

Mid Murray Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2022

Prosperity, Liveability & Sustainability



General Purpose Financial Statements

for the year ended 30 June 2022

Contents	Page
Council Certificate	2
Principal Financial Statements	
Statement of Comprehensive Income	3
Statement of Financial Position	4
Statement of Changes in Equity	5
Statement of Cash Flows	6
Notes to and forming part of the Financial Statements	7
Independent Auditor's Report – Financial Statements	44
Independent Auditor's Report – Internal Controls	46
Certificates of Audit Independence	
Council Certificate of Audit Independence	48
Audit Certificate of Audit Independence	49

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.



Ben Scales
Chief Executive Officer

25 October 2022



Dave Burgess
Mayor

25 October 2022

Statement of Comprehensive Income

for the year ended 30 June 2022

\$ '000	Notes	2022	2021
Income			
Rates	2a	16,584	15,693
Statutory Charges	2b	488	439
User Charges	2c	1,237	1,372
Grants, Subsidies and Contributions	2g	6,743	5,603
Investment Income	2d	6	3
Reimbursements	2e	236	221
Other income	2f	353	236
Total Income		25,647	23,567
Expenses			
Employee costs	3a	8,174	8,012
Materials, Contracts and Other Expenses	3b	9,860	8,664
Depreciation, Amortisation and Impairment	3c	6,725	7,139
Finance Costs	3d	234	239
Total Expenses		24,993	24,054
Operating Surplus / (Deficit)		654	(487)
Asset Disposal & Fair Value Adjustments	4	(422)	(127)
Amounts Received Specifically for New or Upgraded Assets	2g	592	2,830
Net Surplus / (Deficit)		824	2,216
Other Comprehensive Income			
Amounts which will not be reclassified subsequently to operating result			
Changes in Revaluation Surplus - I,PP&E	9a	(30,312)	—
Revaluation of Intangible assets		1,704	—
Total Amounts which will not be reclassified subsequently to operating result		(28,608)	—
Total Other Comprehensive Income		(28,608)	—
Total Comprehensive Income		(27,784)	2,216

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

Statement of Financial Position

as at 30 June 2022

\$ '000	Notes	2022	2021
ASSETS			
Current assets			
Cash & Cash Equivalent Assets	5a	1,659	1,320
Trade & Other Receivables	5b	2,715	2,810
Inventories	5c	461	405
<u>Subtotal</u>		<u>4,835</u>	<u>4,535</u>
Total current assets		<u>4,835</u>	<u>4,535</u>
Non-current assets			
Financial Assets	6a	208	55
Other Non-Current Assets	6b	3,323	85
Infrastructure, Property, Plant & Equipment	7a(i)	154,313	186,756
Total non-current assets		<u>157,844</u>	<u>186,896</u>
TOTAL ASSETS		<u>162,679</u>	<u>191,431</u>
LIABILITIES			
Current Liabilities			
Trade & Other Payables	8a	3,697	3,323
Borrowings	8b	641	735
Provisions	8c	1,925	1,842
<u>Subtotal</u>		<u>6,263</u>	<u>5,900</u>
Total Current Liabilities		<u>6,263</u>	<u>5,900</u>
Non-Current Liabilities			
Borrowings	8b	7,509	8,878
Provisions	8c	791	752
Total Non-Current Liabilities		<u>8,300</u>	<u>9,630</u>
TOTAL LIABILITIES		<u>14,563</u>	<u>15,530</u>
<u>Net Assets</u>		<u>148,116</u>	<u>175,901</u>
EQUITY			
Accumulated surplus		21,881	20,945
Asset revaluation reserves	9a	125,059	153,667
Other reserves	9b	1,176	1,288
Total Council Equity		<u>148,116</u>	<u>175,900</u>
<u>Total Equity</u>		<u>148,116</u>	<u>175,900</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 at the end of previous reporting period		20,945	153,667	1,288	175,900
Restated opening balance		20,945	153,667	1,288	175,900
Net Surplus / (Deficit) for Year		824	–	–	824
Other Comprehensive Income					
Gain (loss) on revaluation of IPP&E	7a	–	(30,312)	–	(30,312)
Revaluation of Intangible Asset		–	1,704	–	1,704
Other comprehensive income		–	(28,608)	–	(28,608)
Total comprehensive income		824	(28,608)	–	(27,784)
Transfers between Reserves		112	–	(112)	–
Balance at the end of period		21,881	125,059	1,176	148,116
2021					
Balance at the end of previous reporting period		18,786	153,667	1,231	173,684
Restated opening balance		18,786	153,667	1,231	173,684
Net Surplus / (Deficit) for Year		2,216	–	–	2,216
Total comprehensive income		2,216	–	–	2,216
Transfers between Reserves		(57)	–	57	–
Balance at the end of period		20,945	153,667	1,288	175,900

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		16,430	15,665
Statutory Charges		489	439
User Charges		1,361	1,509
Grants, Subsidies and Contributions		6,490	5,846
Investment Receipts		6	3
Reimbursements		256	243
Other Receipts		1,661	2,612
<u>Payments</u>			
Payments to Employees		(8,062)	(8,143)
Payments for Materials, Contracts & Other Expenses		(12,457)	(11,537)
Finance Payments		(231)	(322)
Net cash provided by (or used in) Operating Activities	11b	<u>5,943</u>	<u>6,315</u>
Cash flows from investing activities			
<u>Receipts</u>			
Amounts Received Specifically for New/Upgraded Assets		1,005	2,866
Sale of Replaced Assets		62	259
Sale of Surplus Assets		–	114
<u>Payments</u>			
Expenditure on Renewal/Replacement of Assets		(3,314)	(3,024)
Expenditure on New/Upgraded Assets		(1,764)	(3,812)
Loans Made to Community Groups		(163)	(15)
Net cash provided (or used in) investing activities		<u>(4,174)</u>	<u>(3,612)</u>
Cash flows from financing activities			
<u>Receipts</u>			
Proceeds from Bonds & Deposits		34	7
<u>Payments</u>			
Repayments of Loans		(1,463)	(2,147)
Net Cash provided by (or used in) Financing Activities		<u>(1,429)</u>	<u>(2,140)</u>
Net Increase (Decrease) in Cash Held		340	563
plus: Cash & Cash Equivalents at beginning of period		1,320	757
<u>Cash and cash equivalents held at end of period</u>	11a	<u>1,660</u>	<u>1,320</u>
Additional Information:			
<u>Total Cash, Cash Equivalents & Investments</u>		<u>1,660</u>	<u>1,320</u>

