

ANNUAL FINANCIAL STATEMENTS

2020-2021



OUR MISSION

“To provide a range of services which meet the environmental, social and economic needs of our community



DISTRICT COUNCIL OF GRANT

General Purpose Financial Reports

for the year ended 30 June 2021

Table of Contents

	Page #
Council Certificate	1
 Principal Financial Statements	
Statement of Comprehensive Income	2
Statement of Financial Position	3
Statement of Changes in Equity	4
Statement of Cash Flows	5
 Notes to, and forming part of, the Principal Financial Statements	
Note 1 - Significant Accounting Policies	6
Note 2 - Income	11
Note 3 - Expenses	14
Note 4 - Asset Disposal & Fair Value Adjustments	15
Note 5 - Current Assets	16
Note 6 - Non-Current Assets	16
Note 7 - Infrastructure, Property, Plant & Equipment	17
Note 8 - Liabilities	22
Note 9 - Reserves	23
Note 10 - Reconciliation of Cash Flow Statement	25
Note 11 - Functions	26
Note 12 - Financial Instruments	28
Note 13 - Expenditure Commitments	31
Note 14 - Financial Indicators	32
Note 15 - Uniform Presentation of Finances	33
Note 16 - Superannuation	34
Note 17 - Contingent Assets & Contingent Liabilities	35
Note 18 - Related Party Transactions	36
 Audit Report - Financial Statements	
Audit Report - Internal Controls	
Council Certificate of Audit Independence	
Audit Certificate of Audit Independence	

**District Council of Grant
Annual Financial Statements
for the year ended 30 June 2021**

CERTIFICATION OF FINANCIAL STATEMENTS

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

- the accompanying financial statements comply with the *Local Government Act 1999, Local Government (Financial Management) Regulations 2011* and Australian Accounting Standards.
- the financial statements present a true and fair view of the Council's financial position at 30 June 2021 and the results of its operations and cash flows for the financial year.
- internal controls implemented by the Council provide a reasonable assurance that the Council's financial records are complete, accurate and reliable and were effective throughout the financial year.
- the financial statements accurately reflect the Council's accounting and other records.



.....
Darryl Whicker
CHIEF EXECUTIVE OFFICER



.....
Richard Sage
MAYOR

Date: 9/9/21

DISTRICT COUNCIL OF GRANT
Statement of Comprehensive Income
for the year ended 30 June 2021

	Notes	2021 \$'000	2020 \$'000
INCOME			
Rates	2	10,143	9,984
Statutory charges	2	464	403
User charges	2	1,614	2,062
Grants, subsidies and contributions	2	2,377	2,427
Investment income	2	54	114
Reimbursements	2	82	93
Other income	2	325	459
Total Income		15,059	15,542
EXPENSES			
Employee costs	3	5,979	5,985
Materials, contracts & other expenses	3	4,851	4,679
Depreciation, amortisation & impairment	3	4,468	4,476
Finance costs	3	175	213
Total Expenses		15,473	15,353
OPERATING SURPLUS / (DEFICIT)		(414)	189
Asset disposal & fair value adjustments	4	(263)	(433)
Amounts received specifically for new or upgraded assets	2	2,675	5,612
Physical resources received free of charge	2	-	224
NET SURPLUS / (DEFICIT) (transferred to Equity Statement)		1,998	5,592
Other Comprehensive Income			
<i>Amounts which will not be reclassified subsequently to operating result</i>			
Changes in revaluation surplus - infrastructure, property, plant & equipment	9	-	334
Total Other Comprehensive Income		-	334
TOTAL COMPREHENSIVE INCOME		1,998	5,926

This Statement is to be read in conjunction with the attached Notes.

DISTRICT COUNCIL OF GRANT
Statement of Financial Position
as at 30 June 2021

		2021	2020
	Notes	\$'000	\$'000
ASSETS			
Current Assets			
Cash and cash equivalents	5	4,048	8,228
Trade & other receivables	5	1,184	766
Inventories	5	117	238
Total Current Assets		5,349	9,232
Non-current Assets			
Financial assets	6	145	178
Infrastructure, property, plant & equipment	7	143,887	139,327
Total Non-current Assets		144,032	139,505
Total Assets		149,381	148,737
LIABILITIES			
Current Liabilities			
Trade & other payables	8	1,427	2,102
Borrowings	8	507	527
Provisions	8	1,152	1,133
Total Current Liabilities		3,086	3,762
Non-current Liabilities			
Borrowings	8	2,371	3,094
Provisions	8	92	47
Total Non-current Liabilities		2,463	3,141
Total Liabilities		5,549	6,903
NET ASSETS		143,832	141,834
EQUITY			
Accumulated Surplus		45,793	43,815
Asset Revaluation Reserves	9	96,894	96,894
Other Reserves	9	1,145	1,125
TOTAL EQUITY		143,832	141,834

This Statement is to be read in conjunction with the attached Notes.

