

Alexandrina Council



Financial Statements 30 June 2022



Connecting Communities

General Purpose Financial Statements

for the year ended 30 June 2022

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General Purpose Financial Statements
for the year ended 30 June 2022

Certification of Financial Statements

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

In our opinion:

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



Nigel Morris
Chief Executive Officer

Date: 26 October 2022



Keith Parkes
Mayor

Date: 26 October 2022

Statement of Comprehensive Income

for the year ended 30 June 2022

\$ '000	Notes	2022	2021
Income			
Rates	2a	44,733	42,290
Statutory Charges	2b	1,683	1,390
User Charges	2c	3,382	2,467
Grants, Subsidies and Contributions	2g	4,409	4,352
Investment Income	2d	43	6
Reimbursements	2e	218	304
Other income	2f	718	743
Net Gain - Equity Accounted Council Businesses	19(a)i	316	164
Total Income		55,502	51,716
Expenses			
Employee costs	3a	18,143	16,895
Materials, Contracts and Other Expenses	3b	19,476	17,764
Depreciation, Amortisation and Impairment	3c	13,185	12,082
Finance Costs	3d	735	863
Net loss - Equity Accounted Council Businesses	19(a)i	335	3,806
Total Expenses		51,874	51,410
Operating Surplus / (Deficit)		3,628	306
Physical Resources Received Free of Charge	2i	414	1,526
Asset Disposal & Fair Value Adjustments	4	(1,289)	(1,352)
Amounts Received Specifically for New or Upgraded Assets	2g	1,929	2,418
Net Surplus / (Deficit) ¹		4,682	2,898
Other Comprehensive Income			
Amounts which will not be reclassified subsequently to operating result			
Changes in Revaluation Surplus - I,PP&E	9a	31,760	1,897
Other Equity Adjustment - Equity Accounted Council Businesses	19(a)i	(1,166)	—
Total Amounts which will not be reclassified subsequently to operating result		30,594	1,897
Total Other Comprehensive Income		30,594	1,897
Total Comprehensive Income		35,276	4,795

(1) Transfer to Statement of Changes in Equity

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	3,846	1,109
Trade & Other Receivables	5b	4,699	4,438
Inventories	5c	46	23
<u>Subtotal</u>		<u>8,591</u>	<u>5,570</u>
Total current assets		<u>8,591</u>	<u>5,570</u>
Non-current assets			
Financial Assets	6a	115	126
Equity Accounted Investments in Council Businesses	6b	5,409	6,593
Other Non-Current Assets	6c	1,288	760
Infrastructure, Property, Plant & Equipment	7a(i)	495,726	464,296
Total non-current assets		<u>502,538</u>	<u>471,775</u>
TOTAL ASSETS		<u>511,129</u>	<u>477,345</u>
LIABILITIES			
Current Liabilities			
Trade & Other Payables	8a	5,131	5,833
Borrowings	8b	10,000	334
Provisions	8c	4,067	4,171
Total Current Liabilities		<u>19,198</u>	<u>10,338</u>
Non-Current Liabilities			
Borrowings	8b	11,205	21,230
Provisions	8c	894	1,221
Total Non-Current Liabilities		<u>12,099</u>	<u>22,451</u>
TOTAL LIABILITIES		<u>31,297</u>	<u>32,789</u>
Net Assets		<u>479,832</u>	<u>444,556</u>
EQUITY			
Accumulated surplus		175,679	172,455
Asset revaluation reserves	9a	303,351	271,591
Other reserves	9b	802	510
Total Equity		<u>479,832</u>	<u>444,556</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		172,455	271,591	510	444,556
Net Surplus / (Deficit) for Year		4,682	—	—	4,682
Other Comprehensive Income					
- Gain (Loss) on Revaluation of I,PP&E	7a	—	31,760	—	31,760
Other Equity Adjustment - Equity Accounted Council Businesses		(1,166)	—	—	(1,166)
Other comprehensive income		(1,166)	31,760	—	30,594
Total comprehensive income		3,516	31,760	—	35,276
Transfers between Reserves		(292)	—	292	—
Balance at the end of period		175,679	303,351	802	479,832
2021					
Balance at the end of previous reporting period		169,659	269,694	408	439,761
Net Surplus / (Deficit) for Year		2,898	—	—	2,898
Other Comprehensive Income					
- Gain (Loss) on Revaluation of I,PP&E	7a	—	1,897	—	1,897
Other Equity Adjustment - Equity Accounted Council Businesses		—	—	—	—
Other comprehensive income		—	1,897	—	1,897
Total comprehensive income		2,898	1,897	—	4,795
Transfers between Reserves		(102)	—	102	—
Balance at the end of period		172,455	271,591	510	444,556

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>			
Operating Receipts		54,407	52,170
Investment Receipts		43	6
<u>Payments</u>			
Operating Payments to Suppliers and Employees		(39,225)	(36,267)
Finance Payments		(737)	(938)
Net cash provided by (or used in) Operating Activities	11b	<u>14,488</u>	<u>14,971</u>
Cash flows from investing activities			
<u>Receipts</u>			
Amounts Received Specifically for New/Upgraded Assets		2,297	1,266
Sale of Replaced Assets		795	407
Repayments of Loans by Community Groups		12	–
<u>Payments</u>			
Expenditure on Renewal/Replacement of Assets		(6,729)	(5,199)
Expenditure on New/Upgraded Assets		(7,720)	(9,778)
Net cash provided (or used in) investing activities		<u>(11,345)</u>	<u>(13,304)</u>
Cash flows from financing activities			
<u>Receipts</u>			
Proceeds from Borrowings		5,775	–
<u>Payments</u>			
Repayments of Borrowings		(6,134)	(1,684)
Repayment of Bonds & Deposits		(47)	–
Net Cash provided by (or used in) Financing Activities		<u>(406)</u>	<u>(1,684)</u>
Net Increase (Decrease) in Cash Held		2,737	(17)
plus: Cash & Cash Equivalents at beginning of period		1,109	1,126
Cash and cash equivalents held at end of period	11a	<u>3,846</u>	<u>1,109</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

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

Note 1. Summary of Significant Accounting Policies

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

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

(1) Basis of Preparation

1.1 Compliance with Australian Accounting Standards

This general purpose financial report has been prepared 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*.