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

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

Contents of the Notes accompanying the General Purpose Financial Statements

Note	Details	Page
1	Summary of Significant Accounting Policies	8
2	Income	15
3	Expenses	18
4	Asset Disposal & Fair Value Adjustments	20
5	Current Assets	21
6	Non-Current Assets	21
7	Infrastructure, Property, Plant & Equipment & Investment Property	22
8	Liabilities	26
9	Reserves	27
10	Assets Subject to Restrictions	28
11	Reconciliation to Statement of Cash Flows	29
12(a)	Functions	30
12(b)	Components of Functions	31
13	Financial Instruments	33
14	Capital Expenditure and Investment Property Commitments	36
15	Financial Indicators	37
16	Uniform Presentation of Finances	40
17	Leases	40
18	Superannuation	41
19	Interests in Other Entities	41
20	Non-Current Assets Held for Sale & Discontinued Operations	41
21	Contingencies & Assets/Liabilities Not Recognised in the Balance Sheet	42
22	Events after the Balance Sheet Date	42
23	Related Party Transactions	43

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

Note 1. Summary of Significant Accounting Policies

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

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

(1) Basis of Preparation

1.1 Compliance with Australian Accounting Standards

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

The financial report was authorised for issue by certificate under regulation 14 of the *Local Government (Financial Management) Regulations 2011* dated 25 October 2022

1.2 Critical Accounting Estimates

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

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

1.3 Rounding

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

1.4 Estimates and assumptions

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 2022/23 financial year but these have been largely taken into account during the development of the budget process for 2022/23. Whilst the budget assumptions for 2022/23 assume that no further harsh restrictions are put in place by the government, a deliberately conservative approach has been taken with income estimates. 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

Mid Murray Council is incorporated under the South Australian Local Government Act 1999 and has its principal place of business at 49 Adelaide Road, Mannum SA. 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.

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

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

Note 1. Summary of Significant Accounting Policies (continued)

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:

Financial Assistance Grants

	Cash Payment Received	Annual Allocation	Difference
2019/20	\$3,965,599	\$3,936,939	+\$28,660
2020/21	\$4,036,294	\$3,980,106	+ \$56,188
2021/22	\$5,187,715	\$4,049,782	+ \$1,137,933

Supplementary Local Roads Grants

2019/20	\$Nil	\$327,466	\$327,466
2020/21	\$Nil	\$327,466	\$327,466
2021/22	\$328,230	\$328,230	\$Nil

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

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

Construction Contracts

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

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

(4) Cash, Cash Equivalents and other Financial Instruments

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

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

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

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

(5) Inventories

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

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

Note 1. Summary of Significant Accounting Policies (continued)

5.1 Real Estate Assets Developments

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

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

5.2 Other Real Estate Held for Resale

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

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

(6) Infrastructure, Property, Plant & Equipment

6.1 Initial Recognition

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

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

6.2 Materiality

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

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

Buildings & Structures	\$15,000
Infrastructure	\$10,000
Major Plant & Equipment	\$15,000
Minor Plant	\$5,000
IT Equipment	\$3,000
Furniture & Fittings	\$5,000
Heritage Tourism Assets	\$10,000

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.

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

Note 1. Summary of Significant Accounting Policies (continued)

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

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

Infrastructure

Bridges & Major Culverts	50 to 80 years
Landfill Cells	10 years
Effluent Drainage	5 to 100 years
Footpaths	10 to 87 years
Kerbs	67 to 70 years
Roads	18 to 75 years
Roads Earthworks	500 years
Stormwater Drainage	50 to 90 years
Street Furniture	5 to 30 years
Water Supply	5 to 100 years

Plant & Equipment

Major Plant & Equipment	5 to 25 years
Minor Plant	2 to 15 years
IT Equipment	2 to 15 years

Buildings & Structures	10 to 100 years
Furniture & Fittings	2 to 20 years
Heritage Tourism Assets	50 years
Marine Facilities	25 to 100 years

6.5 Impairment

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

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

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

6.6 Borrowing Costs

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

(7) Payables

7.1 Goods & Services

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

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

Note 1. Summary of Significant Accounting Policies (continued)

7.2 Payments Received in Advance & Deposits

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

(8) Borrowings

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

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

9.1 Salaries, Wages & Compensated Absences

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

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

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 various funds under the "choice of fund" legislation. The majority of employees are members of the Statewide Superannuation Scheme. The Scheme has two types of membership, each of which is funded differently. Details of the accounting policies applied and Council's involvement with the schemes are reported in Note 18.

(10) Provisions for Reinstatement, Restoration and Rehabilitation

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

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

(11) Leases

Accounting policy applicable from 01 July 2019

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

11.1 Council as a lessee

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

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

Note 1. Summary of Significant Accounting Policies (continued)

i) Right-of-Use-Assets

The Council recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received and the estimate of costs to be incurred to restore the leased asset. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Plant and equipment	2 to 15 years
Computers	2 to 5 years
Other	4 to 10 years

The right-of-use assets are also subject to impairment. Refer to the accounting policies above - Impairment of non-financial assets.

ii) Lease Liabilities

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

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

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

(12) GST Implications

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

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

(13) New accounting standards and UIG interpretations

The Council applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 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.

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 was intended to apply until 30 June 2021, but as the impact of the Covid-19 pandemic is continuing, in 2021 the AASB extended the period of application of the practical expedient to 30 June 2022. The amendment applies to annual reporting periods beginning on or after 1 April 2021. This amendment had no impact on the consolidated financial statements of the Group.

Standards issued by the AASB not yet effective

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

Note 1. Summary of Significant Accounting Policies (continued)

The 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)

(14) Comparative Figures

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

(15) COVID-19 Impact

Council continues to monitor the impact of Covid-19 pandemic on our community, organisation, services and service delivery. Demand for some services has steadily returned since the re-opening of services, however some have yet to return to pre Covid-19 levels of demand. This will impact on Council revenue projections in the short term. Council also has a number of additional costs due to Covid-19. These include cleaning, personal protective equipment and ICT related costs. The Council has worked to reduce discretionary expenditure in the short term to help mitigate the effect of the reduced revenue and increased costs. Any further restrictions may impact on Council's revenue and expenditure. Council has also put in place a number of arrangements to provide relief by postponing the due date of ratepayers who are suffering hardship and foregoing some interest on overdue payments.