DISTRICT COUNCIL OF GRANT

Statement of Changes in Equity

for the year ended 30 June 2021

		Acc'd Surplus	Asset Rev'n Reserve	Other Reserves	TOTAL EQUITY
2021	Notes	\$'000	\$'000	\$'000	\$'000
Balance at end of previous reporting period		43,815	96,894	1,125	141,834
Net Surplus / (Deficit) for Year		1,998	-	-	1,998
Other Comprehensive Income					
Transfers between reserves		(20)	-	20	-
Balance at end of period	9	45,793	96,894	1,145	143,832

		Acc'd Surplus	Asset Rev'n Reserve	Other Reserves	TOTAL EQUITY
2020	Notes	\$'000	\$'000	\$'000	\$'000
Balance at end of previous reporting period		38,333	96,560	1,015	135,908
Net Surplus / (Deficit) for Year		5,592	-	-	5,592
Other Comprehensive Income					
Changes in revaluation surplus - infrastructure, property, plant & equipment		-	334	-	334
Transfers between reserves		(110)		110	-
Balance at end of period	9	43,815	96,894	1,125	141,834

This Statement is to be read in conjunction with the attached Notes

DISTRICT COUNCIL OF GRANT

Statement of Cash Flows

for the year ended 30 June 2021

		2021	2020
	Notes	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
<i>Receipts:</i>			
Rates - general & other		10,137	10,054
Fees & other charges		510	403
User charges		1,368	2,322
Investment receipts		58	122
Grants utilised for operating purposes		2,615	2,427
Reimbursements		90	93
Other revenues		1,296	391
<i>Payments:</i>			
Employee costs		(5,945)	(5,737)
Materials, contracts & other expenses		(6,797)	(4,141)
Finance payments		(186)	(257)
Net Cash provided by (or used in) Operating Activities		3,146	5,677
 CASH FLOWS FROM INVESTING ACTIVITIES			
<i>Receipts:</i>			
Amounts specifically for new or upgraded assets		2,675	5,612
Sale of replaced assets		561	600
Repayments of loans by community groups		33	28
<i>Payments:</i>			
Expenditure on renewal/replacement of assets		(3,731)	(2,995)
Expenditure on new/upgraded assets		(6,121)	(6,180)
Net Cash provided by (or used in) Investing Activities		(6,583)	(2,935)
 CASH FLOWS FROM FINANCING ACTIVITIES			
<i>Payments:</i>			
Repayments of borrowings		(743)	(529)
Net Cash provided by (or used in) Financing Activities		(743)	(529)
Net Increase (Decrease) in cash held		(4,180)	2,213
 Cash & cash equivalents at beginning of period	10	8,228	6,015
Cash & cash equivalents at end of period	10	4,048	8,228

This Statement is to be read in conjunction with the attached Notes

DISTRICT COUNCIL OF GRANT
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 1 - SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report 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 this Note.

1.4 Rounding

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

1.5 Covid-19

The COVID-19 pandemic has impacted the 2020/21 financial statements, which may impact on the comparability of some line items and amounts reported in these financial statements and/or the notes. 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.

COVID-19 is not expected to have a significant financial impact on Council operations with the Council working 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 2021/22 financial year, but these have been largely taken into account during the development of the budget process for 2021/22 including, but not limited to reduction in passenger numbers at the airport. The budget assumptions for 2021/22 assume that no further harsher restrictions are put in place by the government. However, 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.

DISTRICT COUNCIL OF GRANT

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

Note 1 - SIGNIFICANT ACCOUNTING POLICIES

3 Income recognition

3.1 Revenue

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

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

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

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

	Cash Payment Received	Annual Allocation	Difference	
2018-19	\$2,511,248	\$1,282,141	+ / -	\$1,229,107
2019-20	\$1,947,422	\$1,230,164	+ / -	\$717,258
2020-21	\$1,529,313	\$1,809,142	+ / -	(\$278,829)

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 14 has also been calculated after adjusting for the distortions resulting from the differences between the actual grants received and the grants entitlements allocated.

3.2 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

4.1 Cash, Cash Equivalent Assets

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.