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.

Particular areas involving a high degree of judgement or complexity include the estimation of future payments and timing in relation to tip restoration liability. Further information in relation to the estimation of these liabilities are given 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

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

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

(2) The Local Government Reporting Entity

Alexandrina Council is incorporated under the South Australian Local Government Act 1999 and has its principal place of business at 11 Cadell Street, GOOLWA. These consolidated financial statements include the Council's direct operations and all entities through which Council controls resources to carry on its functions. In the process of reporting on the Council as a single unit, all transactions and balances between activity areas and controlled entities have been eliminated.

The principal activities and entities conducted other than in the Council's own name that have been included in these consolidated financial statements are:

1. Adelaide Hills Region Waste Management Authority
2. Fleurieu Regional Waste Authority
3. Fleurieu Regional Aquatic Centre Authority

Council has elected to not include activities related to the Southern and Hills Local Government Association in these consolidated financial statements as they are deemed to be immaterial.

Trust monies and property held by Council but subject to the control of other persons have been excluded from these reports.

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

Note 1. Summary of Significant Accounting Policies (continued)

(3) Income Recognition

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

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

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

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

(\$,000)	Cash Payment Received	Annual Allocation	Difference
2019/20	\$1,512	\$1,700	- \$188
2020/21	\$1,760	\$1,620	+ \$140
2021/22	\$2,795	\$1,215	+ \$1,580

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.

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) Inventories

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

(6) Infrastructure, Property, Plant & Equipment

6.1 Initial Recognition

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

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

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.

Infrastructure	\$10,000
Land Improvements	\$20,000
Buildings	\$15,000
Furniture & Fittings	\$5,000
Operational Equipment	\$5,000
IT Equipment	\$3,000
Other	\$5,000
Plant	\$15,000
Software	\$50,000

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.

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

Plant, Furniture & Equipment

Office Equipment	5 to 10 years
Office Furniture and Fittings	10 to 35 years
Office Electrical Equipment	4 to 10 years
Computer Equipment	3 to 10 years
Minor Equipment	5 to 25 years

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

Note 1. Summary of Significant Accounting Policies (continued)

Plant	3 to 15 years
Software	10 years

Building & Other Structures

Sub structure	150 years
Super structure	50 to 100 years
Roofing	40 to 50 years
Fit out	15 to 25 years
Services	30 years

Infrastructure

Bridges

Sub structure	40 to 100 years
Super structure	40 to 100 years
Culverts	80 to 100 years
Rail	40 to 100 years
Surfaces	13 to 40 years
Sealed Road Pavement	40 to 100 years
Sealed Road Sub-Base	160 to 400 years
Unsealed Road Surfaces	12 to 35 years
Footpaths	20 to 70 years
Footpaths Sub-Base	60 to 280 years
Kerbing	50 to 70 years
Stormwater Drainage	10 to 100 years
Water	15 to 80 years
Common Effluent Treatment Plant	15 to 80 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.

(7) Payables

7.1 Goods & Services

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

7.2 Payments Received in Advance & Deposits

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

(8) Borrowings

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

(9) Employee Benefits

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

Note 1. Summary of Significant Accounting Policies (continued)

9.1 Salaries, Wages & Compensated Absences

Liabilities for employees' entitlements to salaries, wages and compensated absences due 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 due 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.

Council has recognised a provision for sick leave liabilities for the employees falling under the AWU enterprise bargaining agreement, in case where the liability has vested.

9.2 Superannuation

The Council makes employer superannuation contributions in respect of its employees to the Statewide Superannuation Scheme. The Scheme has two types of membership, each of which is funded differently. Details of the accounting policies applied and Council's involvement with the schemes are reported in Note 18.

(10) 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.

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 at 30 June 2022, Council has no leases to which this treatment will need to be applied.

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

ii) Lease Liabilities

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

Note 1. Summary of Significant Accounting Policies (continued)

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

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

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

(12) Equity Accounted Council Businesses

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

The Adelaide Hills Region Waste Management Authority is a Local Government Authority Section 43 Regional Subsidiary under the control of Adelaide Hills Council, Alexandrina Council, The District Council of Mt Barker and Rural City of Murray Bridge, this organisation operates as a regional waste management authority within the combined area.

The Southern and Hills Local Government Association has been created as regional subsidiary to represent the interest of all Councils in the Southern Hills, Fleurieu Peninsula and Kangaroo Island, within Local Government in SA. The group meet on a monthly basis and discuss Local Government policy and procedures, and provide advice back to the LGA from a regional perspective.

The Fleurieu Regional Waste Authority is Local Government Authority Section 43 Regional Subsidiary under the control of Alexandrina Council, Kangaroo Island Council, Yankalilla Council and the City of Victor Harbor. This organisation operates as a regional waste management authority within the combined area.

The Fleurieu Regional Aquatic Centre Authority is Local Government Authority Section 43 Regional Subsidiary under the control of Alexandrina Council, and the City of Victor Harbor. This organisation operates an aquatic centre.

During 2018-19 Council has made the decision to no longer recognise the value of these entities separately in Equity. Council already recognises its interest in the entities in Assets and so also recognising in Equity provided no extra information to Statement users.

(13) GST Implications

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

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

(14) Comparative Figures

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

(15) Disclaimer

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

Notes to 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	38,082	36,349
Less: Discretionary Rebates, Remissions & Write Offs	(642)	(557)
Total General Rates	37,440	35,792
Other Rates (Including Service Charges)		
Landscape Levy	1,574	1,551
Water Supply	6	5
Community Wastewater Management Systems	5,513	4,765
Total Other Rates	7,093	6,321
Other Charges		
Penalties for Late Payment	124	177
Legal & Other Costs Recovered	76	—
Total Other Charges	200	177
Total Rates	44,733	42,290
(b) Statutory Charges		
Planning & Development Act Fees	854	600
Health & Septic Tank Inspection Fees	261	252
Animal Registration Fees & Fines	378	350
Sundry	190	188
Total Statutory Charges	1,683	1,390
(c) User Charges		
Cemetery Fees	136	128
Hall & Equipment Hire	98	94
Sundry	664	477
Community Wastewater Management Fees (CWMS)	1,792	999
Lease / Rental - Non-Investment Properties	570	643
Waste Management Fees	102	105
Water Supply	20	21
Total User Charges	3,382	2,467