(16) Disclaimer

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

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

Note 2. Income

\$ '000	2022	2021
(a) Rates		
General Rates		
General Rates	13,832	14,315
Less: Mandatory Rebates	(93)	(180)
Less: Discretionary Rebates, Remissions & Write Offs	(58)	(72)
Total General Rates	13,681	14,063
Other Rates (Including Service Charges)		
Landscape Levy	566	565
Waste Collection	1,234	–
Water Supply	63	59
Community Wastewater Management Systems	682	680
TV Transmission	21	20
Waste Recycling	206	195
Total Other Rates (Including Service Charges)	2,772	1,519
Other Charges		
Penalties for Late Payment	119	110
Legal & Other Costs Recovered	12	1
Total Other Charges	131	111
Total Rates	16,584	15,693

(b) Statutory Charges

Building Fees	113	52
Town Planning Fees	149	190
Health & Septic Tank Inspection Fees	35	33
Animal Registration Fees & Fines	123	112
Other Licences, Fees & Fines	68	52
Total Statutory Charges	488	439

(c) User Charges

Cemetery Fees	80	71
Admission Charges - Pools	3	2
Hall & Equipment Hire	5	16
Property Lease	24	25
Sundry	37	47
Caravan Park Revenue	309	264
Mannum Dock & Morgan Museum	284	283
Mannum Leisure Centre	71	73
Waste Management Fees	410	582
Other	14	9
Total User Charges	1,237	1,372

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

Note 2. Income (continued)

\$ '000	2022	2021
(d) Investment Income		
Interest on Investments		
- Local Government Finance Authority	5	3
- Loans to Community Groups	1	—
<u>Total Investment Income</u>	<u>6</u>	<u>3</u>
(e) Reimbursements		
Private Works	51	17
Expense Payments	185	204
<u>Total Reimbursements</u>	<u>236</u>	<u>221</u>
(f) Other income		
Insurance & Other Recoupments	96	67
Rebates & Bonus Received	105	105
Donations	37	35
Other	115	29
<u>Total Other income</u>	<u>353</u>	<u>236</u>
(g) Grants, Subsidies, Contributions		
Amounts Received Specifically for New or Upgraded Assets	592	2,830
<u>Total Amounts Received Specifically for New or Upgraded Assets</u>	<u>592</u>	<u>2,830</u>
Other Grants, Subsidies and Contributions	431	554
Untied - Financial Assistance Grant	5,516	4,036
Roads to Recovery	773	995
Library and Communications	23	18
<u>Total Other Grants, Subsidies and Contributions</u>	<u>6,743</u>	<u>5,603</u>
<u>Total Grants, Subsidies, Contributions</u>	<u>7,335</u>	<u>8,433</u>
The functions to which these grants relate are shown in Note 12.		
(i) Sources of grants		
Commonwealth Government	1,570	2,530
State Government	5,714	5,262
Other	51	641
<u>Total</u>	<u>7,335</u>	<u>8,433</u>

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	43	307
Less:		
<i>Expended during the current period from revenues recognised in previous reporting periods</i>		
Federal Infrastructure Projects	—	(228)
State Infrastructure Projects	—	—
Heritage & Cultural Services	—	—
Healthy Communities	—	—
Other	(2)	(36)
Subtotal	(2)	(264)
Plus:		
<i>Amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions</i>		
Federal Infrastructure Projects	—	—
State Infrastructure Projects	—	—
Subtotal	—	—
Unexpended at the close of this reporting period	41	43
Net increase (decrease) in assets subject to conditions in the current reporting period	(2)	(264)

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

Note 3. Expenses

\$ '000	Notes	2022	2021
(a) Employee costs			
Salaries and Wages		7,436	6,489
Employee Leave Expense		110	973
Superannuation - Defined Contribution Plan Contributions	18	617	585
Superannuation - Defined Benefit Plan Contributions	18	80	94
Workers' Compensation Insurance		231	204
Less: Capitalised and Distributed Costs		(300)	(333)
Total Operating Employee Costs		8,174	8,012
Total Number of Employees (full time equivalent at end of reporting period)		90	96
(b) Materials, Contracts and Other Expenses			
(i) Prescribed Expenses			
Auditor's Remuneration			
- Auditing the Financial Reports		23	18
Bad and Doubtful Debts		—	21
Elected Members' Expenses		286	259
Subtotal - Prescribed Expenses		309	298
(ii) Other Materials, Contracts and Expenses			
Contractors		4,526	5,368
Parts, Accessories & Other Materials		1,311	1,267
Purchase major Plant & Equipment		857	1,266
Rubbish Collection Contractor		996	906
Sundry		924	797
Maintenance		788	794
Computer Hardware, Software & Support		878	703
Insurances		671	607
Natural Resources Levy (NRM)		562	559
Fuel & Oils		685	494
Energy		389	383
Other Government Levies		344	352
Professional Services		372	346
Water & Sewer		1,746	260
Donations & Contributions		311	239
Telephone		160	157
Waste Services		299	157
Vehicle Registration & TPI		126	120
Legal Expenses		98	87
Freight		8	12
Other		6	—
Less: Capitalised and Distributed Costs		(6,506)	(6,508)
Subtotal - Other Material, Contracts & Expenses		9,551	8,366
Total Materials, Contracts and Other Expenses		9,860	8,664

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

Note 3. Expenses (continued)

\$ '000	2022	2021
(c) Depreciation, Amortisation and Impairment		
(i) Depreciation and Amortisation		
Buildings & Other Structures	1,614	1,600
Infrastructure		
- Roads	2,936	3,122
- Bridges	96	97
- Stormwater Drainage	92	92
- CWMS	7	—
- Road Earthworks	10	97
- Footpaths	106	80
- Kerbing	83	82
- Water Licences & Supply	11	8
- Effluent Drainage	461	415
- Capping and Reinstatement	97	254
- Marine Facilities	150	132
Plant & Equipment	825	835
Furniture & Fittings	227	316
Heritage Tourism Assets	10	9
Subtotal	6,725	7,139
Total Depreciation, Amortisation and Impairment	6,725	7,139
(d) Finance Costs		
Interest on Loans	223	295
Unwinding of Present Value Discounts	11	(56)
Total Finance Costs	234	239

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

Note 4. Asset Disposal & Fair Value Adjustments

\$ '000	2022	2021
Infrastructure, Property, Plant & Equipment		
(i) Assets Renewed or Directly Replaced		
Proceeds from Disposal	62	259
Less: Carrying Amount of Assets Sold	(484)	(469)
Gain (Loss) on Disposal	(422)	(210)
(ii) Assets Surplus to Requirements		
Proceeds from Disposal	–	114
Less: Carrying Amount of Assets Sold	–	(31)
Gain (Loss) on Disposal	–	83
Net Gain (Loss) on Disposal or Revaluation of Assets	(422)	(127)

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

Note 5. Current Assets

\$ '000	2022	2021
(a) Cash & Cash Equivalent Assets		
Cash on Hand at Bank	341	142
Deposits at Call	1,318	1,178
<u>Total Cash & Cash Equivalent Assets</u>	<u>1,659</u>	<u>1,320</u>

(b) Trade & Other Receivables

Rates - General & Other	2,340	2,200
Council Rates Postponement Scheme	58	48
Accrued Revenues	6	6
Debtors - General	250	429
GST Recoupment	34	40
Prepayments	54	124
Loans to Community Organisations	30	20
<u>Subtotal</u>	<u>2,772</u>	<u>2,867</u>
Less: Allowance for Doubtful Debts	(57)	(57)
<u>Total Trade & Other Receivables</u>	<u>2,715</u>	<u>2,810</u>

