indexation has been applied to all buildings and other structures of 1.8% as at 1 July 2021.

Infrastructure

Sealed Roads, Unsealed Roads & Kerbing was valued using unit rates and condition assessment data as at 1 July 2018, with the methodology verified by Ashay Prabhu MIE(Aust) CPEng, NPER of Assetic Pty Ltd. All acquisitions made after the respective dates of valuation are recorded at cost.

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

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

Footways were revalued using unit rates and condition assessment data as at 1 July 2019, with the methodology verified by Ashay Prabhu MIE(Aust) CPEng, NPER of Assetic Pty Ltd. All acquisitions made after the respective dates of valuation are recorded at cost.

Stormwater drainage infrastructure was valued by Council officers as at 30 June 2019 at depreciated current replacement cost, based on actual costs incurred during the reporting period ended 30 June 2019. All acquisitions made after the respective dates of valuation are recorded at cost.

Community wastewater management system infrastructure was valued at depreciated current replacement cost during the reporting period ended 30 June 2018 by HDS Australia Pty Ltd. All acquisitions made after the respective dates of valuation are recorded at cost.

Bridges were added to Council's asset management database in 2012/2013. Condition assessment and revaluation was undertaken by ACEAM Asset Management Practitioners as at 1 July 2016.

An indexation of 1.8% has been applied on all infrastructure assets as at 1 July 2021.

Plant, Furniture & Equipment

These assets are recognised on the cost basis.

Marine & River

These assets are recognised on the cost basis. Consists mainly of assets created/generated since this category was formed.

Open Space

These assets are recognised on the cost basis. Consists mainly of assets created/generated since this category was formed.

All other assets

These assets are recognised on the cost basis in accordance with our asset accounting policy.

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

Note 8. Liabilities

\$ '000	2022 Current	2022 Non Current	2021 Current	2021 Non Current
(a) Trade and Other Payables				
Goods & Services	868	—	701	—
Payments Received in Advance	147	—	408	—
Accrued Expenses - Employee Entitlements	237	—	159	—
Accrued Expenses - Finance Costs	39	—	47	—
Accrued Expenses - Other	350	—	3	—
Deposits, Retentions & Bonds	45	—	108	—
Other	1	—	1	—
Total Trade and Other Payables	1,687	—	1,427	—

(b) Borrowings

Loans	408	1,963	507	2,371
Total Borrowings	408	1,963	507	2,371

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

\$ '000	2022 Current	2022 Non Current	2021 Current	2021 Non Current
(c) Provisions				
AL Employee Entitlements (including oncosts)	517	—	551	—
LSL Employee Entitlements (including oncosts)	517	68	601	92
Total Provisions	1,034	68	1,152	92

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

Note 9. Reserves

	as at 30/06/21				as at 30/06/22
\$ '000	Opening Balance	Increments (Decrements)	Transfers	Impairments	Closing Balance
(a) Asset Revaluation Reserve					
Land	12,720	–	–	–	12,720
Stormwater Drainage	232	14	–	–	246
CWMS	1,944	109	–	–	2,053
Playgrounds	280	23	–	–	303
Roads and Kerbs	59,019	2,166	–	–	61,185
Bridges	3	1	–	–	4
Footways	694	16	–	–	710
Buildings	14,924	389	–	–	15,313
Other Structures	7,078	64	–	–	7,142
Marine and River	–	45	–	–	45
Open Space	–	35	–	–	35
Total Asset Revaluation Reserve	96,894	2,862	–	–	99,756
Comparatives	96,894	–	–	–	96,894

	as at 30/06/21				as at 30/06/22
\$ '000	Opening Balance	Tfrs to Reserve	Tfrs from Reserve	Other Movements	Closing Balance
(b) Other Reserves					
Disaster Relief	96	–	–	–	96
Grants Unexpended	2	–	–	–	2
Donovans CWMS Grant	73	–	–	–	73
Open Space Contributions	271	12	–	–	283
Community Development	109	–	–	–	109
Tarpeena Cancer Support Fundraising	9	1	–	–	10
Future Infrastructure	467	1	–	–	468
Marine Facilities	15	–	–	–	15
Waste Management	103	–	–	–	103
Total Other Reserves	1,145	14	–	–	1,159
Comparatives	1,125	34	(14)	–	1,145

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

Note 9. Reserves (continued)

Purposes of Reserves

Asset Revaluation Reserves

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

Other Reserves

Disaster Relief

Holding account for profits received from sale of properties, which were donated by the Bond group for housing assistance - Ash Wednesday Fires. Monies to be kept in trust and used for the purpose of relief from the effects, or prevention, of bushfires or other disasters as per the Confirmatory Declaration of Trust Deed.