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		
- Local Government Finance Authority	31	4
- Banks & Other	12	2
Total Investment Income	43	6
(e) Reimbursements		
Roadworks	–	2
Private Works	1	23
Insurance	6	–
Other	211	279
Total Reimbursements	218	304
(f) Other income		
Insurance & Other Recoupments - Infrastructure, IPP&E	83	86
Sundry	635	657
Total Other income	718	743
(g) Grants, Subsidies, Contributions		
Amounts Received Specifically for New or Upgraded Assets	1,929	2,418
Other Grants, Subsidies and Contributions	4,409	4,352
Total Grants, Subsidies, Contributions	6,338	6,770
The functions to which these grants relate are shown in Note 12.		
(i) Sources of grants		
State Government	3,923	2,174
Commonwealth Government	1,828	3,181
Other	587	1,415
Total	6,338	6,770
(ii) Individually Significant Items		
Financial Assistance Grant (FAG) received in advance as at 30 June	1,580	971
Supplementary Road Grant	301	–

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

Note 2. Income (continued)

\$ '000	2022	2021
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(h) Conditions over Grants & Contributions

Grants and contributions which were obtained on the condition that they be expended for specified purposes or in a future period, but which are not yet expended in accordance with those conditions, are as follows:

Unexpended at the close of the previous reporting period	2,502	2
Less:		
<i>Expended during the current period from revenues recognised in previous reporting periods</i>		
Roads Infrastructure	(250)	—
Other	(139)	—
Subtotal	(389)	—
Plus:		
<i>Amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions</i>		
Roads Infrastructure	—	824
Heritage & Cultural Services	—	542
Other	1,030	1,134
Subtotal	1,030	2,500
Unexpended at the close of this reporting period	3,143	2,502
Net increase (decrease) in assets subject to conditions in the current reporting period	641	2,500

(i) Physical Resources Received Free of Charge

Infrastructure - Roads	139	357
Infrastructure - Stormwater	—	277
Infrastructure - CWMS & Water	275	324
Infrastructure - Kerbs & Footpaths	—	529
Infrastructure - Recreation Open Space	—	39
Total Physical Resources Received Free of Charge	414	1,526

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		14,329	13,527
Employee Leave Expense		1,727	1,601
Superannuation - Defined Contribution Plan Contributions	18	1,379	1,261
Superannuation - Defined Benefit Plan Contributions	18	184	203
Workers' Compensation Insurance		802	637
Accident & Sickness Insurance		236	259
Less: Capitalised and Distributed Costs		(514)	(593)
Total Operating Employee Costs		18,143	16,895
Total Number of Employees (full time equivalent at end of reporting period)		182	177
(b) Materials, Contracts and Other Expenses			
(i) Prescribed Expenses			
Auditor's Remuneration			
- Auditing the Financial Reports		18	19
Bad and Doubtful Debts		16	-
Elected Members' Expenses		360	425
Other		-	63
Subtotal - Prescribed Expenses		394	507
(ii) Other Materials, Contracts and Expenses			
Contractors		4,947	3,759
Waste Management		2,959	3,303
Professional Services		1,097	1,078
Legal Expenses		365	234
Roadside Vegetation		879	666
Communications (Phone, Fax, Mobiles, Internet & Postage)		583	468
Energy		1,249	1,177
Levies Paid to Government - NRM levy		1,548	1,532
Levies - Other		47	25
Sundry		3,468	2,860
Donations & Contributions		887	1,091
Insurance		729	751
Water		324	313
Subtotal - Other Material, Contracts & Expenses		19,082	17,257
Total Materials, Contracts and Other Expenses		19,476	17,764

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	1,808	1,717
Infrastructure		
- Sealed Roads	3,787	3,704
- Unsealed Roads	1,470	1,439
- Stormwater	870	863
- CWMS	1,365	1,218
- Footpaths	537	518
- Kerbs	485	477
- Bridges & Major Culverts	418	493
- Water	9	18
- Rec & Open Space	971	887
Furniture & Fittings	81	79
Plant	903	414
Equipment	394	244
Other Assets	11	11
Intangible Assets - Accumulated Amortisation	76	—
Subtotal	76	—
Total Depreciation, Amortisation and Impairment	13,185	12,082

(d) Finance Costs

Interest on Loans	735	863
Total Finance Costs	735	863

Note 4. Asset Disposal & Fair Value Adjustments

\$ '000	2022	2021
Infrastructure, Property, Plant & Equipment		
(i) Assets Renewed or Directly Replaced		
Proceeds from Disposal	795	407
Less: Carrying Amount of Assets Sold	(2,084)	(1,759)
Gain (Loss) on Disposal	(1,289)	(1,352)
Net Gain (Loss) on Disposal or Revaluation of Assets	(1,289)	(1,352)

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	2,983	309
Deposits at Call	863	800
<u>Total Cash & Cash Equivalent Assets</u>	<u>3,846</u>	<u>1,109</u>
(b) Trade & Other Receivables		
Rates - General & Other	2,100	1,979
Accrued Revenues	3	–
Debtors - General	2,647	2,389
Prepayments	369	474
Loans to Community Organisations	12	13
<u>Subtotal</u>	<u>5,131</u>	<u>4,855</u>
Less: Allowance for Doubtful Debts	(432)	(417)
<u>Total Trade & Other Receivables</u>	<u>4,699</u>	<u>4,438</u>
(c) Inventories		
Stores & Materials	46	23
<u>Total Inventories</u>	<u>46</u>	<u>23</u>

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

Note 6. Non-Current Assets

\$ '000	2022	2021
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(a) Financial Assets

Receivables

Loans to Community Organisations	100	111
Other - Deferred Debtors	15	15
Total Receivables	115	126

Total Financial Assets	115	126
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\$ '000	Notes	2022	2021
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(b) Equity Accounted Investments in Council Businesses

Adelaide Hills Regional Waste Management Authority	19(a)i	308	275
Fleurieu Regional Waste Authority	19(a)i	(4,023)	(3,141)
Fleurieu Regional Aquatic Centre Authority	19(a)i	9,124	9,459
Total Equity Accounted Investments in Council Businesses		5,409	6,593