DISTRICT COUNCIL OF GRANT
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 1 - SIGNIFICANT ACCOUNTING POLICIES

4.2 Other Financial Instruments

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.

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.

Capital works still in progress at balance date are recognised as other non-current assets and transferred to infrastructure, property, plant & equipment when completed ready for use.

6.2 Materiality

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

DISTRICT COUNCIL OF GRANT
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021
Note 1 - SIGNIFICANT ACCOUNTING POLICIES

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.

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

Loans 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 carried at their nominal amounts; interest revenues foregone by the lender effectively being a reduction of interest expense in the period to which it relates.

9 Provisions

9.1 Employee Benefits

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 average discount rate	0.36% (2020, 0.25%)
Weighted average settlement period	1 year (2020, 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 16.

DISTRICT COUNCIL OF GRANT
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 1 - SIGNIFICANT ACCOUNTING POLICIES

12 GST Implications

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

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

13 New and amended standards and interpretations

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

Amendments to AASB 101 and AASB 108 Definition of Material:

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

Amendments to AASB 16 Covid-19 Related Rent Concessions:

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

DISTRICT COUNCIL OF GRANT
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 2 - INCOME

	Notes	2021 \$'000	2020 \$'000
RATES REVENUES			
<u>General Rates</u>		8,234	8,100
Less: Mandatory rebates		(7)	(9)
Less: Discretionary rebates, remissions & write offs		(31)	(27)
		<u>8,196</u>	<u>8,064</u>
<u>Other Rates</u> (including service charges)			
Natural Resource Management levy		602	593
Waste collection		678	653
Community wastewater management systems		693	698
		<u>1,973</u>	<u>1,944</u>
<u>Other Charges</u>			
Penalties for late payment		33	37
		<u>33</u>	<u>37</u>
Less: Discretionary rebates, remissions & write offs		(59)	(61)
		<u>10,143</u>	<u>9,984</u>
STATUTORY CHARGES			
Development Act fees		170	95
Town planning fees		200	214
Animal registration fees & fines		92	92
Parking fines / expiation fees		2	2
		<u>464</u>	<u>403</u>
USER CHARGES			
Cemetery/crematoria fees		20	12
Airport		367	631
Saleyards		1,119	1,257
Sanitary Garbage		26	28
Rural Transaction Centre		37	79
Sundry		45	55
		<u>1,614</u>	<u>2,062</u>
INVESTMENT INCOME			
Interest on investments:			
Local Government Finance Authority		50	109
Loans to community groups		4	5
		<u>54</u>	<u>114</u>
REIMBURSEMENTS			
- for roadworks		23	40
- for private works		59	53
		<u>82</u>	<u>93</u>

DISTRICT COUNCIL OF GRANT
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 2 - INCOME (con't)

		2021	2020
	Notes	\$'000	\$'000
OTHER INCOME			
Insurance & other recoupments - infrastructure, property, plant & equipment		163	198
Sundry		162	261
		<u>325</u>	<u>459</u>
GRANTS, SUBSIDIES, CONTRIBUTIONS			
Amounts received specifically for new or upgraded assets		2,675	5,612
Other grants, subsidies and contributions			
Untied - Financial Assistance Grant		1,529	1,381
Roads to Recovery		341	341
Fuel Rebate		62	61
Library & Communications		36	36
Sundry		409	608
		<u>2,377</u>	<u>2,427</u>
		<u>5,052</u>	<u>8,039</u>
<i>The functions to which these grants relate are shown in Note 11.</i>			
Sources of grants			
Commonwealth government		4,393	5,641
State government		640	2,377
Other		19	21
		<u>5,052</u>	<u>8,039</u>
Individually Significant Item			
Mount Gambier Regional Airport Redevelopment		-	3,632

DISTRICT COUNCIL OF GRANT
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 2 - INCOME (con't)

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:

	Notes	2021 \$'000	2020 \$'000
<i>Unexpended at the close of the previous reporting period</i>		261	352
<i>Less: expended during the current period from revenues recognised in previous reporting periods:</i>			
<i>Waterfront Stage 2</i>		(261)	(91)
<i>Subtotal</i>		(261)	(91)
<i>Plus: amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions</i>			
<i>LCRI Grant Funding</i>		276	-
<i>Subtotal</i>		276	-
<i>Unexpended at the close of this reporting period</i>		276	261
 <i>Net increase / (decrease) in assets subject to conditions in the current reporting period</i>		 15	 (91)
 PHYSICAL RESOURCES RECEIVED FREE OF CHARGE			
Roads, Bridges & Footpaths		-	210
Stormwater Drainage		-	14
TOTAL PHYSICAL RESOURCES RECEIVED		-	224