Unspent Grants Contributions

Holding Account for unspent grants and contributions relating to all functions of Council, excluding Road Infrastructure.

Donovans CWMS Grant

LGA funding for future CWMS works specific for Donovans that were recognised at acquittal of this initial project.

Open Space Contributions

Monies held from creation of sub-divisions to be used for future open space projects.

Community Development Reserve

Money received from Acciona for Allendale Windfarm development. Money held for Community Development Projects.

Tarpeena Cancer Support Fundraising

Accounting for monies held for community group with funds held for projects that will benefit this community.

Future Infrastructure Reserve

Monies from sale of assets, such as Sutton Court and disused road reserves. Money held for Future Infrastructure Projects.

Marine Facilities Reserve

Residual monies (income less expenses) from Port MacDonnell and Blackfellows Caves Boat Ramps and Permits. Funds for future marine development.

Waste Management Reserve

Residual monies (income less expenses) from activities relating to MGB collection (Sanitary & Garbage). Funds for future sanitary & garbage renewals.

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

Note 10. Reconciliation to Statement of Cash Flows

\$ '000	Notes	2022	2021
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(a) Reconciliation of Cash

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

Total Cash & Equivalent Assets	5	6,585	4,048
Balances per Statement of Cash Flows		6,585	4,048

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

Net Surplus/(Deficit)		2,444	1,998
Non-Cash Items in Income Statements			
Depreciation, Amortisation & Impairment		4,809	4,468
Grants for capital acquisitions treated as Investing Activity		(1,878)	(2,675)
Net (Gain) Loss on Disposals		526	263
		5,901	4,054
Add (Less): Changes in Net Current Assets			
Net (Increase)/Decrease in Receivables		360	(418)
Net (Increase)/Decrease in Inventories		(23)	121
Net Increase/(Decrease) in Trade & Other Payables		323	(645)
Net Increase/(Decrease) in Unpaid Employee Benefits		–	34
Net Increase/(Decrease) in Other Provisions		(142)	–
Net Cash provided by (or used in) operations		6,419	3,146

(c) Financing Arrangements

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

Corporate Credit Cards	13	9
LGFA Cash Advance Debenture Facility	1,600	2,000

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

Note 11(a). Functions

Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 11(b).										
\$ '000	2022	INCOME	EXPENSES		OPERATING SURPLUS (DEFICIT)		GRANTS INCLUDED IN INCOME		TOTAL ASSETS HELD (CURRENT & NON-CURRENT)	
			2022	2021	2022	2021	2022	2021	2022	2021
Functions/Activities										
Administration	11,427	9,869	2,202	2,181	9,225	7,688	2,201	1,546	14,362	13,905
Public Order and Safety	113	78	344	338	(231)	(260)	—	—	461	446
Health	3	—	212	205	(209)	(205)	—	—	16	15
Social Security & Welfare	1	3	46	58	(45)	(55)	—	—	436	422
Housing & Community Amenities	2,252	2,225	3,399	3,153	(1,147)	(928)	—	11	10,558	10,222
Protection of the Environment	22	21	108	103	(86)	(82)	—	—	1,998	1,934
Sport & Recreation	96	106	1,153	1,046	(1,057)	(940)	43	37	9,958	9,636
Agricultural Services	21	20	6	5	15	15	—	—	—	—
Mining, Manufacturing & Construction	152	119	164	138	(12)	(19)	—	—	221	214
Transport & Communication	1,693	1,123	5,962	5,680	(4,269)	(4,557)	1,032	715	100,143	96,957
Economic Affairs	1,212	1,199	2,089	1,736	(877)	(537)	—	—	9,883	9,568
Other Purposes	212	296	426	830	(214)	(534)	79	68	6,262	6,062
Total Functions/Activities	17,204	15,059	16,111	15,473	1,093	(414)	3,355	2,377	154,298	149,381

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

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

Note 11(b). Components of Functions

The activities relating to Council functions are as follows:

Administration

General and office operations not attributable to another specific activity, rates and elected members expenses.