(c) Other Non-Current Assets

Intangible Assets - Software	1,364	760
Intangible Assets - Accumulated Amortisation	(76)	—
Total	1,288	760

Total Other Non-Current Assets	1,288	760
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Notes to and forming part of the Financial Statements for the year ended 30 June 2022

Note 7. Infrastructure, Property, Plant & Equipment

(a) 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)	Revaluation Increments to Equity (ARR) (Note 9)	At Fair Value	At Cost	Accumulated Depreciation	Carrying amount
Capital Work in Progress		–	11,244	–	11,244	–	–	–	–	(3,227)	–	–	–	–	8,017	–	8,017
Land - Community	3	102,610	8	–	102,618	–	–	–	–	–	–	–	13,508	116,126	–	–	116,126
Land Improvements		–	7,528	–	7,528	–	–	–	–	–	–	–	–	–	7,528	–	7,528
Buildings & Other Structures	2	20,205	–	(13,300)	6,905	469	13	–	(441)	–	46	–	421	21,749	–	(14,335)	7,414
Buildings & Other Structures Infrastructure	3	77,864	–	(37,409)	40,455	4,357	480	(463)	(1,367)	–	69	–	2,325	86,123	–	(40,267)	45,856
- Sealed Roads	3	156,488	–	(55,609)	100,879	522	640	(71)	(3,787)	–	140	–	5,320	166,107	–	(62,467)	103,640
- Unsealed Roads	3	28,039	–	(13,835)	14,204	144	2,087	(602)	(1,470)	–	–	–	765	29,938	–	(14,809)	15,129
- Stormwater Drainage	3	67,303	–	(18,670)	48,633	90	–	–	(870)	–	–	–	2,584	71,033	–	(20,595)	50,438
- Community Wastewater Management Scheme (CWMS)	3	66,060	–	(26,685)	39,375	4,385	930	–	(1,365)	–	–	–	2,337	75,229	–	(29,565)	45,664
- Footpaths	3	25,438	–	(5,276)	20,162	355	202	(59)	(537)	–	–	–	1,087	27,280	–	(6,070)	21,210
- Kerbs	3	30,284	–	(14,983)	15,301	21	–	–	(485)	–	–	–	801	31,940	–	(16,303)	15,637
- Bridges & Major Culverts	3	43,605	–	(15,320)	28,285	–	–	–	(418)	–	–	–	1,505	45,960	–	(16,588)	29,372
- Water	3	1,377	–	(854)	523	–	–	–	(9)	–	–	–	30	1,452	–	(910)	542
- Rec & Open Space	3	30,559	–	(10,580)	19,979	642	297	(7)	(971)	–	44	–	1,077	33,235	–	(12,173)	21,062
Furniture & Fittings		–	1,046	(625)	421	–	–	–	(81)	–	–	–	–	–	1,046	(706)	340
Plant		–	9,200	(2,879)	6,321	–	1,726	(882)	(903)	–	–	–	–	–	9,453	(3,190)	6,263
Equipment		–	5,616	(4,343)	1,273	76	354	–	(394)	–	–	–	–	–	5,850	(4,542)	1,308
Capping & Reinstatement		–	856	(856)	–	–	–	–	–	–	–	–	–	–	856	(856)	–
Other Assets		–	672	(482)	190	–	–	–	(11)	–	–	–	–	–	672	(492)	180
Total Infrastructure, Property, Plant & Equipment		649,832	36,170	(221,706)	464,296	11,061	6,729	(2,084)	(13,109)	(3,227)	299	–	31,760	706,172	33,422	(243,868)	495,726
Comparatives		643,686	27,520	(210,588)	460,618	10,686	5,199	(1,759)	(12,082)	(142)	(121)	(47)	1,944	649,832	36,170	(221,706)	464,296

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

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

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

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.

Other Information

At 1 July 2004 upon the transition to AIFRS, Council elected pursuant to AASB 1.D5 to retain a previously established deemed cost under GAAP as its deemed cost. With subsequent addition at cost, this remains as the basis of recognition of non-material asset classes.

Upon revaluation, the current new replacement cost and accumulated depreciation are re-stated such that the difference represents the fair value of the asset determined in accordance with AASB 13 Fair Value Measurement: accumulated depreciation is taken to be the difference between current new replacement cost and fair value. In the case of land, current replacement cost is taken to be the fair value.

Highest and best use

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

Land - Community

- Basis of valuation: Fair Value. Additions at cost.
- The valuation was provided by the Office of the Valuer-General as at 30 June 2022.

Land Improvements

- Basis of valuation: Recognised at Cost

Buildings & Other Structures

- Basis of valuation: Fair Value / Market Value / Written down current replacement cost
- The last external valuation was undertaken by Public Private Property as at 30 June 2019.
- The last condition assessment for Council's Fair Value Level 2 Buildings was undertaken by Sproutt as at 30 June 2019. The last condition assessment for Council's Fair Value Level 3 Buildings was undertaken by Council Staff as at 30 June 2019.
- Assets were indexed using the Local Government Price Index for June 2022 (5.4%).

Infrastructure

Roads

- Basis of valuation: Fair Value. Additions at cost.
- The last external valuation was undertaken by Wallbridge Gilbert Aztec as at 31 December 2017.
- The last condition assessment was undertaken by Council staff as at 30 June 2018.
- Assets were indexed using the Local Government Price index for June 2022 (5.4%)

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

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

Stormwater Drainage

- Basis of valuation: Fair Value. Additions at cost.
- The last external valuation was undertaken by Wallbridge Gilbert Aztec as at 30 June 2017.
- Assets were indexed using the Local Government Price index for June 2022 (5.4%).

Community Wastewater Management Scheme (CWMS)

- Basis of valuation: Fair Value. Additions at cost.
- The last external valuation was undertaken by Wallbridge Gilbert Aztec as at 30 June 2018.
- The last condition assessment was undertaken by Wallbridge Gilbert Aztec as at 30 June 2018.
- Assets were indexed using the Local Government Price index for June 2022 (5.4%).

Footpaths

- Basis of valuation: Fair Value. Additions at cost.
- The last external valuation was undertaken by Wallbridge Gilbert Aztec as at 30 June 2017.
- Assets were indexed using the Local Government Price index for June 2022 (5.4%).