(c) Inventories

Stores & Materials	432	373
Trading Stock	29	32
<u>Total Inventories</u>	<u>461</u>	<u>405</u>

Note 6. Non-Current Assets

\$ '000	2022	2021
(a) Financial Assets		
Receivables		
Loans to Community Organisations	208	55
<u>Subtotal</u>	<u>208</u>	<u>55</u>
<u>Total Receivables</u>	<u>208</u>	<u>55</u>
<u>Total Financial Assets</u>	<u>208</u>	<u>55</u>

(b) Other Non-Current Assets

Intangibles		
Water Licence	3,323	85
<u>Total Other</u>	<u>3,323</u>	<u>85</u>
<u>Total Other Non-Current Assets</u>	<u>3,323</u>	<u>85</u>

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

\$ '000	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	Adjustments & Transfers	Revaluation Decrements to Equity (ARR) (Note 9)	At Fair Value	At Cost	Accumulated Depreciation	Carrying amount
Capital Work in Progress	3	–	2,393	–	2,393	–	–	–	–	(514)	(3)	–	(1)	1,877	–	1,876
Land	2	5,646	–	–	5,646	–	–	–	–	–	–	–	5,646	–	–	5,646
Land	3	17,795	39	–	17,834	–	–	–	–	–	–	–	17,795	39	–	17,834
Buildings & Other Structures	2	5,672	–	(3,904)	1,768	–	–	–	(148)	–	–	–	5,653	–	(4,031)	1,622
Buildings & Other Structures Infrastructure	3	55,947	739	(32,429)	24,257	551	412	(87)	(1,466)	(325)	(17)	–	55,670	1,371	(33,715)	23,326
- Roads	3	82,220	12,348	(49,059)	45,509	677	1,972	(378)	(2,936)	1,075	(90)	12,967	98,140	3,634	(42,979)	58,795
- Bridges	3	4,496	1,317	(2,466)	3,347	–	–	–	(96)	–	–	–	4,496	1,317	(2,562)	3,251
- Stormwater Drainage	3	8,101	–	(2,716)	5,385	46	–	–	(92)	(46)	–	–	8,100	–	(2,807)	5,293
- Effluent Drainage	3	19,863	2,158	(7,588)	14,433	145	–	–	(461)	–	–	–	19,863	2,303	(8,053)	14,113
- Capping and Reinstatement	3	2,079	–	(1,426)	653	–	14	(88)	(97)	(14)	(5)	–	1,991	–	(1,528)	463
- Road Earthworks	3	48,593	32	(292)	48,333	–	–	–	(10)	–	122	(43,279)	5,328	122	(285)	5,165
- Footpaths	3	2,126	1,718	(1,152)	2,692	77	27	–	(106)	–	2	–	2,126	1,824	(1,258)	2,692
- Kerbing	3	5,367	407	(3,207)	2,567	–	23	–	(83)	–	–	–	5,368	429	(3,290)	2,507
- Water Supply Infrastructure	3	261	–	(103)	158	–	141	–	(11)	25	–	–	260	166	(113)	313
- Marine Facilities	3	2,208	4,875	(1,484)	5,599	64	–	–	(150)	(64)	–	–	2,208	4,876	(1,634)	5,450
Plant & Equipment	3	–	11,421	(6,301)	5,120	267	617	(117)	(825)	–	(17)	–	–	11,803	(6,760)	5,043
Furniture & Fittings	3	–	4,322	(3,678)	644	37	99	–	(227)	(80)	–	–	–	4,378	(3,907)	471
Heritage Tourism Assets	3	–	461	(43)	418	–	103	–	(10)	(57)	–	–	–	505	(53)	452
Total Infrastructure, Property, Plant & Equipment		260,374	42,230	(115,848)	186,756	1,864	3,408	(670)	(6,725)	–	(8)	(30,312)	232,644	34,644	(112,975)	154,313
Comparatives		261,688	36,583	(110,628)	187,643	3,812	3,029	(500)	(7,139)	–	(4)	–	260,374	42,230	(115,848)	186,756

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

In the course of revaluing (nil in 2020-21), the nature of the inputs applied was reviewed in detail for each asset and where necessary, the asset reassigned to the appropriate fair value hierarchy level. Such transfers take effect as at the date of the revaluation. Water licence has been moved from level 3 to level 1 and revalued from \$85,000 to \$1,789,000.

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.

Transition to AASB 13 - Fair Value Measurement

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

Land

- Basis of valuation: Fair Value / Market Value
- Date of valuation: 1 July 2019
- Valuer: Marsh Pty Ltd T/as AssetVal

Land Improvements

- Basis of valuation: Recognised at Cost

Water Licence Entitlement

- Basis of valuation: Fair Value / Market Value
- Date of Valuation 30 June 2022
- Valuer: Council using Market Rates

Buildings & Other Structures

- Basis of valuation: Fair Value / Market Value
- Date of valuation: 1 July 2019
- Valuer: Marsh Pty Ltd T/as AssetVal

Mid Murray Council have identified assets which are required to be valued under a market approach, in accordance with AASB 13 - Fair Value Measurement. The assets were subsequently revalued by Marsh Pty Ltd as at 1 July 2019. The balance of the assets were valued at Depreciated Replacement Cost.

Infrastructure

Roads

- Basis of valuation: Replacement Cost. Additions at cost.
- Date of valuation: 1 July 2021
- Valuer: Council valuation using unit rates

Effluent Drainage

- Basis of valuation: Written Down Replacement Cost. Additions at cost.
- Date of valuation: 1 July 2017.
- Valuer: Gayler Professional Engineering

Stormwater Drainage

- Basis of valuation: Written Down Replacement Cost. Additions at cost
- Date of valuation: 1 July 2019
- Valuer: Gayler Professional Engineering Pty Ltd

Bridges and Major Culverts

- Basis of valuation: Written Down Replacement Cost. Additions at cost.
- Date of valuation: 1 July 2017.
- Valuer: Tonkins Consultancy

Other

Council plans to undertake a full revaluation that will include condition based assessments and review of unit rates of its assets on a five-yearly rolling program according to the following schedule in consultation with its external asset management consultants.