Public Order and Safety

Supervision of various by-laws, fire prevention, CFS and animal control.

Health

Food control, operation of community health programs and health centre.

Social Security and Welfare

Operation of Senior Citizen's centre, aged hostel, other voluntary services.

Housing and Community Amenities

Rubbish collection services, operation of a tip, effluent drainage, public toilets, street cleaning and lighting, town planning, stormwater drainage, land development, maintenance of cemeteries and aged housing complex.

Protection of the Environment NEC

Foreshore protection, flood prevention.

Sport and Recreation

Maintenance of halls, library operations, national estates, parks and gardens, recreation and sporting venues, museum.

Agricultural Services

Pest plant services.

Mining, Manufacturing and Construction

Building Act requirements, quarry operations.

Transport and Communications

Construction and maintenance of roads, bridges, footpaths, parking & signs and airport operations.

Economic Affairs NEC

Land development activities, Caravan Park operations, off-street parking, tourism, boat haven and saleyard operations.

Other Purposes NEC

Public debt transactions, plant and machinery operations, depot expenses, vandalism costs and private works.

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

Note 12. Financial Instruments

Recognised Financial Instruments

Bank, Deposits at Call, Short Term Deposits

Accounting Policy:

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

Terms & Conditions:

Deposits are returning fixed interest rates between 0.2% and 1.05% (2021: 0.2% and 0.45%).

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 0.4208% (2021: 0.43%). Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries in the State.

Carrying Amount:

Approximates fair value (after deduction of any allowance).

Receivables - Fees & Other Charges

Accounting Policy:

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

Terms & Conditions:

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

Carrying Amount:

Approximates fair value (after deduction of any allowance).

Receivables - Other Levels of Government

Accounting Policy:

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

Terms & Conditions:

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

Carrying Amount:

Approximates fair value.

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

Note 12. Financial Instruments (continued)

Liabilities - Creditors and Accruals

Accounting Policy:

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

Terms & Conditions:

Liabilities are normally settled on 30 day terms.

Carrying Amount:

Approximates fair value.

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; interest is charged at fixed rates between 3.6% and 6.67% (2021: 3.6% and 7.12%).

Carrying Amount:

Approximates fair value.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

Note 12. Financial Instruments (continued)

\$ '000	Due < 1 year	Due > 1 year & ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
Financial Assets and Liabilities					
2022					
Financial Assets					
Cash & Cash Equivalents	6,585	–	–	6,585	6,585
Receivables	816	71	–	887	884
Other Financial Assets	–	43	–	43	43
Total Financial Assets	7,401	114	–	7,515	7,512
Financial Liabilities					
Payables	1,450	–	–	1,450	1,450
Current Borrowings	527	–	–	527	408
Non-Current Borrowings	–	1,720	543	2,263	1,963
Total Financial Liabilities	1,977	1,720	543	4,240	3,821
2021					
Financial Assets					
Cash & Cash Equivalents	4,048	–	–	4,048	4,048
Receivables	1,185	86	18	1,289	1,286
Other Financial Assets	–	43	–	43	43
Total Financial Assets	5,233	129	18	5,380	5,377
Financial Liabilities					
Payables	942	–	–	942	1,268
Current Borrowings	653	–	–	653	507
Non-Current Borrowings	–	1,882	815	2,697	2,371
Total Financial Liabilities	1,595	1,882	815	4,292	4,146

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

\$ '000	2022		2021	
	Weighted Avg Interest Rate	Carrying Value	Weighted Avg Interest Rate	Carrying Value
Fixed Interest Rates	5.12%	2,371	5.39%	2,878
		2,371		2,878

Net Fair Value

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

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

Note 12. Financial Instruments (continued)

Risk Exposures

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

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

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

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

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

Note 13. Financial Indicators

\$ '000	Amounts 2022	Indicator 2022	Indicators 2021	Indicators 2020
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These Financial Indicators have been calculated in accordance with Information paper 9 - Local Government Financial Indicators prepared as part of the LGA Financial Sustainability Program for the Local Government Association of South Australia.