Kerbs

- Basis of valuation: Fair Value. Additions at cost.
- The last external valuation was undertaken by Wallbridge Gilbert Aztec as at 30 June 2017.
- Assets were indexed using the Local Government Price index for June 2022 (5.4%).

Bridges and Major Culverts

- Basis of valuation: Fair Value. Additions at cost.
- The last external valuation was undertaken by Public Private Property as at 30 June 2020.
- The last condition assessment was undertaken by Sproutt as at 30 June 2020.
- Assets were indexed using the Local Government Price index for June 2022 (5.4%).

Water

- Basis of valuation: Fair Value. Additions at cost.
- Assets were indexed using the Local Government Price index for June 2022 (5.4%).

Recreation & Open Space

- Basis of valuation: Fair Value. Additions at cost.
- Assets were indexed using the Local Government Price index for June 2022 (5.4%).

Council plans to undertake condition-based assessments of its Infrastructure assets on a four-yearly rolling program in consultation with its external asset management consultants.

Plant

- Basis of valuation: Recognised at cost.
- Depreciation is now using straight line method utilising ATO useful lives.

Equipment

- Basis of valuation: Recognised at cost.

Furniture & Fittings

- Basis of valuation: Recognised at cost.

Capping & Reinstatement

- Basis of valuation: Recognised at cost.

Other Assets

- Basis of valuation: Recognised at cost.

Right-of-use Assets

- Basis of valuation: Recognised at cost.
- Represents the Council's authority to utilise leased items of office space and equipment. Council did not lease any items required to be recognised as Right-of-use assets as at 30 June 2022.

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	2,671	—	3,405	—
Payments Received in Advance	591	—	976	—
- Grants, Subsidies, Contributions - Operating	344	—	325	—
- Grants & Contributions - Capital	995	—	627	—
Accrued Expenses - Employee Entitlements	146	—	54	—
Accrued Expenses - Finance Costs	293	—	295	—
Accrued Expenses - Other	—	—	13	—
Deposits, Retentions & Bonds	91	—	138	—
Total Trade and Other Payables	5,131	—	5,833	—

(b) Borrowings

Loans	10,000	11,205	334	21,230
Total Borrowings	10,000	11,205	334	21,230

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

(c) Provisions

Employee Entitlements (including oncosts)				
Long Service Leave (including oncosts)	1,933	323	1,848	630
Annual, Sick & Other Leave (including oncosts)	2,108	—	2,297	—
Future Reinstatement / Restoration ¹	26	571	26	591
Total Provisions	4,067	894	4,171	1,221

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 - Community	80,157	13,508	—	—	93,665
Buildings & Other Structures	19,713	2,746	—	—	22,459
Infrastructure					
- Sealed Roads	61,138	5,320	—	—	66,458
- Stormwater	38,232	2,584	—	—	40,816
- CWMS	8,413	2,337	—	—	10,750
- Unsealed Roads	8,926	765	—	—	9,691
- Footpaths	9,655	1,087	—	—	10,742
- Kerbs	8,858	801	—	—	9,659
- Bridges & Major Culverts	25,768	1,505	—	—	27,273
- Water	615	30	—	—	645
- Rec & Open Space	10,116	1,077	—	—	11,193
Total Asset Revaluation Reserve	271,591	31,760	—	—	303,351
Comparatives	269,694	1,897	—	—	271,591

	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					
Open Space	321	292	—	102	715
Car Parking	189	—	—	(102)	87
Total Other Reserves	510	292	—	—	802
Comparatives	408	—	102	—	510

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).

Open Space

In compliance with Div 4 s50(10)(a) of the Development Act 1993, Council has created a reserve for Open Space Contributions.

Car Parking

In compliance with Div 4 s50A(1) of the Development Act 1993, Council has created a reserve for Car Parking Contributions.

Note 10. Assets Subject to Restrictions

Council does not hold any assets subject to restrictions.

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
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(a) Reconciliation of Cash

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

Total Cash & Equivalent Assets	5	3,846	1,109
Balances per Statement of Cash Flows		3,846	1,109

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

Net Surplus/(Deficit)		4,682	2,898
Non-Cash Items in Income Statements			
Depreciation, Amortisation & Impairment		13,185	12,082
Equity Movements in Equity Accounted Investments (Increase)/Decrease		18	3,642
Non-Cash Asset Acquisitions		(414)	(1,526)
Grants for capital acquisitions treated as Investing Activity		(1,929)	(2,418)
Net (Gain) Loss on Disposals		1,289	1,352
		16,831	16,030
Add (Less): Changes in Net Current Assets			
Net (Increase)/Decrease in Receivables		(382)	(297)
Change in Allowances for Under-Recovery of Receivables		15	(1)
Net (Increase)/Decrease in Inventories		(627)	2
Net (Increase)/Decrease in Other Assets		105	(85)
Net Increase/(Decrease) in Trade & Other Payables		(1,023)	(811)
Net Increase/(Decrease) in Other Provisions		(431)	209
Net Increase/(Decrease) in Other Liabilities		–	(76)
Net Cash provided by (or used in) operations		14,488	14,971

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

Note 11. Reconciliation to Statement of Cash Flows (continued)

\$ '000	Notes	2022	2021
(c) Non-Cash Financing and Investing Activities			
Acquisition of assets by means of:			
Physical Resources Received Free of Charge	2i	414	1,526
Amounts recognised in Income Statement		414	1,526
Total Non-Cash Financing and Investing Activities		414	1,526

(d) Financing Arrangements

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

Bank Overdrafts	1,200	1,200
Corporate Credit Cards	42	40
LGFA Cash Advance Debenture Facility	16,235	21,840

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

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	2022	INCOME	2022	EXPENSES	OPERATING SURPLUS (DEFICIT)		GRANTS INCLUDED IN INCOME		TOTAL ASSETS HELD (CURRENT & NON-CURRENT)	
		2021		2021	2022	2021	2022	2021	2022	2021
Functions/Activities										
Office of the Chief Executive	91	633	1,320	1,843	(1,229)	(1,210)	—	29	—	—
Resources	41,851	40,062	11,964	7,013	29,887	33,049	1,833	1,350	21,786	18,871
Environment	2,147	2,467	23,859	22,659	(21,712)	(20,192)	1,379	2,281	486,296	457,317
Wellbeing	10,193	7,680	10,264	15,955	(71)	(8,275)	1,135	576	2,346	455
Growth	1,220	874	4,467	3,940	(3,247)	(3,066)	62	116	701	701
Total Functions/Activities	55,502	51,716	51,874	51,410	3,628	306	4,409	4,352	511,129	477,345

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:

OFFICE OF THE CHIEF EXECUTIVE

Elected Members, Chief Executive's Office, Risk management, General Administration, Strategic Management, Communications and Natural Resources.