DISTRICT COUNCIL OF GRANT
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 3 - EXPENSE

	Notes	2021 \$'000	2020 \$'000
EMPLOYEE COSTS			
Salaries and Wages		4,984	4,989
Employee leave expense		655	689
Superannuation - defined contribution plan contributions	16	356	334
Superannuation - defined benefit plan contributions	16	139	148
Workers' Compensation Insurance		206	166
Less: Capitalised and distributed costs		(361)	(341)
Total Operating Employee Costs		5,979	5,985
 Total Number of Employees		66	65
<i>(Full time equivalent at end of reporting period)</i>			
MATERIALS, CONTRACTS & OTHER EXPENSES			
<u>Prescribed Expenses</u>			
Auditor's Remuneration			
- Auditing the financial reports		25	20
Elected members' expenses		168	162
Election expenses		2	19
Subtotal - Prescribed Expenses		195	201
<u>Other Materials, Contracts & Expenses</u>			
Contractors		1,052	964
Energy		223	237
Maintenance		454	412
Garbage Costs		324	291
Legal Expenses		70	92
Levies paid to government - NRM levy		604	590
- Emergency Services Levy		61	40
Materials		196	201
Fuel		278	321
Insurance		279	260
Donations & Grants		357	156
PLEC (Underground powerlines at Port MacDonnell)		120	212
Sundry		638	702
Subtotal - Other Materials, Contracts & Expenses		4,656	4,478
		4,851	4,679

DISTRICT COUNCIL OF GRANT
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 3 - EXPENSE con't

		2021	2020
	Notes	\$'000	\$'000
DEPRECIATION, AMORTISATION & IMPAIRMENT			
Depreciation			
Buildings - Level 2		164	165
Buildings - Level 3		496	479
Other Structures - Level 2		4	5
Other Structures - Level 3		193	183
Playgrounds		27	28
Roads & Kerbs		2,598	2,555
Bridges		1	1
Footways		23	23
Stormwater Drainage		13	12
CWMS		244	266
Plant and Equipment		548	599
IT & Office Fittings		45	50
Marine and River		51	48
Open Space		61	62
		4,468	4,476
FINANCE COSTS			
Interest on Loans		175	213
		175	213

Note 4 - ASSET DISPOSALS AND FAIR VALUE ADJUSTMENTS

		2021	2020
	Notes	\$'000	\$'000
INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT			
<i>Assets renewed or directly replaced</i>			
Proceeds from disposal		561	640
Less: Carrying amount of assets sold		824	1,073
NET GAIN (LOSS) ON DISPOSAL OR REVALUATION OF ASSETS		(263)	(433)

DISTRICT COUNCIL OF GRANT
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 5 - CURRENT ASSETS

	Notes	2021 \$'000	2020 \$'000
CASH & EQUIVALENT ASSETS			
Cash on Hand and at Bank		373	213
Deposits at Call		3,675	4,015
Short Term Deposits & Bills, etc		-	4,000
		<u>4,048</u>	<u>8,228</u>
TRADE & OTHER RECEIVABLES			
Rates - General & Other		402	396
Accrued Revenues		26	4
Debtors - general		593	174
GST Recoupment		128	157
Loans to community organisations		35	35
		<u>1,184</u>	<u>766</u>
INVENTORIES			
Stores & Materials		117	238
		<u>117</u>	<u>238</u>

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

	Notes	2021 \$'000	2020 \$'000
FINANCIAL ASSETS			
Receivables			
Loans to community organisations		102	135
		<u>102</u>	<u>135</u>
Other Financial Assets			
Caveat		43	43
TOTAL FINANCIAL ASSETS		<u>145</u>	<u>178</u>

DISTRICT COUNCIL OF GRANT

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

Note 7 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT (IPP&E)