1. Operating Surplus Ratio

Operating Surplus	1,092	6.3%	(2.7)%	1.2%
Total Operating Income	17,204			

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

2. Net Financial Liabilities Ratio

Net Financial Liabilities	(2,352)	(14)%	1%	(14)%
Total Operating Income	17,204			

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.

Adjusted Operating Surplus Ratio

Operating Surplus	(569)	(3.7)%	(3.3)%	1.3%
Total Operating Income	15,543			

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 Net Financial Liabilities Ratio

Net Financial Liabilities	(2,352)	(15)%	8%	(9)%
Total Operating Income	15,543			

3. Asset Renewal Funding Ratio

Asset Renewals	4,048	102%	97%	84%
Infrastructure & Asset Management Plan required expenditure	3,960			

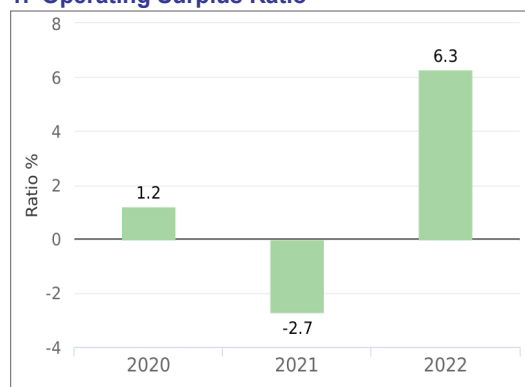
Asset renewals expenditure is defined as capital expenditure on the renewal and replacement of existing assets relative to the optimal level planned, and excludes new capital expenditure on the acquisition of additional assets.

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

Note 13. Financial Indicators (continued)

Financial Indicators - Graphs

1. Operating Surplus Ratio



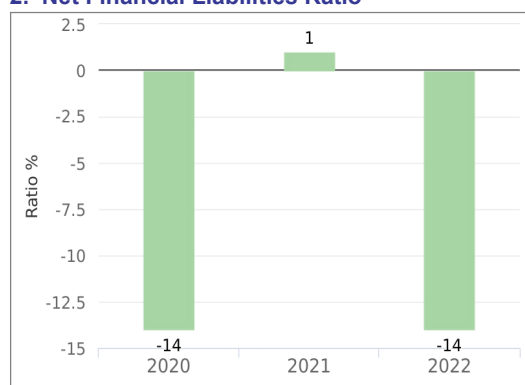
Purpose of operating surplus ratio

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

Commentary on 2021/22 result

2021/22 ratio 6.3%

2. Net Financial Liabilities Ratio



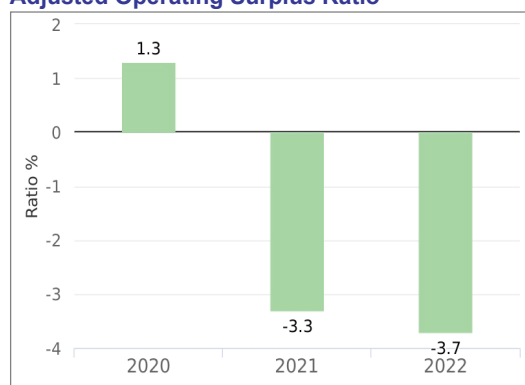
Purpose of net financial liabilities ratio