RESOURCES

Payroll, Rate Revenue, Finance General, Rate Processing, Debtors, Creditors, Loans & Investments Management, Records Management, Audit, Information Technology, Management of Council Owned Properties (inc Halls, Administration Centres, and Public Conveniences, Caravan Parks etc), and Procurement.

ENVIRONMENT

Infrastructure/Assets/Contracts Management, Swimming Centres, Public Conveniences, Street Lighting, Parking off Street, Sport and Recreation Facilities, Private Works, Foreshore Protection, Alexandrina Riverfront, Recreational Boating, Parks and Gardens, Playgrounds, Road Reserves, Cemeteries, Street Cleaning, Stormwater Drainage, Traffic Control, Road Maintenance, Resheeting, Footpath/Cycle Tracks, Vandalism, Plant Operations, Works Depot, and Technical Services.

WELLBEING

Work Health & Safety, Human Resource Management, Health Prevention Services, Noxious Insects, Health Services, General Inspectors, (Dog & Cat Management, Impounding, Livestock, Parking), Fire Protection, Water Supply Scheme, Community Wastewater Management Schemes, Waste Management, Libraries (Goolwa & Strathalbyn) & Customer Service, Centre for Positive ageing, Aged/Disabled/Disadvantaged Homes, Community Bus, Community Aid Services, Fleurieu Families/Family Links, Home Assist, Community Services, Youth Services, Events, and Regional Arts Centre.

GROWTH

Signal Point Interpretive Centre, Cultural Services, Tourism, Oscar W, Wooden Boat Festival, Economic Development, Development Assessment (Planning & Building), and Visitor Information Services (VIS).

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 are returning fixed interest rates between 0.3% and 1.05% (2021 between 0.3% and 0.45%).

Carrying Amount:

Approximates fair value due to the short term to maturity.

Receivables - Rates & Associated Charges

Accounting Policy:

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

Terms & Conditions:

Secured over the subject land, arrears attract interest of .0421% (2021: 0.43%). Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries in the State.

Carrying Amount:

Approximates fair value (after deduction of any allowance).

Receivables - Fees & Other Charges

Accounting Policy:

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

Terms & Conditions:

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

Carrying Amount:

Approximates fair value (after deduction of any allowance).

Receivables - Other Levels of Government

Accounting Policy:

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

Terms & Conditions:

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

Carrying Amount:

Approximates fair value.

Liabilities - Creditors and Accruals

Accounting Policy:

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

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

Note 13. Financial Instruments (continued)

Terms & Conditions:

Liabilities are normally settled on 30 day terms.

Carrying Amount:

Approximates fair value.

Liabilities - Interest Bearing Borrowings

Accounting Policy:

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

Terms & Conditions:

Secured over future revenues, borrowings are repayable; interest is charged at fixed or variable rates between 1.3% and 5.3% (2021: 1.3% and 6.7%).

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	3,846	—	—	3,846	3,846
Receivables	4,347	58	40	4,445	4,445
Total Financial Assets	8,193	58	40	8,291	8,291
Financial Liabilities					
Payables	4,641	—	—	4,641	4,641
Current Borrowings	10,000	—	—	10,000	10,000
Non-Current Borrowings	—	10,725	480	11,205	11,205
Total Financial Liabilities	14,641	10,725	480	25,846	25,846
2021					
Financial Assets					
Cash & Cash Equivalents	1,109	—	—	1,109	1,109
Receivables	3,962	70	56	4,088	4,090
Total Financial Assets	5,071	70	56	5,197	5,199
Financial Liabilities					
Payables	3,850	—	—	3,850	3,852
Current Borrowings	875	—	—	875	334
Non-Current Borrowings	—	19,180	2,580	21,760	21,230
Total Financial Liabilities	4,725	19,180	2,580	26,485	25,416

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

Note 13. Financial Instruments (continued)

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	1.93%	11,205	2.05%	11,230
Fixed Interest Rates	5.30%	10,000	5.93%	10,334
		<u>21,205</u>		<u>21,564</u>

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.

At 30 June 2022 Council had access to Cash Advance Debentures (CADs), with the following limits and End Dates:

Loan Number	Limit	End Date
CAD 54	\$440,000	9/02/2023
CAD 67	\$5,000,000	16/07/2022
CAD 68	\$3,000,000	16/07/2022
CAD 70	\$12,000,000	28/05/2025
CAD 77	\$7,000,000	15/03/2028

CADs are at call loans approved by Council that operate in a similar fashion to an Overdraw facility. CADs that at 30 June 2022 had been converted to a fixed term loan are not listed above.

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.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

Note 14. Capital Expenditure and Investment Property Commitments

\$ '000	2022	2021
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(a) Capital Commitments

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

Plant & Equipment	2,031	220
Infrastructure	8,159	—
	<u>10,190</u>	<u>220</u>

These expenditures are payable:

Not later than one year	10,190	220
	<u>10,190</u>	<u>220</u>

(b) Other Expenditure Commitments

Other non-capital expenditure commitments in relation to investment properties at the reporting date but not recognised in the financial statements as liabilities:

Audit Services	18	36
Waste Management	7,611	7,611
Other Expenditure	1,975	2,056
	<u>9,604</u>	<u>9,703</u>

These expenditures are payable:

Not later than one year	3,621	4,036
Later than one year and not later than 5 years	5,983	5,667
	<u>9,604</u>	<u>9,703</u>