		2020				2021			
		\$'000				\$'000			
	Fair Value Level	Fair Value	Cost	Acc' Dep'n	Carrying Amount	Fair Value	Cost	Acc' Dep'n	Carrying Amount
Land - Level 2	2	1,220	-	-	1,220	1,220	-	-	1,220
Land - Level 3	3	13,684	10	-	13,694	13,684	10	-	13,694
Buildings - Level 2	2	7,065	-	(3,988)	3,077	7,065	5	(4,152)	2,918
Buildings - Level 3	3	20,615	438	(12,062)	8,991	20,615	6,894	(12,476)	15,033
Other Structures - Level 2	2	126	9	(105)	30	126	9	(109)	26
Other Structures - Level 3	3	4,577	819	(1,723)	3,673	4,577	829	(1,916)	3,490
Playgrounds	3	878	17	(597)	298	878	955	(629)	1,204
Roads & Kerbs	3	112,094	7,699	(33,135)	86,658	112,094	10,093	(35,505)	86,682
Bridges	3	74	-	(23)	51	74	-	(24)	50
Footways	3	1,046	14	(325)	735	1,046	200	(346)	900
Stormwater Drainage	3	1,162	52	(432)	782	1,162	51	(444)	769
CWMS	3	12,378	376	(5,246)	7,508	12,378	410	(5,475)	7,313
Plant and Equipment		-	8,478	(3,045)	5,433	-	8,580	(3,290)	5,290
IT & Office Fittings		-	726	(541)	185	-	828	(580)	248
Marine and River		-	2,933	(403)	2,530	-	2,934	(455)	2,479
Open Space		-	2,067	(490)	1,577	-	2,207	(561)	1,646
WIP		-	2,885	-	2,885	-	925	-	925
Total IPP&E		174,919	26,523	(62,115)	139,327	174,919	34,930	(65,962)	143,887
Comparatives		175,298	18,486	(58,652)	135,132	174,919	26,523	(62,115)	139,327

This Note continues on the following pages.

DISTRICT COUNCIL OF GRANT

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

Note 7 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

	2020								2021
	\$'000								\$'000
	Carrying Amount	Additions		Disposals	Dep'n	Transfers		Net Reval'n	Carrying Amount
New / Upgrade		Renewals	In			Out			
Land - Level 2	1,220	-	-	-	-	-	-	-	1,220
Land - Level 3	13,694	-	-	-	-	-	-	-	13,694
Buildings - Level 2	3,077	5	-	-	(164)	-	-	-	2,918
Buildings - Level 3	8,991	3,736	28	(20)	(496)	2,794	-	-	15,033
Other Structures - Level 2	30	-	-	-	(4)	-	-	-	26
Other Structures - Level 3	3,673	10	-	-	(193)	-	-	-	3,490
Playgrounds	298	838	15	(11)	(27)	91	-	-	1,204
Roads & Kerbs	86,658	409	2,509	(296)	(2,598)	-	-	-	86,682
Bridges	51	-	-	-	(1)	-	-	-	50
Footways	735	160	37	(9)	(23)	-	-	-	900
Stormwater Drainage	782	-	-	-	(13)	-	-	-	769
CWMS	7,508	-	35	14	(244)	-	-	-	7,313
Plant and Equipment	5,433	28	869	(492)	(548)	-	-	-	5,290
IT & Office Fittings	185	10	99	(1)	(45)	-	-	-	248
Marine and River	2,530	-	-	-	(51)	-	-	-	2,479
Open Space	1,577	-	139	(9)	(61)	-	-	-	1,646
WIP	2,885	925	-	-	-	-	(2,885)	-	925
Total IPP&E	139,327	6,121	3,731	(824)	(4,468)	2,885	(2,885)	-	143,887
Comparatives	135,132	6,180	3,230	(1,073)	(4,476)	939	(939)	334	139,327

This note continues on the following pages.

DISTRICT COUNCIL OF GRANT
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021
Note 7 (con't) – INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

Valuation of Assets

General Valuation Principles

Accounting procedure: 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, fair value is taken to be the current replacement cost.

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.

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 these assets and they 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.

DISTRICT COUNCIL OF GRANT

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2021

Note 7 (con't) – INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

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

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 Equip	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.

DISTRICT COUNCIL OF GRANT
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2021

Note 7 (con't) – INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

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.

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.

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.

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.

DISTRICT COUNCIL OF GRANT
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 8 - LIABILITIES

		2021 \$'000		2020 \$'000	
TRADE & OTHER PAYABLES	Notes	Current	Non-current	Current	Non-current
Goods & Services		701	-	1,414	-
Payments received in advance		408	-	370	-
Accrued expenses - employee entitlements		159	-	189	-
Accrued expenses - other		50	-	61	-
Deposits, Retentions & Bonds		108	-	64	-
Other Payables		1	-	4	-
		1,427	-	2,102	-
BORROWINGS					
Loans		507	2,371	527	3,094
		507	2,371	527	3,094
<i>All interest bearing liabilities are secured over the future revenues of the Council.</i>					
PROVISIONS					
LSL Employee entitlements (including oncosts)		601	92	613	47
AL Employee entitlements (including oncosts)		551	-	520	-
		1,152	92	1,133	47