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

Commentary on 2021/22 result

2021/22 ratio (14)%

Adjusted Operating Surplus Ratio



Purpose of adjusted operating surplus ratio

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

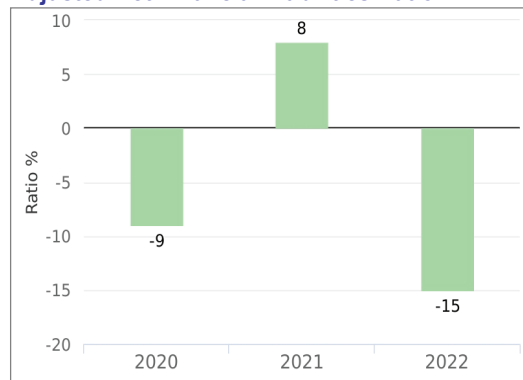
Commentary on 2021/22 result

2021/22 ratio (3.7)%

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

Note 13. Financial Indicators (continued)

Adjusted Net Financial Liabilities Ratio



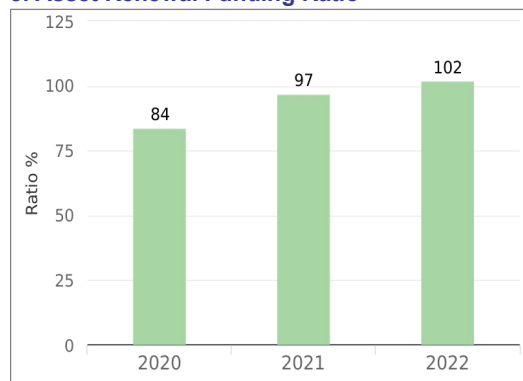
Purpose of adjusted net financial liabilities ratio

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

Commentary on 2021/22 result

2021/22 ratio (15)%

3. Asset Renewal Funding Ratio



Purpose of asset renewal funding ratio

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

Commentary on 2021/22 result

2021/22 ratio 102%

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

Note 14. Uniform Presentation of Finances

\$ '000	2022	2021
The following is a high level summary of both operating and capital investment activities of the Council prepared on a simplified Uniform Presentation Framework basis.		
All Councils in South Australia have agreed to summarise annual budgets and long-term financial plans on the same basis.		
The arrangements ensure that all Councils provide a common 'core' of financial information, which enables meaningful comparisons of each Council's finances.		
Income	17,204	15,059
less Expenses	(16,112)	(15,473)
Operating Surplus / (Deficit)	1,092	(414)
Net Outlays on Existing Assets		
Capital Expenditure on Renewal and Replacement of Existing Assets	(4,660)	(3,731)
add back Depreciation, Amortisation and Impairment	4,809	4,468
add back Proceeds from Sale of Replaced Assets	612	1,122
	761	1,859
Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets (including Investment Property & Real Estate Developments)	(1,184)	(6,121)
add back Amounts Received Specifically for New and Upgraded Assets	1,878	2,675
add back Proceeds from Sale of Surplus Assets (including investment property, real estate developments & non-current assets held for resale)	–	(561)
	694	(4,007)
Net Lending / (Borrowing) for Financial Year	2,547	(2,562)

Note 15. Superannuation

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

Accumulation only Members

Accumulation only members receive both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of ordinary time earnings in accordance with superannuation guarantee legislation (10.00% in 2021/22; 9.50% in 2020/21). No further liability accrues to the Council as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

Salarylink (Defined Benefit Fund) Members

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

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

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

Note 15. Superannuation (continued)

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

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

Contributions to Other Superannuation Schemes

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

Note 16. Contingencies & Assets/Liabilities Not Recognised in the Balance Sheet

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

1. Land under roads

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

At reporting date, Council controlled 1,527 km of road reserves of average width 10 metres.

2. Potential insurance losses

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

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

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

3. Legal expenses

Council is the planning consent authority for its area under the Development Act 1993 (as amended). Pursuant to that Act, certain persons aggrieved by a planning decision of the Council may appeal. It is normal practice that parties bear their own legal costs. At the date of these reports, Council had notice of 2 appeals against planning decisions made prior to reporting date. All known costs have been recognised, but the amount of further costs cannot be known until the appeals are determined.