Stormwater	2024/25
Land, Buildings & Assoc Structures	2024/25

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)

Footpaths & Kerbing	2022/23
CWMS & Water Supply	2022/23
Bridges & Major Culverts	2022/23
Roads	2026/27

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	1,154	—	1,001	—
Payments Received in Advance				
- Grants, Subsidies, Contributions - Operating	588	—	841	—
- Grants & Contributions - Capital	1,660	—	1,247	—
Accrued Expenses - Employee Entitlements	178	—	139	—
Accrued Expenses - Finance Costs	62	—	70	—
Accrued Expenses - Other	9	—	13	—
Deposits, Retentions & Bonds	46	—	12	—
Total Trade and Other Payables	3,697	—	3,323	—

(b) Borrowings

Loans	641	7,509	735	8,878
Total Borrowings	641	7,509	735	8,878

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

(c) Provisions

Employee Entitlements (including oncosts)	1,913	129	1,831	133
Future Reinstatement / Restoration, etc	12	662	11	619
Total Provisions	1,925	791	1,842	752

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	6,597	—	—	—	6,597
Land - Other	11,566	—	—	—	11,566
Buildings & Other Structures	21,011	—	—	—	21,011
Water Licence	—	1,704	—	—	1,704
Infrastructure					
- Roads	54,423	12,967	—	—	67,390
- Bridges	429	—	—	—	429
- Stormwater Drainage	3,576	—	—	—	3,576
- Road Earthworks	48,593	(43,279)	—	—	5,314
- Effluent Drainage	6,895	—	—	—	6,895
- Capping and Reinstatement	577	—	—	—	577
Total Asset Revaluation Reserve	153,667	(28,608)	—	—	125,059
Comparatives	153,667	—	—	—	153,667

	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					
Effluent Drainage Reserve	1,288	—	(112)	—	1,176
Total Other Reserves	1,288	—	(112)	—	1,176
Comparatives	1,231	57	—	—	1,288

Purposes of Reserves

Asset Revaluation Reserves

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

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

Note 10. Assets Subject to Restrictions

\$ '000	2022	2021
<p>The uses of the following assets are restricted, wholly or partially, by legislation or other externally imposed requirements. The assets are required to be utilised for the purposes for which control was transferred to Council, or for which the revenues were originally obtained.</p>		
Cash & Financial Assets		
Open Space Contributions - Federal	529	403
Other - Non Government	222	208
Federal	366	564
Total Cash & Financial Assets	1,117	1,175
Infrastructure, Property, Plant & Equipment		
PW Mayflower	250	250
Total Infrastructure, Property, Plant & Equipment	250	250
Total Assets Subject to Externally Imposed Restrictions	1,367	1,425

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

Note 11. Reconciliation to Statement of Cash Flows

\$ '000	Notes	2022	2021
---------	-------	------	------

(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	5a	1,659	1,320
Balances per Statement of Cash Flows		1,659	1,320

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

Net Surplus/(Deficit)		824	2,216
Non-Cash Items in Income Statements			
Depreciation, Amortisation & Impairment		6,725	7,139
Grants for capital acquisitions treated as Investing Activity		(592)	(2,830)
Net (Gain) Loss on Disposals		422	127
		7,379	6,652
Add (Less): Changes in Net Current Assets			
Net (Increase)/Decrease in Receivables		105	526
Change in Allowances for Under-Recovery of Receivables		–	(11)
Net (Increase)/Decrease in Inventories		(56)	(52)
Net (Increase)/Decrease in Other Assets		(1,534)	22
Net Increase/(Decrease) in Trade & Other Payables		(73)	(564)
Net Increase/(Decrease) in Unpaid Employee Benefits		78	(56)
Net Increase/(Decrease) in Other Provisions		44	(202)
Net Cash provided by (or used in) operations		5,943	6,315

(c) Financing Arrangements

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

Corporate Credit Cards	50	50
LGFA Cash Advance Debenture Facility	23,568	27,000

The Cash advance facilities have the following expiry dates:

Debenture	Limit	Expiry Date
M83	\$2,300,000	16/03/2025
M84	\$5,000,000	15/06/2026
M85	\$11,268,000	16/04/2028
M86	\$5,000,000	15/06/2035

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

Note 12(a). Functions

Income, Expenses and Assets have been directly attributed to the following Functions / Activities.
Details of these Functions/Activities are provided in Note 12(b).

\$ '000	INCOME		EXPENSES		OPERATING SURPLUS (DEFICIT)		GRANTS INCLUDED IN INCOME		TOTAL ASSETS HELD (CURRENT & NON-CURRENT)	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Functions/Activities										
Other	—	—	—	—	—	—	1	—	—	1
CEO	50	5	675	642	(625)	(637)	—	5	6,861	4,591
People & Culture	14	1	780	742	(766)	(741)	—	—	—	—
Corporate Services	4,247	3,327	630	601	3,617	2,726	4,235	3,299	115	201
Financial Services	73	68	996	1,130	(923)	(1,062)	—	—	—	—
Funding	14,383	14,744	703	676	13,680	14,068	—	—	—	—
Information Management	—	1	1,505	1,494	(1,505)	(1,493)	—	—	399	542
Libraries	23	19	210	205	(187)	(186)	23	18	—	—
Community Care	39	25	798	780	(759)	(755)	—	5	527	538
Community Transport	2	1	—	—	2	1	—	—	—	—
Cultural Services	64	54	254	206	(190)	(152)	—	—	517	1,521
Tourism and Development	294	418	737	766	(443)	(348)	30	126	824	901
Council Properties	617	484	2,232	2,174	(1,615)	(1,690)	215	126	21,704	22,264
Regulatory Services	152	128	323	345	(171)	(217)	—	—	—	—
Health Services	53	41	168	208	(115)	(167)	—	—	—	—
Environment Services	61	83	72	94	(11)	(11)	—	—	—	—
Development Services	284	246	1,074	1,138	(790)	(892)	—	—	—	—
Waste Management	1,866	788	2,759	2,437	(893)	(1,649)	—	—	2,150	2,293
Marine Facilities	—	13	254	213	(254)	(200)	—	—	5,921	6,036
Sport and Recreation	237	94	936	704	(699)	(610)	160	—	6,170	6,452
Open Space	6	35	873	869	(867)	(834)	3	27	17,551	16,251
Footpaths and Cycle Tracks	23	225	152	122	(129)	103	—	225	2,693	2,692
Stormwater	—	—	199	157	(199)	(157)	22	—	5,481	5,605
Cemeteries	80	71	95	95	(15)	(24)	—	—	471	473
Roads	2	1	6,213	6,218	(6,211)	(6,217)	—	—	69,719	100,896
Infrastructure Services	2,084	1,812	850	820	1,234	992	2,054	1,772	—	25
Works Overheads	147	34	148	20	(1)	14	—	—	7	8
Plant and Machinery	96	84	162	134	(66)	(50)	—	—	5,035	5,110
Water Supply	63	59	14	11	49	48	—	—	2,211	351
Community Wastewater Management Schemes	687	706	1,181	1,053	(494)	(347)	—	—	14,323	14,680
Total Functions/Activities	25,647	23,567	24,993	24,054	654	(487)	6,743	5,603	162,679	191,431

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 12(b). Components of Functions

The activities relating to Council functions are as follows:

CEO

Chief Executive's office.