DISTRICT COUNCIL OF GRANT
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 9 - RESERVES

ASSET REVALUATION RESERVE		1/7/2020	Net Increments/ (Decrements)	Transfers, Impairments	30/6/2021
	Notes	\$'000	\$'000	\$'000	\$'000
Land		12,720	-	-	12,720
Buildings		14,924	-	-	14,924
Other Structures		7,078	-	-	7,078
Playgrounds		280	-	-	280
Roads & Kerbs		59,019	-	-	59,019
Bridges		3	-	-	3
Footways		694	-	-	694
Stormwater Drainage		232	-	-	232
CWMS		1,944	-	-	1,944
TOTAL		96,894	-	-	96,894
Comparatives		96,560	334	-	96,894

OTHER RESERVES		1/7/2020	Transfers to Reserve	Transfers from Reserve	30/6/2021
Disaster Relief		96	-	-	96
Grants Unexpended		1	1	-	2
Donovans CWMS Grant		73	-	-	73
Open Space Contributions		241	30	-	271
Community Development		109	-	-	109
Tarpeena Cancer Support Fundraising		23	-	(14)	9
Future Infrastructure		464	3	-	467
Marine Facilities		15	-	-	15
Waste Management		103	-	-	103
TOTAL OTHER RESERVES		1,125	34	(14)	1,145
Comparatives		1,015	121	(11)	1,125

DISTRICT COUNCIL OF GRANT
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 9 - RESERVES Cont

PURPOSES OF RESERVES

Asset Revaluation Reserve

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.

DISTRICT COUNCIL OF GRANT
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 10 - RECONCILIATION TO CASH FLOW STATEMENT

(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 Cash Flow Statement is reconciled to the related items in the Balance Sheet as follows:

	Notes	2021 \$'000	2020 \$'000
Total cash & equivalent assets	5	4,048	8,228
Balances per Cash Flow Statement		<u>4,048</u>	<u>8,228</u>

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

Net Surplus (Deficit)	1,998	5,592
Non-cash items in Income Statement		
Depreciation, amortisation & impairment	4,468	4,476
Net increase (decrease) in unpaid employee benefits	34	248
Non-cash asset acquisitions	-	(224)
Grants for capital acquisitions treated as Investing Activity	(2,675)	(5,612)
Net (Gain) Loss on Disposals	263	433
	<u>4,088</u>	<u>4,913</u>
Add (Less): Changes in Net Current Assets		
Net (increase) decrease in receivables	(418)	389
Net (increase) decrease in inventories	121	(80)
Net increase (decrease) in trade & other payables	(645)	455
Net Cash provided by (or used in) operations	<u>3,146</u>	<u>5,677</u>

(c) Non-Cash Financing and Investing Activities

Acquisition of assets by means of:

Physical resources received free of charge	2	-	224
		<u>-</u>	<u>224</u>

(d) Financing Arrangements

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

Corporate Credit Cards	9	18
LGFA Cash Advance Debenture facility	2,000	2,000

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

DISTRICT COUNCIL OF GRANT
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 11 - FUNCTIONS

INCOMES, EXPENSES AND ASSETS HAVE BEEN DIRECTLY ATTRIBUTED TO THE FOLLOWING FUNCTIONS & ACTIVITIES

	INCOME		EXPENSES		OPERATING SURPLUS (DEFICIT)		GRANTS INCLUDED IN INCOME		TOTAL ASSETS HELD (CURRENT & NON-CURRENT)	
	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL				
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000				
Administration	9,869	9,561	2,181	2,253	7,688	7,308	1,546	1,389	13,905	13,845
Public Order and Safety	78	95	338	390	(260)	(295)	-	-	446	444
Health	-	3	205	202	(205)	(199)	-	-	15	15
Social Security & Welfare	3	3	58	57	(55)	(54)	-	1	422	420
Housing & Community Amenities	2,225	2,209	3,153	2,993	(928)	(784)	11	11	10,222	10,178
Protection of the Environment	21	19	103	96	(82)	(77)	-	-	1,934	1,926
Sport & Recreation	106	100	1,046	809	(940)	(709)	37	44	9,636	9,594
Agricultural Services	20	18	5	4	15	14	-	-	-	-
Mining, Manufacturing & Const	119	59	138	164	(19)	(105)	-	-	214	213
Transport & Communication	1,123	1,659	5,680	5,553	(4,557)	(3,894)	715	912	96,957	96,539
Economic Affairs	1,199	1,417	1,736	1,878	(537)	(461)	-	-	9,568	9,527
Other Purposes	296	399	830	954	(534)	(555)	68	70	6,062	6,036
TOTALS	15,059	15,542	15,473	15,353	(414)	189	2,377	2,427	149,381	148,737

DISTRICT COUNCIL OF GRANT
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 11 (con't) - 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.