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

Note 15. Financial Indicators

\$ '000	Amounts 2022	Indicator 2022	Indicators 2021	Indicators 2020
Financial Indicators overview				
These Financial Indicators have been calculated in accordance with Information paper 9 - Local Government Financial Indicators prepared as part of the LGA Financial Sustainability Program for the Local Government Association of South Australia.				
1. Operating Surplus Ratio				
Operating Surplus	3,628	6.5%	0.6%	0.9%
Total Operating Income	55,502			
This ratio expresses the operating surplus as a percentage of total operating revenue.				
2. Net Financial Liabilities Ratio				
Net Financial Liabilities	22,637	41%	52%	64%
Total Operating Income	55,502			
Net Financial Liabilities are defined as total liabilities less financial assets (excluding equity accounted investments in Council businesses). These are expressed as a percentage of total operating revenue.				
Adjusted Operating Surplus Ratio				
Operating Surplus	3,020	5.5%	0.3%	1.3%
Total Operating Income	54,894			
Adjustments to Ratios				
In recent years the Federal Government has made advance payments prior to 30th June from future year allocations of financial assistance grants, as explained in Note 1. These Adjusted Ratios correct for the resulting distortion in key ratios for each year and provide a more accurate basis for comparison.				
Adjusted Net Financial Liabilities Ratio				
Net Financial Liabilities	24,217	44%	53%	66%
Total Operating Income	54,894			
3. Asset Renewal Funding Ratio				
Asset Renewals	6,729	95%	68%	46%
Infrastructure & Asset Management Plan required expenditure	7,069			
Asset renewals expenditure is defined as capital expenditure on the renewal and replacement of existing assets relative to the optimal level planned, and excludes new capital expenditure on the acquisition of additional assets.				

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

Note 16. Uniform Presentation of Finances

\$ '000	2022	2021
<p>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.</p> <p>All Councils in South Australia have agreed to summarise annual budgets and long-term financial plans on the same basis.</p> <p>The arrangements ensure that all Councils provide a common 'core' of financial information, which enables meaningful comparisons of each Council's finances.</p>		
Income	55,502	51,716
less Expenses	(51,874)	(51,410)
Operating Surplus / (Deficit)	3,628	306
Net Outlays on Existing Assets		
Capital Expenditure on Renewal and Replacement of Existing Assets	(6,729)	(5,199)
add back Depreciation, Amortisation and Impairment	13,185	12,082
add back Proceeds from Sale of Replaced Assets	795	407
	7,251	7,290
Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets (including Investment Property & Real Estate Developments)	(11,251)	(9,778)
add back Amounts Received Specifically for New and Upgraded Assets	2,297	1,408
	(8,954)	(8,370)
Net Lending / (Borrowing) for Financial Year	1,925	(774)

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

Note 17. Leases

(i) Council as a lessee

Terms and conditions of leases

Photocopiers

A four year term lease for twenty photocopiers with equal monthly payments, not subject to CPI increase renewal options, lease increases such as CPI, residual value etc.

Community Hub

A five year term property lease with equal monthly payments, subject to annual CPI increase renewal options, lease increases such as CPI, residual value etc.

Set out below are the carrying amounts of right-of-use assets recognised within Infrastructure, Property, Plant and Equipment and the movements during the period:

(a) Right of use assets

\$ '000	Photocopiers	Community Hub	Total
2022			
Depreciation charge	—	—	—
Balance at 30 June	—	—	—
2021			
Opening balance	62	59	121
Depreciation charge	(62)	(59)	(121)
Balance at 30 June	—	—	—

(b) Lease liabilities

Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the period:

\$ '000	2022	2021
Balance at 1 July	—	121
Other - recognition for exemption	—	(121)
Balance at 30 June	—	—

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

Note 17. Leases (continued)

(ii) Council as a lessor

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

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 (10.0% in 2021/22; 9.50% in 2020/21). No further liability accrues to the Council as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

Salarylink (Defined Benefit Fund) Members

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

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

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

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

Contributions to Other Superannuation Schemes

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

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

Note 19. Interests in Other Entities

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

\$ '000	Council's Share of Net Income		Council's Share of Net Assets	
	2022	2021	2022	2021
Council's Share of Net Income				
Joint Ventures	(19)	(3,642)	5,409	6,593
Total Council's Share of Net Income	(19)	(3,642)	5,409	6,593

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

(a) Carrying Amounts

\$ '000	Principal Activity	2022	2021
Adelaide Hills Regional Waste Management Authority	Waste Management	308	275
Fleurieu Regional Aquatic Centre Authority	Aquatic Centre	9,124	9,459
Fleurieu Regional Waste Authority	Waste Management	(4,023)	(3,141)
Total Carrying Amounts - Joint Ventures & Associates		5,409	6,593

Adelaide Hills Regional Waste Management Authority

The Authority is a Local Government Authority Section 43 Regional Subsidiary under the control of Adelaide Hills Council, Alexandrina Council, The District of Mount Barker and Rural City of Murray Bridge. This organisation operates as a regional waste management authority within the combined area.

Fleurieu Regional Aquatic Centre Authority

The Fleurieu Regional Aquatic Centre Authority is Local Government Authority Section 43 Regional Subsidiary under the control of Alexandrina Council, and the City of Victor Harbor. This organisation operates an aquatic centre.

Fleurieu Regional Waste Authority

The Authority is a Local Government Authority Section 43 Regional Subsidiary under the control of Victor Harbor, Alexandrina Council, Kangaroo Island Council and Yankalilla District Council. This organisation operates as a regional waste management authority within the combined area.

A provision for remediation costs has been recognised at 30 June 2021 and represents the Board's best estimate of the costs that may be incurred in relation to the coordination and removal of contaminating material from identified properties.

Remediation works commenced in July 2021 and will continue during 2022/23.

Southern and Hills Local Government Associations

The Southern and Hills Local Government Association is a regional subsidiary to represent the interests of all Councils in the Southern Hills, Fleurieu Peninsula and Kangaroo Island, within the Local Government in SA. The group meet on a monthly basis and discuss Local Government policy and procedures, and provide advice back to the LGA from a regional perspective.