PEOPLE & CULTURE

Elected Members, Governance, Business Improvement and Human Resources.

CORPORATE SERVICES

Corporate Services and Risk Management.

FINANCIAL SERVICES

Financial Services, Audit Function, Revenue Collection, Procurement, Loans and Investments.

FUNDING

Rates General, Rates Other and Grants Commission.

INFORMATION MANAGEMENT

Customer Service, Information Technology and Records Management.

LIBRARIES

All Libraries including Mannum and Morgan.

COMMUNITY CARE

Community Services including Morgan Activity Centre and Hub, Blanchetown Community Centre, Aged/Disabled/Disadvantaged Homes, Family Connections, Suicide Prevention Network and Health Centres.

COMMUNITY TRANSPORT

Community Transport and Community Passenger Network.

CULTURAL SERVICES

Cultural Services including Port of Morgan Heritage Centre.

TOURISM AND DEVELOPMENT

Tourism, Economic Development and Mannum Dock.

COUNCIL PROPERTIES

Including Admin Buildings, Public Conveniences, Mannum Caravan Park, Television Services, Licenses and Leases.

REGULATORY SERVICES

Includes Dog and Cat Control, Parking, Camping Sites and Other General Inspection, Fire Prevention/Protection and Illegal Developments.

HEALTH SERVICES

Environmental Health Services and Health Prevention Services.

ENVIRONMENT SERVICES

Natural Resources Management and Environmental General Services.

DEVELOPMENT SERVICES

Includes Development General Services, Building Assessments and Planning Assessments.

WASTE MANAGEMENT

Waste Collections, Disposal Facility Cambrai, Transfer Stations, Recycling and Organics Waste Management and General Waste Management Services.

MARINE FACILITIES

Mannum and Morgan Wharf Precincts and Other Marine Facilities.

SPORT AND RECREATION

Mannum Leisure Centre, Mannum and Cambrai Swimming Pools.

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

Note 12(b). Components of Functions (continued)

OPEN SPACE

Includes Mary Ann, Morgan Riverfront, Pioneer Park, Graeme Claxton and other open spaces.

FOOTPATHS AND CYCLE TRACKS

Footpaths and Cycle Tracks.

STORMWATER

Stormwater services.

CEMETERIES

Cemeteries services.

ROADS

Sealed and Unsealed Roads, Road Reserves, Bridges, Kerbs and Gutters, Street Lighting and Traffic Control.

INFRASTRUCTURE SERVICES

Infrastructure, Asset Management & GIS Services and Emergency Responses.

WORKS OVERHEADS

Works Depot and Private Works services.

PLANT AND MACHINERY

Plant and Machinery Services for Capital and Operations.

WATER SUPPLY

Water Supply service for Bowhill.

COMMUNITY WASTEWATER MANAGEMENT

Provision of Community Wastewater Management Schemes for various private-owned shacks and townships.

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

Note 13. Financial Instruments

Recognised Financial Instruments

Bank, Deposits at Call, Short Term Deposits

Accounting Policy:

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

Terms & Conditions:

Deposits at call are returning interest rates between 0.0% and 1.05% (2021: 0.0% and 0.45%). All Council deposits are held in at call accounts.

Carrying Amount:

Approximates fair value due to the short term to maturity.

Receivables - Rates & Associated Charges

Accounting Policy:

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

Terms & Conditions:

Secured over the subject land, arrears attract interest of 5.05% (2021: 5.2%). 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.

Receivables - Retirement Home Contributions

Accounting Policy:

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

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

Note 13. Financial Instruments (continued)

Terms & Conditions:

Amounts due have been calculated in accordance with the terms and conditions of the respective legislation.

Carrying Amount:

Approximates fair value (after deduction of any allowance).

Liabilities - Creditors and Accruals

Accounting Policy:

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

Terms & Conditions:

Liabilities are normally settled on 30 day terms.

Carrying Amount:

Approximates fair value.

Liabilities - Interest Bearing Borrowings

Accounting Policy:

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

Terms & Conditions:

Secured over future revenues, borrowings are repayable (describe basis); interest is charged at fixed or variable rates between 1.3% and 5.75% (2021: 1.3% and 5.9%).

Carrying Amount:

Approximates fair value.

Liabilities - Leases

Accounting Policy:

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

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

Financial Assets and Liabilities

2022

Financial Assets

Cash & Cash Equivalents	1,659	—	—	1,659	1,659
Receivables	2,668	160	125	2,953	2,923
Total Financial Assets	4,327	160	125	4,612	4,582

Financial Liabilities

Payables	1,271	—	—	1,271	1,271
Current Borrowings	761	—	—	761	641
Non-Current Borrowings	93	2,100	6,237	8,430	7,509
Total Financial Liabilities	2,125	2,100	6,237	10,462	9,421

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

Note 13. Financial Instruments (continued)

\$ '000	Due < 1 year	Due > 1 year & ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
2021					
Financial Assets					
Cash & Cash Equivalents	1,318	—	—	1,318	1,320
Receivables	2,811	34	22	2,867	2,865
Total Financial Assets	4,129	34	22	4,185	4,185
Financial Liabilities					
Payables	1,096	—	—	1,096	1,096
Current Borrowings	901	—	—	901	735
Non-Current Borrowings	123	4,139	5,479	9,741	8,878
Total Financial Liabilities	2,120	4,139	5,479	11,738	10,709

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
Other Variable Rates	1.85%	5,000	1.68%	7,339
Fixed Interest Rates	3.78%	3,150	4.15%	2,274
		8,150		9,613

Net Fair Value

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

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

Note 13. Financial Instruments (continued)

Risk Exposures

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

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

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

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

Expected Credit Losses (ECL)

Council uses an allowance matrix to measure expected credit losses for receivables from individual customers, which comprise a large number of small balances. As rates and annual charges are secured over subject land no allowance for such receivables is made. The following table provides information about Council's ECLs from receivables (excluding secured rates and charges, GST and other amounts held in trust). Impairment analysis is performed each reporting date. ECLS are based on credit history adjusted for forward looking estimates and economic conditions.