DISTRICT COUNCIL OF GRANT
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 12 - FINANCIAL INSTRUMENTS

All financial instruments are categorised as *loans and receivables*.

Accounting Policies - Recognised Financial Instruments

Bank, Deposits at Call, Short Term Deposits	<p>Accounting Policy: initially recognised at fair value and subsequently measured at amortised cost, interest is recognised when earned</p> <p>Terms & conditions: Deposits are returning fixed interest rates between 0.2% and 0.45% (2020: 0.45% and 1.55%).</p> <p>Carrying amount: approximates fair value due to the short term to maturity.</p>
Receivables - Rates & Associated	<p>Accounting Policy: initially recognised at fair value and subsequently measured at amortised cost. An impairment provision is recognised using the expected credit loss method</p> <p>Terms & conditions: Secured over the subject land, arrears attract interest of 0.43% (2020: 0.53%) Although Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries in the State.</p> <p>Carrying amount: approximates fair value (after deduction of any allowance).</p>
Receivables - Fees & other charges	<p>Accounting Policy: initially recognised at fair value and subsequently measured at amortised cost. An impairment provision is recognised using the expected credit loss method</p> <p>Terms & conditions: Unsecured, and do not bear interest. Although Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries.</p> <p>Carrying amount: approximates fair value (after deduction of any allowance).</p>
Receivables - other levels of government	<p>Accounting Policy: initially recognised at fair value and subsequently measured at amortised cost. An impairment provision is recognised using the expected credit loss method.</p> <p>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.</p> <p>Carrying amount: approximates fair value.</p>
Liabilities - Creditors and Accruals	<p>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.</p> <p>Terms & conditions: Liabilities are normally settled on 30 day terms.</p> <p>Carrying amount: approximates fair value.</p>
Liabilities - Interest Bearing Borrowings	<p>Accounting Policy: initially recognised at fair value and subsequently at amortised cost, interest is charged as an expense using the effective interest rate</p> <p>Terms & conditions: secured over future revenues, borrowings are repayable with half-yearly instalments with terms ranging from five to fifteen years; interest is charged at fixed rates between 3.6% and 7.12% (2020: 3.6% and 7.12%)</p> <p>Carrying amount: approximates fair value.</p>

DISTRICT COUNCIL OF GRANT
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 12 - FINANCIAL INSTRUMENTS (con't)

Liquidity Analysis

2021	Due < 1 year	Due > 1 year ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
	\$'000	\$'000	\$'000	\$'000	\$'000
<u>Financial Assets</u>					
Cash & Equivalents	4,048	-	-	4,048	4,048
Receivables	1,185	86	18	1,289	1,286
Other Financial Assets	-	43	-	43	43
Total	5,233	129	18	5,380	5,377
<u>Financial Liabilities</u>					
Payables	942	-	-	942	1,218
Current Borrowings	653	-	-	653	507
Non-Current Borrowings	-	1,882	815	2,697	2,371
Total	1,595	1,882	815	4,292	4,096

2020	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
	\$'000	\$'000	\$'000	\$'000	\$'000
<u>Financial Assets</u>					
Cash & Equivalents	8,228	-	-	8,228	8,228
Receivables	773	99	51	923	901
Other Financial Assets	-	43	-	43	43
Total	9,001	142	51	9,194	9,172
<u>Financial Liabilities</u>					
Payables	1,851	-	-	1,851	1,851
Current Borrowings	717	-	-	717	527
Non-Current Borrowings	-	2,248	1,436	3,684	3,094
Total	2,568	2,248	1,436	6,252	5,472

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

	30 June 2021		30 June 2020	
	Weighted Average Interest Rate	Carrying Value	Weighted Average Interest Rate	Carrying Value
	%	\$'000	%	\$'000
Fixed Interest Rates	5.39%	2,878	5.23%	3,621
		2,878		3,621

DISTRICT COUNCIL OF GRANT
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 12 - FINANCIAL INSTRUMENTS (con't)

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.

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.