Alexandrina councils interest in the Southern and Hills Local Government Association for 2021/22 is deemed to be immaterial in amount and has not been recognised. This will be reviewed annually.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

Note 19. Interests in Other Entities (continued)

(b) Relevant Interests

	Ownership Share of Equity		Proportion of Voting Power	
	2022	2021	2022	2021
Adelaide Hills Regional Waste Management Authority	9.20%	9.00%	25.00%	25.00%
Fleurieu Regional Aquatic Centre Authority	50.00%	50.00%	50.00%	50.00%
Fleurieu Regional Waste Authority	48.00%	35.00%	25.00%	22.00%
Southern and Hills Local Government Association	14.00%	14.00%	14.00%	14.00%

(c) Movement in Investment in Joint Venture or Associate

	Adelaide Hills Regional Waste Management Authority		Fleurieu Regional Aquatic Centre Authority		Fleurieu Regional Waste Authority		Southern and Hills Local Government Associations	
\$ '000	2022	2021	2022	2021	2022	2021	2022	2021
Opening Balance	275	111	9,459	9,818	(3,141)	306	—	—
Share in Operating Result	33	164	(335)	(359)	283	(3,447)	—	—
Other Equity Adjustment	—	—	—	—	(1,166)	—	—	—
Council's Equity Share in the Joint Venture or Associate	308	275	9,124	9,459	(4,024)	(3,141)	—	—

(d) Transactions with Council

\$ '000	2022	2021
Aggregate amount of transactions with Council		
- payments to Council	451	292
- receipts from Council	3,908	3,499
Aggregate amount owed to/owed by with Council		
- payments to Council	55	32
- receipts from Council	8	289

(e) Basham Beach Trust

Trust monies and property held by Council but subject to the control of other persons have been excluded from these reports. Council performs a custodial role in respect of Basham Beach Trust monies, and because the monies cannot be used for Council purposes, they are not brought to account in the financial report, but are disclosed for information purposes.

Opening Balance	363	378
Add Port Elliot Caravan Park Lease (55%)	126	123
Capital Grant	38	—
Interest	1	1
Less Reimbursed Expenditure	80	140
Add Outstanding Withdrawal	—	17
Closing LGFA Balance	448	379

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

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

Council does not have any Non-Current Assets Held for Sale or any Discontinued Operations

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.

2. Potential insurance losses

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

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

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

3. Bank guarantees

Council has guaranteed certain loans and other banking facilities advanced to community organisations and sporting bodies, amounting to **\$120,000** (2021: **\$120,000**) at reporting date.

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

4. Legal expenses

Council is the planning consent authority for its area under the Development Act 1993 (as amended). Pursuant to that Act, certain persons aggrieved by a planning decision of the Council may appeal. It is normal practice that parties bear their own legal costs. At the date of these reports, Council had notice of 1 appeal against planning decisions made prior to reporting date.

All known costs have been recognised, but the amount of further costs cannot be known until the appeals are determined.

5. Community waste infrastructure agreement

In accordance with the agreement there is an obligation to reimburse 50% of any excess augmentation fees received by Council to a third party for one of Council's schemes.

Council is of the opinion that it is not possible to attribute a value sufficiently reliably, due to the unknown timing of the augmentation fees and if excess augmentation connection fees are calculated as zero or a negative number in respect of a financial year; no amount is payable.

Council will therefore recognise any amount owed in the relevant year as it is incurred.

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

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.

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, 19 persons were paid the following total compensation.

\$ '000	2022	2021
The compensation paid to Key Management Personnel comprises:		
Short-Term Employee Benefits	1,533	1,502
Post-Employment Benefits	119	123
Total	1,652	1,625

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

A Key Management Personnel is on the board of a community group from which landscaping works were procured as required on 30 day account. Total purchases amounting to \$15,481.62 were made during 2021-22 (\$6,485 were made during 2020-21). A balance of \$8,902.12 is outstanding at the end of year. All purchases were conducted at an arm's length basis.

A Key Management Personnel owns a business from which various services were purchased as required on 7 day account. Total purchases amounting to \$3,443 were made during 2021-22 (\$14,881 were made during 2020-21). A balance of \$2,706 outstanding at the end of year. All purchases were conducted at an arm's length basis.



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INDEPENDENT AUDITOR'S REPORT

To the members of Alexandrina Council

Opinion

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

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

Basis for opinion

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

Council's responsibility for the financial report

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

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

Auditor's responsibility for the audit of the financial report

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

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

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

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

GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS



Tim Muhlhausler CA, Registered Company Auditor
Director

31 October 2022

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To the members of Alexandrina Council**Independent Assurance Report on the Internal Controls of Alexandrina Council****Opinion**

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

In our opinion, Alexandrina 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 law for the period 1 July 2021 to 30 June 2022.

Basis for opinion

We conducted our engagement in accordance with applicable Australian Standards on Assurance Engagement 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.

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

The Council's responsibility for internal controls

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

Our independence and quality control

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

Auditor's responsibility

Our responsibility is to express an opinion on the Council's compliance with Section 125 of the *Local Government Act 1999* in relation only to the internal controls established by the Council to ensure that financial transactions relating to receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities have been conducted properly and in accordance with the law, 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 Information* and ASAE 3150 *Assurance Engagements 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 for the Australian professional accounting bodies.

Limitations of controls

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

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

Limitation of use

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

GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS


Tim Muhlhausler CA, Registered Company Auditor
Director

31 October 2022

General Purpose Financial Statements
for the year ended 30 June 2022

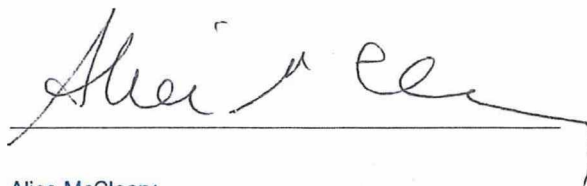
Certification of Auditor Independence

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of Alexandrina Council for the year ended 30 June 2022, the Council's Auditor, Galpins Accountants, Auditors & Business Consultants has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

This statement is prepared in accordance with the requirements of Regulation 22(3) *Local Government (Financial Management) Regulations 2011*.



Nigel Morris
Chief Executive Officer



Alice McCleary
Presiding Member, Audit Committee

Date: 24 October 2022



ALEXANDRINA COUNCIL

GENERAL PURPOSE FINANCIAL STATEMENTS For the year ended 30 June 2022

Statement by Auditor

I confirm that, for the audit of the financial statements of Alexandrina 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) Regulation 2011*.

GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS

A handwritten signature in blue ink, appearing to read 'T Muhl'.

Tim Muhlhausler CA, Registered Company Auditor

Director

31 October 2022

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under Professional Standards Legislation