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

Note 17. Related Party Transactions

Key Management Personnel

Transactions with Key Management Personnel

The Key Management Personnel of the Council include the Mayor, Councillors, CEO and certain prescribed officers under section 112 of the Local Government Act 1999. In all, 21 persons were paid the following total compensation:

\$ '000	2022	2021
The compensation paid to Key Management Personnel comprises:		
Salaries, allowances & other short term benefits	1,330	1,465
Termination Benefits	156	169
Total	1,486	1,634

Receipts from Key Management Personnel comprise:

Other than amounts paid as ratepayers or residents (e.g. rates, swimming pool entry fees, etc.), Council received the following amounts in total:

Planning and Building Application Fees	2	1
Total	2	1

Parties related to Key Management Personnel

Key management personnel or close family members (including related parties) lodged a total of three planning and building applications during the year. In accordance with the Local Government Act 1999, these persons declared conflicts of interest and took no part in the assessment or approval processes for these applications.

Three KMP's are members of various organisations that received Council support in the year. In accordance with the Local Government Act 1999, the elected members declare a conflict of interest and leave the meeting environs when any matter affecting their organisation is discussed or voted on. During the year Council contributed \$8,813.75 towards these organisations via community grant applications and scholarship programs.



INDEPENDENT AUDITOR'S REPORT

To the members of the District Council of Grant

Opinion

We have audited the accompanying financial report of the District Council of Grant, which comprises the statement of financial position as at 30 June 2022, the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Council Certificate of the District Council of Grant.

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

Basis for Opinion

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

Council's Responsibility for the Financial Report

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

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

Mount Gambier

233 Commercial Street West
PO Box 246, Mount Gambier SA 5290
P: (08) 8725 3068
F: (08) 8724 9553
E: admin@galpins.com.au

Stirling

Unit 4, 3-5 Mount Barker Road
PO Box 727, Stirling SA 5152
P: (08) 8339 1255
F: (08) 8339 1266
E: stirling@galpins.com.au

Norwood

3 Kensington Road, Norwood SA 5067
PO Box 4067, Norwood South SA 5067
P: (08) 8332 3433
E: norwood@galpins.com.au

W: www.galpins.com.au

Galpins Trading Pty Ltd
ABN: 89 656 702 886

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Auditor's Responsibility 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 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.

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

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

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

GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS



Tim Muhlhausler CA, Registered Company Auditor
Partner

09 / 09 / 2022



Mount Gambier

233 Commercial Street West
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P: (08) 8725 3068
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E: admin@galpins.com.au

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INDEPENDENT AUDITOR'S REPORT

To the Members of the District Council of Grant

Independent Assurance report on the Internal Controls of the District Council of Grant

Opinion

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

In our opinion, the District Council of Grant 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 law for the period 1 July 2021 to 30 June 2022.

Basis for Opinion

We conducted our engagement in accordance with applicable Australian Standards on Assurance Engagements ASAE 3100 *Compliance Engagements*, 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 2021 to 30 June 2022. ASAE 3100 also requires us to comply with the relevant ethical requirements of the Australian professional accounting bodies.

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

The Council's Responsibility for Internal controls

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

Our Independence and Quality Control

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

Auditor's 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 3100 Compliance Engagements, 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 2021 to 30 June 2022. ASAE 3100 also requires us to comply with the relevant ethical requirements of the Australian professional accounting bodies.

Our procedures included obtaining an understanding of 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 controls, assessing the risk that a material weakness exists, and testing and evaluating the design and implementation of controls on a sample basis based on the assessed risks.

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 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.

Limitation of 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 the Internal Controls Specified above. We disclaim any assumption of responsibility for any reliance on this report to any persons or users other than the members of the Council, or for any purpose other than which it was prepared.

GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS**Tim Muhlhausler**

CA, Registered Company Auditor
Partner

09 / 09 / 2022

General Purpose Financial Statements
for the year ended 30 June 2022

Certification of Auditor Independence

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of District Council of Grant for the year ended 30 June 2022, the Council's Auditor, Galpins, Accountants, Auditors & Business Advisors 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*.



Darryl Whicker
Chief Executive Officer



Richard Sage
Mayor Presiding Member

Date: 04 August 2022

General Purpose Financial Statements

for the year ended 30 June 2022

Statement by Auditor

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



Tim Muhlhausler

Galpins, Accountants, Auditors & Business Advisors

Date: 09 August 2022