DISTRICT COUNCIL OF GRANT
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 13 - COMMITMENTS FOR EXPENDITURE

	2021	2020
Notes	\$'000	\$'000
Capital Commitments		
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Land	-	619
Buildings	-	3,487
Other Structures	-	770
Plant & Equipment	-	18
	<u>-</u>	<u>4,894</u>
These expenditures are payable:		
Not later than one year	-	4,509
Later than one year and not later than 5 years	-	385
	<u>-</u>	<u>4,894</u>

DISTRICT COUNCIL OF GRANT
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 14 - FINANCIAL INDICATORS

	2021	2020	2019
Operating Surplus Ratio			
<u>Operating Surplus</u>	-2.7%	1.2%	3.1%
Total Operating Income			

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

Net Financial Liabilities Ratio

<u>Net Financial Liabilities</u>	1%	-14%	-4%
Total Operating Income			

Net Financial Liabilities are defined as total liabilities less financial assets. 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 between years.

<i>Adjusted Operating Surplus Ratio</i>	-3.3%	1.3%	-0.1%
<i>Adjusted Net Financial Liabilities Ratio</i>	8%	-9%	4%

Asset Renewal Funding Ratio

<u>Net Outlays on Existing Assets</u>	97%	84%	72%
Net Asset Renewals - IAMP			

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.

DISTRICT COUNCIL OF GRANT
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 15 - UNIFORM PRESENTATION OF FINANCES

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

	2021	2020
	\$'000	\$'000
Income	15,059	15,542
Expenses	(15,473)	(15,353)
Operating Surplus / (Deficit)	(414)	189
Net Outlays on Existing Assets		
Capital Expenditure on renewal and replacement of Existing Assets	(3,731)	(2,995)
Add back Depreciation, Amortisation and Impairment	4,468	4,476
Proceeds from Sale of Replaced Assets	561	600
	1,298	2,081
Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets <i>(including investment property & real estate developments)</i>	(6,121)	(6,180)
Amounts received specifically for New and Upgraded Assets	2,675	5,612
	(3,446)	(568)
Net Lending / (Borrowing) for Financial Year	(2,562)	1,702

DISTRICT COUNCIL OF GRANT
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 16 – SUPERANNUATION

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

Accumulation only Members

Accumulation only members receive both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of ordinary time earnings in accordance with superannuation guarantee legislation (9.50% in 2019-20; 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 2019-20) of "superannuation" salary.

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

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

The most recent actuarial investigation was conducted by the Fund's actuary, Louise Campbell, FIAA, of 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.

DISTRICT COUNCIL OF GRANT
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 17 - CONTINGENT ASSETS AND CONTINGENT LIABILITIES

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

1. LAND UNDER ROADS

As reported elsewhere in these 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 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.

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 a deductible "insurance excess", 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.

DISTRICT COUNCIL OF GRANT
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 18 - RELATED PARTY DISCLOSURES

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:

	2021	2020
	\$	\$
Salaries, allowances & other short term benefits	1,465,487	1,483,342
Termination benefits	169,333	9,379
TOTAL	1,634,820	1,492,721

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

	2021	2020
	\$	\$
Planning and building applications fees	1,240	1,323
TOTAL	1,240	1,323

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.

Five 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 \$2,838 towards these organisations via community grant applications and scholarship programs.

David Chant CA, FCPA
Simon Smith CA, FCPA
David Sullivan CA, CPA
Jason Seidel CA
Renaë Nicholson CA
Tim Muhlhausler CA
Aaron Coonan CA
Luke Williams CA, CPA
Daniel Moon CA



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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 2021, 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 2021, 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.

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

06 / 10 / 2021

David Chant CA, FCPA
Simon Smith CA, FCPA
David Sullivan CA, CPA
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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 2020 to 30 June 2021 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 2020 to 30 June 2021.

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 2020 to 30 June 2021. 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 2020 to 30 June 2021. 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

06 / 10 / 2021

**District Council of Grant
Annual Financial Statements
for the year ended 30 June 2021**

CERTIFICATION OF AUDITOR INDEPENDENCE

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of District Council of Grant for the year ended 30 June 2021, the Council's Auditor, Galpins, Accountants, Auditors & Business Consultants, 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
**PRESIDING MEMBER
AUDIT COMMITTEE**

Date: 9/9/21

**District Council of Grant
Annual Financial Statements
for the year ended 30 June 2021**

STATEMENT BY AUDITOR

I confirm that, for the audit of the financial statements of District Council of Grant for the year ended 30 June 2021, I have maintained my independence in accordance with the requirements of APES 110 – Code of Ethics for Professional Accountants, 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

Dated this 6th day of October 2021