Set out below is the movement in the allowance for expected credit losses:

Note 14. Capital Expenditure and Investment Property Commitments

\$ '000	2022	2021
Capital Commitments		
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Infrastructure	1,564	345
Plant & Equipment	862	629
	2,426	974
These expenditures are payable:		
Not later than one year	2,426	974
	2,426	974

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

Note 15. Financial Indicators

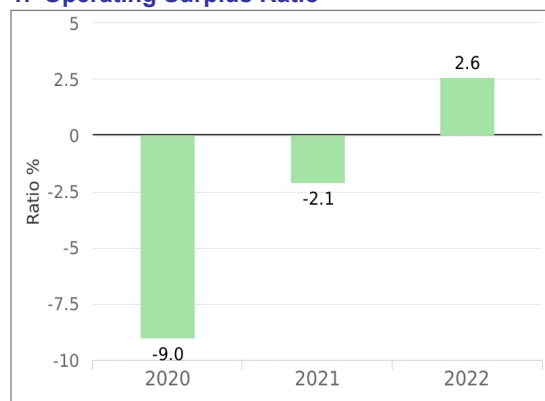
	Indicator 2022	Indicators 2021	Indicators 2020
Financial Indicators overview			
<i>These Financial Indicators have been calculated in accordance with Information paper 9 - Local Government Financial Indicators prepared as part of the LGA Financial Sustainability Program for the Local Government Association of South Australia.</i>			
1. Operating Surplus Ratio			
Operating Surplus			
Total Operating Income	2.6%	(2.1)%	(9.0)%
<i>This ratio expresses the operating surplus as a percentage of total operating revenue.</i>			
2. Net Financial Liabilities Ratio			
Net Financial Liabilities			
Total Operating Income	37%	48%	60%
<i>Net Financial Liabilities are defined as total liabilities less financial assets (excluding equity accounted investments in Council businesses). These are expressed as a percentage of total operating revenue.</i>			
Adjusted Operating Surplus Ratio			
Operating Surplus			
Total Operating Income	(1.7)%	(2.3)%	(9.7)%
Adjustments to Ratios			
<i>In recent years the Federal Government has made advance payments prior to 30th June from future year allocations of financial assistance grants, as explained in Note 1. These Adjusted Ratios correct for the resulting distortion in key ratios for each year and provide a more accurate basis for comparison.</i>			
Adjusted Net Financial Liabilities Ratio			
Net Financial Liabilities			
Total Operating Income	56%	48%	56%
3. Asset Renewal Funding Ratio			
Asset Renewals			
Infrastructure & Asset Management Plan required expenditure	76%	120%	103%
<i>Asset renewals expenditure is defined as capital expenditure on the renewal and replacement of existing assets relative to the optimal level planned, and excludes new capital expenditure on the acquisition of additional assets.</i>			

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

Note 15. Financial Indicators (continued)

Financial Indicators - Graphs

1. Operating Surplus Ratio



Purpose of operating surplus ratio

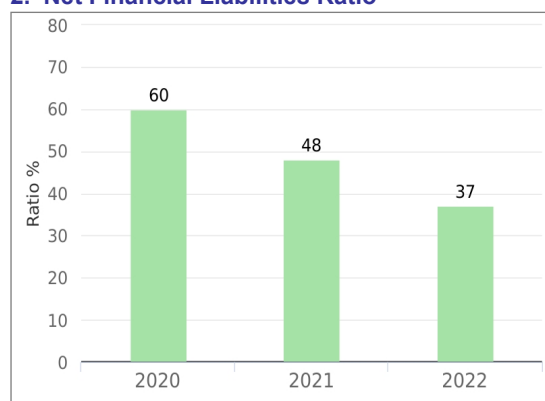
This indicator is to determine the percentage the operating revenue varies from operating expenditure

Commentary on 2021/22 result

2021/22 ratio 2.6%

Surplus due to early payment of Financial assistance Grants

2. Net Financial Liabilities Ratio



Purpose of net financial liabilities ratio

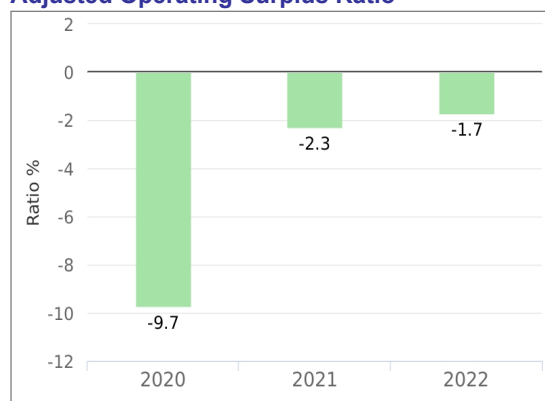
This indicator shows the significance of the net amount owed to others, compared to operating revenue

Commentary on 2021/22 result

2021/22 ratio 37%

Receipt of Grant funds has enabled savings as some projects have been completed or part completed with work continuing from external funding. Lower borrowings have resulted in savings in interest paid.

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

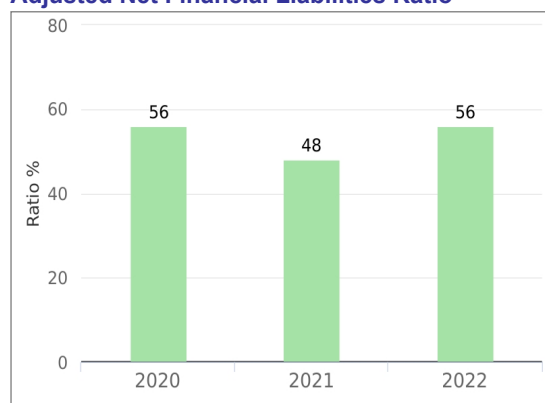
2021/22 ratio (1.7)%

Council's adjusted operating surplus ratio after removing the inequity caused by the timing of the Financial Assistance Grants payments shows a trend towards a break even position.

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

Note 15. Financial Indicators (continued)

Adjusted Net Financial Liabilities Ratio



Purpose of adjusted net financial liabilities ratio

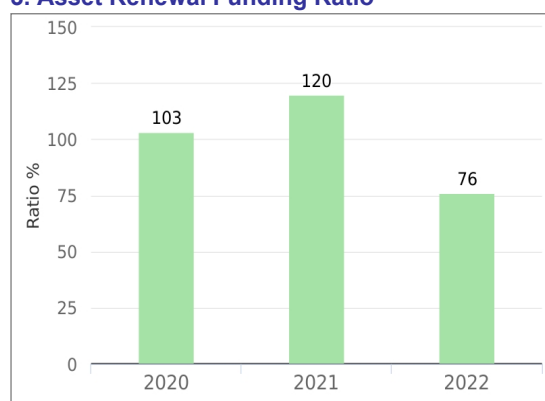
This indicator is to determine the percentage the operating revenue (adjusted for timing differences in the Financial Assistance Grant) varies from operating expenditure

Commentary on 2021/22 result

2021/22 ratio 56%

Councils real liabilities would be much larger if not for the receipt of the Financial Assistance Grants in advance and the receipt of various project grants in advance.

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 76%

The receipt of various grants for capital works has meant that Council has many renewal projects partly complete and several items of plant on order.

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

Note 16. Uniform Presentation of Finances

\$ '000	2022	2021
The following is a high level summary of both operating and capital investment activities of the Council prepared on a simplified Uniform Presentation Framework basis.		
All Councils in South Australia have agreed to summarise annual budgets and long-term financial plans on the same basis.		
The arrangements ensure that all Councils provide a common 'core' of financial information, which enables meaningful comparisons of each Council's finances.		
Income	25,647	23,567
less Expenses	(24,993)	(24,054)
Operating Surplus / (Deficit)	654	(487)
Net Outlays on Existing Assets		
Capital Expenditure on Renewal and Replacement of Existing Assets	(3,314)	(3,024)
add back Depreciation, Amortisation and Impairment	6,725	7,139
add back Proceeds from Sale of Replaced Assets	62	259
	3,473	4,374
Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets (including Investment Property & Real Estate Developments)	(1,764)	(3,812)
add back Amounts Received Specifically for New and Upgraded Assets	1,005	2,866
add back Proceeds from Sale of Surplus Assets (including investment property, real estate developments & non-current assets held for resale)	–	114
	(759)	(832)
Net Lending / (Borrowing) for Financial Year	3,368	3,055

Note 17. Leases

Council as a lessor

Council owns various buildings, plant and other facilities that are available for hire or lease (on a non-cancellable basis wherever practicable) in accordance with the published revenue policy. Rentals received from such leases are disclosed as Property Lease and Caravan Park Revenue.

Investment Property

Rentals received, and outgoings reimbursed, in relation to Investment Property are also disclosed in Note 2. These lease agreements, all of which are classified as operating leases, are made on a non-cancellable basis wherever practicable.

\$ '000	2022	2021
Future minimum rentals receivable under non-cancellable operating leases as at 30 June, are as follows:		
Not later than one year	336	145
Later than one year and not later than 5 years	1,138	303
Later than 5 years	634	685
	2,108	1,133

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

Note 18. Superannuation

The Council makes employer superannuation contributions in respect of its employees to 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 2019/20) of "superannuation" salary.

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

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

The most recent actuarial investigation was conducted by the Fund's actuary, Louise Campbell, FIAA, of Willis Towers Watson as at 30 June 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.

Note 19. Interests in Other Entities

Council has no interest in any Equity Accounted Businesses such as Joint Ventures, Associates & Joint Operations.

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

Details of Assets & Disposal Groups

Council does not have any Non-Current Assets held for sale or any Discontinued Operations.

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

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

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

1. Land under roads

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

At reporting date, Council controlled **3536** km of road reserves of average width **20** 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 3 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.

Note 22. Events after the Balance Sheet Date

Events that occur after the reporting date of 30 June 2022, up to and including the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

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

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

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

Note 23. Related Party Transactions

Key Management Personnel

Transactions with Key Management Personnel

The Key Management Personnel of the Council include the Mayor, Councillors, CEO and certain prescribed officers under section 112 of the Local Government Act 1999. In all, 17 persons were paid the following total compensation.

\$ '000	2022	2021
The compensation paid to Key Management Personnel comprises:		
Short-Term Employee Benefits	976	1,000
Post-Employment Benefits	66	54
Total	1,042	1,054

Amounts paid as direct reimbursement of expenses incurred on behalf of Council have not been included above.

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	1	1
Purchases on Normal Trading Terms	4	5
Reserve Hire	—	—
Total	5	6

Key Management Personnel and/or close family members where committee members of the following Not for Profit organisations that during the year received Community Grants :

Swan Reach Golf Club \$6,000
Cadell Pistol Club \$895

Key Management Personnel and/or close family members are committee members of the following Not for Profit organisations that had interest free or subsidized interest rate Community Loans during the financial year :

- Swan Reach Golf Club made repayments of \$5,394. Loan balance 30 June 2022 \$38,605
- Mannum Golf Club made repayments of \$10,000. Loan balance 30 June 2022 \$5,000

Key Management Personnel and/or close family members are committee members of the following Not for Profit organisations that were paid the following amounts during the financial year :

- Palmer Collier Park (Sponsorship) \$2,100

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE MID MURRAY COUNCIL

Opinion

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

In our opinion, the financial report gives a true and fair view of the financial position of the Mid Murray Council as of 30 June 2022, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards and the Local Government Act 1999 and the *Local Government (Financial Management) Regulations 2011*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the 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 other ethical responsibilities in accordance with the Code.

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

BENTLEYS SA AUDIT PARTNERSHIP



DAVID FRANCIS
PARTNER

Dated at Adelaide this 17th day of November 2022

Bentleys SA Audit Partnership

Level 5
63 Pirie Street
Adelaide SA 5000

GPO Box 939
Adelaide SA 5001

ABN 43 877 091 903

T +61 8 8372 7900
F +61 8 8372 7999

admin@adel.bentleys.com.au
bentleys.com.au

INDEPENDENT ASSURANCE REPORT ON INTERNAL CONTROLS OF MID MURRAY COUNCIL

Opinion

We have audited the compliance of the Mid Murray Council (the Council) with the requirements of Section 125 of the Local Government Act 1999 in relation to the Internal Controls established by the Council to ensure that financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities for the period 1 July 2021 to 30 June 2022 are in accordance with legislative provisions.

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

Limitation on Use

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

Limitations of Controls

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

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

Independence

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

The Council's Responsibility for the Internal Controls

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

Our Responsibility

Our responsibility is to express an opinion on the Council's compliance with Section 125 of the Local Government Act 1999 in relation only to the Internal Controls established by the Council to ensure that financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities, based on our procedures. Our engagement has been conducted in accordance with applicable Australian Standards on Assurance Engagements ASAE 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information and ASAE 3150 Assurance Engagement on Controls, issued by the Australian Auditing and Assurance Standards Board, in order to state whether, in all material respects, the Council has complied with Section 125 of the Local Government Act 1999 in relation only to the Internal Controls specified above for the period 1 July 2021 to 30 June 2022. ASAE 3000 also requires us to comply with the relevant ethical requirements of the Australian professional accounting bodies.

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

BENTLEYS SA AUDIT PARTNERSHIP



DAVID FRANCIS
PARTNER

Dated at Adelaide this 17th November 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 Mid Murray Council for the year ended 30 June 2022, the Council's Auditor, Bentleys 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*.



Ben Scales
Chief Executive Officer



David Whitbread
Presiding Member, Audit Committee

Date: 25 October 2022

Bentleys SA Audit Partnership

Level 5
63 Pirie Street
Adelaide SA 5000

GPO Box 939
Adelaide SA 5001

ABN 43 877 091 903

T +61 8 8372 7900
F +61 8 8372 7999

admin@adel.bentleys.com.au
bentleys.com.au

Certification of Auditor Independence

I confirm that, for the audit of the financial statements of the Mid Murray Council 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 (including Independence Standards), Part 4A published by the Accounting Professional and Ethical Standards Board, in accordance with the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011 made under that Act.

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

Bentleys SA Audit Partnership

David Francis
Partner

Dated at Adelaide this 23rd day of October 2022